

ses imagotag

VUSION



A
ROADMAP
FOR
POSITIVE
RETAIL

2019
Annual Report

AUTORITÉ
DES MARCHÉS FINANCIERS

AMF

FILING WITH THE FRENCH FINANCIAL MARKET AUTHORITY (AMF)

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Coffee Machine

149.99



A

ACTIVITY

REPORT 2019

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Profile

Global No. 1 in IoT and digital solutions for physical commerce

Our mission is to guide retailers through their digital transformation, helping them:

- ⊗ Build connected, ultra-efficient stores;
- ⊗ Deliver a true omnichannel experience to shoppers.

 **€247 M**
SALES

 **20,000**
STORES

 **200**
MILLION SMART LABELS

 **61**
COUNTRIES

 **1BN+**
CLOUD INTERACTIONS PER YEAR

Chairman's message



Crédit photo Jennifer Delhotellerie

Improve physical retail through digitization

2019 marked a major new step forward in the implementation of our VUSION 2022 strategic plan, with strong international growth (+40%), the signing of our first major contract in the United States and the launch of our joint venture in China with BOE and JDD.

We have now succeeded in developing a robust and competitive supply chain and establishing a genuinely global footprint, demonstrating clear technological leadership thanks to our VUSION platform (Retail IoT Cloud). These factors have given SES-imagotag a key set of advantages resulting in our winning the majority of the recent major international tenders. We will continue to further build on these core strengths in technology, distribution and supply chain over the coming year. We are planning to launch several new solutions on our VUSION platform in the course of 2020 which we believe will transform the way physical stores are managed and revolutionize the way brands are able to engage with their customers.

R&D.

Our VUSION platform is recognized worldwide for its unparalleled state-of-the-art technology (communication protocol, cloud, embedded IoT, SAAS applications and online services). 2019 saw very strong growth in customers choosing SES-imagotag's VUSION Cloud solution. This was the case for a majority of new customers, but also for existing customers who started migrating onto the Cloud. This trend is all the more important that, once on the Cloud, access opens up to multiple additional value-added services (SaaS) where smart label technology can be extended to include new applications (order picking, restocking of shelves, stockout detection, digital advertising, etc.).

Our R&D shifted towards these benefits in 2019, also resulting in a new video-rail solution ensuring the same efficiency and accuracy as electronic shelf labels while giving retailers and brands the ability to engage with shoppers through promotional messages and ads at the moment of purchase.

Powerful ecosystem.

Throughout the year, the Group strengthened cooperation within its ecosystem of partners (Microsoft, SAP, Wirecard, Aruba, Cisco-Meraki, Huawei, Lancom, Mist, Panasonic, Proximus, T-Systems, Telefonica, ...) to roll-out technological and sales synergies, and to accelerate global adoption through the powerful marketing and sales resources of these great partners. Another major technological partnership was concluded in the United States at the end of 2019 with Qualcomm Technologies, together with a strategic investment by them, to jointly develop new future communications standards in Retail IoT.

A roadmap for positive retail.

In 2019, aware of the economic, societal and environmental impacts linked with the defense of physical retail, the world's leading economic sector and employer and a key factor in social cohesion in our societies, SES-imagotag extended the scope of its missions by developing a roadmap for positive retail. This program, detailed in the Group's annual report, outlines the purpose of SES-imagotag: to contribute through digitalization to improve the performance of commerce, to fulfill current expectations, to inform and protect consumers, to strengthen the collaboration between retailers and brands, to protect jobs and the environment. On this occasion, an international advisory board of prestigious personalities from business and politics,

chaired by Peter Brabeck-Letmathe¹, has been formed.

Dollar Impact on our profitability.

On a constant currency basis, our EBITDA was sharply up compared to 2018 (+66%) thanks to the steady improvement in our operating ratio. However, due to the US Dollar increase and new US import tariffs, we were not able to return to profitability as initially planned. These two adverse factors have impacted the Group by more than €10m in additional costs. With the ramp-up of a second industrial platform outside China, we have been able to mitigate the adverse impact of the US tariffs, which should no longer have significant impact on the Group in 2020.

Outlook and the Covid-19 crisis.

A significant share of production, including the majority of e-Paper display module manufacturing is located in China, as are many of its component suppliers. The Group's production capacity is therefore impacted by the COVID-19 pandemic. The Group's production capacity came back to normal in April. However and beyond the production delays, the numerous lockdown measures put in place where SES-imagotag is operating leads to stores' closures, and postponed or delayed projects without dates which will impact our activity. In the light of the most recent developments of this crisis, the previous guidance sales range of €370-400 million seems too optimistic at this stage.

In this unpredictable climate, the Group has introduced a contingency plan to protect its employees, partners and customers, and imposed strict control over costs and investments in order to maintain efforts to improve profitability.

Subject to a resolution of this crisis in the First Half, organic growth should continue in 2020 thanks to the strong structural demand for store digitization solutions, growth that could even be strengthened in the long term.

Thierry GADOU

Chairman and CEO, SES-imagotag

¹ **Peter Brabeck-Letmathe (Chairman)**, Chairman Emeritus and former Chairman & CEO of Nestlé, Vice-Chairman of the World Economic Forum; Member of the Board of Liberty F1 and Salt. Former Member of the Boards of Roche, L'Oréal, Crédit Suisse and Exxon Mobile.



PUTTING TECHNOLOGY AT THE SERVICE OF RETAILERS, CONSUMERS AND BRANDS: A ROADMAP FOR POSITIVE RETAIL.

Commerce: the imperative for change.

Retail is the world's largest industry representing over 20% of global GDP and employment. It is amongst human activities with the highest impact on our societies. However, it is faced with critical sustainability challenges: food safety is a growing concern, food waste is exploding, as well as retail's carbon footprint, driven by an unsustainable upward trend of logistics and packaging needs. Today, consumers strongly express aspirations to a new and positive commerce, omnichannel, sustainable, transparent, safe, fair and respectful of personal data.

Retail under pressure.

Retail is an industry under pressure, due to flat consumption, increasing labor cost, price wars, online competition and shifting consumer behaviors. The past few years have seen an acceleration of stores closings and bankruptcies, with more looming on the horizon. Retailers' market capitalizations are also under great pressure, making it difficult for them to access the capital resources necessary to achieve their digital and omnichannel transformation.

Against this backdrop, there is a major need to **put technology at the service of retail and consumers**. Retailers can now harness the power of IOT, Cloud and AI technologies to turn physical stores into high value digital assets, more automated, data driven and connected to consumers

and suppliers, able to provide better service and information, frictionless, ubiquitous and personalized shopping experience, while ensuring utmost data integrity and personal data privacy. Retail digitization will also produce real-time accurate in-store data analytics, opening an era of enhanced collaboration between suppliers and retailers to improve the overall chain's efficiency, transparency, safety and sustainability.

As a global leading retail technology provider, SES-imagotag's core mission is to **help retailers achieve this digital transformation of physical commerce**. However, serving one of the largest economic sectors and one with the highest impact on our societies, our company's purpose goes beyond enabling retail's digital transformation. It is also about **creating long term value for consumers, brands, workers and communities**; helping retailers implement higher traceability and data integrity, enter into new collaboration with suppliers to optimize the end-to-end value chain and steer the transition towards higher food safety, reduced waste and a more sustainable agriculture. Fixing retail with technology is a source of many positive impacts on our lives, jobs and societies.

These goals have structured our **Roadmap for Positive Retail:**

- 1** Making the physical store a digital asset
- 2** Democratizing IOT
- 3** Enabling a new era of Industry-Retail collaboration
- 4** Protecting consumers
- 5** Protecting the environment
- 6** Spreading the vision to build momentum and change the world



Wireless On-Ear Headphones
329.99

Wireless On-Ear Headphones
329.99

Wireless On-Ear Headphones
329.99

A Roadmap for Positive Retail

Physical stores are a precious common good that need to be protected: they are retailers' core assets, for brands stores are by far the main distribution channel and the one with the highest qualified traffic, experiential capability and conversion rates. For consumers, stores represent the irreplaceable immediate access to products and a 5-senses shopping experience. For our societies, stores represent 1/6 of jobs on the planet as well as the social hubs and beating hearts of cities.

Physical commerce is under massive pressure but technology can help fix the problem. Thanks to smart tags, smart shelves, smart sensors and cameras, supported by a unified connectivity infrastructure (combining Wi-Fi, low-power IoT, NFC, BLE), stores tomorrow will be automated, data-driven, AI-enabled, connected in real time to suppliers and shoppers, mobile-centric and frictionless.

Technology will help reduce cost, errors, waste, inventories, stock-outs, as well as increase productivity, agility, precision, compliance, personalization, quality of service, revenue and profit. Finally, digitalization will upgrade the business model of retailers thanks to the monetization of in-store traffic and real-time shelf data.

Physical stores will become high-value digital assets at the heart of omni-channel commerce.

Achieving positive impact on a large scale

It is important that this digital transformation benefit to as many retailers as possible everywhere in the world, and that this revolution expands consumers rights as well as complies with the highest sustainability standards.

Store digitization is not only good for retailers and brands: it will also benefit to the broader economy and society, driving consumer satisfaction, stimulate employment, build better cities (by stemming the erosion of stores), reduce waste, create a higher traceability and food safety, and help fund the journey toward a more sustainable agriculture.

Roadmap for positive commerce

Our commitment is to contribute to this positive retail revolution as much as we can. By virtue of its unique positioning in the retail tech space, SES-imagotag has a special contribution to make. That's why in November 2019, in Beijing, SES-imagotag has launched a global program – the Roadmap for Positive Retail – with the aim to:

- help technology adoption by **democratizing retail IOT**;
- enable a stronger **collaboration across the entire CPG-Retail** value chain to maximize synergies ;
- ensure utmost **data protection, integrity and privacy** ;
- and finally make retail's digital transformation wasteless, carbon free and **sustainable**.



1

Making physical stores a digital asset

For 25 years, SES-imagotag has been the trusted partner for retailers for the use of digital technology in stores. SES-imagotag, the world-wide leader in smart digital labels and IOT solutions for physical retail, serves over 300 large retailers around the world in Europe, Asia and America.

SES-imagotag has developed the VUSION Retail IOT platform to help retailers transform their physical stores into high value digital assets, more automated, data-driven, and connected in real-time to suppliers and consumers.

VUSION improves pricing agility, accuracy and integrity, enables omnichannel synchronization of prices, product information and marketing content, increases the productivity of shelf replenishment and instore picking for online orders.

VUSION improves employee satisfaction by freeing up time from cumbersome low-value added tasks, and allowing them to focus on customer service and merchandizing tasks.

VUSION connects shelves to the cloud, providing real-time accurate information on products availability and location, allowing for reduced inventory, out-of-stock and waste, as well as improved on-shelf availability and merchandizing compliance. VUSION empowers consumers with better product, nutritional and traceability information at the shelf, and enables a frictionless instore shopping experience with features such as product search, way finding and cashier-less scan & pay features.



2 Democratizing IoT

To support adoption of Retail IOT in all geographies, we invest heavily to expand our footprint in all key markets, including for the past 2 years China, USA, Latin America, Japan and the Middle East.

We have also built strategic partnerships with large global partners, that far exceed our reach and can drive tremendous adoption in the future.

To maximize adoption we must also remove economic and implementation barriers and risks:

- By reducing the total cost of ownership (TCO) of Retail IOT solutions:
 - Major engineering and industrialization cost-down programs are underway to allow for massive adoption ;
 - We simplify our solution to avoid any proprietary infrastructure (infra-less) and allow our IOT communication protocols to be embedded in basic WiFi access-points ;
 - Shifting to the Cloud is also a way to lower IT infrastructure and implementation barriers (server-less).
- By **building technology and security standards** to reduce technology and IP risks and empower large ecosystems of partners to participate in the market. This is the aim of the strategic cooperation with Qualcomm we announced in December 2019.



3

Enabling a new era of Industry-retail collaboration

Brands can also benefit massively from the digitization of stores, thanks to promotion efficiency, direct to consumer communication, merchandizing compliance, increased on shelf availability, real-time store analytics, and reduced cost of field sales.

As the internet of things digitizes physical stores, it produces a vast amount of real time shelf and shopper data which can be made available and shared through the cloud and can be increased through AI for advanced analytics and benefit to a large array of stakeholders, foremost of which are the consumer goods brands.

However today CPG and retailers still work in silos, with limited data available and limited collaboration, which reduces the potential impact and synergies of store digitization.

The Vusion Retail IOT Cloud platform is designed to become the open, collaborative, multi-sided platform that transforms digitization into collaboration. Launched in 2018, the VUSION platform already supports over 5000 stores and tens of millions of connected devices, and we have just started to offer services to brands.

Leveraging such a platform enables to incentivize collaboration and data sharing, break silos, and maximize synergies across the whole value chain.

Optimizing the entire consumer goods-retail chain

The arrival of physical stores, i.e. tens of millions of stores that still represent 90% of the world's retail sales, on the big data scene is no small matter. It is a revolution that will massively lower costs along the entire consumer goods retail chain and change the working relationship between retailers and manufacturers.

For example, there will no longer be any need to send armies of auditors to stores to verify shelf compliance and count product facings: the information will be available online, as well as stock level alerts to prevent stock-outs. Negotiations between retailers and suppliers will be based on real-time, accurate and comprehensive data. Finally, new advertising and promotional capabilities related to digitization at the shelf will enable unprecedented targeting efficiency and optimization of brand spending, while delivering substantial additional income to retailers.

4

Protecting Consumers

As technology enables to bridge on-line and offline retail, personalization will break into physical commerce and bring data privacy challenges to a new scale. Retailers must find ways to comply with consumers expectations and new data-privacy regulations such as GDPR.

In the digital age of connected, intelligent omni-channel commerce anytime, anywhere, consumers have the right to get full information about every product they purchase and consume, and have the right to know that their personal data is protected and cannot be used for purposes other than to provide them with full purchasing satisfaction.

Utmost data privacy is an imperative, and the shopper applications we develop or enable place this imperative at the top:

- Consumers are expecting personalized service, recommendations and offers, to that effect they are ready to be identified and provide data on their preferences;
- For retailers, personalized marketing in store can unlock enormous value. ;

• But we promote 2 major principles:

1) the deal must be fair. Retailers must earn the right to know their customers, use data in exchange for a better and more personalized service, better value for money, time saving, real value.

2) the services are always subject to shopper willing to sign up in a clear and transparent deal, without backdoors ;

• As stores bridge over to the digital world, retailers must be irreproachable privacy wise. In that respect smart labels are a perfect GDPR compliant tool as they are an opt-in only gateway to digital content and services.

Pricing integrity is also a major area where ESL contribute to consumer protection by removing errors and ensuring permanent price integrity. SES-imagotag has set the target to bring retailers to error-free pricing and promotion execution, far from today's reality of 10 to 20% error average in developing countries.







5

Protecting the environment

LOW PAPER. LOW ENERGY.
LOW WASTE. LOW CARBON.

The adoption of ESL will have an immediate positive environmental impact by massively reducing paper consumption.

Also, SES-imagotag IOT technology is ultra low power and the company works on permanent reduction of power consumption and redesign to make ESLs ultimately battery less.

However, as smart labels, smart sensors, smart cameras, become pervasive in physical retail, we must not create a new sustainability problem with the electronic waste of billions of IOT devices. Our challenge is therefore to make this digital transformation sustainable. To do so, we have launched a major program to leverage the circular economy, from design to supply chain and lifecycle asset management, remanufacturing, recycling, with a clear **objective to make retail IOT carbon free and wasteless.**

Today, SES-imagotag recycles all obsolete batteries and collaborates with European eco-organisations to recover all obsolete or damaged labels, boxes and routers from each customer and ensure their complete recyclability or reuse. This policy is inspired by the circular economy.



6

Spreading the vision

The last initiative of our Positive Retail Roadmap is about building the group of Ambassadors of our cause. We announced on November 26th 2019, the formation of an International Advisory Board to promote a 21st century approach to Retail Sustainability, Transparency and Consumer Protection, to support and guide us in enabling this Positive Retail revolution.

The role of the international advisory board will be to advise SES-imagotag's management and shareholders on trends affecting their strategy and position for doing business in the global economy and society; Monitor the corporation's implementation of global initiatives contributing to Retail Sustainability, Transparency and Consumer Protection, particularly reflecting the world's needs for a stronger collaboration across the entire CPG-Retail value chain to maximize synergies and overall positive impact; Inspire a 21st century approach to data protection, privacy and security, in an environment which expands the rights of individuals to control how their personal data are collected and processed.

The constituting members of the SES-imagotag International Advisory Board are:



Peter Brabeck-Letmathe (Chairman), Chairman Emeritus and former Chairman & CEO of Nestlé, Vice-Chairman of the World Economic Forum; Member of the Board of Liberty F1 and Salt. Former Member of the Boards of Roche, L'Oréal, Crédit Suisse and Exxon Mobile.

"There is a great challenge for the physical retail to adapt rapidly to the new digital world and SES-imagotag is in a privileged position to not only help them in this journey, but at the same time for CPG companies to profit more from the 4th Industrial Revolution."



Dr. Viviane Reding, Member of the European Parliament, three-time European Commissioner and former Vice-President of the European Commission who wrote the right to data protection into the European Constitution.



Frank Moison, former Viceman of Colgate Palmolive with a demonstrated history of working in the consumer goods industry; Member of the Boards of UPS, Hanes Brands, Somalogic, School of Business of Georgetown University and EDHEC (France).



Yanshun Chen, Chairman and CEO of BOE Technology, the world leader in semi-conductor displays and IoT solutions for the manufacturing, retail, energy and healthcare sectors.



Dr. h.c. Candace Johnson, Serial satellite entrepreneur, Co-Founder of SES*, Loral-Teleport Europe, Europe Online, Pacific/OWNSAT, Vice-Chair NorthStar Earth and Space, Chair of Seraphim Space Advisory Board, Executive Board Member of the ICC (International Chamber of Commerce). Founding President of the German Association of Private Telecom Operators (VATM) and of the Global Telecom Women's Network (GTWN). Co-founder of the Global Board Ready Women initiative (GBRW). Former president of EBAN (European Business Angels Network).



Helene Ploix, Chairman of the Investment Committee of Pechel Industries; Non-Executive Chairman of Genesis Emerging Markets Fund Ltd, a company listed on the LSE; Former Special Advisor to the French Prime Minister and Executive Director of the International Monetary Fund (IMF) and The World Bank; Former deputy-CEO of the Caisse des Dépôts et Consignations; Former member of the Boards of BNP Paribas, Publicis and Lafarge. Member of the French Technology Academy.

* One of the world's leading satellite owners and operators, listed on the Euronext stock exchange (SESG).

More than **300** retailers in 61 countries



A Global Leader



○ Group Headquarters
Europe: Paris

○ Logistics
Europe: France and Austria
Americas: United States and Mexico
Asia: Chine, Vietnam

● Subsidiaries and Sales Representatives
Europe: France, Autriche, Allemagne, Danemark, Espagne, Italie, Pays-Bas, Royaume-Uni
Americas: United States, Canada, Mexico
Asie : China, Taiwan PRC

○ R&D Centers
IoT : France, Austria, Germany, Taiwan PRC
Software : France, Germany, Ireland

For more than 28 years, SES-imagotag has supported the growth of its historic clients (Leclerc, Intermarché, Système U, Auchan, Monoprix, Carrefour, and more) as well as many international brands (Media Markt, Saturn, Jysk, Kiwi, Dansk, Fairprice, Muticedi, Spar, PAM, Rewe,

T-Mobile, Coop, and Euronics), totaling about 300 distributors around the world. Today, the Group has fifteen of its own subsidiaries and representatives along with more than 50 international partners.

History

1992

- SES created

1993

- First store equipped

2000

- One million ESLs installed

2002

- First international contract

2005

- SES present in 10 countries

2006

- SES listed on the Paris stock exchange

2007

- Present in Asia and Latin America

2011

- New G-Tag and S-Tag + labels

2012

- G-Tag +, NFC-Tag (LSA and Equipmag awards), and new Jeegy 2.0 software
- Geographic expansion
- (Sweden, United Kingdom, Australia, North America)
- More than 6,700 stores installed
- First connected store

2013

- SES present in more than 52 countries
- 700 connected stores (NFC) installed

2014

- Strategic alliance with imagotag GmbH (Austria)
- First digital mockup of the connected store (3D store) in partnership with Atos
- Launch of award-winning PPS (product positioning systems) at Equipmag
- First store equipped with color labels
- More than 9,000 stores installed, of which more than 1,000 connected stores

2015

- Largest electronic labeling contract in history (€98 M, 1,000 stores)
- Over €110 M in revenue
- Top store with fully-connected path-to-purchase, honored with an LSA Innovation Award
- SES best "contactless" solution at World Smart Week Awards 2015
- Launch of Jeegy S
- More than 10,000 stores installed

2016

- SES becomes SES-imagotag
- Over €175 M in revenue
- Casino Group chooses SES-imagotag to modernize its stores
- SES-imagotag signs an exclusive contract with JYSK Nordic Sephora chooses SES-imagotag for its stores in France
- Findbox GMBH and Pervasive Displays Inc. (PDi) acquired
- SES-imagotag recognized at the 2016 LSA Awards in the Merchandising category for its product geolocation solution
- 100% Cloud solution launched

2017

- Alliance with BOE Technology Group
- VUSION Retail IoT platform launched
- Intermarché and Casino choose SES-imagotag as their electronic tag supplier
- Dixons Carphone Nordic chooses SES-imagotag for 100% Cloud deployment in its stores
- SES-imagotag recognized at the 2017 LSA Awards in the Merchandising category for its automatic stock-out detection solution
- SES-imagotag takes the prize for "Best Use of In-Store Technology" at the Seamless Asia trade show in Singapore
- SES-imagotag and EZ Workspace win 1st prize for Innovation at Workspace Expo 2017

2019

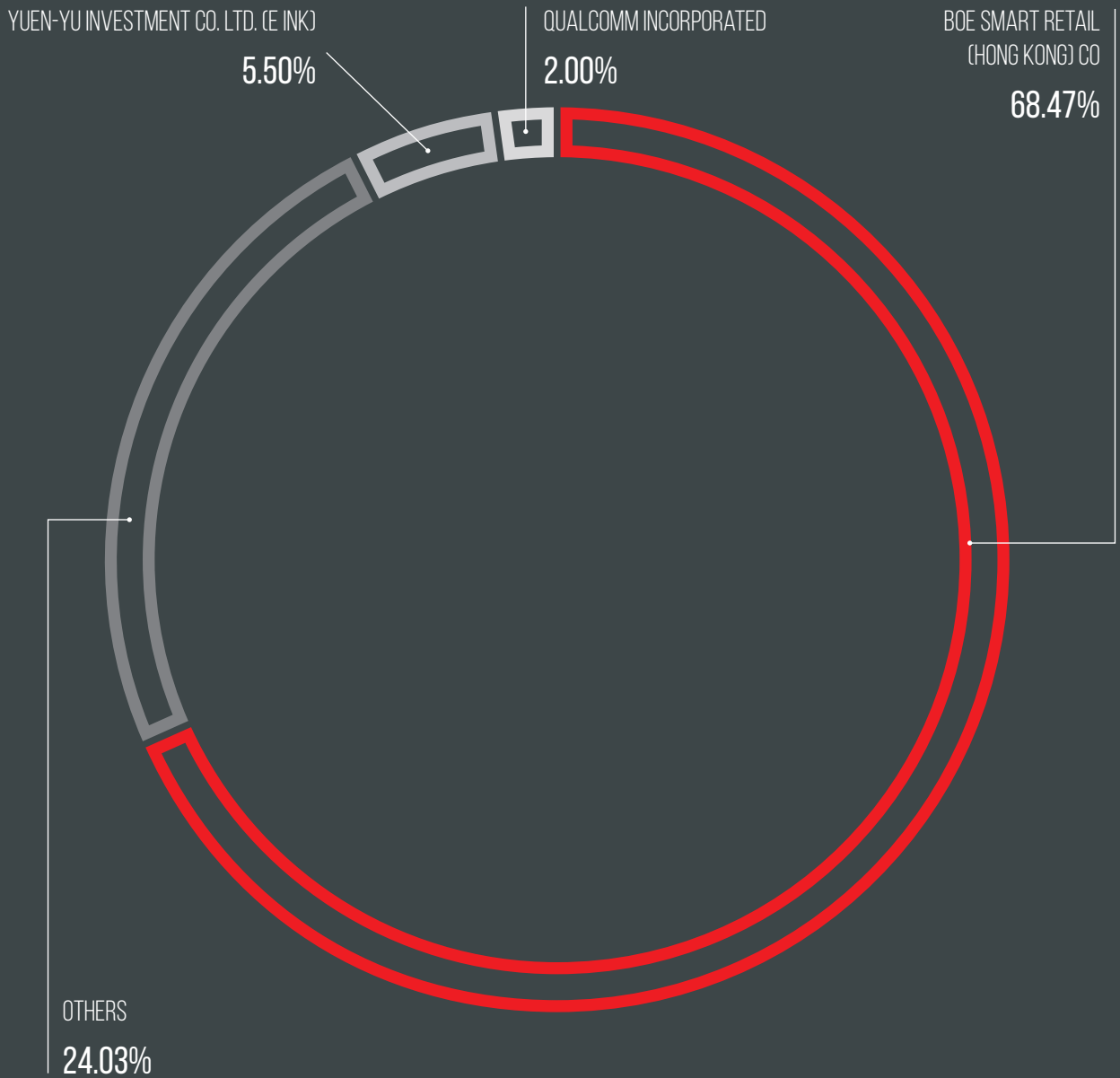
2018

- New VUSION 2022 strategic plan presented
- Strategic collaboration between E Ink and SES-imagotag
- Euronics chooses SES-imagotag to digitalize its stores
- Dixons Carphone Nordic continues its deployment in Scandinavia with SES-imagotag
- Sharaf DG chooses SES-imagotag, the first deployment of electronic shelf labels in the Middle East
- SES-imagotag teams up with Panasonic in Europe
- Red Dot Awards recognize VUSION label design
- PERIFEM Awards honor SES-imagotag's ShelfWatch solution

- SES-imagotag creates an International Advisory Board for Retail Sustainability, Transparency and Consumer Protection
- SES-imagotag, BOE and JD Digits join forces in China
- Qualcomm Technologies invests in SES-imagotag
- Leading US Retail Chain selects SES-imagotag
- Coop selects SES-imagotag's VUSION Smart Labels solution
- Leading DIY Nordic retailer JULA selects SES-imagotag
- Euronics extends partnership with SES-imagotag to include 400 stores in Italy
- SES-imagotag and Cisco introduce a leading-edge IoT infrastructure for physical retail
- SES-imagotag and Bio c'Bon win the 2019 RETA award "Best In-Store Solution"

Shareholding Structure

AT 12/31/2019



Stock Information

DIVIDEND DISTRIBUTION POLICY

The company does not plan to distribute dividends for the 2019 fiscal year.

FINANCIAL COMMUNICATIONS

Euro PP bond issue of 10 million euros that can be increased to 20 million euros

On 23 July 2019, SES-imagotag completed a new unlisted Euro PP bond issue of a nominal amount of 10 million euros. The issue, which has a maturity of 6 years, namely in 2025, was subscribed exclusively by Tikehau Capital on behalf of funds under its management. SES-imagotag will also have the power to decide to issue a second tranche of a maximum nominal amount of 10 million euros, on the same terms of interest rates and maturity as the first tranche, at the latest on 31 July 2020, and which would be underwritten by the same investors.

The bond assumes that the latter would become payable if the consolidated leverage ratio, which refers to the ratio of net financial debt to gross operating surplus, was to be less than 3.5.

The mechanism is intended to optimize the cost of debt as required by the Group.

This funding is part of the strategic plan of SES-imagotag VUSION 2022 announced in May 2018, aimed in particular at reaching 800 million euros in revenue. The funds raised are intended to finance the acceleration of growth and to allocate to SES-imagotag a long-term financing structure in line with its ambitions.

Capital increase with removal of preferential subscription right

On 5 December 2019, the Company completed a capital increase without preferential subscription right through a placement to institutional investors carried out according to articles L225-136 of the French commercial code and L411-2 of the French financial and monetary code for a final amount of €35,000,023.50;

Qualcomm Incorporated ("Qualcomm") has subscribed to the capital increase for a total of 9 million euros, under the terms of an Investment Agreement between the Company and Qualcomm dated December 4, 2019.

The funds raised during the Issue will enable the Company to finance the growth of its activities and its international development.

The capital increase resulted in the issuance of 1,228,071 new common shares, or 8.45% of the Company's current share capital, at a price per share of 28.50 euros (including issue premium), representing a total capital raising of 35,000,023.50 Euros.

FINANCIAL CALENDAR 2020

| EVENT | DATE |
|-------------------------|--------------------|
| FY 2019 sales | February 21, 2020 |
| FY 2019 audited results | March 23, 2020 |
| 2020 Q1 sales | April 23, 2020 |
| Shareholders Meeting | June 29, 2020 |
| 2020 H1 sales | July 28, 2020 |
| H1 2020 audited results | September 23, 2020 |
| 2020 Q3 sales | October 23, 2020 |

Key Figures

Global leader with
€247
million in sales

200
million ESLs
installed in more than
20,000
stores

Over
28 years
of history

450
employees

61
countries

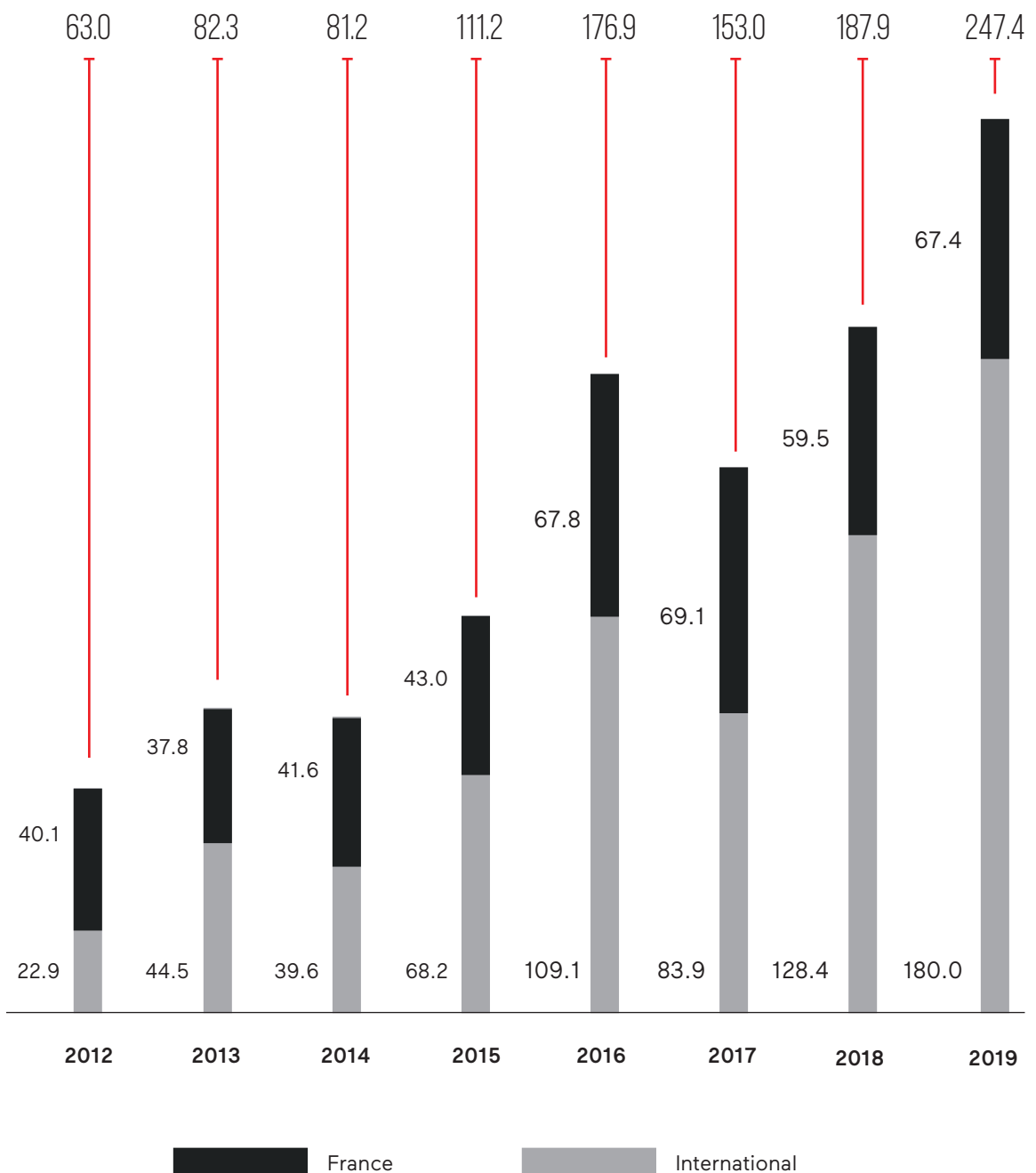


ICI TOUS LES FRUITS ET LÉGUMES SONT BON



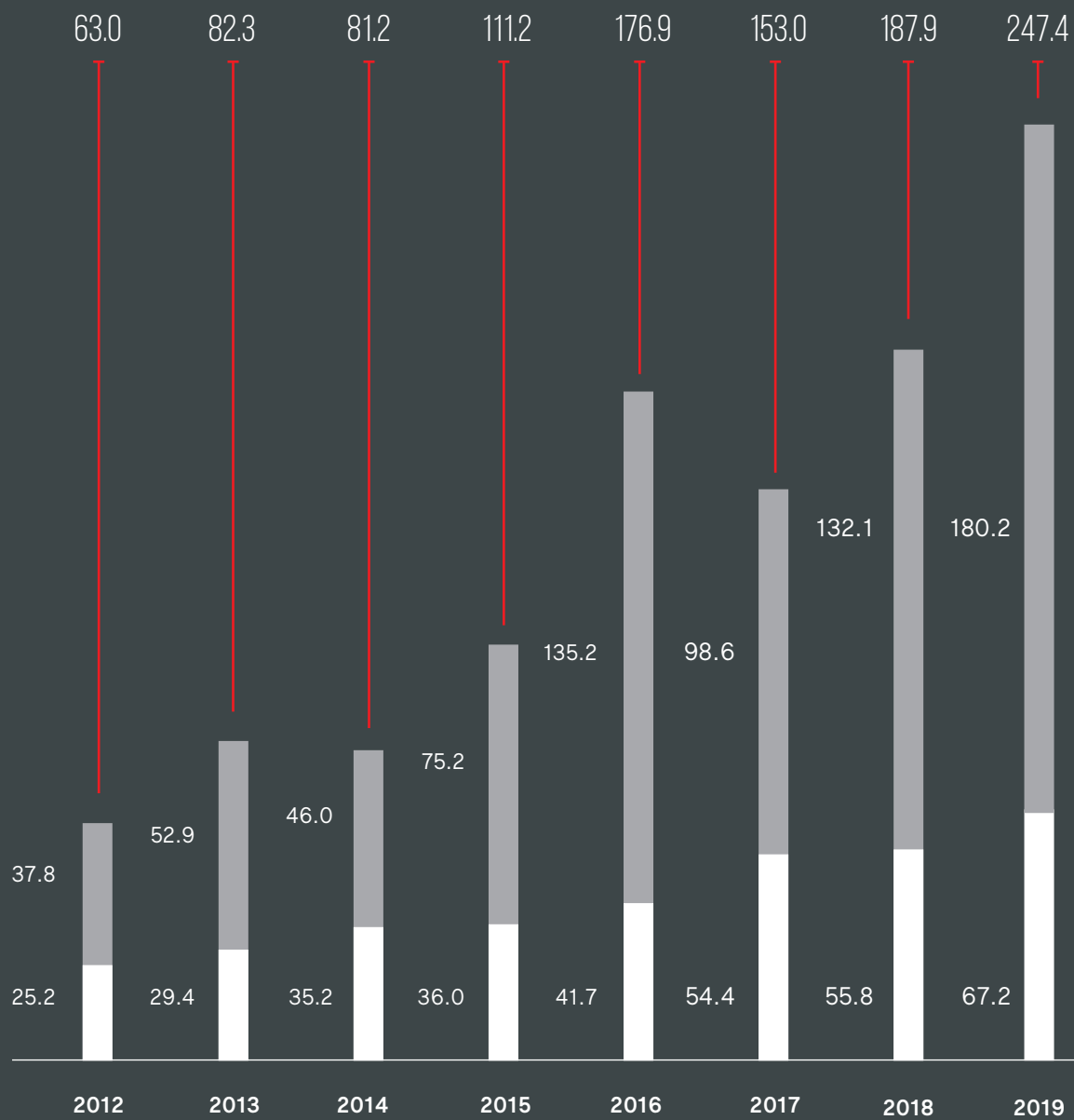
Key Figures

SALES IN M€



SALES IN M€

(Revenue by activity, M€)



Installed Base



New Installations

2019 in brief

■ January

SES-imagotag at NRF in New York City

Coop selects SES-imagotag's VUSION Smart Labels solution

SES-imagotag and Cisco introduce a leading-edge IoT infrastructure for physical retail

■ February

SES-imagotag at EuroCIS in Düsseldorf

Leading DIY Nordic retailer JULA selects SES-imagotag

Euronics extends partnership with SES-imagotag to include 400 stores in Italy

SES-imagotag and Bio c'Bon win the 2019 RETA award "Best In-Store Solution"

■ March

SES-imagotag showcases its solutions in Tokyo at Retail Tech & SMTS shows

■ April

SES-imagotag wins the CCFA's Retail Tech award at the China International Retail Show

Sponsor of the TCG Summit in Geneva

■ May

SES-imagotag, BOE and JD Digits join forces in China

SES-imagotag at Vivatech in Paris

SES-imagotag at SAP Sapphire in Orlando, FL - USA

■ July

SES-imagotag at ISPO Digitize in Munich, Germany

■ September

SES-imagotag wins the best in-store Marketing solution at Paris Retail Week show

■ October

SES-imagotag at Casino Proximité show in Lyon

SES-imagotag at Leclerc Show

■ November

SES-imagotag creates an International Advisory Board for Retail Sustainability, Transparency and Consumer Protection

Sponsor of China Shop 2019 in Qingdao, China

Sponsor of LSA Live 2019

Joint Venture with the Bossard Group

■ December

Qualcomm Technologies invests in SES-imagotag

SES-imagotag wins the LSA Innovation Award for its VUSION Rail



hp

Lenovo Lenovo

hp

HP
13-AR022T
13.3" Diagonal
Intel Core i5-3320M
4GB DDR3
500GB Hard Drive
\$599.00

HP
13-AR022T
13.3" Diagonal
Intel Core i5-3320M
4GB DDR3
500GB Hard Drive
\$599.00

BUILDING THE WORLD'S LEADING RETAIL IoT PLATFORM

Pricing agility and accuracy

Enhancing responsiveness, precision and quality by digitizing and automating price displays in the aisles is now imperative for retailers. The meteoric rise of the Internet and increased competition between retail outlets have caused prices to change faster in mass retail, which is very hard to keep up with in physical stores. With manual processes and paper price tags, employees are increasingly engrossed in managing label changes. Meanwhile, other, more important tasks are neglected and price errors proliferate with myriad negative consequences on customer satisfaction, complaints and government fines. This irresistible increase of price change velocity is prompting more and more retailers around the world to digitize price displays and automate price updates with electronic shelf labels. Once free from this time-consuming manual update work, employees will be cheerier and more helpful with customers, and return their focus to cleaner and tidier store with neat well-stocked shelves, fresher fruit and vegetables, etc.

Price and margin optimization. The key to bolstering sales and margins is, first and foremost, detailed, accurate and responsive management of daily retail pricing decisions based on the competition, stock and demand, i.e. based on the local context of each store. There is a substantial top and bottom-line impact at stake:

- Improved sales: better targeted and more effective promotions, faster sell-through of overstock, reduced food waste.
- Optimized margins: more targeted mark-downs, fewer unjustified promotions, fewer government fines, faster return to pre-sale prices, etc.
- Reduced personnel costs: elimination of time devoted to label updates and verifications, less time spent on customer complaints (elimination of pricing errors), etc.



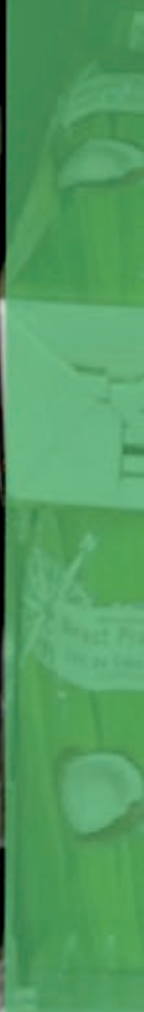
Amendins sans sucre 50cl
 1L x 4 / 1L
 LA PIÈCE
 000000796
2€₄₀

Crème cuisine 200ml
 1L x 4 / 1L
 LA PIÈCE
 000000796
1€

Soja du Chef 20cl
 1L x 4 / 1L
 LA PIÈCE
 000000796
1€

Soja cuisine 50cl
 1L x 4 / 1L
 LA PIÈCE
 000000796
2€₄₂

Nicosoy 3
 1L x 4 / 1L
 LA PIÈCE
 000000796
2€



Lait de riz coco 1L
 1L x 4 / 1L
 LA PIÈCE
 000000796
2€₃₅

Lait coco à boire 1L
 1L x 4 / 1L
 LA PIÈCE
 000000796
3€₇₉

Crème de soja 200ml
 1L x 4 / 1L
 LA PIÈCE
 000000796
2€

Lait de soja 1L
 1L x 4 / 1L
 LA PIÈCE
 000000796
2€



Accurate management of inventory and on-shelf availability

Retail is detail: a store is like a miniature factory, in which processes should be driven by flawless, precise data and should be as automated as possible to free-up human capital and direct staff toward high-value-added tasks.

Just as they revolutionized industry, digital technologies now make it possible to bring this vision to life at physical selling points.

The number one rule of retail operations is to have accurate data on shelf and stock status at all times: which products? where? how many facings? at what price? etc. Having all these indicators in real-time is essential to optimize compliance, reduce stock-outs and increase on-shelf availability and sales.

The latest IOT solution developed by SES-imagotag combining geo-located smart labels and ultra-low power miniature wireless shelf

cameras allow to automate real-time shelf monitoring in a cost-effective and scalable way. It revolutionizes supply chain and store management and open a new era of digital collaboration and data sharing between retailers and CPG companies, generating massive cost savings across the entire value chain: increased shelf compliance, stock-outs reduction, OSA and sales increase, Retail and CPG labor cost savings, overall inventory reduction, CPG trade spend reduction.

VUSION instore IOT technology is the most advanced, cost effective and accurate to provide comprehensive real-time shelf data.



Physical E-commerce

Instore order pick-up and fast home delivery are a strategic weapon for omnichannel retailers. Stores are the ultimate local service. In tomorrow's omnichannel retail landscape, physical stores will form the ideal local logistics network for fast deliveries and order pick-ups.

Click & collect and home delivery from local stores are fast-growing services; the trend will expand quickly because these are the ultimate omnichannel services. They capitalize on both the proximity and the benefits of physical stores, as well as the ease and speed of the Internet. They align with consumers' new buying behaviors, leverage the wide assortment in stores and enable shoppers to differentiate between their regular (online) restocking orders and "pleasurable" or "impulsive" in-store purchases. It is the fusion of physical and digital with the best of both worlds combined in one seamless omnichannel service.

The challenge is making Click & Collect productive and profitable. Preparing a basket in the store (in-store picking) is a time-consuming activity whose productivity must be optimized like an industrial production process.

Thanks to the geolocation and LED instant-flashing features now integrated in the VUSION smart labels, retailers can increase picking productivity by up to 50%, as well as reduce missing products and increase every basket size by +5%, generating immediate bottom-line benefit.



imam

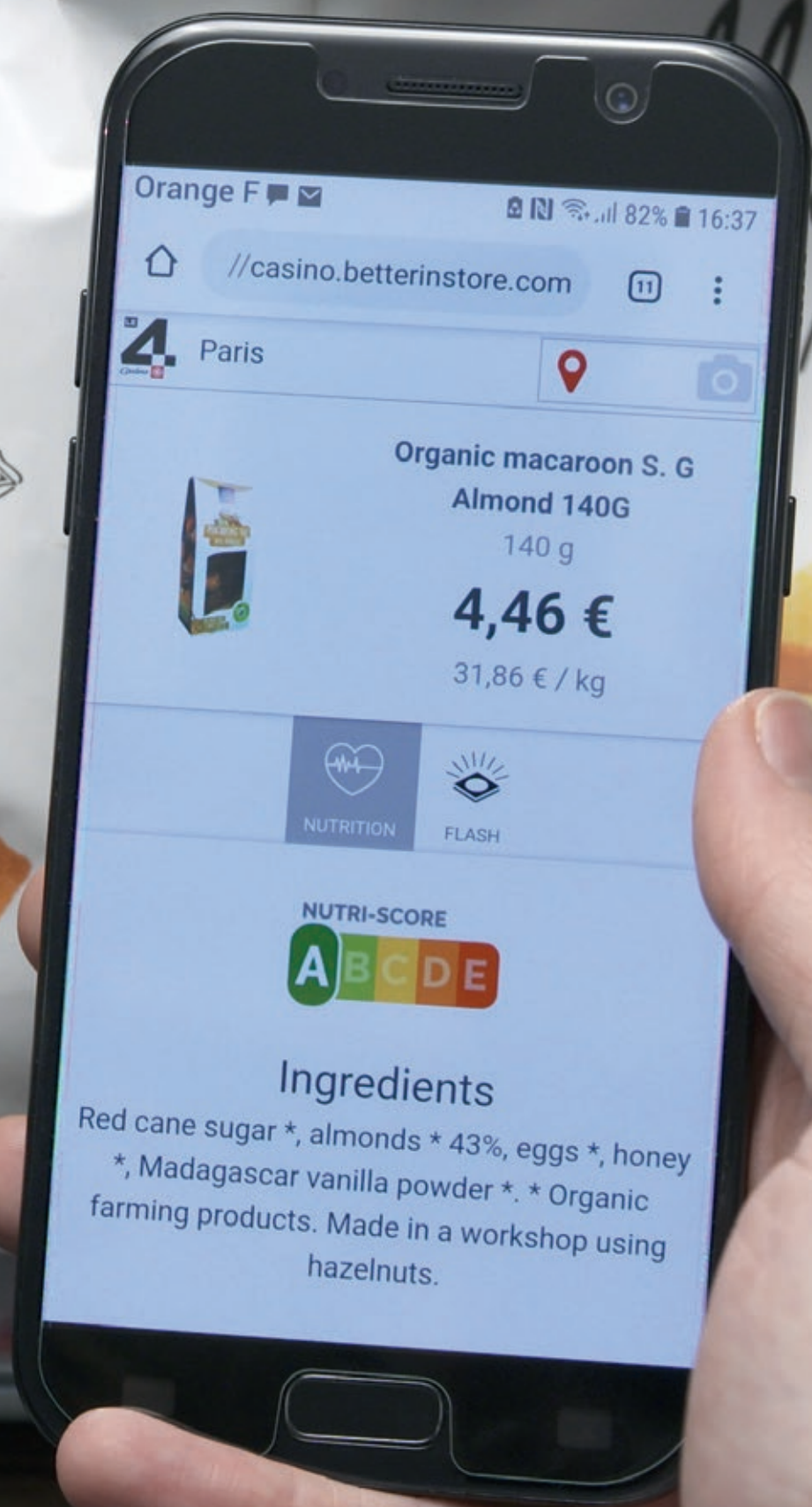
arts

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X 10 
SACHETS



Shopper digital engagement at the shelf

More than 90% of retail sales around the world still occur in physical stores. Therefore, although store traffic is declining gradually, it is still a formidable asset for retailers when it comes to connecting and better understanding consumers.

However, this asset is vastly underutilized right now. All retailers should transform their physical stores into connected and interactive environments so they can better know, inform, serve and communicate with their shoppers.

“PHYSICAL STORES ARE THE NEXT BIG DIGITAL MEDIA”

Omnichannel labels: the “micro-web page” at the shelf. Labels are no longer just a simple, passive mechanism for displaying prices. They play a much bigger role in giving information to customers. They are “micro web pages” that display essential data like consumer ratings, in-store or online availability, related products and promotional information.

In-store digital services. Shoppers expect the same digital services online and in stores. When going to stores they expect human assistance and immediate product availability. They do not understand why they should forego Search and Reviews that are obvious improvements from the Internet age. VUSION Storefront has been developed with these basic expectations in mind. It provides shoppers with Search and Reviews: Access is immediate – no sign-up, no download –; Search is location relevant: only the local references appear; Reviews and other product content appear with the in-store price which may vary between stores. And the smartphone can propose something impossible for pure players: a button to make the labels flash to help locate the product inside the store.

**APEROL
SPRITZ**

THE QUINTESSENTIAL APERITIF

Preparation Times: 5 min



Fill a wine glass with ice.



Combine prosecco doc followed by Aperol in equal parts.

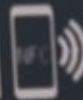


Add a dash of soda



Garnish with an orange slice

Scan to collect
Cash Back **5€**



19,66€

Advertising at the shelf

New generations of color digital retail labels are extremely effective advertising tools remotely actionable and positioned in front of every product in the store. These wireless interactive graphical displays speak directly to the consumer at the shelf, at the precise moment of purchase. They can display a logo, a “call to action” message, a motto, etc. and there are no limits to the content they can communicate to consumers’ smartphones via a simple NFC tap or QR code scan.

Whenever digital labels are Cloud managed, SES-imagotag’s Adshelf portal can be opened to brands wishing to sponsor advertising messages in the stores. Programmatic advertising becomes a reality in the brick and mortar world, leveraging the huge instore shopper traffic.

Web merchants have shown that displaying Ads to targeted audiences can be hugely effective even as their users are often very far from a shopping context. With Adshelf it becomes possible to plan and deploy automatically in-store campaigns to extremely well defined audiences: shoppers in stores are a perfectly qualified traffic.

Advertising spend by brands will continue to move closer to the point of purchase, online and offline, for more precision and effectiveness. If retailers digitize their stores and shelves, they can turn them into an advertising real-estate, like JC De-caux did for bus stop shelters, and will become large-scale precision broadcasters for brands Ads.

“IN THE FUTURE, CONSUMER GOODS BRANDS AD SPEND WILL SHIFT CLOSER TO THE POINT OF SALE FOR GREATER EFFECTIVENESS AND IMPACT.”

But it does not end there: by developing connectivity with shoppers at shelves, retailers will become a significant source of consumer data. The next major digital battle will play out in stores.

B

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I-MANAGEMENT REPORT

1 PRESENTATION OF THE GROUP'S ACTIVITIES

Please find below our report on the situation and activity of the Company and the Group, in accordance with the provisions of Articles L.225-100, L.225-100-1, L.225-102, L.25-102-1 and L.232-1 II of the Code Commerce and with the provision of Article 222-3 of the AMF General Regulation.

1.1 DESCRIPTION OF THE GROUP'S MAIN BUSINESS ACTIVITIES

SES-imagotag is a growth technology company listed on Euronext Paris with a turnover of 247.6 million euros. The company is the world leader in electronic labels and digital solutions for physical commerce and counts among its customers more than 300 major food and specialty distribution groups in Europe, Asia and North America.

SES-imagotag has developed the VUSION (Cloud Retail IoT) platform to help merchants transform their physical stores into real digital assets, highly automated, data driven.

VUSION improves price agility, precision and accuracy, while ensuring omnichannel synchronization of prices, product information and marketing campaigns. The platform developed by SES-imagotag also makes it possible to optimize order preparation and restocking in-store. VUSION also helps shelf staff by automating low-value-added processes so they can focus on customer service and merchandising. VUSION connects each gondola to the cloud, providing accurate, real-time information on product availability on shelves, location and compliance

with merchandising plans, while reducing inventories, ruptures and waste. Finally, VUSION provides consumers with better, more transparent and reliable product information, as well as a seamless shopping experience with product search, in-store guidance and label payment features.

1.2 HIGHLIGHTS OF 2019

Operational activity

2019 marked a major new step forward in the implementation of our VUSION 2022 strategic plan, with strong international growth (+40%), the signing of our first major contract in the United States and the launch of our joint venture in China with BOE (BOE Intelligent IOT Technology Co, Ltd) and JDD (Suqian Xin Dong Teng Commercial Services Co., Ltd).

On a constant currency basis, our EBITDA was sharply up on 2018 (+65%) thanks to the steady improvement in our operating ratio. However, due to the US Dollar increase and new US import tariffs, we were not able to return to profitability as initially planned. These two adverse factors have impacted the Group by more than €10m in additional costs. With the ramp-up of a second industrial platform outside

China, we have been able to mitigate the adverse impact of the US tariffs, which should no longer have significant impact on the Group in 2020.

Thanks to the commercial successes of 2019 and a portfolio of opportunities at its highest, SES-imagotag believes it will be able to continue its growth in 2020. However, the Covid-19 crisis will affect deliveries in the first half of the year and in view of recent developments in this crisis, the target of 370 to 400 million euros seems too optimistic at present. An energetic plan has already been put in place to protect our employees, partners and customers, as well as to strengthen the dynamics of improving the group's profitability.

In addition, an exclusivity agreement was signed in the second half of 2019, with the entity holding the

Chongqing plant of the BOE group: the volume projection over the next five years indicates that the company will not use all of the production currently installed by the plant. In order to ensure the exclusivity of Chongqing BOE Smart Electronics System Co.,Ltd.'s production capacity, the company has decided to enter into an exclusive agreement whose value has been estimated by comparing the presumed utilization rate of production capacity to the utilization rate of 100%.

Equity

Euro PP bond issue of 10 million euros that can be increased to 20 million euros

On 23 July 2019, SES-imagotag completed a new unlisted Euro PP bond issue of a nominal amount of 10 million euros. The issue, which has

a maturity of 6 years, namely in 2025, was subscribed exclusively by Tikehau Capital on behalf of funds under its management. SES-imagotag will also have the power to decide to issue a second tranche of a maximum nominal amount of 10 million euros, on the same terms of interest rates and maturity as the first tranche, at the latest on 31 July 2020, and which would be underwritten by the same investors.

The bond assumes that the latter would become payable if the consolidated leverage ratio, which refers to the ratio of net financial debt to gross operating surplus, was to be less than 3.5.

The mechanism is intended to optimize the cost of debt as required by the Group.

This funding is part of the strategic plan of SES-imagotag VUSION 2022 announced in May 2018, aimed in particular at reaching 800 million euros in revenue. The funds raised are intended to finance the acceleration of growth and to allocate to SES-imagotag a long-term financing structure in line with its ambitions.

Capital increase with removal of preferential subscription right

On 5 December 2019, the Company completed a capital increase without preferential subscription right through a placement to institutional investors carried out according to articles L225-136 of the French commercial code and L411-2 of the French financial and monetary code for a final amount of €35,000,023.50;

Qualcomm Incorporated ("Qualcomm") has subscribed to the capital increase for a total of 9 million euros, under the terms of an Investment Agreement between the Company and Qualcomm dated December 4, 2019.

The funds raised during the Issue will enable the Company to finance the growth of its activities and its international development.

The capital increase resulted in the issuance of 1,228,071 new common shares, or 8.45% of the Company's current share capital, at a price per share of 28.50 euros (including issue premium), representing a total capital raising of 35,000,023.50 Euros.

At the end of the issue, the Company's share capital is now composed of 15,756,108 shares of 2 euros of par value each.

This capital increase was implemented in accordance with the delegation granted by the General Assembly of 24 May 2019 (15th and 16th resolutions of an extraordinary nature).

This capital increase took place in compliance with the 15th and 16th delegations approved by the May 24, 2019 Shareholders meeting.

Post closing event

The consequences of the health crisis (coronavirus) that hit China at the end of 2019 are not yet fully known. After some delays and slowdowns during the first quarter, the Group's production capacity returned to normal in April, as expected, although delays persist.

At the same time, demand is affected in all geographies and markets due to containment measures and closure of many stores. Several orders and projects are now staggered at still uncertain deadlines. However, the Group is expected to be able to maintain a small decline in activity in the first half of the year, before returning to growth in the second half of the year.

In this context of uncertainty, the Group has implemented an action plan to protect its employees and customers, and has triggered strict controls on costs and investments in order to strengthen the necessary dynamics to improve profitability.

The Company announced on May 26, 2020 via a press release, a downward trend on sales for the first half of the year 2020. Management believes that turnover at 30.06.2020 (6 months of activity) is expected to be between 110 and 115 million euros. Based on this announcement, the company feels that it is not in a position to comply with the half-year covenants attached with the €50 million debt as described in note 11 of the financial statements. Requests for waivers have been made to lenders who all confirmed granting that waiver for June 30, 2020, subject to the finalisation of the relevant legal documentation. In addition, the company has obtained up to € 30 million governmental backed loans from a banks pool. At this stage, the company is anticipating a revenue rebound in H2 2020, subject to the evolution of the Pandemic. All in all, SES-imagotag still expects an annual growth in 2020, thanks to the strong momentum in the Americas & Asia Pacific zones.

1.3 STRENGTHS AND COMPETITIVE ADVANTAGE

The Group's international success is primarily due to its technological lead in a very specific field: electronic labelling for retailers. The main technological challenge of this field is striking the balance between reliability (update error rate), performance (speed and flow rate of data transmissions) and energy consumption (battery life cycle).

The Group's expertise is based on:

- Innovation, which consists in display technologies, fixing systems and radio frequencies, which are critical for sending data to the labels. The Group's substantial efforts when it comes to innovation have led it to rapidly identify a large num-

ber of start-ups that have developed technologies complementary to SES-imagotag's business and expertise. It has integrated these companies into the Group through acquisitions in recent years, and can now offer its clients a broad range of technological solutions that best meet their requirements.

- The Group is able to maintain the quality of the hardware, even for large volumes, by attentively selecting subcontractors and component suppliers and by seeing to it that they maintain the quality standards required during mass production phases. The recent alliance with BOE is an additional advantage aimed at reducing production costs to improve the yield of digital labels and to boost their adoption by clients. The objective is to democratize access to the VUSION range by best meeting the expectations of consumers, retailers and brands and by offering greater potential of use for marketing and advertising.

To achieve this objective, BOE has built an integrated digital label plant of critical size, in close co-operation with SES-imagotag for its launch.

- The quality and depth of the range of services offered, thanks to the Group's expertise in the development and installation of critical systems for its clients and the broad range of in-store management services and data analyses (software platform) proposed by the Group. The Group is also committed to reducing the total cost of ownership (TCO) of equipment for its clients, in particular by using radio infrastructure that is as light and as plug-and-play as possible, by reducing IT costs thanks to the Cloud, by improving hardware quality to maximize the amortization period or by providing optimized preventive maintenance services.

Industry overview

E-commerce accounts for 10% of total sales made by physical retail and e-commerce. Although e-commerce is expected to grow steadily, the physical store should remain a key element of differentiation because it continues to be the personalized point of contact between consumers and in-store sales advisors.

Retail players have identified the leverage provided by their physical point-of-sale coupled with the online experiences that consumers value. This complementarity, referred to as "omni-channel convergence", can be developed in particular through electronic labels that enable the digital experiences to be implemented in the store.

Since its inception, the Group has made it possible for retailers to use an increasing number of digital solutions in their point-of-sale networks. The Group has created a complete platform that enables the digitalization of stores, the automation of processes with lower added value, in order to better understand, inform and serve consumers, produce quality information to prevent stock-outs, waste and to create a seamless service between the physical and digital experience.

Buyers have become consumers who use multiple channels, considering merchant websites as a means of instantly finding the right product from among an extensive offering, within record time.

In this context, faced with e-commerce, the traditional retail sector must radically transform its offering: the traditional model has turned to digitalization and now offers services such as "drivein", "click & collect" and home delivery.

Physical retail outlets have followed this transformation by becoming points of interaction where the consumer, brands and the retailer interact and communicate, where the consumer can obtain access to advisory services and specific information about the product.

Figures and market trends

The electronic tag market has completed a transitional phase, shifting from the segmented and monochrome label to the color graphic label. Historic labels have limited display possibilities especially when they are used for promotional display.

Europe is the main core of this market, in particular France, Scandinavia and Germany. The Iberian Peninsula and Italy continue to grow, while Central Europe the USA and Russia are rising steadily. In the UK, the limited margins of retail networks continue to curb the development of the digitalization of retail outlets.

1.4 RESEARCH AND DEVELOPMENT

Innovation and research and development

Our VUSION platform is recognized around the world for its state-of-the-art technology (communication protocol, cloud, IoT technology, SAAS applications and online services).

2019 has seen very strong growth in our cloud platform, chosen by a majority of new customers but also by the installed base that has begun its migration. This development is all the more important as the cloud opens up access to many value-added services (SAAS) involving smart labels in new cases of use (help in order preparation

and restocking of shelves, detection of breakup, digital advertising, ...).

In 2019, our research and development has been focused on these new value-added uses, accelerating efforts to finalize two major new products ads Adshelf (collaborative tool for digital advertising in stores)

and Captana (automated monitoring) which have just been presented at the beginning of 2020 at the NRF (New York, January 2020) and Euroshop (Dusseldorf, February 2020).

2019 has also seen the culmination of one of our new flagship products, V:Motion, a range of gondola video-rails that have a very powerful advertising impact while ensuring the same radius management efficiency as electronic labels. Our long-term technological and economic lead in these types of solutions is obviously based on our synergies with BOE. This new product will begin to be visible in the first stores in 2020 and is a new engine of growth, acclaimed by the brands of Large scale consumer products.

Other research and development investments were focused on three main strategic projects:

- Complete EEG concept redesign for cost/performance improvement (launch 2021);
- Extension of our on-board protocol ("infra-less");
- Partnership with Qualcomm to develop the new Retail IoT communication standards (2021-22).

These new solutions are the foundation of the STRATEGIC plan VUSION 22 allowing to achieve within 3 years 20% of our turnover in software and recurring services as well as a strong profitability (EBITDA of 15 to 20%).

Powerful ecosystem.

Throughout the year, the Group has strengthened cooperation within its partner ecosystem (Microsoft, SAP, Wirecard, Cisco-Meraki, Aruba, Juniper, Lancom, Huawei, Panasonic, T-System, Telefonica, Proximus, etc.) to deploy technological and commercial synergies and accelerate adoption through the powerful marketing and commercial means of these major partners.

1.5 SUBSIDIARIES AND HOLDINGS

As of 31 December 2019, the Company owns fifteen subsidiaries (thirteen are consolidated).

The subsidiaries are all entities that are directly or indirectly controlled by the Group. Control is characterised by the power to orientate the company's financial and operational policies.

In **2011**, SES-imagotag created its first two subsidiaries:

- Store Electronic Systems Asia Pacific PTE. Ltd. in Singapore, wholly-owned by the Company, and now renamed SES-imagotag PTE, Ltd;
- Store Electronic Systems Latinoamerica S de RL de CV in Mexico City, 99% owned by the Company, and now renamed SES-imagotag Mexico.

In **2013**, SES-imagotag created two new subsidiaries:

- Store Electronic Systems, Incorporated in the United States in the State of Delaware, wholly-owned by the Company (non-consolidated in 2016) and now renamed SES-imagotag Inc. ;

- Store Electronic Systems Italia S.R.L. in the Milan province in Italy, wholly-owned by the Company, and now named SES-imagotag Italia SRL.

In **2014**, SES-imagotag created Systèmes Électroniques Pour Magasins Ltée in Montreal in Canada, and now named SES-imagotag Digital Solutions Ltd.

Furthermore, pursuant to a final protocol of 7 March 2014, SES-imagotag acquired all the shares of the Austrian company, imagotag GmbH, in two stages spread over a two-year period. This is because the Board of Directors at its meeting on 22 May 2014 noted the acquisition by SES-imagotag of 69.3% of the shares of Imagotag GmbH, which was the first stage of the acquisition of this company. At its meeting of 11 March 2016, the Board of Directors approved the exercise of the purchase option by SES-imagotag for the remaining Imagotag GmbH shares.

In **2016**, SES-imagotag acquired the following:

- a 67% stake in Findbox GmbH in Germany; (consolidation limited to the balance sheet as at 31 December 2016), now called

SES-imagotag Deutschland GmbH and wholly-owned since the second half of 2017;

- a 27.95% stake in MarketHub.

In **2016**, SES-imagotag also decided to acquire all the shares of Pervasive Displays Inc. in Taiwan. This acquisition was approved by the General Shareholders' Meeting of 30 November 2016 and was subject to the fulfilment of conditions precedent that were lifted by the Board at the Meeting on 16 February 2017.

This entity was consolidated in 2017.

In **2017**, SES-imagotag created four new subsidiaries:

- SES-imagotag Netherlands B.V. in the Netherlands, wholly-owned by SES-imagotag;
- SES-imagotag Danmark A.P.S. in Denmark, wholly-owned by SES-imagotag; and
- SES-imagotag HongKong Ltc in Hong Kong, wholly-owned by SES-imagotag;
- SES-imagotag Iberia S.L. in Madrid, wholly-owned by SES-imagotag;

SES-imagotag increased its interest in MarketHub to 60%, with the understanding that the remaining shares could be acquired in 2023.

In **2019**, the company entered into two joint ventures:

- one in China with the BOE and JD Digits groups: BOE Digital Technology Co Ltd.

This joint venture is 51% owned by SES-imagotag, 15% by the BOE Group (BOE Intelligent IOT Technology Co, Ltd) and 34% by the JD Digits Group (Suqian Xin Dong Teng Commercial Services Co., Ltd,) ;

- the other in Austria: PDI Digital GmbH.

This joint venture is 70% owned by SES-imagotag, 30% by the Bos-

sard AG Group, in order to develop IoT solutions for industrial markets.

These two entities are ruled by the same governance procedures and internal control than others group entities, including detailed monthly reporting and control of the cash position.

% OF SHARES HELD AS AT DECEMBER 31 2019

| | |
|--|------|
| AUSTRIA | |
| SES-IMAGOTAG GMBH | 100% |
| PDI DIGITAL GMBH | 70% |
| CANADA | |
| SOLUTIONS DIGITALES SES-IMAGOTAG LTÉE. | 100% |
| CHINA | |
| BOE DIGITAL TECHNOLOGY CO.LTD. | 51% |
| DENMARK | |
| SES-IMAGOTAG DANMARK APS | 100% |
| GERMANY | |
| SES-IMAGOTAG DEUTSCHLAND GMBH | 100% |
| HONG KONG | |
| SES-IMAGOTAG HONG KONG LTC | 100% |
| ITALY | |
| SES-IMAGOTAG ITALIA S.R.L. | 100% |
| MEXICO | |
| SES-IMAGOTAG MEXICO SRL DE CV | 99% |
| THE NETHERLANDS | |
| SES-IMAGOTAG NETHERLANDS B.V | 100% |
| SINGAPORE | |
| SES-IMAGOTAG PTE. LTD | 100% |
| SPAIN | |
| SES-IMAGOTAG IBERIA S.L. | 100% |
| TAIWAN | |
| PERVASIVE DISPLAYS INC | 100% |
| UK | |
| MARKET HUB TECHNOLOGIES LTD | 100% |
| THE UNITED STATES | |
| SES-IMAGOTAG INC | 100% |

I-MANAGEMENT REPORT

2 RISK FACTORS AND UNCERTAINTIES

Before proceeding with the acquisition of shares in the Company, investors are invited to examine all the information contained in this registration document, including the risk factors described below. As of the filing date of this registration document, these risks are those that the Company believes may have a material adverse effect on the Group, its

business, financial position, results or outlook, and that are important for its investment decision-making. Investors' attention is nonetheless drawn to the fact that the overview of risks presented below is not exhaustive and that other risks, unknown or not considered here, as of the registration date of this registration document, as likely to have a material adverse effect

on the Group, its business, financial position, results or outlook, may or could exist or arise.

2.1 RISKS ASSOCIATED WITH THE BUSINESS SECTOR OF THE GROUP

2.1.1 RISKS ASSOCIATED WITH ECONOMIC CONDITIONS AND THEIR DEVELOPMENTS

Changes in demand for products offered by the Group are generally linked to changes in macroeconomic conditions, in particular changes in gross domestic product in the countries where the Group markets its products and services. In general, periods of recession or deflation are likely to have a negative impact on consumer demand and spending.

Moreover, the introduction or increase of customs barriers and other trade restrictions by certain countries, such as the measures announced by the United States government in the spring of 2018, could trigger a slowdown in world trade, which could have a negative impact on the growth of the world economy, and thus have an adverse effect on the Group's business.

Moreover, to the extent that a significant portion of the Group's products are assembled by ESMs located in China, the increase in customs barriers referred to above is liable to affect the Group's exports of these products to the United States, even though they represent, at the date of this registration document, a minor part of the Group's business. To limit its impact, the Group organized to have products intended for export to the United States assembled by

an EMS located in Vietnam. In addition, during periods of economic recession, some of the Group's customers may experience financial hardship that may result in late payments or even unpaid bills. If the current economic situation were to deteriorate, this could have a significant negative impact on the Group, its business, financial position, results and outlook.

2.1.2 COMPETITION RISKS

The Group faces fierce competition from various players.

The Group faces internationalization by players from emerging countries, particularly new Asian entrants, seeking to acquire market share rapidly, and the entry of major businesses that previously specialized in the production of electronic goods and wish to penetrate the digital signage value chain.

The competition the Group faces requires it to make continuous efforts, including financial, to ensure the continuation of its external growth policy, to acquire new technologies to accelerate the development of its growth strategy and to drive the necessary technological developments. These efforts may in particular require significant investments in new technologies and new products.

The group has activated € 6,865K R&D expenses booked as intangible asset in progress, in 2019.

Despite these research and development efforts by the Group, competitive intensity on the market has increased in recent years, with a strong pressure on prices, due in particular to the increasing size of Requests for offers (they can now exceed €200 million, whereas until recently they were systematically under €100 million). In that context, players that offer fewer technological products than the Group but that are more financially competitive may in some cases prove to be better positioned than the Group. In addition, new players seeking to enter the market with very low-cost offers may be a source of increased competition for the Group.

Therefore, despite these efforts, if the Group did not have sufficient financial resources or the necessary skills, particularly in a context of technological change, to preserve the quality and added value of its products, or if the Group's customers did not appreciate the quality and added value of its products, especially if compared to those of its competitors, or if these products did not meet their expectations, the Group's business and financial results could be significantly affected.

Such competitive pressures could result in a decline of demand for the products supplied by the Group, and force it to reduce its sales prices or make major investments, particularly in innovation and research and development, in order to maintain the level of product quality and performance expected by its customers, which could have a significant negative impact on its business, financial position, results or outlook.

In addition, a consolidation by the various market players in which the Group operates, in particular its customers in the mass retail sector, whether international, national, regional or local, could change the competitive landscape of the electronic labelling industry and lead to price pressure, loss of market share, a decrease in the Group's sales and/or a decline in its profitability, which could have a significant negative impact on its business, financial position, results or outlook.

2.1.3 RISKS ASSOCIATED WITH CHANGES IN TECHNOLOGIES AND INDUSTRY STANDARDS

The Group must maintain the ability of its organization to evolve rapidly in order to adapt to technological developments and customer demand. The Group might not invest in products and services adapted to the demand at competitive prices and might not be able to adapt its products and services, costs and organization in a timely manner, or it might encounter difficulties in carrying out certain critical projects. The occurrence of one or more of these risks may have a material adverse effect on the Group's business, financial position, results or outlook.

2.2 RISKS ASSOCIATED WITH THE GROUP ACTIVITIES

2.2.1 RISKS ASSOCIATED WITH THE DEVELOPMENT STRATEGY OF THE GROUP

The Group's financial performance and the success of its strategy will depend on several factors, in particular its ability to:

- grow sales of the traditional electronic labelling solutions business, both in mature markets and on international markets where solutions offered by the Group are currently being adopted;
- grow sales of services, in particular through the development of rental contracts for solutions offered by the Group and the marketing of the product range of these value-added services;
- grow sales associated with the development of new verticals and new non-food markets;

- control the Group's operating and development costs during periods of very strong commercial growth;
- increase benefits and synergies expected from its various partnerships (see paragraph 2.2.4 below); enter into distribution agreements with distributors based locally in the United States in order to continue its development in this market.

If the Group is not able to achieve these business development objectives, this could have a material adverse effect on the Group, its business, financial position, results or outlook.

In addition, the Group's business, results and financial position or outlook could be significantly affected:

- if the Group did not achieve all or part of the objectives set in terms of commercial growth and industrial cost savings;
- if market prices for electronic labels were to fall significantly and continuously;
- if the growth of the demand for the Group's solutions were to slow significantly due in particular to an unfavorable economic trend that could result in a significant drop in consumption (some customers and prospects have to regularly abandon or postpone their SES-imagotag solution equipment projects due to limited investment budgets).

2.2.2 RISKS ASSOCIATED WITH DOING BUSINESS IN DIFFERENT COUNTRIES

The Group does business in over 60 countries around the world, with the intention to continue growing its operations in China, Russia, the Middle East and in the countries of Southeast Asia.

The primary risks associated with doing business internationally are:

- the local economic and political situation;
- exchange rate fluctuations;
- restrictions on capital repatriation;
- unexpected changes in the regulatory environment;
- the various tax systems, especially regulations on the determination of transfer prices, withholding taxes on remittances and other transfers made by holding companies and subsidiaries;
- import restrictions;
- customs duties, inspections of exported products and services and other trade barriers.

The Group may not be able to protect itself or hedge against these risks and may encounter difficulties in carrying out its activities in these countries, which could have a material adverse effect on the Group's business, financial position, results or outlook.

2.2.3 RISKS ASSOCIATED WITH THE DEPENDENCE ON SUPPLIERS AND THE SUPPLY AND COST OF COMPONENTS

The Group outsourced all of the production of its hardware (electronic labels) to top-tier industrial partners that specialize in electronic product assembly (external manufacturing services, or EMS), including in particular BOE, its main shareholder. In the event of an increase in demand or if the Group needs to replace an existing EMS, it may not be certain that additional production capacity exists or is available on acceptable

terms. In addition, the use of new production units may result in production delays and additional costs for the Group due to the time it will have taken to train new EMSs in the Group's methods, products, and standards regarding quality control, work, environmental footprint, health and safety. Moreover, production at one or more EMSs could be interrupted or delayed, temporarily or permanently, due to economic, social or technical problems, in particular the insolvency of an EMS, the failure of production sites or an interruption of the production process due to social movements, health crisis as the coronavirus one beyond the Group's control. Any delay or interruption in the production of the Group's products could have a material adverse effect on its business, results, financial position or ability to achieve its objectives.

The Group also depends on the proper supply of electronic components in order to carry out industrial scheduling with these EMSs. The failure of one or more component suppliers, including as a result of social unrest, health crisis as the coronavirus one, unexpected stockouts, quality defects, export restrictions or sanctions and, more generally, any disruption in supply, in particular due to pressure on the supply of electronic components as a result of the strong growth experienced by the electronic goods sector in general, could alter the Group's production capacities or lead to additional costs that could have an adverse impact on its business, results, financial position or outlook.

Finally, most of the contracts concluded by the Group with its customers do not provide for an automatic price adjustment mechanism in the event of an increase in the cost of components. In the absence of any contractual price adjustment mechanism, the Group then seeks to renegotiate its selling prices with its customers when placing orders or renewing contracts in order to pass on, in whole or in part,

the increase in component costs, with the result that there is a more or less long-time lag. Any significant upward change in component costs, due in particular to supply constraints or a concentration of the Group's suppliers, could therefore, if the Group were not able to pass it on to its customers within a reasonable period of time, have a material adverse effect on the Group's business, financial position, results and outlook.

2.2.4 RISKS ASSOCIATED WITH PARTNERSHIPS

As part of its activities, the Group has entered into a number of strategic partnerships, particularly

In Austria with the Boossard AG group;

In China

- with BOE Smart Retail (Hong Kong) Co. Limited, a shareholder holding 68.47% in the Company as of 12.31.19 (after dilution), Yuen-Yu Investment Co. Ltd, a subsidiary of the E-Ink Holdings Inc. Group, a shareholder holding 5.50% as of 12.31.19 (after dilution);
- with BOE Intelligent IOT Technology Co, Ltd et Suqian Xin Dong Teng Commercial Services Co., Ltd, (JD Digits group) to partner into a joint venture :BOE Digital Technology Co Ltd.

In taking certain decisions, the Group may be required to seek the agreement of its partners, whose interests may not be aligned with its own.

In addition, if one of the Group's partners encountered financial difficulties, modified its strategy or wished to terminate these strategic partnerships, or, more generally, in the event of a disagreement on the terms of the partnership, this could have a material adverse effect on its business, its financial position, results and outlook.

2.2.5 ACQUISITION RISKS

As part of its development policy, the Group has carried out external growth

operations (in particular through acquisitions of businesses or companies). Although the Group examines and appraises all investment projects following a very strict procedure, it cannot guarantee that the assumptions underlying the profitability of investment projects will materialize or that it will successfully integrate acquired or merged companies. Indeed, the integration of acquisitions, particularly if they are of a significant size, may require a complex, time-consuming and costly process and involve a number of risks, including bearing the costs and expenses to deal with unforeseen events, management's distraction from day-to-day operations, increased mobilization of management teams due to the increase in business volume and scope as a result of the acquisition. Furthermore, the Group cannot guarantee that an acquisition will generate the expected synergies, the expected cost savings, an increase in earnings and cash flow, improve operational efficiency and, more generally, any benefits that the Group would expect. If the Group fails to effectively integrate a new acquisition, it may have an adverse effect on its business, financial position, results, development and outlook.

2.2.6 RISKS ASSOCIATED WITH THE DEPENDENCE ON CUSTOMERS

Although the Group's revenue is distributed to a large number of customers, some of them account for a significant share of its turnover. For the year ended December 31, 2019, the Group's top ten customers accounted for almost 42% of the Group's consolidated sales. The Group and the Group's largest customer accounted for approximately 10% of the Group's consolidated sales. The loss or decrease in activity of one or more of these customers, a concentration of players a concentration of player in the sector in which they operate or the failure of one of these customers, could reduce sales to the same extent, which could have a significant adverse effect on activity, the Group's financial situation, performance or outlook..

2.2.7 RISKS ASSOCIATED WITH DEFECTIVE PRODUCTS

The Group may occasionally be confronted with a manufacturing defect, a malfunction or an assembly of defective components in any of the Group's products and systems, which could lead to liability claims of varying importance that could damage the Group's reputation and have significant financial consequences. In this context, the Group has seen, or may or will see a recall of some of its products, or may have to adapt or replace the relevant equipment.

Such complaints can damage the reputation and quality image of the products involved and therefore damage the image and reputation of the Group. In addition, the costs and financial consequences associated with these claims are likely to have a material adverse impact on the Group's business, results, financial position and ability to achieve its objectives.

2.2.8 RISKS ASSOCIATED WITH TECHNOLOGIES AND DATA SECURITY

The Group can be a victim of computer attacks (viruses, denial of service, etc.), technical failures resulting in the unavailability of computer tools, or data theft. The occurrence of any of these events could have a negative impact on the business and performance of the Group.

The introduction of new technologies (Cloud Computing), the development of industrial control systems and the development of new uses, including social networks, expose the Group to new threats. Computer attacks and attempts to gain unauthorized access are increasingly targeted and carried out by true specialists who can target the Company as well as its private or public customers and partners. More generally, systems' failures could lead to loss or leakage of information, delays or additional costs that could harm the Group's strategy or image. Despite

the procedures put in place by the Group, it cannot guarantee coverage of these technological and IT risks and could encounter difficulties in carrying out its activities in the event of the occurrence of one of them, which could have an adverse impact on the Group's business, results, financial position and ability to achieve its objectives.

2.2.9 RISKS ASSOCIATED WITH CORRUPTION AND ETHICS

In the course of its activities, the Group may face risks associated with corruption, particularly in some of the emerging countries in which it operates. The Group ensures that all its employees act in compliance with applicable laws and regulations and the values of integrity and respect for internal and external standards that form the basis of its culture.

However, it cannot guarantee that its employees, suppliers, subcontractors or other business partners will comply with the strict requirements it imposes or with the regulations in effect. Any behaviour that contradicts these values or regulations, despite the Group's efforts, could seriously engage the Group's liability and have repercussions on its reputation, which could have a significant negative impact on its business, financial position, results or outlook.

2.3 RISKS ASSOCIATED WITH THE COMPANY

2.3.1 RISKS ASSOCIATED WITH RELATIONS WITH THE MAJORITY SHAREHOLDER

BOE Smart Retail (Hong Kong) Co. Limited (a company ultimately controlled by BOE Technology Group Co, Ltd., a company incorporated under Chinese law) ("BOE"), in its capacity as majority shareholder holding 68.47% of the share capital and voting rights that can be exercised at the Company's General Shareholders' Meeting, exercises a significant influence on the Company in that it alone possesses a sufficient number of voting rights to adopt all resolutions submitted to the Company's Ordinary General Shareholders' Meeting (such as resolutions pertaining to the appointment and removal of directors, distribution of dividends and the approval of the financial statements) and to the Company's Extraordinary General Shareholders' meeting (such as resolutions pertaining to a merger, partial contribution of capital, capital increase or any other amendment to the Articles of Association). In addition, 5 of the 9 members of the Board of Directors (excluding employee representatives) are appointed by BOE. Although this holding will decrease due to the capital increase announced by the Company, BOE will retain control over decisions of the Company's General Shareholders' Meeting after the increase.

It is possible that BOE's interests and objectives are not always aligned with those of the Company or its other shareholders.

Lastly, the BOE group or companies it controls are likely to acquire companies carrying on activities that are in direct competition with those of the Group or that maintain business relations with the Group.

2.3.2 RISKS ASSOCIATED WITH HUMAN RESOURCES

SES-imagotag is a growing and diversifying Group, offering new ways

for using display solutions, store management and the use of available price and product data. Vusion 22, the Group's strategic plan for 2022, aims to make the Group a leader in omnichannel electronic display solutions. To this end, and against the backdrop of a competitive and evolving technology industry, it is critical to attract, develop and retain the necessary skills.

The Group must therefore position itself to respond to a series of qualitative and quantitative challenges in terms of talent management:

- reinforce its pool of the skills – especially technical (including in software engineering) – it needs to sustain growth and enable it to deliver an array of new, value-added services at a global scale;
- identify, attract, train, retain and motivate qualified personnel;
- strengthen leadership capabilities at all levels to support its growth and ongoing transformation;
- effectively on-board new employees, especially in the case of acquisitions.

For the Group, it is a matter of looking ahead and planning for the acquisition and development of the skills it will need for future success, with the risk being not to have them at the right time to drive its strategy. If the Group does not meet these human resources challenges, a key factor in its development, this could have a significant adverse effect on its business, financial position, results or outlook.

2.3.3 RISKS ASSOCIATED WITH MAJOR PROJECTS AND COMPARABILITY OF RESULTS

Although a part of the Group's revenue is generated by recurring activities, such as maintenance operations or the renewal of existing customer equipment, the Group

may also supply its products for the needs of major customer projects, such as the provision of electronic labels for the entire network of a customer's stores. These major customer projects may thus result in peaks in activity, causing a significant increase in revenue over a financial year, which would not be repeated in subsequent financial years, and may then imply significant variations in the Group's consolidated revenue, either upward or downward. Consequently, comparisons of the Group's results from one period to another are not necessarily representative of the trend of the Group's future results. In addition, these major projects may be delayed or, in some cases, not be completed, which can have a material adverse effect on the Group's business, results, financial position and outlook.

2.3.4 RISKS ASSOCIATED WITH MANAGEMENT TEAMS

The Group's success depends to some extent on the continuity and skills of its management team, which is formed around Mr Thierry Gadou. In the event of an accident or the departure of one or more of these managers or other key personnel, their replacement could prove difficult and could affect the Group's operational performance. More generally, there is strong competition for senior management, and the number of qualified candidates is limited. The Group may not be able to retain some of its executives or key personnel, or in the future not be able to attract and retain experienced executives and key employees. In addition, if the Group's managers or other key employees join a competitor or create a competing business, the Group could lose some of its know-how, and the risk of losing customers could increase. These circumstances could have a material adverse effect on the Group's business, financial position, results and outlook.

2.4 FINANCIAL RISK

2.4.1 LIQUIDITY RISK

Liquidity risk is the risk of not having the necessary funds to meet one's commitments when they are due. It concerns, on the one hand, the risk that assets cannot be sold quickly under satisfactory conditions if necessary, and, on the other hand, the risk of early repayment of liabilities or non-access to credit under satisfactory conditions.

With regard to financial assets, all of the Group's marketable securities consist of term accounts.

With regard to financial liabilities, most of the Group's debt consists of two bond issues with a total nominal amount of €50 million, maturing respectively in 2023 for the €40 million tranche and 2025 for the €10 million tranche, bearing interest at a fixed rate of 3.5% per annum for the €40 million tranche and 4.5% for the €10 million tranche this later interest rate may be increased according to the leverage ratio performance year after year.

The bond issues provides that they will become due if the consolidated leverage ratio, which refers to the ratio between net financial debt and gross operating surplus, becomes less than 3.5.

As of December 31, 2019, the Group is complying with the consolidated leverage ratio (the ratio of financial debts / EBITDA has to be lower than 3.5). The impact of the leasing related IFRS 16 standard on the net debt is excluded from the definition of the financial debt for the covenant calculation purpose.

See also **notes 11 and 21** of the Notes to the consolidated financial statements of the Group.

2.4.2 RISKS ASSOCIATED WITH THE INTEREST RATE

At the date of this registration document, most of the Group's debt is bearing interest at a fixed rate of 3.5% per annum. The Group's exposure to interest rate fluctuations is therefore limited at the date of this registration document.

2.4.3 RISKS ASSOCIATED WITH THE EXCHANGE RATE

The Group is highly exposed to fluctuations in the EUR/USD exchange rate, with a large proportion of its sales denominated in euros and a majority (approximately 80%) of its component and production costs denominated in US dollars; Consequently, upward variations in the US dollar automatically result in an increase in the cost of sales in euros. Such changes could have a material adverse effect on the Group's business, results, financial position or outlook (See also note 29 of the Notes to the consolidated financial statements).

2.4.4 CREDIT AND COUNTERPARTY RISK

Credit and/or counterparty risk is the risk that a party to a contract with the Group will default on its contractual obligations resulting in a financial loss to the Group.

Financial assets that could expose the Group to credit and/or counterparty risks are mainly receivables from its customers (in particular in the event of non-payment or failure to meet payment deadlines) and financial investments. The occurrence of one or more of these risks may have a material adverse effect on the Group's business, financial position, results or outlook.

See **notes 11 and 21** of the Notes to the consolidated financial statements of the Group.

2.5 LEGAL AND COMPLIANCE RISKS

2.5.1 RISKS ASSOCIATED WITH LITIGATION AND ONGOING INVESTIGATIONS

In the normal course of doing business, the Group may be involved in a number of administrative or judicial proceedings for which it may be held liable on different grounds.

Tax litigation

During the previous financial years, Group companies were subject to tax audits, and sometimes to proposed corrections. The financial consequences of these tax charges are recognised by way of provisions for amounts notified and accepted or considered likely to result in an outflow of resources and which can be reliably determined.

The Group periodically reviews the estimate of this risk in the light of changes in controls and disputes and considers that no ongoing controls will have a significant impact on its financial position or liquidity.

Commercial and labour disputes

Disputes are regularly reviewed by the Group's Legal Department and are covered by provisions when the Group considers that it is probable that an outflow of resources will be required to cover the risk incurred and that a reliable estimate of this amount can be made. Inapplicable reversals stem mainly from the resolution of these disputes, for which the Group has been successful or for which the actual amount of the loss has been lower than its estimated amount.

As of December 31, 2019, the Group set aside provisions for commercial and labour disputes, as described in **note 10** of the Group's consolidated financial statements.

As of the date of this registration document, the Group is not aware of any other governmental, legal or arbitration proceedings (including any proceedings of which the Group

is aware, which are ongoing or of which the Group is threatened) that may have or have had, during the last twelve months, material effects on the financial position or profitability of the Company or the Group.

2.5.2 RISKS ASSOCIATED WITH COMPLIANCE WITH REGULATIONS, PARTICULARLY ENVIRONMENTAL REGULATIONS, AND THEIR DEVELOPMENTS

The Group's activities are subject to various regulations, in particular with regard to the compliance and compatibility of the products it sells with their own regulations, as well as industrial, safety, health and environmental standards. The environmental risks associated with the Group's business are mainly due to increasingly stringent environmental laws and regulations.

The provisions on the removal and treatment of end-of-life electrical and electronic equipment are increasingly stringent and their application is subject to ever more rigorous and frequent controls, particularly in the context of the European Parliament's Directive 2012/19/EU and of the Council of 4 July 2012 on waste electrical and electronic equipment ("WEEE").

Very recently, Law 2020-105 published on February 10, 2020 on the fight against waste and the circular economy aims, in particular, to fight against planned obsolescence, thanks to a reparability index. The manufacturer will be encouraged to design more easily repairable products and to inform about the availability of spare parts.

Despite the procedures implemented by the Group and the fact that the environmental risks are not limited to the Group's business, it cannot guarantee environmental risk coverage and could encounter difficulties in carrying out its activities in the event of the occurrence of any of them,

which could have an adverse impact on the Group's business, results, financial position and ability to achieve its objectives.

More generally, in the event of non-compliance with the laws and regulations applicable to it, the Group could be fined, and the authorities could even prohibit the placing of marketed products on the market. These standards are complex and subject to change and, although the Group pays particular attention to compliance with applicable regulations, it cannot exclude any risk of non-compliance. The Group could also incur significant costs in order to comply with regulatory changes and cannot guarantee that it will always be able to adapt its activities and organisation to these changes within the necessary time limits. In addition, changes in the application and/or interpretation of existing standards by administrations and/or courts are also likely to occur at any time.

The Group's inability to comply with and adapt its activities to new national, European and international regulations, recommendations and standards could have a material adverse effect on its business, results, financial position and outlook.

2.5.3 RISKS ASSOCIATED WITH TAXATION AND ITS DEVELOPMENTS

The Group is subject to complex and evolving tax legislation in the various countries in which it operates. In particular, because of its international activity, it is subject to transfer pricing rules, which can be particularly complex and subject to divergent interpretations.

Changes in tax legislation could have a material adverse effect on its tax position, its effective tax rate or the amount of taxes and other levies to which it is subject, as well as on its reporting obligations. In addition, the tax regulations of the various coun-

tries in which the Group operates are subject to very different interpretations. The Group is therefore not in a position to guarantee that the tax authorities involved will agree with its interpretation of the applicable legislation. Furthermore, tax laws and regulations or other compulsory levies may be changed and their interpretation and application by the jurisdictions or administrations involved may change, in particular in the context of joint initiatives taken at international or Community level (OECD, G20, European Union). Specifically, the ongoing incorporation into French tax legislation of (i) the principles set out by the OECD on base erosion and profit shifting (“BEPS”), (ii) the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS of 7 June 2017, (iii) the rules provided in the Council Directive (EU) of 12 July 2016 establishing rules against tax avoidance practices that directly affect the functioning of the internal market (“ATAD”) and (iv) the provisions provided for in the proposal for a directive to establish a common consolidated corporate tax base (“CCCTB”) could increase the corporate income tax burden on the Group. A challenge to the Group’s tax position by the relevant authorities could result in the Group paying additional taxes, potentially significant reassessments and fines or increasing the costs of its products or services for the purpose of collecting such taxes, which could have a material adverse effect on its business, results, financial position and outlook.

2.5.4 RISKS ASSOCIATED WITH INTELLECTUAL PROPERTY

The intellectual property risk to which the Group is exposed is the risk of counterfeiting, whether suffered or active.

Infringement may be committed by third parties against patented products or industrial processes or copyrights. These actions are likely to have an immediate impact on the Group’s sales and earnings and may damage its reputation and, where applicable, the quality image of the products concerned.

Infringement could also be an involuntary act of the Group, particularly given the risk associated with the length of time during which patent applications are not made public. Patent applications filed by third parties and known only at the time of their publication could affect ongoing developments or even products recently launched on the market due to the continuous shortening of development times. This situation would force the Group to modify the product and thus increase the research and development costs of the project, or to negotiate rights to use the patented element. In either case, the margin of the project would be affected. The Group may also be subject to claims from patent trolls, particularly in the United States and Russia and in the field of new technologies.

The occurrence of an act of counterfeiting of which the Group is a victim or which is attributable to it could have a significant negative impact on its reputation, business, financial position, results and outlook.

From a financial perspective, based on the risk analysis carried out at the filing date of this registration document and in accordance with applicable accounting standards, no provision has been recorded in the consolidated financial statements as of December 31, 2019.

2.5.5 RISKS ASSOCIATED WITH CHANGES IN IFRS ACCOUNTING STANDARDS

The Group’s consolidated financial statements are prepared and presented in accordance with IFRS (International Financial Reporting Standards) international accounting standards. Any change in these accounting standards could have a material impact on the presentation of the Group’s results and financial position. Some IFRS standards have recently been revised by the International Accounting Standards Board (“IASB”).

IFRS 16 standard “lease agreements” has been implemented for the first time as of January 1st 2019, (replacing IAS 17 standard) and imple-

mented in the 2019 first half Group consolidated financial statements. Impacts on the annual statements are described in the Appendixes to the financial statements enclosed in this report.

Other than these new standards, the IASB may adopt new changes or supplements to IFRS in the future, which the Group must then adopt, and which could have a significant impact on the presentation of its results and financial position.

2.6 INSURANCE AND RISK MANAGEMENT

2.6.1 INSURANCE POLICY

The Group implements a policy aimed at obtaining external insurance coverage to cover the risks of the company and its employees that can be insured at reasonable rates. It considers that the nature of the risks covered and the guarantees offered by these insurances are in line with the practice adopted in its business sector.

The Group's insurance programme includes the following insurances:

- General and product liability;
- Cyber risk;
- Property Damages & Business Interruption;
- Cargo policy;
- Civil liability for the company's officers.

2.6.2 RISK MANAGEMENT POLICY

The company, regarding risk management policy, is referring to the AMF framework dedicated to the small and medium sized listed companies (VaMP's) published in 2008.

This global objective is met through the financial dept. reportings and processes, the auditing companies audit missions as well as the audit committee meetings.

Among the aims can be found the proper independence of directors and a convenient CEO remuneration, consistent with the company's strategy: those are carefully looked at during the remuneration and appointment committee meetings, taking place generally speaking, twice a year, to appraise the CEO performance and come up with his variable remuneration.

In general terms, one of the objectives of the internal control system is to prevent and control risks resulting from the Group's activity and the risk of errors or fraud, particularly in accounting areas.

For example, internal action plans and policies implemented to manage the risks identified by the Group include:

- Risks associated with economic conditions and their development. In order to limit the negative impact of adverse economic conditions on its activities, the Group is implementing a growth strategy aimed at benefiting from the trend towards the increasing digitalisation of stores, by offering its customers the most innovative products at high quality standards, while offering a wide range of services aimed at reducing the total cost of ownership of equipment for its customers.
- Risk of not achieving the planned objectives. To limit this risk, the Finance Department prepares monthly performance analyses and periodic forecasts, and regularly informs the Board of Directors of performance and possible deviations.
- Risks associated with doing business in different countries. To limit this risk, the Group is vigilant regarding export incoterms and payment terms, particularly in African countries, the Middle East, South-east Asia and Eastern Europe. The Group further manages this risk by geographically diversifying its activities in developed as well as in emerging markets, thus blending exposure to potential risks in a given country.
- Risks associated with dependence on suppliers and component procurement. The Group currently works with some of the world's leading subcontractors of electronic sub-assemblies, which account for the vast majority of production at sites around the world. If necessary, this global system makes it possible to switch production from one EMS to another in the event of the failure of one of them. As the risk of a shortage of electronic components is a clearly identified risk in the electronics industry, the Group is particularly

vigilant in monitoring its industrial forecasts, and regularly ensures their consistency during "Pipe Reviews" by reconciling them with commercial forecasts, thus preventing any risk of component shortages. In order to best anticipate the risks of supply disruptions due to shortages, supplier failures or natural hazards, a multi-sourcing policy for components is systematically applied whenever possible, and in some cases safety stocks are built up for critical components. In addition, some strategic suppliers are required to have two production sites for sensitive components.

- Risks related to production delays in the new Vusion product range. In 2018, the Group signed a subcontracting contract with a second player in order to limit the risk of production delays from 2019, with volumes to be treated equally between BOE and this second subcontractor.
- Risks associated with dependence on customers. To limit this risk, the Group seeks to maintain a diversified portfolio of customers and to have a significant basis of equipment installed with its existing customers, thus making it possible to derive part of its revenue from the renewal and maintenance of electronic labels carried out by its customers, characterised by recurring revenues.
- Risks associated with technologies and data security. The IT Department is responsible for securing networks and systems, on the one hand, and the applications necessary for the continuity of the Group's business, on the other hand, and regularly performs intrusion tests or backups. In addition, the Group implements security measures for its information systems adapted to the identified risks. Together with the internal control and safety policy, these organisational, functional, technical and legal security measures are subject to annual controls.

- Risks associated with corruption and ethics. An employee awareness and training program dedicated to ethical/anti-corruption themes was developed by the Group during the last quarter of 2017 on its e-learning platform.
- Risks associated with the transformation of the Group in terms of human resources. A number of programs and initiatives are being implemented to prevent this risk, including the following dimensions:
 - a “people review”, to precisely define the needs for new skills in relation to the current pool of skills;
 - the development of an employer brand and the strengthening of its strike force in terms of recruitment (with, for example, increased use of social networks);
 - the training of all employees, with investments in an e-learning platform in particular; employee engagement through appropriate internal communication, and the development of internal communication and information and knowledge sharing tools; this platform was put online in September 2016 and has 6 programs and 144 modules offered in English and in French. All programs were built by internal employees who are experts on the subject, assisted by the Human Resources Department, which supervised the entire project. The six training programs are focused on the integration of new employees, the product programs – Software and Hardware, the commercial phase, as well as on the techniques dedicated to High Frequency and Low Frequency Installation;
 - loyalty and recognition of performance, in the form of longterm Group compensation plans or specific plans in the event of acquisitions, among other things.

The Group thus has a proactive and multifaceted approach in order to position itself to have the necessary talents and skills for its future success, although there is still uncertainty about the level of impact of the actions taken to secure the necessary resources for its development in due time or under favourable conditions.

- Risk associated with exchange rates. Several actions are being implemented parallel to currency hedging policies in order to reduce this exposure in the coming years, notably: price adjustment clauses in customer contracts in euros, development of sales in the dollar area (international expansion plan, cash pooling in US dollars). In order to anticipate and manage variations in cash flow, regular forecasts are drafted and a cash-pooling system for euros and US dollars has been finalised for the main European subsidiaries; an expansion of the scope of this cash pooling is planned for 2018.
- Risks associated with global warming and compliance with environmental regulations:

- Risks associated with production methods. For its direct supply of strategic components, the Group relies on an ecosystem of world-class companies that are leaders in their respective specialties (special electronic chips, custom TFT-LCD or e-paper, etc.), most of which dedicate particular attention to social and environmental responsibility initiatives. Two of the five largest suppliers for the Group have signed the United Nations Global Compact.

Four of the seven most important suppliers for the Group are ISO 14001 certified, and two are OHSAS 18001 certified. In addition to ISO certification, one of the suppliers has been recognized as a “Sony Green Partner”. This standard encourages the responsible production and use of electronic products and components going into Sony products.

- Risks associated with electrical and electronic waste treatment methods. In order to limit the risks of uncontrolled pollution, the Group ensures that collection and recycling programs for end-of-life products are set up and offered to its customers in Europe, in accordance with the WEEE directive, and in other countries outside the European Union. In countries where regulations require this, the quantities of products placed on the market, collected and recycled are periodically reported to the national registers of producers.

The Group also informs users of these provisions through specific product markings and provides dismantling instructions to recyclers.

- Recycling of our labels' batteries. Electronic labels manufactured and sold by the Group require batteries in order to operate.

The enforcement of Article R. 543-130 of the French Environment Code requires producers of industrial batteries and accumulators to organize the free collection of the items producers have sold on the French market after their use.

In Europe, the Group has chosen:

- co-organisation Corepile to collect and recycle all its spent batteries in France;
- in Austria, the collection and recycling activities are entrusted to Elektro Recycling Austria, a subsidiary of the Altstoff Recycling Austria AG group, which has specialised in electronic waste recycling since 2005;
- in Italy, the recycling is entrusted to the Conai organisation.

- Recycling of labels and hardware equipment

In order to be part of a circular economy approach, the Group has been committed since 2014 to implementing an action plan to ensure the complete recyclability and reuse of its equipment.

To this end, the Group sought the services of the ecological organisation Ecologic, which collects obsolete or damaged labels, modems and routers from each customer and transports them directly to a recycling centre of the Ingram Micro group, one of the leading players in the sustainable management of electronic product life cycles.

Each year, this company brings new life to more than 20 million products throughout the world.

The organisation then sorts the components of the used equipment, makes cosmetic repairs or sends off those components that are to return to the production chain.

All products delivered by the Group comply with international directives related to the use and transport of hazardous substances in electrical and electronic equipment (Directive 2011/65/EU of the European Parliament and of the Council of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment).

- Risks associated with intellectual property. The Company ensures that the rights of third parties are respected by carrying out prior art searches and monitoring its portfolio when necessary. It monitors, together with specialist counsels, any claims and litigation actions that would result from these actions.

This general objective is achieved through the work of the finance department, audit firms and the accounts committee.

One of the general objectives is also to ensure the independence of the directors and the compensation of the General Manager in line with the company's strategic objectives. This objective is achieved through the Compensation Committee, which meets twice a year to assess the performance of the executive and establish the calculation of his variable compensation

2.6.3 INTERNAL AUDIT

The key players in the Company's internal audits are:

The Executive Committee this Committee meets quarterly to draw up the strategic guidelines, to report on global competition, as well as to define the R&D road map. This Committee therefore analyses the risks inherent in the business sector and related to the level of competition, both in terms of price and technology.

The Audit Committee ensures that the account statements are audited in accordance with the rules and free of interference; in particular, it ensures that adequate provisions are being made for foreign exchange, liquidity and debt risks.

The Compensation Committee determines the remuneration policy implemented or to be implemented for the Chairman.

The Board of Directors meets several times a year to review management's proposals concerning debt, currency hedges and any acquisitions. The budget forecasts are also presented to it, as well as their successive revisions during the year.

Management (sales, finance, supply chain) meets weekly to analyse the portfolio of sales opportunities, their feasibility and the forecast scheduling for these opportunities to ensure that the supply of finished products and solutions matches the level of market demand. There is also a weekly review of significant contracts to maintain the profitability of these contracts and proposed

selling prices based on the production costs incurred by the Company. These management meetings are therefore instrumental in correctly anticipating business volumes and profitability levels.

The Finance and Legal department ensures, based on budget and debt forecasts, the anticipation of cash flows in euros and foreign currencies, compliance with key management indicators as per monthly reporting under IFRS standards. It provides direct internal quality control of the accounts, the Group's profitability and the use of available cash.

The Company's strategy is to hold a majority stake in its subsidiaries. The Company ensures that Board of Directors' meetings take place, and it is active in the management bodies of its subsidiaries. Each of its subsidiaries give monthly management reports to the Company, which then determines the appropriate action to be taken. Newly acquired companies undergo an integration process that is based partly on points of attention identified during due diligence and partly on standard processes (IT audit, delegation of authority, chart of accounts mapping with the Group chart, etc.).

In addition, the bank accounts of all subsidiaries are currently being consolidated in a single telematics gateway, which enables the Group's Finance Department to manage cash flow.

A Code of Ethics and Business Conduct was implemented in 2017; it sets out and formalises the rules of conduct expected within the Group of all employees, suppliers and subcontractors. This support is an important tool for maintaining the quality of the control environment within the Group and is easily accessible on the e-learning platform for our employees.

Delegations of power are implemented for subsidiary directors.

I-MANAGEMENT REPORT

3 MANAGEMENT REPORT ON FINANCIAL RESULTS

Pursuant to European Regulation 1606/2002 of July 19, 2002 on international accounting standards, the consolidated financial statements of the SES-imagotag Group for the period ended December 31, 2019 and December 31, 2018 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable on this date as approved by the European Union, as of the closing date of these financial statements.

3.1 KPI'S

One of the group major criteria to manage performance measurement is EBITDA.

EBITDA is not a standard criteria with a unique and generally accepted definition: it cannot be considered as a substitute for operating result, net result, cash flows from operating activities nor a liquidity measure. Other companies could

use a different EBITDA breakdown as shown in the table below.

This performance indicator presents operating income before depreciation and amortization of fixed assets retired from the few elements of the period that adversely affect comparability with previous years. It also provides a good approximation of the cash flow generated by the

activity before taking into account investments and changes in working capital requirements. As such, it is adjusted with non-recurring items that are significant or which will never give rise to disbursement.

Bridge between operating result and EBITDA is as follows:

| €M | DEC 31. 2019 | DEC 31. 2018 |
|---|---------------|--------------|
| OPERATING INCOME (EBIT) REPORTED | (14.6) | (8.5) |
| GOODWILL AMORTIZATION | (0.9) | (0.9) |
| EQUITY / DEBT / M&A RELATED FEES | (0.8) | (0.7) |
| CLAIMS / LITIGATIONS | | (1.7) |
| ONEROUS CONTRACTS | (0.9) | |
| US/CHINA CUSTOM DUTIES | (1.1) | |
| LF & G1 PRODUCTS END-OF-LIFE DEPRECIATION | (1.3) | |
| OTHERS | 0.2 | (1.3) |
| = CURRENT EBIT | (9.8) | (3.9) |
| FIXED & INTANGIBLE ASSET DEPRECIATION EXPENSE | (13.8) | (10.4) |
| = EBITDA REPORTED | 4.0 | 6.5 |

Net debt / Net Cash:

These indicators define, respectively, the Group's position of net financial indebtedness or net cash flow calculated from the following agree-

ments in the consolidated balance sheet: (-) Borrowings (-) Treasury and cash equivalents.

If the result is positive then the level of Borrowing exceeds that of the Treas-

ury and cash equivalents and we are talking about net debt or net financial debt. Conversely, it is a position of net cash surplus or net cash..

3.2 COMMENTS ON FINANCIAL RESULTS

| AT CONSTANT €/S RATE AND BEFORE IFRS16 | | | | | | |
|--|--------------|--------------|-------------|--------------|--------------|-------------------|
| | 2019 | 2018 | N/N-1 | IFRS16 | €/S CHANGE | 2019 CONSOLIDATED |
| REVENUES | 246.8 | 187.9 | +31% | | 0.7 | 247.6 |
| VARIABLE COSTS MARGIN | 59.5 | 48.7 | +22% | | (9.0) | 50.5 |
| % OF REVENUES | 24.1% | 25.9% | -1.8pt | | | 20.4% |
| CHARGES D'EXPLOITATION | (48.8) | (42.3) | +15% | 2.3 | | (46.5) |
| EBITDA | 10.8 | 6.5 | +66% | 2.3 | (9.0) | 4.0 |
| % OF REVENUES | 4.4% | 3.5% | +0.9pt | | | 1.6% |
| DEPRECIATION | (11.8) | (10.4) | +13% | (2.0) | | (13.8) |
| CURRENT EBIT | (1.0) | (3.9) | -75% | 0.3 | (9.0) | (9.8) |
| % OF REVENUES | -0.4% | -2.1% | +1.7pt | | | -3.9% |
| NON-RECURRING / NON-CASH ITEMS | (4.8) | (4.5) | +7% | | | (4.8) |
| EBIT | (5.8) | (8.5) | -31% | 0.3 | (9.0) | (14.6) |
| % OF REVENUES | -2.4% | -4.5% | +2.1pt | | | -5.9% |
| FINANCIAL INCOME / (LOSS) | (1.9) | (0.2) | +1 097% | (0.3) | | (2.3) |
| TAX | 3.8 | 2.7 | +39% | | | 3.8 |
| NET INCOME / (LOSS) | (4.0) | (5.9) | -32% | (0.1) | (9.0) | (13.1) |
| % OF REVENUES | -1.6% | -3.1% | +1.5pt | | | -5.3% |

REVENUES

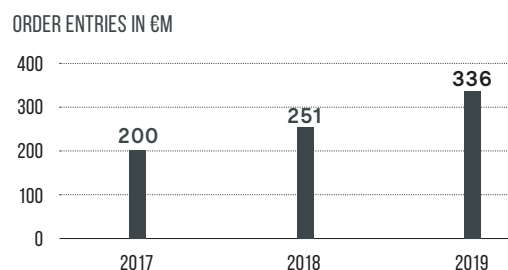
Acceleration of Sales growth in 2019

2019 was another record year for the Group. Growth in sales accelerated sharply, driven by a strong international performance. Annual Sales were €247.6m, slightly above the +30% target set for the year, keeping the Group on track to reach the 2022 target of €800m in Sales per annum. International sales increased +40.2% to €180m and represented 73% of the overall total.

| REVENUES IN €M | 12/31/2019 | |
|-----------------------|--------------|-----|
| FRANCE MÉTROPOLITAINE | 67.4 | 27% |
| EXPORT | 180.1 | 73% |
| TOTAL | 247.6 | |

Record Order Entries

Order intake reached a historic level of €336.5m, an increase of +34.1% compared to the previous year. This increase was particularly marked in the second half (+88.3%) compared with the same period in 2018.



PROFITABILITY

Improved profitability at constant exchange rates

Between 2018 and 2019, the US Dollar (USD) appreciated sharply against other major currencies, which resulted in an increase in production costs when expressed in euros, which is still the predominant billing currency. When restated to compensate for the change in exchange rate effect, profitability shows clear signs of improvement.

On a like-for-like basis, assuming a constant USD compared to 2018, and before accounting for the IFRS 16 impact:

- The Variable Costs Margin (VCM) was €59.5m, up +22% versus 2018. The VCM ratio was 24.1%, down 1.8 points from 2018, due to the impact of several large new deployment contracts, whose margins tend to be lower on the initial phases of a contract (mix effect);
- The Group's EBITDA was €10.8m (€13.1m after application of IFRS16), a marked increase on 2018 (+66%), helped by the impro-

vement of 2 points in the operating ratio (current operating expenses to sales) which went from 22% in 2018 to 20% in 2019;

Current operating income (current EBIT) was €-1m, close to breakeven and clearly up on 2018.

Current operating expenses came to €48.8m (€46.7m after IFRS16 implementation), up €6.5m (+15%) versus 2018, largely as a result of the expansion of international activity.

- Following the agreement with BOE and JDD last June, the new China Joint-Venture (a 51% subsidiary of SES-imagotag) became operational in the summer of 2019 and consolidated from H2 (+€1.3 m scope impact on opex). This is a significant investment to develop a strong base in China, which is a strategic priority for the Group;
- The overall level of operating expenses reflects the significant investment in international expansion

in North America and Asia. Sales realized in these two huge potential markets were equivalent to 14% of total 2019 Sales. While not yet at a level to fully amortize the associated development costs, their share of total Sales should reach 25% by 2020 and around 50% in 2022. It is therefore an essential engine of growth and is regarded as a strategic investment to support the Group's growth potential;

- The operating ratio should continue to improve steadily to the level of 10% of Sales by 2022.

Non-recurring charges during the Second Half were €4.8m. These included:

- €0.8m of transaction and legal fees related to various financing operations and the creation of joint ventures;
- Exceptional depreciation charge of €1.3m to cover certain legacy end-of-life stock relating to product from

generations prior to the VUSION range and which are thus, obsolete;

- Cost of US tariffs on equipment imported from China: up to €1.1m. Starting, labels manufactured for American based customers will be assembled outside China;
- A loss of €0.9m recorded on certain contracts whose costs exceeded the revenues negotiated several months ago with customers because of a much higher USD exchange rate;
- Amortization charges for intangible assets related to past acquisitions (€0.9M).

Net income was down sharply to a negative €-13.1m having been adversely impacted by the appreciation of the US Dollar and the imposition by the US of tariffs on imports from China, as well as by the other non-recurring items mentioned above.

The recovery in profitability, although delayed by these short-term negative factors, will come from:

- The steady improvement in the Opex ratio, which should continue in 2020 thanks to the expected growth and tight cost control;

- The improvement in the VCM ratio thanks to increased recurring revenue from software & value-added services;

- The increase in US Dollars revenues and lowered exposure to USD volatility, coupled with a rigorous hedging policy.

Subject to a resolution of the COVID-19 crisis during the First Half allowing for continued growth, the EBITDA and Net Profit are expected to improve in 2020.

3.3 COMMENTS ON CASH AND DEBT

CASH-FLOW STATEMENT

Strong improvement in Net Cash Position and positive Cash-Flow over the year

Net Cash at the end of 2019 was almost €17.3 million, compared with Net Debt at the end of 2018 of €-17.4 m, an improvement of € 34.7 m.

Excluding the impact of the capital increase which was carried out at the end of 2019, the Group's Net Cash Flow was quite stable in FY2019 and the Group showed a positive Operating Cash Flow of almost €7 m. This improvement was the result of effective control of working capital and came about in spite of significant industrial and R&D investment spend.

| €M | FY 2019 | FY 2018 |
|----------------------------------|-------------|---------------|
| EBITDA PRE-IFRS16 | 1.7 | 6.5 |
| CAPEX | (36.2) | (13.3) |
| CHANGE IN WORKING CAPITAL | 41.2 | (17.4) |
| OPERATIONAL CASH-FLOW | 6.7 | (24.2) |
| FINANCIAL INVESTMENTS | | (3.3) |
| FINANCIAL RESULT | (2.3) | (1.5) |
| TAX | | |
| OTHERS | (4.0) | (1.0) |
| CASH-FLOW | 0.4 | (30.0) |
| CAPITAL INCREASE | 34.3 | 26.0 |
| CHANGE IN NET DEBT | 34.7 | (4.0) |
| NET CASH / (DEBT) | 17.3 | (17.4) |
| CASH | 73.1 | 29.5 |
| DEBT (BEFORE IMPACT OF IFRS16) | (55.8) | (46.9) |
| DEBT (AFTER IMPACT OF IFRS16) | (76.5) | (52.3) |

Working Capital Management

Operational WCR at the end of 2019, was equivalent to 14% of Sales, a 20-point improvement compared to the end of 2018 when WCR was 34% of Sales. This improvement has come about as a result of good inventory control and a tight control of customer account receivables.

Investments

Investment in R&D was focused on improving the features of the VUSION platform, which is now recognized worldwide within the industry for its cutting-edge technology (communication protocol, cloud, IoT technology, SAAS applications). 2019 saw very strong growth in customers choosing SES-imagotag's Cloud solution. This was the case for a majority of new customers, but also for existing customers who started migrating onto the Cloud. This trend is all the more important that, once on the Cloud, access opens up to multiple additional value-added services (SaaS) where smart label technology can be extended to include new applications (order picking, restocking of shelves, stockout detection, digital advertising, etc.). These new solutions lie at the heart of the VUSION 2022 strategic plan, which will

generate 20% of Sales in recurring software and services within 3 years. Group R&D in 2019 was directed towards these new value-added applications with particular focus on accelerating efforts to bring two major new products to market AdShelf (a collaborative platform for digital in-store advertising) and Captana (automated shelf monitoring).

2019 also saw the introduction of a new flagship product, V: Motion, a range of video rails that deliver a powerful advertising impact while ensuring the same shelf management efficiency as electronic labels. Our technology and competitive advantage for such types of LCD display solutions are related to our symbiotic relationship and synergies with BOE. This new product, which has been acclaimed by CPG Brands will start to be visible in stores in 2020 and constitutes a new growth engine for the future.

Industrial investments have been made both in the development of an industrial platform outside China to serve the American market, and in securing dedicated capacity on the production lines of the BOE factory in Chongqing. This efficient global supply chain constitutes a major asset for SES-imagotag at a time of

increasing worldwide adoption of electronic labels.

Other investments have been made in Information Systems and collaborative tools (including a major SAP project underway), in ESL as a service offerings, as well as for the acquisition of the customer base developed by BOE and transferred to our new JV in China.

3.4 OUTLOOK

Uncertainties related to the COVID-19 crisis

A significant share of production, including the majority of e-Paper display module manufacturing is located in China, as are many of its component suppliers. The Group's production capacity is therefore impacted by the COVID-19 pandemic.

Since the resumption of activity in mid-February, the production units are gradually recovering momentum and should, according to the current base scenario, be back up to

regular capacity in April. Deliveries in the First Half will be down on the pre-crisis business plan.

Over and above this impact on production capacity, the proliferation of increasingly strict containment measures in all of the countries where SES-imagotag operates, poses a risk of orders being put back or cancelled altogether.

In this unpredictable climate, the Group has introduced a contingency plan to protect its employees, partners and customers, and imposed

strict control over costs and investments in order to mitigate financial risks to the business.

Subject to a resolution of this crisis in the First Half, organic growth should continue in 2020 thanks to the strong structural demand for store digitization solutions.

3.5 REPORT ON THE CORPORATE FINANCIAL STATEMENTS

1. REVIEW OF THE FINANCIAL STATEMENTS AND RESULTS

During the financial year ended on December 31, 2019, the Company's net sales amounted to €198.3 million, versus €112.4 million in 2018, an increase of 76.4%.

Operating expenses for the financial year consisted of the following items in million euros:

| | |
|--------------------------|-----------|
| EXTERNAL EXPENSES | -25.7 M€ |
| PERSONNEL | -16.6 M€ |
| OTHER EXPENSES | -3.8 M€ |
| COST OF GOODS SOLD | -172.5 M€ |
| OPERATING RESULT IS THUS | -19.0 M€ |
| FINANCIAL RESULT | +1.2 |
| PROFIT BEFORE TAX | -17.8 |
| NET RESULT | -17.2 M€ |

2. PROPOSED ALLOCATION OF THE COMPANY'S RESULT

We ask that you approve the annual financial statements (balance sheet, income statement, and notes) as presented to you, showing a net result of -€17,186,549, and allocate it as follows:

| | |
|--|---------------|
| RESULT FOR THE FINANCIAL YEAR | -17,186,549,€ |
| RESULT FULLY ALLOCATED TO RETAINED EARNINGS | -17,186,549,€ |
| WHICH, ADDED TO PRIOR RETAINED EARNINGS, NOW STANDS AT | 5,494,718,€ |

In accordance with the provisions of Article 243 bis of the French general tax code, we wish to remind you that no dividends have been distributed since 2012. In 2012, the Company paid out €5,491,011.50 in dividends.

3. NON-DEDUCTIBLE EXPENSES

In accordance with the provisions of Article 223 quater of the French general tax code, we would like to inform you that the Company had expenses or charges referred to in Articles 39-4 and 54 quater of said code amounting to €219,838;

4. PAYMENT TERMS: SUPPLIERS & CUSTOMERS

ACCOUNTS PAYABLES AGING BALANCE

| AGING | VALUE IN K€ AS OF DEC 2019 | NUMBER OF INVOICES | VALUE IN K€ AS OF DEC 2018 | NUMBER OF INVOICES |
|--------------------------------------|----------------------------|--------------------|----------------------------|--------------------|
| CURRENT | 28,965 | 254 | 12,839 | 570 |
| OVERDUE < 60 DAYS | 29,102 | 597 | 5,444 | 490 |
| OVERDUE > 60 DAYS* | 25,938 | 396 | 4,768 | 130 |
| TOTAL* | 84,006 | | 23,051 | |
| TOTAL PURCHASES (NO VAT INCLUDED) | 239,614 | 1,247 | 111,129 | 1,190 |
| | 35% | | 21% | - |

* Includes € 12,671k inter company transactions as well as € 1, 235K for a supplier litigation in 2018 (legal claim still ongoing)

ACCOUNTS RECEIVABLES AGING BALANCE

| AGING | VALUE IN K€ AS OF DEC 2019 | NUMBER OF INVOICES | VALUE IN K€ AS OF DEC 2018 | NUMBER OF INVOICES |
|----------------------------|----------------------------|--------------------|----------------------------|--------------------|
| CURRENT | 50,326 | 3,677 | 24,763 | 2,396 |
| OVERDUE < 60 DAYS | 24,166 | 2,258 | 7,667 | 1,249 |
| OVERDUE > 60 DAYS | 45,603 | 3,248 | 9,581 | 1,437 |
| TOTAL* | 120,095 | | 42,011 | |
| SALES (NO VAT INCLUDED) | 198,340 | 9,183 | 112,437 | 5,082 |
| | 61% | - | 37% | - |

* includes € 84,817K intercompany receivables in 2019

5. FIVE-YEAR FINANCIAL SUMMARY

In accordance with the provisions of Article R. 225-102 of the French commercial code, the summary of the Company's results for the last five financial years is attached to this management report.

| TYPE OF INFORMATION / PERIOD / € | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------------|-------------|------------|------------|------------|
| I YEAR-END FINANCIAL POSITION | | | | | |
| A) CAPITAL | 31,516,216 | 29,006,674 | 26,768,458 | 24,155,000 | 23,329,544 |
| B) NUMBER OF SHARES (YEAR END) | 15,758,108 | 14,503,337 | 13,384,229 | 12,077,500 | 11,664,772 |
| II OVERALL RESULT OF OPERATIONS COMPLETED | | | | | |
| A) SALES | 198,340,706 | 112,437,479 | 98,557,486 | 96,432,412 | 74,516,166 |
| PROFITS | -17,186,552 | -8,926,884 | -8,885,912 | -2,517,452 | 712,438 |
| ALLOWANCES FOR DEPRECIATION AND AMORTIZATION | 6,797,138 | 6,124,301 | 5,234,374 | 5,277,390 | 4,455,499 |
| RELEASE ON DEPRECIATION AND AMORTIZATION | | | | | |
| ALLOWANCES FOR PROVISIONS | 3,612,431 | 4,306,319 | 3,272,039 | 2,335,063 | 3,411,497 |
| RELEASE ON PROVISIONS | -2,481,898 | -2,003,767 | -2,406,594 | -3,019,470 | -1,577,715 |
| B) EARNING BEFORE TAXES, AMORTIZATION | -9,837,903 | -1,021,561 | -3,280,103 | 1,497,325 | 7,245,992 |
| C) CORPORATE TAX | -579,022 | -521,531 | -494,010 | -578,204 | 244,273 |
| D) EARNINGS AFTER TAX AND BEFORE AMORTIZATION, DEPRECIATION, AND PROVISIONS | -9,258,881 | -500,030 | -2,786,093 | 2,075,529 | 7,001,719 |
| E) EARNINGS AFTER TAX, AMORTIZATION, DEPRECIATION, AND PROVISIONS | -17,186,552 | -8,926,884 | -8,885,912 | -2,517,452 | 712,438 |
| F) AMOUNTS OF DISTRIBUTED EARNINGS | 0 | 0 | 0 | 0 | 0 |
| G) EMPLOYEE PROFIT SHARING | 0 | 0 | 0 | 0 | 0 |
| III RESULT OF OPERATIONS EXPRESSED PER SHARE | | | | | |
| A) EARNINGS AFTER TAX AND BEFORE AMORTIZATION AND DEPRECIATION PER SHARE | -0,59 | -0,03 | -0,21 | 0,17 | 0,60 |
| H/X | | | | | |
| B) EARNINGS AFTER TAX, AMORTIZATION, DEPRECIATION, AND PROVISIONS PER SHARE | -1,09 | -0,62 | -0,66 | -0,21 | 0,06 |
| A/X | | | | | |
| C) DIVIDEND PAID TO EACH SHARE | 0 | 0 | 0 | 0 | 0 |
| IV PERSONNEL | | | | | |
| A) NUMBER OF EMPLOYEES AVERAGE HEADCOUNT | 198 | 192 | 195 | 171 | 170 |
| B) TOTAL PAYROLL | 11,332,916 | 10,664,752 | 10,034,650 | 9,612,662 | 8,615,730 |
| C) TOTAL SUMS PAID FOR CORPORATE BENEFITS | 4,616,072 | 4,602,802 | 7,269,528 | 4,338,699 | 3,917,960 |

V-DEPRECIATION EXPENSE

| | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| ALLOWANCE FOR AMORTIZATION OF INTANGIBLE ASSETS | 5,985,766 | 5,520,387 | 4,705,823 | 4,761,748 | 3,889,778 |
| ALLOWANCE FOR DEPRECIATION OF TANGIBLE ASSETS | 811,372 | 603,914 | 528,551 | 515,642 | 565,720 |
| EXCEPTIONAL ALLOWANCE | | | | | |
| TOTAL ALLOWANCES FOR AMORTIZATION AND DEPRECIATION | 6,797,138 | 6,124,301 | 5,234,374 | 5,277,390 | 4,455,499 |

VI-PROVISIONS

| | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| ALLOWANCE FOR PROVISION FOR OPERATING RISKS AND EXPENSES | 50,000 | 185,000 | 156,000 | 92,000 | 152,000 |
| ALLOWANCE FOR PROVISION FOR IMPAIRMENT OF TANGIBLE ASSETS | 1,686,250 | 1,352,975 | 565,712 | 209,831 | 322,963 |
| ALLOWANCE FOR PROVISION FOR IMPAIRMENT OF INVENTORIES | 284,207 | 99,894 | 152,490 | 224,746 | 308,548 |
| ALLOWANCE FOR PROVISION FOR IMPAIRMENT OF BAD DEBT | 1,591,975 | 2,133,450 | 1,862,837 | 1,273,835 | 921,254 |
| TOTAL ALLOWANCES FOR PROVISIONS FOR IMPAIRMENT OF BAD DEBT | 3,612,431 | 4,306,319 | 3,272,039 | 2,335,063 | 3,411,497 |

VII-REVERSAL OF PROVISION

| | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| RELEASES ON IMPAIRMENT AND AMORTIZATION | | | | | |
| ALLOWANCE FOR PROVISION FOR FINANCIAL RISKS AND EXPENSES | 284,000 | 6,000 | 310,051 | 40,000 | 126,000 |
| ALLOWANCE FOR PROVISION FOR EXTRAORDINARY RISKS AND EXPENSES | 491,477 | 134,930 | 242,306 | 625,457 | 183,531 |
| RELEASE ON BAD DEBT IMPAIRMENT ALLOWANCE | 1,606,526 | 1,862,837 | 1,273,835 | 921,255 | 386,701 |
| TOTAL RELEASES ON ALLOWANCES | 2,481,898 | 2,003,767 | 2,406,594 | 3,019,470 | 1,577,715 |

VIII-NET INCOME TAXES

| | | | | | |
|---------------------------|-----------------|-----------------|-----------------|-----------------|----------------|
| WITHHOLDING TAX | | | | -656 | 845,540 |
| TAX CREDIT | -579,022 | -521,531 | -494,010 | -577,548 | -601,267 |
| TAX ON NET PROFITS | -579,022 | -521,531 | -494,010 | -578,204 | 244,273 |

I-MANAGEMENT REPORT

4 SHAREHOLDING STRUCTURE AND INFORMATION ON THE SHARE CAPITAL

4.1 CHANGE IN THE AMOUNT OF SHARE CAPITAL OVER THE LAST FIVE YEARS

On December 31st, 2019, the company's capital amounts to € 31 516 216, split in 15 758 108 shares of € 2 nominal value. Please find here after the capital history for the past 5 years:

| CALENDAR YEAR | CHANGE IN CAPITAL | DATE OF RECOGNITION | NEW SHARES | NUMBER OF SHARES | SUCCESSIVE AMOUNT | FISCAL YEAR |
|---------------|---|---------------------|------------|------------------|-------------------|-------------|
| 2013 | None | | | 11,025,023 | 22,050,046 | 31.12.2013 |
| 2014 | Contribution in kind (SES-imagotag GmbH) | 21.05.2014 | 591,969 | 11,616,992 | 23,233,984 | 31.12.2014 |
| | Options exercised | 17.03.2015 | 14,600 | 11,631,592 | 23,263,184 | 31.12.2015 |
| 2015 | Levées d'options | 30.11.2015 | 33,180 | 11,664,772 | 23,329,544 | 31.12.2015 |
| 2016 | Levées d'options en dec.2015 | 11.03.2016 | 23,900 | 11,688,672 | 23,377,344 | 31.12.2015 |
| 2016 | Contribution in kind (Findbox GmbH acquisition) | 30.11.2016 | 265,114 | 11,953,786 | 23,907,572 | 31.12.2016 |
| | Options exercised | 16.02.2017 | 123,714 | 12,077,500 | 24,155,000 | 31.12.2016 |
| 2017 | Contribution in kind (pervasive Displays acquisition) | 16.02.2017 | 790,684 | 12,868,184 | 25,736,368 | 31.12.2017 |
| | Bonus shares delivery | 27.04.2017 | 110,014 | 12,978,198 | 25,956,396 | 31.12.2017 |
| | Options exercised | 27.04.2017 | 32,044 | 13,010,242 | 26,020,484 | 31.12.2017 |
| | Options exercised | 23.10.2017 | 33,577 | 13,043,819 | 26,087,638 | 31.12.2017 |
| | Options exercised | 15.12.2017 | 8,700 | 13,052,519 | 26,105,038 | 31.12.2017 |
| | Bonus shares delivery | 06.02.2018 | 226,000 | 13,278,519 | 26,557,038 | 31.12.2017 |
| | Options exercised | 06.02.2018 | 105,710 | 13,384,229 | 26,768,458 | 31.12.2017 |
| | Options exercised | 05.03.2018 | 110,017 | 13,494,246 | 26,988,492 | 31.12.2018 |
| 2018 | Bonus shares delivery | 05.03.2018 | 15,850 | 13,510,096 | 27,020,192 | 31.12.2018 |
| | Capital Increase | 17.09.2018 | 866,666 | 14,376,762 | 28,753,524 | 31.12.2018 |
| | Options exercised | 17.09.2018 | 37,275 | 14,414,037 | 28,828,074 | 31.12.2018 |
| | Bonus shares delivery | 17.09.2018 | 2,000 | 14,416,037 | 28,832,074 | 31.12.2018 |
| | Options exercised | 11.02.2019 | 17,800 | 14,433,837 | 28,867,674 | 31.12.2018 |
| 2019 | Bonus shares delivery | 11.02.2019 | 69,500 | 14,503,337 | 29,006,674 | 31.12.2018 |
| | Options exercised | 18.09.2019 | 23,600 | 14,526,937 | 29,053,874 | 31.12.2019 |
| | Capital Increase | 04.12.19 | 1,228,071 | 15,755,008 | 31,510,016 | 31.12.2019 |
| | Options exercised | 17.12.2019 | 1,100 | 15,756,108 | 31,512,216 | 31.12.2019 |
| | Options exercised | 20.02.2020 | 2,000 | 15,758,108 | 31,516,216 | 31.12.2019 |

4.2 STRUCTURE OF THE COMPANY'S SHARE CAPITAL

Below you will find a summary of the identified major shareholders (i.e., those who hold at least 2% of the share capital at December 31, on at least one of the last three fiscal years) according to the information available to the Company.

| SHAREHOLDERS > 2% | DECEMBER 31 2019 | | | DECEMBER 31 2018 | | | DECEMBER 31 2017 | | |
|----------------------------------|------------------|-----------|-----------------|------------------|-----------|-----------------|------------------|-----------|-----------------|
| | Number of shares | % capital | % voting rights | Number of shares | % capital | % voting rights | Number of shares | % capital | % voting rights |
| BOE SMART RETAIL (HONG KONG) CO. | 10,789,186 | 68.47% | 68.47% | 10,789,186 | 74.39% | 74.39% | 7,206,696 | 53.84% | 53.84% |
| YUEN-YU INVESTMENT CO. LTD | 866,666 | 5.50% | 5.50% | 866,666 | 5.98% | 5.98% | | | |
| QUALCOMM INCORPORATED | 315,789 | 2.00% | 2.00% | | | | | | |

BOE at 31.12.17: Of which 6,669,176 shares were sold by the sellers and 537,520 shares were invested by the managers as part of their reinvestment via SESIM.

Below is a projection with a summary of the diluted capital at December 31, 2019:

| DILUTED CAPITAL | 2019 | % | 2018 | % | 2017 | % |
|-------------------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| SHARES | 15,758,108 | 99.98% | 14,503,337 | 99.75% | 13,384,229 | 97.90% |
| ALLOCATED STOCK OPTIONS | 3,600 | 0.02% | 36,000 | 0.25% | 106,925 | 0.78% |
| FREE SHARES 2015 | 0 | 0.00% | 0 | 0.00% | 110,017 | 0.80% |
| FREE SHARES 2016 | 0 | 0.00% | 0 | 0.00% | 69,500 | 0.51% |
| TOTAL DILUTED | 15,761,708 | 100% | 14,539,337 | 100% | 13,670,671 | 100% |

4.3 LEGAL THRESHOLD CROSSING DECLARATIONS AND DECLARATIONS OF INTENTIONS

In accordance with the provisions of Article L. 233-13 of the French commercial code, the Company was informed that the following thresholds were crossed during 2019: On December 10, 2019, an upward threshold breach with 315,789 shares, or approximately 2% of capital.

4.4 SHARE BUYBACK PROGRAM NUMBER OF SHARES AND SHARE OF THE CAPITAL HELD BY THE COMPANY AT DECEMBER 31, 2019

The Board of Directors was authorized by the Combined Shareholders' Meeting of June 22, 2012 (Resolution 6) to put a share buyback program in place.

The Board of Directors used this authorization and the option to sub-delegate, in its meeting of June 22,

2012, and gave all powers to the Chairman & CEO for the purposes of implementing the objectives of the share buyback program and to proceed with the signing of a liquidity contract with Gilbert Dupont in accordance with (i) the provisions of European Regulation 2273-2003 of December 22, 2003, implementing

Directive 2003/6/EC of January 28, 2003, with regard to the exemptions provided for buyback programs and the stabilization of financial instruments, (ii) the provisions of Articles L. 225-209 et seq. of the French commercial code, (iii) the provisions of the AMF General Regulation, and (iv) the AMF's decision of

March 21, 2011 to update accepted market practices, number 2011-07, relating to liquidity contracts.

The Liquidity Contract complies with the Code of Ethics drawn up by the French financial markets association and approved by the AMF by a decision dated March 21, 2008. This liquidity contract was entered into on June 22, 2012, for an automatically renewable term of twelve months. An amendment to this contract was signed on December 20th, 2018. The company Gilbert Dupont is paid an annual lump-sum compensation of €26,000 excluding taxes.

Legal framework

Pursuant to the decisions of the Combined Shareholders' Meetings of May 21, 2014 (Resolution 8), June 30, 2015 (Resolution 8), November 30, 2016 and June 23, 2017 (Resolution 7), June 22 2018 (resolution 8) and May 24 2019 (Resolution 7) each year the Board of Directors has renewed the authorization given to the Chairman & CEO to continue the Liquidity Contract with Gilbert Dupont.

The Combined Shareholders' Meeting of November 30, 2016 (Resolution 1) authorized the adaptation of the share buyback program as it resulted from the Shareholders' Meeting of June 23, 2016 (Resolution 7) by setting the maximum overall amount of the program to ten (10) million euros instead of five (5) million euros previously.

Buy Back program authorized by the May 24, 2019 Combined Shareholders' Meeting

SES-imagotag's buyback program for its own shares, authorized by the Combined Shareholders' Meeting of May 24, 2019 has the following characteristics:

- securities concerned: shares;
- maximum authorized share buyback percentage: 5% for shares acquired by the Company in order to retain them, deliver them for payment, or exchange them as part of a merger, demerger, or transfer;

- maximum unit purchase price: €50 per share;
- duration: 18 months;
- goal of the program: to enable the Company to take opportunities to trade in its own shares as provided for by law, particularly for the following purposes:
 - stimulating the secondary market or share liquidity through an investment services provider, acting independently as part of a liquidity contract compliant with the code of ethics recognized by the AMF on July 2, 2018;
 - Distributing all or some of the acquired shares to employees and/or the corporate officers of the Company or other entities of the Group, in particular within the context (i) of employee profit sharing, (ii) any stock option plan of the Company, pursuant to Article L.225-177 et seq. of the French Commercial Code, or (iii) any savings plan in compliance with Article L.3331-1 et seq. of the French Labour Code or (iv) any allocation of bonus shares pursuant to the provisions of Article L.225-197-1 et seq. of the French Commercial Code, as well as perform all hedging transactions relating to these transactions, under the conditions provided for by the market authorities, and at the times to be determined by the Board of Directors or the person acting by delegation there of remitting shares while exercising the rights attached to securities with conversion, exercise, re-fund, or exchange rights, or any other Company share allocation mechanism within the bounds of applicable regulations, as well as perform all hedging transactions relating to these transactions, under the conditions provided by the market authorities and at the times to be determined by the Board of Directors or the person acting by delegation of the Board of Directors.

- remitting shares while exercising the rights attached to securities with conversion, exercise, re-fund, or exchange rights, or any other Company share allocation mechanism within the bounds of stock market regulations;
- canceling purchased shares through capital reduction under the conditions described in the French commercial code, as long as Resolution 11 is approved;
- keeping all or some of the acquired shares for later use in exchange or as payment as part of a future external growth operation or any other operation that may be authorized by current regulations.

The Company may use this resolution and pursue its share buyback program if Company shares are offered publicly in line with the stipulations of Article 232-17 of the AMF General Regulation (or any other legal, regulatory, or other provisions that apply or may apply in the future).

The Board of Directors may not, unless it has the prior authorisation of the Shareholders' Meeting, may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period.

The acquisition, disposal, transfer, or exchange of these shares may be undertaken and paid for by any means, particularly as part of a liquidity contract entered into by the Company with an investment service provider, subject to the regulations in force, including over the counter and by block of shares, through the use of derivatives and the establishment of option-based strategies (purchase and sale of call and put options and all combinations thereof in accordance with the applicable regulations), and at such times as the Board of Directors deems fit.

In order to ensure the execution of this authorization, the Shareholders' Meeting conferred all powers to the

Board of Directors to:

- decide how to implement this authorization;
- place all stock market orders;
- make any declarations or fulfill any formalities necessary with the AMF that may relate to the buyback program described above;
- and fulfill any other formalities or enter into any other agreements to this end and, more generally, to do whatever is necessary to implement the buyback program described above.

This authorization replaced the authorization given by the Combined Shareholders' Meeting of June 22, 2018, which became null and void for the remainder of its duration.

The Shareholders' Meeting is therefore informed of the continuation of the share buyback program in accordance with the provisions of Article L. 225-209 paragraph 4 of the French commercial code, namely. At December 31, 2019, the resources held by the Liquidity Contract are

- 10,173 shares; and
- €: 241 924,84 in the cash account.

Authorisation given to the Board of Directors to trade the Company's shares is required under the per-view of the combined shareholders meeting on June 29th 2020.

The Shareholders' Meeting, ruling under the quorum and majority conditions required for ordinary shareholders' meetings and in accordance with applicable statutory and regulatory provisions and, in particular, those of Articles L. 225-209 et seq. of the French Commercial Code, having reviewed the Board of Directors' report, authorized the Board of Directors, with the option to sub-delegate under the conditions set out by law, to trade in the Company's shares on the stock exchange or otherwise in accordance with the terms and conditions set out below.

The Board of Directors is authorized pursuant to this authorization to acquire, on one or more occasions and by any means, a number of shares representing up to 5% of the number of shares comprising the Company's share capital at any time.

In accordance with the provisions of Article L. 225-209 paragraph 2 of the Code of Commerce, when shares are repurchased to promote liquidity, under the conditions challenged by the General Regulations of the Financial Markets Authority, the number of shares taken into account in calculating the 5% limit corresponds to the number of shares number of shares resold during the time of the authorization.

The transactions carried out by the Board of Directors pursuant to this authorization may be carried out with a view to meeting the following objectives:

- Stimulating the secondary market or share liquidity through an investment services provider, acting independently, as part of a liquidity contract compliant with the market practice admitted by the AMF on 2 July 2018.
- Distributing all or some of the acquired shares to employees and/or the corporate officers of the Company or other entities of the Group, in particular within the context (i) of employee profit sharing, (ii) any stock option plan of the Company, pursuant to Article L.225-177 et seq. of the French Commercial Code, or (iii) any savings plan in compliance with Article L.3331-1 et seq. of the French Labour Code or (iv) any allocation of bonus shares pursuant to the provisions of Article L.225-197-1 et seq. of the French Commercial Code, as well as perform all hedging transactions relating to these transactions, under the conditions provided for by the market authorities, and at the times to be determined by the Board of Directors or the person acting by delegation there of remitting shares while exercising the rights attached to securities with conversion, exercise, refund, or

exchange rights, or any other Company share allocation mechanism in accordance with applicable regulations, as well as perform all hedging transactions relating to these transactions, under the conditions provided by the market authorities and at the times to be determined by the Board of Directors or the person acting by delegation of the Board of Directors.

- Canceling purchased shares through capital reduction under the conditions provided for by the French Commercial Code, as long as Resolution 11 of this Shareholders' Meeting is approved.
- Keeping all or some of the acquired shares for later use in exchange or as payment as part of a future external growth operation.
- Implement any market practice that may be authorised by the French Financial Markets Authority and, more generally, perform all operations in compliance with applicable regulations.

The Board of Directors may not, unless it has the prior authorisation of the Shareholders' Meeting, not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period.

The acquisition, disposal, transfer, or exchange of these shares may be undertaken and paid for by any means, particularly as part of a liquidity contract entered into by the Company with an investment service provider, subject to the regulations in force, including over the counter and by block of shares, through the use of derivatives and the establishment of option-based strategies (purchase and sale of call and put options and all combinations thereof in accordance with the applicable regulations), and at such times as the Board of Directors deems fit.

The Meeting decides that the maximum purchase price per share shall not exceed €50 per share, excluding expenses.

The acquisitions made by the Company may, under no circumstances, lead it to hold more than 5% of the shares composing its share capital at any time.

The number of shares and the price indicated above shall be adjusted in the event of a change in the nominal value of the share, increase in share capital by incorporation of reserves, profits or premiums, allocation of free shares, division or consolidation of shares, capital redemption or reduction, distribution of reserves or other assets and any other transactions affecting shareholders' equity, so as to take account of the

impact of such transactions on the value of the share.

This authorization is given for eighteen months starting on the date of this Meeting. For the purposes of implementing this resolution, the Board of Directors is granted full powers, with the option to subdelegate under the conditions set out by law, in order, in particular, to:

- Decide how to implement this authorization
- Place stock market orders

- Make any declarations and carry out any formalities with respect to the AMF that may relate to the buyback program described above
- Fulfill any other formalities or enter into any other agreements to this end and, more generally, do whatever is necessary to implement the buyback program described above

This authorization would supersede the authorization granted by the 7th resolution of the Shareholders' Meeting of May 24th, 2019.

4.5 EMPLOYEE SHARE OWNERSHIP

4.5.1 PROFIT-SHARING AGREEMENT

At its meeting of May 15, 2005, the Board of Directors of SES-ESL decided to introduce a profit-sharing agreement for Group employees and delegated all powers to the Chairman & CEO of SES-ESL for that purpose.

The agreement was signed on June 7, 2005, with the aim of defining the methods used to calculate the special reserve for sharing the profits of the Group's companies and determining how this reserve will be allocated between the beneficiaries, as well as the rules for managing employee rights, the procedure for resolving any conflicts between the Parties, and the rules for informing staff both individually and collectively.

On December 21, 2012, an amendment to this profit-sharing agreement was signed in order to incorporate an employee savings plan created and managed in accordance with Articles L. 3332-1 et seq. of the French labor code. This agreement has been amended on October 5th, 2016, when the account holder was switched to BNPSS.

4.5.2 EXERCISE OF STOCK OPTIONS AND CAPITAL INCREASE IN 2019

Allocation

No new options were granted during the 2019 financial year.

As of December 31, 2019, five stock option allocation plans are underway or have matured in financial year 2019, including:

Within the framework of the authorization granted by the Extraordinary Shareholders' Meeting on March 1, 2012:

- the 2012 plan (1st wave) dated August 31, 2012, expiring on August 31, 2019;
- the 2013 plan dated December 18, 2012, expiring on December 18, 2019;
- the 2012 plan (2^d wave) dated May 28, 2013, expiring on May 28, 2020.
- the 2014 plan (1st wave) date April 3, 2014, expiring on April 3, 2021

Within the framework of the authorization granted by the Extraordinary Shareholders' Meeting on May 21, 2014:

- The 2014 plan (2^d wave) dated October 23, 2014, expiring on October 23, 2021.

Stock options and increase in capital

The Board resolved to increase the company capital after the exercise of stock options on the following dates in 2019, in compliance with article L.225-180 of the Code of Commerce:

- On February 11, 2019, after stock options exercises from September to December 2018, from Plans 2011, 2012 (1st wave), exercised between September 1st and December 31st, 2018;
- On September 18, 2019, after stock options exercises from January 1st to August 31st, 2019 from Plans 2012 (1st wave) and 2014 (1st wave);
- On December 17, 2019 after stock options exercises from August 31st to November 30, 2019 from Plan 2012 (1st wave);
- On February 20, 2020, after stock options exercises in December 2019, from Plan 2012 (2^d wave).

The stock options from other plans have not been exercised in 2019.

| PLAN | NUMBER OF NOTIFIED OPTIONS | OUTSTANDING OPTIONS |
|------------|----------------------------|---------------------|
| 15/04/2010 | 14,000 | 0 |
| 15/09/2010 | 8,500 | 0 |
| 21/10/2011 | 58,500 | 0 |
| 31/08/2012 | 315,800 | 0 |
| 18/12/2012 | 19,000 | 0 |
| 30/05/2013 | 65,200 | 0 |
| 03/04/2014 | 43,000 | 0 |
| 23/10/2014 | 33,150 | 3,600 |
| | 557,150 | 3,600 |

No other stock option plans in force were exercised over the 2019 financial year.

4.5.3 FREE SHARES PROGRAM

No free share program has been implemented in 2019. The Shareholders' meeting is informed about the free shares program transactions in a spe-

cial report pursuant to the provisions of Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code.

4.5.4 ALLOCATION OF STOCK WARRANTS

The Shareholders' Meeting is notified that no stock warrants were allocated over the 2019 financial year.

4.5.5 PERCENTAGE OF CAPITAL HELD BY EMPLOYEES

As of December 31, 2019, the 3% threshold for holding capital pursuant to Article L. 225-102 of the French Commercial Code had not been reached.

The Extraordinary Shareholders' Meeting of 23 June 2017 approved the resolution authorising the Board of Directors to carry out a capital increase reserved for employees participating in a company savings plan pursuant to Article L. 225-1296 of the French Commercial Code.

The Shareholders' Meeting thus decided to authorize the Board of Directors, within a maximum pe-

riod of twenty-six months from the Shareholders' Meeting, to carry out a capital increase of a maximum nominal amount of €750,000 reserved for employees who are members of the company savings plan set up by the Company on 21 December 2012, and as amended on 5 October 2016, and carried out in accordance with the provisions of Articles L. 3332-18 et seq. of the Labour Code and L. 225-138-1 of the Commercial Code.

The Shareholders' Meeting noted that these decisions would entail the waiver by shareholders of their preferential subscription rights in

favour of the employees for whom the capital increase is reserved.

The Shareholders' Meeting noted that the subscription price of the shares, taking into account the fact that the Company's shares are admitted to a regulated market, may not be higher than the average of the prices quoted during the twenty trading days preceding the day of the decision setting the opening date of the subscription, nor more than 20% lower than this average.

The Shareholders' Meeting then granted full powers to the Board

of Directors to determine the other terms and conditions of the capital increase, and in particular for the purpose of:

- set and determine the opening and closing dates for subscriptions;
- set the issue price of the shares under the conditions provided for by law and regulations in force, in particular by Articles L. 225129 paragraph 2 and L. 225-129-2 paragraph 1 of the French Commercial Code, L. 225-138-1 of the French Commercial Code and Articles 3332-18 and following of the French Labour Code;
- determine the number of new shares to be issued;
- record the completion of the capital increase, amend accordingly the
- The General Meeting of 4 June 2020 (24th Resolution) will also be called upon to vote on a draft resolution to increase the share capital with the removal of the Company's preferential right to subscribe by issuing shares reserved for members of a company savings plan.
- Company's Articles of Association, and, in general, to do all that is necessary within the framework of the laws and regulations in force.

However, in order to comply with the legal obligations provided for in particular Articles L. 225-129-6 et seq. of the French Commercial Code, the Combined Shareholders' Meeting of 22 June 2018 was asked to vote on a proposed delegation of authority to the Board of Directors to increase the share capital with cancellation of preferential subscription rights by issuing shares of the Company reserved for members of a company savings plan; resolution which was rejected.

It was proposed that this authorization cancel and replace the one granted by the general meeting of June 23, 2017, expiring on August 23, 2019. However, this resolution was rejected.

For all intents and purposes, it is recalled that the three-year obligation to submit to the general meeting a proposed capital increase reserved for employees has been abolished by the Corporations Law Simplification Act of 19 July 2019.

The Extraordinary General Assembly of 24 May 2019 (19th resolution) submitted a draft resolution to increase corporate capital, with the removal of the preferential right of subscription of shareholders to the status of such employees, former employees and corporate officers eligible for the shares thus issued, if applicable, free of charge, by issuing shares of the Company reserved to members of a company savings plan.

II-SPECIAL REPORTS

5 SPECIAL REPORT ON STOCK OPTIONS

Board of Directors' special report on the transactions carried out pursuant to the provisions of Articles.

L. 225-177 to L. 225-186 of the French Commercial Code.
Financial year ended on December 31, 2019.

SHARE SUBSCRIPTION AND PURCHASE OPTIONS

Dear Sir/Madam,

In accordance with the provisions of Article L. 225-184 of the French Commercial Code, we are pleased to report on the transactions carried out pursuant to the provisions of Articles L. 225-177 to

L. 225-186 of the French Commercial Code relating to stock and share subscription options.

Employee corporate officers in the company or in the controlled companies

No options have been granted to the Company's corporate officers.

We hereby inform you that no subscription options have been granted by the Company to corporate officers due to the offices held and the duties performed in the Company and in its subsidiaries in accordance with the conditions provided for under Article L. 225-180 of the French Commercial Code.

We also hereby inform you that no options have been granted to corporate officers for the duties they performed or the offices they held through controlled companies within the meaning of Article L. 233-16 of the French Commercial Code.

Non-corporate officer employees

Please note that the Company did not grant any new subscription options to non-corporate officers during the 2019 financial year.

Please note that subscription options have been exercised during the past year by non-corporate officer employees.

The number of options thus exercised is shown in the table in **Appendix 1**.

In a table contained in **Appendix 1**, we have reported all the options granted by the Company to non-executive beneficiary employees, including the 10 employees who were granted the largest number of options.

Allocation of subscription options

At December 31, 2019, the following five stock subscription option plans were in operation:

Under the authorization by the EGM of March 1, 2012,

- The 2012 Plan dated August 31, 2012 expiring on August 31, 2019
- The 2013 Plan dated December 18, 2012 expiring on December 18, 2019
- The 2013 Plan dated May 28, 2013 expiring on May 28, 2020
- The 2014 Plan dated April 3, 2014 expiring on April 3, 2021

Under the authorization granted by the EGM of May 21, 2014,

- The 2014 Plan dated October 23, 2014 expiring on October 23, 2021

2012 Plan

Please note that the Board of Directors meeting of August 31, 2012 decided to grant stock options under the following conditions ("1st Wave 2012 Plan"):

- Beneficiaries: an allocation to all Company employees in an amount equivalent to 3 months of gross base salary (calculated at the value of the subscription price) as well as any additional allocation made on the Chairman and Chief Executive Officer's initiative.
- Volume of options to be allocated: 400,000

- Allocation deadline: before June 30, 2013
- The formula for calculating the subscription price has been set in accordance with Article L. 225-177 of the French Commercial Code; average of the quoted prices for the 20 trading sessions preceding their allocation, less a 5% discount; or €9.34 for the options allocated by the Board meeting of August 31, 2012

Regarding the stock option pricing formula, the Company is aware of the recommendations found in the AFEPMEDEF Code, in which it is stipulated that no discount should be applied. However, the Company would point out that this recommendation applies only to managing corporate officers, whereas this is a stock option allocation made to non-corporate officer employees.

- Option exercise date: November 28, 2014
- Period of option validity: seven years as of their allocation date.
- Two cumulative conditions: a performance and a presence condition

The Board of Directors has delegated to the Chairman and Chief Executive Officer the task of notifying each beneficiary by letter of the number of options granted to them and the conditions for exercising them.

In accordance with the 1st Wave 2012 Plan and under the terms and conditions set by the Board of Directors meeting of August 31, 2012, 315,800 options were granted to Company non-corporate officers employees during the year ended December 31, 2012 of which 162,000 options for the 10 Company non-corporate officer employees granted the highest number of options.

The number of options thus granted by the Board at the meeting of August 31, 2012 is shown in the table in **Appendix 1**.

In addition, we remind you that by decision of December 18, 2012 ("2nd Wave 2012 Plan"), the Board of Directors decided to grant stock options to certain employees who started working for the Company as of September 1, 2012, in accordance with the authorization granted by the Shareholders' Meeting of March 1, 2012 (5th resolution) and under the terms and conditions set by the Board meeting of August 31, 2012.

Based on the calculation formula used by the Board of August 31, 2012 and in accordance with Article

L. 225177 of the French Commercial Code, the subscription price shall be set at €9.02, or the average price quoted on the 20 trading days preceding the Board meeting allocating the stock options, less a 5% discount.

The Board of Directors has delegated to the Chairman and Chief Executive Officer the task of notifying each beneficiary by letter of the number of options granted to them and the conditions for exercising them.

Given the delays in determining the beneficiaries and the number of options granted, this notification was not given during the financial year ended on December 31, 2012 but rather at the beginning of 2013 for 19,000 options split between 6 employees who started working for the Company as of September 1, 2012.

The number of options thus granted by the Board at the meeting of Tuesday, December 18, 2012 is shown in the table in **Appendix 1**.

2013 Plan

We remind you that by decision of May 28, 2013, the Board of Directors decided to grant stock options to 3 additional employees in accordance with the authorization granted by the Shareholders' Meeting of March 01, 2012 (Resolution 5) and under the terms and conditions set by the Board on August 31, 2012.

Based on the calculation formula used by the Board on August 31, 2012 and in accordance with Article

L. 225-177 of the French Commercial Code, the subscription price shall be set at €10.44, or the average price quoted on the 20 trading days preceding the Board meeting allocating the stock options, less a 5% discount.

The Board of Directors has delegated to the Chairman and Chief Executive Officer the task of notifying each beneficiary by letter of the number of options granted to them and the conditions for exercising them; the aforementioned notification concerned 65,200 options split between 3 employees.

The number of options thus granted by the Board at the meeting of May 28, 2013 is shown in the table in **Appendix 1**.

2014 Plan

In accordance with the authorization granted to the Stockholders' General Meeting on March 1, 2012 (Resolution 5), the Board of Directors meeting of April 3, 2014 decided to grant a new sub-delegation to the Chairman to allocate (before May 01, 2014) 43,000 subscription options to Company employees under the following conditions ("1st Wave 2014 Plan"):

- Volume of options to be allocated: 43,000
- The formula for calculating the subscription price has been set in accordance with Article L. 225-177 of the French Commercial Code; average of the quoted prices for the 20 trading sessions preceding their allocation, less a 5% discount; or €14.84 for the options allocated by the Board Meeting of April 3, 2014.
- Option exercise date: on the day of the Board meeting called to approve the statements for the 2015 financial year
Period of option validity: seven years as of their allocation date

- Two cumulative conditions: a performance and a presence condition

As a reminder, the number of options thus granted by the Board of April 03, 2014 is shown in the table in **Appendix 1**.

Pursuant to the extension granted by the General Shareholders' Meeting of May 21, 2014 (Resolution 17) for the delegation granted by the Stockholders' General Meeting of March 01, 2012 (Resolution 5) on October 23, 2014, the Board of Directors decided to grant stock options to IMAGOTAG employees under the following conditions ("2nd Wave 2014 Plan"):

- Volume of options to be allocated: 33,150
- The formula for calculating the subscription price has been set in accordance with Article L. 225-177 of the French Commercial Code; average of the quoted prices for the 20 trading sessions preceding their allocation, less a 5% discount; or €12.21 for the options allocated by the Board Meeting of October 23, 2014.
- Option exercise date: on the day of the Board meeting called to approve the statements for the 2015 financial year
- Period of option validity: seven years as of their allocation date.
- Two cumulative conditions: a performance and a presence condition

As a reminder, the number of options thus granted by the Board on October 23, 2014 is shown in the table in **Appendix 1**.

Stock options exercised in 2018

Please find below the number of stock options exercised, in compliance with article L.225-180 of the French Code of Commerce:

- On March 5th, 2018, after stock options exercises during January and February, from Plans 2012 (1st wave) and 2014 (1st wave)
- On September 17, 2018, after stock options exercises during the March 1st and August 31st period, from Plans 2011, 2012 (1st and 2^d waves), 2013 et 2014 (1st and 2^d waves)
- On February 11th, 2019, after stock options exercises during the September 1st and December 31st period, from Plans 2011, 2012 (1st wave).

Appendix 1

Please find below the summary of the exercise of options

| | PLAN 2009 ¹ | PLAN 2010 | PLAN 2011 |
|---------------------------------------|---|--|------------|
| AUTHORIZATION DATE BY EGM | | June 10, 2009 7 th resolution 38 months until August 10 2012 | |
| MAXIMUM QUANTITY | | 375,000 ⁴ | |
| ALLOCATION DATE | 15.04.2010 | 15.09.2010 | 21.10.2011 |
| EXERCISE PRICE | 10.96 € | 8.89 € | 9.38 € |
| MATURITY DATE | Expiré au 15.04.2017 | Expiré au 15.09.2017 | 21.10.2018 |
| NUMBER OF OPTIONS NOTIFIED | 14,000 | 8,500 | 58,500 |
| GROUP EMPLOYEES (NON DIRECTORS) | 9,000 | 8,500 | 32,000 |
| DIRECTORS AND OFFICERS (SUBSIDIARIES) | | | |
| NUMBER OF OPTIONS EXERCISED | 14,000 | 8,500 | 56,500 |
| NUMBER OF OPTIONS CANCELED | Out of the 375,000 options authorized, only 81,000 options were allocated, and 296,000 null and void. | | |
| OUTSTANDING OPTIONS | 0 | 0 | 0 |

[1] The terms and conditions of the 2009 plan were set by the Board meeting dated 27.08.2009

[2] The terms and conditions of the 2012 and 2013 plans were set by the Board meeting on 31.08.2012

[3] The EGM dated 21.05.2014 decided to grant an extension until 01.05.2015 of the delegation given to the Board by the EGM dated 01.03.2012, which expired on 01.05.2014.

[4] 4 % of the capital stock at the options grant date.

[5] 5 % of the capital stock at the options grant date.

[6] The options grant date corresponds to the date the Board of Directors decision to grant the options.

| PLAN 2012 ² 1 ST WAVE | PLAN 2012 ² 2 ND WAVE | PLAN 2013 ² | PLAN 2014 1 ST WAVE | PLAN 2014 2 ND WAVE |
|--|---|-------------------------|---|---|
| | March 1 st , 2011 5 th resolution 26 months until May 1 st 2014 | | | May 21, 2014 17 th resolution Extension until May 1 st 2015 ³ |
| 551 251 ⁵ | | | | |
| 31.08.2012 | 18.12.2012 | 28.05.2013 ⁷ | 3/04/2014 ⁸ | 23/10/2014 ⁹ |
| 9.34 € | 9.02 € | 10.44 € | 14.84 € | 12.21 € |
| 31.08.2019 | 18.12.2019 | 28.05.2020 | 03.04.2021 | 23.10.2021 |
| 315,800 | 19,000 | 65,200 | 43,000 | 33,150 |
| 130,000 | 10,000 | 60,000 | 20,000 | 6,150 |
| 10,000 | | | | |
| 278,000 | 19,000 | 35,200 | 13,500 | 29,550 |
| <p>The 400,000 options authorized by the Board on 08.31.2012 were allocated. The balance of 151,251 options corresponding to the maximum volume authorized by the GM on March 1, 2012 expired on May 1, 2014. 62,100 options have been voided (32,100 from the 1st wave and 30,000 options from 2013 plan). 5,700 left have been voided.</p> | | | <p>Prior to May 1st 2014 the Board decided to use the remainder of 43,000 options. 29,500 options have been voided.</p> <p>In accordance with the extension until May 1, 2015, the Board decided to use the remainder of 33,150 options. The 75, 101 options left have been voided on May 1, 2015.</p> | |
| 0 | 0 | 0 | 0 | 3,600 |

[7] On 08.05.2013 the 400,000 stock options authorized by the 31.08.2012 Board were used. Given the tax and social charges impact involved with stock options granting process, the Board decided not to use the remainder 151,251 options corresponding to the maximum quantity authorized by the 01.03.2012 EGM.

[8] The terms and conditions of the 2014 plan were set by the Board dated 03.04.2014 (authorized volume 43,000 stock options).

[9] The Board decided to grant stock options to iMAGOTAG GmbH employees in connection with the extension granted by the EGM dates 21.05.2014.

[10] Exercise price in euros, set in accordance with article L. 225-177 of the French Code de Commerce.

[11] Options not granted are null and void.

II-SPECIAL REPORTS

6 SPECIAL REPORT ON BONUS SHARES ALLOCATION

Board of Directors' special report on the transactions carried out pursuant to the provisions of Articles L. 225-197-4 of the French Commercial Code

Financial year ended on December 31, 2019

BONUS SHARES ALLOCATION

Dear Sir or Madam

In accordance with the provisions of Article L. 225-197-4 of the French Commercial Code, we are pleased to report to you on the transactions carried out pursuant to the provisions of Articles L. 225-197-1 to L. 225-197-3 of said Code relating to bonus share allocations by December 31, 2019.

No new free share allocations were made in fiscal 2019; the last award dated March 10, 2017.

As a reminder, however, in this report, we describe that the Plans have resulted in the free allocation of shares in previous years and, whose last final acquisition finding occurred in the past year.

The « i³ » (innovation, international, industrialization) strategic plan

We hereby inform you that on December 16, 2015, the Board of Directors, acting on the authorization of the Extraordinary Stockholders' Meeting of December 16, 2015 (Resolution 1), decided to set up a bonus share plan with associated conditions to substitute previously authorized bonus shares (without further dilution) authorized by the Combined Stockholders' Meeting of March 1, 2012 (Resolution 4).

After reporting that all beneficiaries of the previous bonus share plans had individually waived the bonus shares in the plan authorized by the Combined Stockholders' Meeting of March 1, 2012, as well as all related rights, the Board of Directors decided to allocate bonus shares to Executive Committee members in the same quantities as the bonus shares previously granted under the bonus share plan authorized by the Combined Stockholders' Meeting of March 01, 2012, which the new shares are designed to replace.

Please note that the total amount allocated is 208,459 bonus shares to be issued, i.e. less than the total authorized by the Stockholders' Meeting (2% of the capital stock at the Extraordinary Stockholders' Meeting of December 16, 2015, or 232,632 shares).

The Board of Directors stated that, in accordance with Article L225-197-1, the authorization granted by the Extraordinary Stockholders' Meeting of December 16 automatically resulted in the waiving by stockholders of their preferential subscription rights.

The allocation conditions for these bonus shares are therefore as follows:

- Prior waiver by each Beneficiary of all bonus shares previously granted to them.
- Fulfilling of the associated conditions in 2016 and 2017
- Acquisition period: the shares shall be definitively allocated as follows:
 - 2016 Tranche: final allocation of 50% of the shares after December 16, 2016, at the Board of Directors meeting called to approve the 2016 annual statements, if the performance conditions are met; and
 - 2017 Tranche: final allocation of the second half of the shares (or of all shares if none has been allocated the previous year) after December 16, 2017, at the Board of Directors meeting which shall be called to approve the 2017 annual statements, if the performance conditions are met;

Or, for both tranches, on the date of the start of a public offering if earlier,

without the final allocation taking place before December 16, 2016.

- Period of retention: The period of retention is as follows:
 - 2016 Tranche: December 16, 2017; and
 - 2017 Tranche: no period of retention for shares if the final allocation date is the date of the Board of Directors meeting called to approve the 2017 financial statements (or December 16, 2017 otherwise).
- Condition of uninterrupted presence throughout the acquisition period.

Furthermore, on March 11, 2016, the Board of Directors, acting on the delegation of the Extraordinary Stockholders' Meeting of December 16, 2015 (Resolution 1), decided to, as of April 1, 2016, allocate 20,000 new bonus shares to two new members of the Executive Committee who had not received bonus shares under the previous bonus share allocation plan authorized by the Combined Stockholders' Meeting of March 1, 2012.

The allocation conditions for these bonus shares are therefore as follows:

- Prior waiver by each Beneficiary of all bonus shares previously allocated to them.
- Fulfilling associated conditions in 2016 and 2017
- Acquisition period: the shares shall be definitively allocated, as follows:
 - 2016 Tranche: definitive allocation of 50% of the shares on April 1, 2017 if performance conditions are met;
 - 2017 Tranche: definitive allocation of the second half of the shares (or all shares if none has been granted the previous year) on April 1, 2018 or on the date of the Board of Directors will approve the 2017 annual statements if this board meeting is held after

April 1, 2018, should the performance conditions be met;

- Or, for both tranches, on the start date of the public offering referred to above if earlier, without the final allocation being made before April 01, 2017.
- Period of retention: the length of the Period of retention is as follows:
 - 2016 Tranche: April 1, 2018;
 - 2017 Tranche: no Period of retention for shares if the final grant date is April 1, 2018, or the date of the Board of Directors meeting called to approve the 2017 financial statements if this board meeting is held after April 1, 2018
- Condition of uninterrupted presence throughout the acquisition period.

The "Leapfrog" strategic plan

Lastly, in order to build on the entrepreneurial dynamic and to involve managers and employees who play a decisive role in achieving results and creating value, we hereby inform you that extraordinary resolution 5 as agreed at the Stockholders' Meeting of November 30, 2016 created a new bonus plan with strict performance conditions in line with the ambitious trajectory of the "Leapfrog 2020" strategic plan.

This is why nearly five years after this first plan, SES-imagotag is now entering a new stage in its development with the "Leapfrog 2020" strategic plan, which aims to speed up the company's global growth.

With the aim of maximizing our chances of reaching these ambitious goals, the company wants to set up a new plan, one designed for a wider population than the previous plan, including managers and employees who make significant contributions to the company's performance as well as new talented individuals who we hope to attract as we develop technologically and expand internationally.

Extraordinary resolution 5 as agreed by the Stockholders' Meeting of November 30, 2016 authorized the Board of Directors, on one or more occasions, pursuant to Article L 225-197-1 of the French Commercial Code, to allocate new ordinary bonus shares through a capital increase by capitalizing reserves, premiums or profits, or by delivering existing shares, to an overall ceiling of 3% of the capital stock existing on the date of the decision to allocate them (i.e. 358,614 shares).

Under this authorization, and on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided at the meeting of November 30, 2016 to allocate up to 80,000 bonus shares to the Company Chairman and Chief Executive Officer.

On December 22, 2016, and on the Chairman's proposal, the Board of Directors decided to allocate 218,500 existing shares or shares to be issued to Company employees.

On March 10, 2017, and on the Chairman's proposal, the Board of Directors decided to allocate 5,000 existing shares or shares to be issued to one Company employee.

The allocation conditions for these bonus shares are therefore as follows:

- Fulfilling associated conditions from 2017 to 2020
- Acquisition period: the shares shall be definitively allocated, as follows:
 - In 2018: 30% of the shares will be definitively allocated on March 31, 2018 if the cumulative performance conditions (individual and collective) have been met (2017 Target);
 - In 2019: 30% of the shares will be definitively allocated on Sunday, March 31, 2019 if the cumulative performance conditions (individual and collective) have been met (2018 Target);

- In 2020: 20% of the shares will be definitively allocated on Tuesday, March 31, 2020 if the cumulative performance conditions (individual and collective) have been met (2019 Target);
- In 2021: 20% of the shares will be definitively allocated on Wednesday, March 31, 2021 if the cumulative performance conditions (individual and collective) have been met (2020 Target);
- Or, a definitive allocation of all shares should a public offering be made (i) recommended by the Board of Directors and (ii) covering the Company's total capital stock.
- Period of retention: the length of the period of retention is as follows:
 - For shares acquired in 2018, a 1-year period of retention is stipulated after the 1-year acquisition period expiring on March 30, 2019,
 - For shares acquired in 2019, 2020 and 2021, no holding period has been stipulated because the acquisition period is at least 2 years. Consequently, these shares will be available respectively and therefore transferable on March 31, 2019, March 31, 2020 and March 31, 2021
- Condition of uninterrupted presence throughout the acquisition period.

On October 23, 2017, the Board of Directors indicated that the periods for allocating and holding these free shares would be defined as described below in the case of an effective change in control of SES-imagotag followed by a takeover bid endorsed by the Board of Directors:

- If the alternative condition is met before the first anniversary of the allocation of the free shares, all the shares shall be delivered on this anniversary date and shall be

restricted by a holding period of one year beginning on the date of said anniversary, i.e. for shares allocated on November 30, 2016, a definitive delivery date of November 30, 2017, and a holding period ending on November 30, 2018; and

- for shares allocated on December 22, 2016, a definitive delivery date of December 22, 2017, and a holding period ending on December 22, 2018.

If the alternative condition is met after the first anniversary of the allocation of the free shares, all the shares shall be delivered on the date on which the alternative condition is met and shall be restricted by a holding period of one year beginning on said date of fulfillment of the alternative condition. The Board of Directors wanted to allow beneficiaries the possibility to opt for the delivery of all the shares two years after their allocation, namely, in the event that the alternative condition is met before the second anniversary of allocation of the free shares, i.e. November 30, 2018, for shares allocated on November 30, 2016, and December 22, 2018, for shares allocated on December 22, 2016. In this case, the shares delivered would not be restricted by any holding period. This possibility would notably allow beneficiaries who file taxes in a foreign country and whose capital gains are taxable on the date of acquisition of the shares to immediately dispose of their shares to cover the amount of social security and/ or income tax owed on the date of delivery of the shares.

On February 21, 2017 the Board acknowledged the realisation of the performance criterias for 2016 and thus the delivery of of 50% of the performance shares allocated i.e. 110,014 shares.

On December 21, 2017, the Board of Directors confirmed fulfillment of the alternative conditions for free share allocation put in place by the Board of Directors at its meetings on December 16, 2015, March 11,

2016, November 30, 2016, December 22, 2016, and March 10, 2017.

The Board of Directors' meeting of November 30, 2016 also stated that the corporate officers allocated bonus shares would undertake to retain 30% of the shares definitively allocated until the end of their term of office, regardless of the reason, as well as all combined bonus share plans. On December 21, 2017, the Board of Directors noted the significance of the investment made by Mr. Thierry Gadou both in cash and in Company shares, which, moreover, amounts to a much higher percentage of capital than the 30% of shares which have been or will be allocated to Mr. Thierry Gadou under the Company's free share allocation plans currently in effect.

In light of this investment and the holding commitments made in this matter by Mr. Thierry Gadou, the Company's Board of Directors has decided to modify the number of free shares allocated to Mr. Thierry Gadou which are to be held (directly) by him until he ceases to hold the position of Chairman and Chief Executive Officer, setting it at 20,000 shares (for all free share allocation plans combined).

On December 21, 2017, the Board of Directors noted the significance of the investment made by Mr. Thierry Gadou both in cash and in Company shares, which, moreover, amounts to a much higher percentage of capital than the 30% of shares which have been or will be allocated to Mr. Thierry Gadou under the Company's free share allocation plans currently in effect.

In light of this investment and the holding commitments made in this matter by Mr. Thierry Gadou, the Company's Board of Directors has decided to modify the number of free shares allocated to Mr. Thierry Gadou which are to be held (directly) by him until he ceases to hold the position of Chairman and Chief Executive Officer, setting it at 20,000 shares (for all free share allocation plans combined). On December 21,

2017, the Board noted that the alternative conditions of the free share plans implemented by the meetings of the Board of Directors held on December 16, 2015, March 11, 2016, November 30, 2016, December 22, 2016 and March 10, 2017 had been met.

Thus on February 6th 2018 and on September 17, 2018, 228.000 shares have been delivered. On December 21st 2017, the Board noted that the alternative conditions of the bonus shares plans dated December 16th 2015 and March 11th 2016, have been met, thus on March 5th 2018, The Board acknowledged the delivery of the remaining 50% shares (110,017 shares). On February 11 2019, the Board has acknowledged

the delivery of 64 500 shares dated December 22, 2018 and 5 000 bonus shares dated March 10, 2018. Finally, we hereby inform you that no other shares have been allocated free-of-charge during the financial year to officers by the Company and by those associated with it in accordance with the provisions provided for in Article L. 225-197-2 of the French Commercial Code, or (ii) based on their duties and functions

Free Shares allocation

| AUTHORIZATION DATE BY THE EGM | | EGM DATED 16/12/2015 ¹ FOR 26 MONTHS, I.E. 02/15/2018 MAXIMUM VOLUME : 2% OF THE CAPITAL STOCK ON THE BOARD MEETING DATED 16/12/2015 I.E. 232.632 BONUS SHARES MAXIMUM | |
|--------------------------------|---|--|---|
| ALLOCATION DATE ² | | 16/12/2015 | 11/03/2016 |
| BÉNÉFICIAIRES | Mr Thierry GADOU Gadou as Chairman and CEO | 139,069 maximum | None |
| | Other employees | 69,390 maximum | 20,000 maximum |
| ACQUISITION DATE ³ | | Tranche 2016: acquisition of 50 % of the shares on 21/02/2017 | Tranche 2016: acquisition of 50 % of the shares on 01/04/2017 |
| | | Tranche 2017: definitive allocation (anticip- ated) of 50 % of the shares, the day the public offer is open (March 2, 2018) | Tranche 2017: definitive allocation (anticip- ated) of 50 % of the shares, the day the public offer is open (March 2, 2018) |
| AVAILABILITY DATE ⁵ | | 02/03/18 | 01/04/18 |

1- Powers granted during EGM dated 16.12.2015 replace those granted pursuant to the authorization of the EGM of March 1, 2012; the beneficiaries of the prior plan having beforehand formally waived their rights under said previous plan.

2- Allocation date by the Board of Directors.

EGM DATED 30/11/2016
OR 26 MONTHS, I.E. 30/01/2019
MAXIMUM VOLUME : 3% OF THE STOCK CAPITAL ON THE BOARD
MEETING DATED 11/30/2016 I.E. 358,614 MAXIMUM

30/11/2016

22/12/2016

10/03/2017

80,000 maximum

None

None

None

218,500 maximum

5,000 maximum

Definitive allocation of 80,000 actions
(anticipated) alternative conditions fulfilled
i.e. 21/12/2017

Definitive allocation of 148,000 actions
(anticipated) alternative conditions fulfilled
i.e. 22/12/2017

Definitive allocation one year after their
allocation on 10/03/2018

6,000 shares voided and definitive allocation of 64,500 shares on 22/12/2018

21/12/2018

22/12/2018

10/03/2018

3- The allocation of the shares to their beneficiaries will become final after a minimum acquisition period of one year.

4- Possibility to opt for the delivery of all the shares two years after their allocation.

5- The cumulative acquisition and holding periods may not be less than two years, as the term of the holding period begins to run from the final share

II-SPECIAL REPORTS

7

SUPPLEMENTARY BOARD OF DIRECTORS REPORT

(ARTICLES L. 225-129-5 AND R. 225-116 OF THE COMMERCIAL CODE)

Supplementary report of the Board of Directors on the Company's capital increase, without preferential subscription rights

(Articles L. 225-129-5 and R. 225-116 of the French Commercial Code)

SUPPLEMENTARY BOARD REPORT

Ladies and Gentlemen,

The Board of Directors has decided to exercise the delegations of authority granted by the fifteenth and sixteenth resolutions of the shareholders' general meeting of SES-imagotag (the "General Meeting") of May 24, 2019 to issue ordinary shares, without preferential subscription rights, by private placement to qualified investors in accordance with the provisions of Articles L. 225-136 of the French Commercial Code and L. 411-2 of the French Monetary and Financial Code.

1. Terms of the transaction

1.1. General Meeting of May 24, 2019

The General Meeting of May 24, 2019, in its fifteenth resolution, delegated to the Board of Directors, which in turn may delegate in accordance with legislative and regulatory conditions, the authority to decide to carry out, under the offers mentioned in II of Article L.411-2 of the French Monetary and Financial Code, under the conditions and maximum limits provided by the law and regulations, the issue, without preferential subscription rights, of ordinary shares of the Company, up to a maximum nominal amount of two million eight hundred and eighty thousand euros (€2,880,000). Furthermore, the General Meeting of May 24, 2019, in its sixteenth resolution, authorised the Board of Directors, which may in turn delegate this authority in accordance

The purpose of the Company's capital increase is to finance the growth of its activities and its international development.

Pursuant to an Investment Agreement between the Company and Qualcomm Incorporated ("Qualcomm") dated December 4, 2019, Qualcomm, a leading US company in the field of mobile technology, development and implementation of telecommunications solutions, subscribed to the capital increase for an amount of €9 million. The Company and Qualcomm Technologies International, Ltd., the parent company of the Qualcomm

group, have also entered into a strategic collaboration agreement under which the parties will cooperate in the development of a new solution to support the digitisation of retail stores.

with legislative and regulatory provisions, for a maximum amount of 10% of the share capital, to override the conditions for setting prices provided by the fifteenth resolution of the General Meeting and to determine the issue price in accordance with the following conditions: (i) the weighted average price of the Company's share on the Euronext Paris regulated market the day before the date the issue price is set, less a maximum discount of 10% if necessary or (ii) the weighted average of the Company's share price on the Euronext Paris regulated market over a maximum period of six months prior to the date the issue price is set, less a maximum discount of 10% if necessary.

In accordance with the provisions of Articles L. 225-129-5 and R. 225-116 of the French Commercial Code, we have prepared a report supplementing the Board of Directors' report to be presented to the next General Meeting in order to inform the shareholders on the conditions of this transaction.

1.2. Decision of the Board of Directors of November 28, 2019

The Board of Directors, at its meeting of November 28, 2019, decided to use the delegations granted to it by the General Meeting of May 24, 2019 in its fifteenth and sixteenth resolutions and:

- unanimously approved the principle of a capital increase of the Company, representing a maximum of 10% of the share capital;
- sub-delegated to Mr. Thierry Gaudou, Chairman and Chief Executive Officer, the authority to set the final terms and conditions of the transaction.

1.3. Decisions of the Chairman and Chief Executive Officer of December 4 and 5, 2019

On December 4, 2019, Mr. Thierry Gadou, Chairman and Chief Executive Officer, pursuant to the sub-delegation granted by the Board of Directors' meeting of November 28, 2019, decided to issue new ordinary shares of the Company with a nominal value of €2 each (the "New Shares"), for a total amount of €30 million (including share premium).

On December 5, 2019, Mr. Thierry Gadou, Chairman and Chief Executive

Officer, pursuant to the sub-delegation granted by the Board of Directors' meeting of November 28, 2019, decided, pursuant to this sub-delegation and in consideration of the results of the accelerated placement, to increase the proposed amount of the capital increase to approximately €35,000,000, and to set the subscription price of the New Shares at €28.50, composed of €2 of nominal value and €26.50 of issue premium, the final gross proceeds of the issue (including issue premium) amounting to €35,000,023.50, by issuing 1,228,071 New Shares.

1.4 Decision of the Chairman and Chief Executive Officer of 9 December 2019

On December 9, 2019, the Chairman and Chief Executive Officer, based on the depositary's certificate issued by BNP Paribas Securities Services, acknowledged the completion of the capital increase and consequently increased the amount of the Company's share capital to €31,510,016, which is now composed of 15,755,008 ordinary shares with a nominal value of €2 each.

2. Description of the impact of the issue on the situation of holders of equity securities and securities giving access to the capital

2.1 Impact of the issue on the shareholders' equity

For reference only, the impact of the issue of the New Shares on the Company's shareholders' equity (Group share) (calculations based on the

Company's shareholders' equity as at 30 June 2019 and the number of shares composing the Company's share capital as at 30 June 2019

after deduction of treasury shares) would be as follows:

| EN EUROS PAR ACTION | SHAREHOLDERS' EQUITY PER SHARE AS AT JUNE 30, 2019 (ON A NON-DILUTED BASIS) | SHAREHOLDERS' EQUITY PER SHARE AS AT JUNE 30, 2019 (ON A DILUTED BASIS) ¹ |
|---|--|---|
| BEFORE THE ISSUE OF THE NEW SHARES | €9.55 | €9.55 |
| AFTER THE ISSUE OF 1,228,071 NEW SHARES | €10.97 | €10.97 |

¹ In the event of exercise of the 30,700 outstanding share subscription options representing 0.2% of the share capital and voting rights of SES-imagotag.

2.2 Impact of the issue on the shareholder's situation

For reference only, the impact of the issue of the New Shares on the participation of a shareholder who holds 1% of the Company's share ca-

pital prior to the issue of the New Shares and who does not subscribe to the issue of the New Shares (calculated on the basis of the number

of shares composing the Company's share capital as at 4 December 2019), is as follows:

| EN EUROS PAR ACTION | PARTICIPATION OF THE SHAREHOLDER (ON A NON-DILUTED BASIS) | PARTICIPATION OF THE SHAREHOLDER (ON A DILUTED BASIS) ¹ |
|---|--|---|
| BEFORE THE ISSUE OF THE NEW SHARES | 1.00% | 1.00% |
| AFTER THE ISSUE OF 1,228,071 NEW SHARES | 0.92% | 0.92% |

¹ In the event of exercise of the 5,600 outstanding share subscription options representing 0.04% of the share capital and voting rights of SES-imagotag.

3. Theoretical impact of the issue of the new shares on the market value of the SES-imagotag share

The theoretical impact of the issuance of the New Shares on the market value of the SES-imagotag share, i.e. €30.87 (average of the last 20 trading days preceding

December 4, 2019) would be as follows (based on the number of shares composing the Company's share capital as at December 4, 2019):

| | NUMBER OF SHARES (NON DILUTED BASIS) | MARKET VALUE PER SHARE (IN EUROS) (NON DILUTED BASIS) | NUMBER OF SHARES (DILUTED BASIS) ¹ | MARKET VALUE PER SHARE (IN EUROS) (DILUTED BASIS) ¹ |
|---|---|--|--|---|
| AVANT ÉMISSION DES ACTIONS NOUVELLES | 14,528,037 | €30.88 | 14,533,637 | €30.87 |
| APRÈS ÉMISSION D'UN NOMBRE DE 1 228 071 ACTIONS NOUVELLES | 15,756,108 | €30.64 | 15,761,708 | €30.63 |

¹ In the event of exercise of the 5,600 outstanding share subscription options representing 0.04% of the share capital and voting rights of SES-imagotag.

The market value (non-diluted basis) was obtained by taking the stock market capitalisation before the capital increase, corresponding to the average of the 20 trading days preceding December 4, 2019 (or €30.87) multiplied by the total number of shares (or 14,526,937 shares before the issuance of the New Shares), plus the estimated net proceeds of the issue (approximately 34.04 million euros), the aggregate being divided by 15,755,008

corresponding to the sum of the number of shares before the issue of the New Shares (14,526,937 shares) and the total number of shares resulting from the current capital increase (1,228,071 New Shares).

The Statutory Auditors have examined the compliance of this capital increase with the delegations granted by the General Meeting of May 24, 2019, which they certify in their supplementary report prepared in accordance

with Articles R. 225-116 and R. 225-117 of the French Commercial Code.

In accordance with the legal and regulatory provisions in force, this supplementary report and that of the Statutory Auditors are available to the shareholders at the Company's registered office and will be brought directly to the attention of the shareholders at the next general meeting.

The Board of Directors

III-GOVERNANCE REPORT

Dear stockholders,

In accordance with the provisions of Article L. 225-37 of the French Commercial Code, this report presents information on the Board's composition and on the application of the principle of balanced gender representation as it relates to board members for the year ended December 31, 2019, the conditions for preparing and organizing the work of your Board of Directors, as well as the limitations imposed by the Board of Directors on the powers of the Chairman and Chief Executive Officer as well as on the specific terms and conditions relating to shareholder participation in Stockholders' Meetings.

Furthermore, this report presents information on the specific terms and conditions relating to stockholder participation in stockholders' meetings and on the current delegations granted by the Stockholders' Meeting in the matter of capital increases, as well as a list of all the appointments and functions held in any company by each corporate officer and regulated agreements as well as standard agreements concluded directly or indirectly (Article 225-37-4 of the French commercial code as amended by Loi Pacte on May 22, 2019).

This report also states information that may have an impact in the event of a public offering, in accordance with article L. 225-37-5 of the French Code of Commerce, as amended through Loi Pacte on May 22, 2019.

The Board of Directors approved this report on April 2, 2020.

The Company is pursuing a corporate governance policy. The Company adopted a charter on December 12, 2005, which entered into force on February 2, 2006 (hereinafter "the Corporate Governance Charter" or "the Charter"), which refers to the Code of Government developed by professional organizations. The Company drew inspiration from the AFEP-MEDEF Consolidated Code ,updated on January 2020 , which constitutes the Corporate Governance Code to which it refers in preparing this report.

The AFEP-MEDEF Code is available on the MEDEF website: <http://www.medef.com>).

8.1 COMPOSITION AND FUNCTIONING OF THE BOARD OF DIRECTORS

8.1.1 MEMBERS OF THE BOARD OF DIRECTORS

(ARTICLE L. 225-37-4, 6 OF THE CODE OF COMMERCE).

As of December 31, 2019, the Board is composed of 9 directors, including 3 independent directors, and one censor, as shown in the table below. The recommendation of the AFEP-MEDEF Code that the share of independent directors should be at least one third is therefore respected.

The directors' profiles detailed below reflect a diversity of profiles and a mix (age, gender, nationalities) in full line with the group's shareholding structure and international development strategy.

| NAME | AGE | INDEPENDANT | OTHER ROLES | AUDIT COMMITTEE | APPOINTMENT & COMPENSATION COMMITTEE | YEARS ATTENDING THE BOARD |
|--------------------|-----|-------------|---|-----------------|--------------------------------------|---------------------------|
| MR THIERRY GADOU | 53 | No | BOE Smart Retail (Hong Kong) Co, Director; SESIM SA, France, Chairman; Amalto Technologies SA, France, Director. | | | 7 years et 11 months |
| MR XIANGJUN YAO | 42 | No | BOE Technology Group Co, Ltd, Beijing, PRC, Executive Vice president BOE Smart Retail (Hong Kong) Co, Chairman | | Member | 2 |
| MRS XIANGSHUN YIN | 37 | No | ITS Business Group, BOE Technology Group Co, Ltd, Beijing, PRC, CFO Budget MDGT dept; Digital Sharing Service Program, BOE Technology Group Co, Ltd, Beijing, PRC, Project Management Officer; BOE Smart Retail (Hong Kong) Co, Director | President | | 2 |
| MS CANDACE JOHNSON | 67 | Yes | NorthStar Earth and Space, Montreal Canada, Vice Chair of the Board of Directors; Seraphim Space Capital, UK, Chair of the Corporate Advisory Board; OWNSAT Oceania Women's Network Satellite, Singapore, Director; | Member | Member | 7 |
| MRS HÉLÈNE PLOIX | 75 | Yes | FSH Conseil SAS, France, President Sorepe Société civile, France, Manager; Genesis Emerging Markets Fund Limited, Guernsey, listed company, President; Ferring SA, Switzerland, Director; Sogama Crédit associatif, France, President; Hélène Ploix SARL, France, Manager; Hélène Marie Joseph SARL, France, Manager. | Member | Member | 1 year and 10 months |
| MR RENAUD VAILLANT | 41 | Yes | SARL DB Consulting, Manager; aratinga.bio, President; aratinga.bio ACI, President; aratinga.bio TNP, President; aratinga.bio AIO, President. | Member | President | 12 years and 6 months |
| MR FENG BAI | 43 | No | Smart Retail SBU BOE Technology Co, Ltd, Beijing, P.R.C., Co CEO; BOE Smart Retail (Hong Kong) Co, director. | | | 1 year and 10 months |
| MR LINFENG JING | 41 | No | ITS Business Group, BOE Technology Co, Ltd, Beijing, P.R.C., Senior Vice President. BOE Smart Retail (Hong Kong) Co, Director | | | 1 year and 3 months |
| MRS FANGQI YE | 50 | No | BOE Technology Group Co, Ltd, Beijing, PRC, Deputy Chief Investment Officer; BOE Smart Retail (Hong Kong) Co, Director. | | | 1 year and 10 months |
| MR JOHNSON LEE | 41 | Non Voting | E Ink Holdings Inc. President | | | 1 year and 6 months |

TABLE OF MANDATES AND FUNCTIONS PERFORMED IN ANY COMPANY BY EACH DIRECTOR IN 2019 (Article L. 225-37-4, 1 of the Code of Commerce).

| NAME | ROLE AND LENGTH OF TERM | HISTORY AND NOTES | OTHER ROLES AND FUNCTIONS HELD BY THE OFFICER DURING THE FINANCIAL YEAR |
|--|--|---|---|
| MMR THIERRY GADOU 53 YEARS OLD FRENCH | Chairman and CEO Until the Ordinary Shareholders' Meeting is held to approve the accounts for the financial year ending December 31, 2019, to be held in 2020. | Appointment of Thierry Gadou as CEO by the Board of Directors to replace Yves Martin for an indeterminate period (meeting of January 13, 2012) Appointment of Thierry Gadou as Chairman of the Board of Directors by the Board of Directors (meeting of January 18, 2012) to replace Yves Martin Appointment of Thierry Gadou by cooptation as Director by the Board of Directors (meeting of January 18, 2012) to replace Yves Martin; ratification by the Combined Shareholders' Meeting of March 1, 2012 (Resolution 1) Renewal of term as Director by the Ordinary Shareholders' Meeting on May 21, 2014 (Resolution 9) Renewal of term as Chairman of the Board by the Board (Meeting on May 21, 2014) Renewal of term as Director by the Ordinary Shareholders' Meeting on June 23, 2017 (Resolution 12) Renewal of term as Chairman of the Board by the Board (Meeting on June 23, 2017) | BOE Smart Retail (Hong Kong) Co, Director; SESIM SA, France, Chairman; Amalto Technologies SA, France, Director. |
| MR XIANGJUN YAO 42 YEARS OLD CHINESE | Director Until the Ordinary Shareholders' Meeting is held to approve the accounts for the financial year ending December 31, 2019, to be held in 2020. | Appointment as co-opted Director by the Board of Directors dated December 21, 2017, to replace Jérôme Kinas. Ratification of the co-optation on the Ordinary Shareholders' Meeting dated February, 6, 2018 (Resolution 2). | BOE Technology Group Co, Ltd, Beijing, PRC, Executive Vice president; BOE Smart Retail (Hong Kong) Co, Chairman. |
| MRS XIANGSHUN YIN 37 YEARS OLD CHINESE | Director Until the Ordinary Shareholders' Meeting is held to approve the accounts for the financial year ending December 31, 2019, to be held in 2020. | Appointment as Co-opted Director by the Board of Directors dated December 21, 2017, to replace Mrs Hélène Ploix representing Pechel Industries Partenaires. Ratification of the co-optation on the Ordinary Shareholders' Meeting dated February, 6, 2018 (Resolution 1). | IITS Business Group, BOE Technology Group Co, Ltd, Beijing, PRC, CFO Budget MDGT dept; Digital Sharing Service Program, BOE Technology Group Co, Ltd, Beijing, PRC, Project Management Officer BOE Smart Retail (Hong Kong) Co, Director |
| MRS GANDACE JOHNSON 67 YEARS OLD AMERICAN | Independant Director Until the Ordinary Shareholders' Meeting is held to approve the accounts for the financial year ending December 31, 2019, to be held in 2020. | Resignation of Bernard Jolley from his post as Director on August 31, 2012 Appointment by cooptation in the capacity of Independant Director by the Board of Directors (meeting of August 31, 2012) to replace Bernard Jolley; ratification by the Ordinary Shareholders' Meeting called to decide on the accounts for the financial year ended December 31, 2012 Renewal of term as Independant Director by the Ordinary Shareholders' Meeting on May 21, 2014 (Resolution 13) Renewal of term as Independant Director by the Ordinary Shareholders' Meeting on June 23, 2017 (Resolution 16) | NorthStar Earth and Space, Montreal Canada, Vice Chair of the Board of Directors; Seraphim Space Capital, UK, Chair of the Corporate Advisory Board; OWNSAT Oceania Women's Network Satellite, Singapore, Director; |
| MRS HÉLÈNE PLOIX 75 YEARS OLD FRENCH | Independant Director Until the Ordinary Shareholders' Meeting is held to approve the accounts for the financial year ending December 31, 2020, to be held in 2021. | Appointment as an Independant Director by the Ordinary Shareholders meeting on February 6, 2018 (Resolution 6) | FSH Conseil SAS, France, President Sorepe Société civile, France, Manager; Genesis Emerging Markets Fund Limited, Guernsey, listed company, President; Ferring SA, Switzerland, Director; Sogama Crédit associatif, France, President; Hélène Ploix SARL, France, Manager; Hélène Marie Joseph SARL, France, Manager. |

| NAME | ROLE AND LENGTH OF TERM | HISTORY AND NOTES | OTHER ROLES AND FUNCTIONS HELD BY THE OFFICER DURING THE FINANCIAL YEAR |
|---|--|--|--|
| MR RENAUD VAILLANT 41 YEARS OLD FRENCH | Independant Director Until the Ordinary Shareholders' Meeting is held to approve the accounts for the financial year ending December 31, 2019, to be held in 2020. | Appointment as interim Chairman of the Board of Directors by the Board of Directors (meeting on January 13, 2012) to replace Yves Martin until the appointment of Thierry Gadou by the Board of Directors on January 18, 2012 Appointment by cooptation as Independant Director by the Board of Directors (meeting on June 29, 2012) to replace Xavier Jaspar; ratification by the Combined Shareholders' Meeting on September 14, 2007 (Resolution 4) Renewal of the term as Director by the Ordinary Shareholders' Meeting on June 11, 2008 (Resolution 10) Renewal of the term as Director by the Ordinary Shareholders' Meeting on June 22, 2010 (Resolution 15) Renewal of the term as Director by the Ordinary Shareholders' Meeting on June 28, 2011 (Resolution 15) Renewal of the term as Director by the Ordinary Shareholders' Meeting on May 21, 2014 (Resolution 12) Renewal of term as Director by the Ordinary Shareholders' Meeting on June 23, 2017 (Resolution 15) | SARL DB Consulting, Manager; aratinga.bio, President; aratinga.bio ACI, President; aratinga.bio TNP, President; aratinga.bio AIO, President. |
| MR FENG BAI 43 YEARS OLD CHINESE | Director Until the Ordinary Shareholders' Meeting is held to approve the accounts for the financial year ending December 31, 2020, to be held in 2021. | Appointment as a Director by the Ordinary Shareholders meeting on February 6, 2018 (Resolution 3). | Smart Retail SBU BOE Technology Co, Ltd, Beijing, P.R.C., Co CEO; BOE Smart Retail (Hong Kong) Co, Director. |
| MR LINFENG JING 41 YEARS OLD CHINESE | Director Until the Ordinary Shareholders' Meeting is held to approve the accounts for the financial year ending December 31, 2020, to be held in 2021. | Mr JIANG appointment as a Director by the Ordinary Shareholders meeting on February 6, 2018. On September 17, 2018 Resignation of Mr JIANG and appointment by co-optation by the Board of Directors of Mr JING. Ratification to be submitted to the Shareholders meeting on May 24, 2019. | ITS Business Group, BOE Technology Co, Ltd, Beijing, P.R.C., CEO Senior Vice President. BOE Smart Retail (Hong Kong) Co, Director. |
| MRS FANGQI YE 50 YEARS OLD CHINESE | Director Until the Ordinary Shareholders' Meeting is held to approve the accounts for the financial year ending December 31, 2020, to be held in 2021. | Appointment as a Director by the Ordinary Shareholders meeting on February 6, 2018 (Resolution 4). | BOE Technology Group Co, Ltd, Beijing, PRC, Deputy Chief Investment Officer; BOE Smart Retail (Hong Kong) Co, Director. |
| MR JOHNSON LEE 41 YEARS OLD CHINESE | Non Voting Director Until the Ordinary Shareholders' Meeting is held to approve the accounts for the financial year ending December 31, 2020, to be held in 2021. | Appointment as a non voting Director by the Board of Directors on June 22 2018. | E Ink Holdings Inc. President |

AJ THE CHAIRMAN

(i) Appointment

In accordance with the provisions of the New Economic Regulations Act, the possibility of separating the functions of Chairman of the Board of Directors from those of Chief Executive Officer is stipulated in the Company's Articles of Incorporation (article 12).

At its meeting held on January 13, 2012, the Board of Directors decided to appoint Thierry Gadou as CEO with no term of office.

Pursuant to the Company's Articles of Incorporation, the Board of Directors appoints the Chairman of the Board from among its members for a period set by the Board of Directors and which cannot under any circumstances exceed the term of office as a Director. The Chairman can be reelected (Article 12 of the Articles of Incorporation).

As per Article 12 of the Company's Articles of Incorporation, the Board of Directors appointed Thierry Gadou as Chairman of the Board at its meeting held on January 18, 2012 for the duration of his term as a Director. Thierry Gadou's term of office expired at the end of the stockholders Meeting called to approve the financial statements for the year ended December 31, 2013, which was held on May 21, 2014.

The Stockholders' Meeting of May 21, 2014 decided to renew Thierry GADOU's term of office of as Director for a 3-year period until the Ordinary Stockholders' Meeting called to approve the financial statements for the 2016 financial year, to be held in 2017.

The Ordinary Stockholders Meeting held on June 23, 2017, decided to renew Thierry Gadou's term as a Director for a period of three years, i.e. until the Ordinary Stockholders' Meeting to be called on June 29, 2020 to approve the accounts for the 2019 financial year.

At its meeting of June 23, 2017, the Board of Directors then decided, with the unanimous approval of those in attendance, to renew Thierry Gadou's term as Chairman of the Company's Board of Directors for the duration of his term as a director.

It is proposed at the General Assembly of 29 June 2020 to renew the mandate of director of Mr Thierry GADOU for a period of 3 years until the ordinary General Assembly called to rule on the accounts of the 2022 financial year and to be held in 2023.

BJ DIRECTORS

(i) Appointments

In accordance with the AFEP-MEDEF Governance Code, the members of the Board of Directors are appointed by a Stockholders' Meeting for a 3-year term.

The term of office of a Director concludes at the end of the ordinary Stockholders' Meeting called to approve the financial statements for the past financial year and held in the year in which their term expires (Article 11 of the Articles of Incorporation). During the life of the company, the Ordinary Stockholders' Meeting appoints, renews or dismisses Directors. They can always be reelected. However, should there be a vacancy due to the death or resignation of one or more Directors from the Board, the Board of Directors may, between two Stockholders' Meetings, make provisional appointments in accordance with the conditions provided for under the law. The provisional appointments made by the Board of Directors must be ratified by the next Stockholders' Meeting. A Director appointed to replace another shall hold office only for the remainder of their predecessor's term of office.

(ii) Renewal

The terms of the members of the Board of Directors were renewed at the Annual Stockholders Meeting on

June 23, 2017, for a period of three years pursuant to the provisions of Article 11.1 of the Company's articles of incorporation, namely until the Ordinary General Stockholders' Meeting meant to approve the statements for the 2019 fiscal year, slated to be held on June 29, 2020.

On December 21, 2017, the Board of Directors acknowledged, effective as of December 20, 2017, the resignation of:

- the company Pechel Industries Partenaires from its role as a member of the Board of Directors; which also caused the termination of the duties of Ms. Hélène Ploix (as a representative of Pechel Industries Partenaires) within the Company's Accounting Committee,
- to be put above after accounting committee, Mr. Jérôme Kinas from his role as a Director; which also caused the termination of the duties of Mr. Jérôme Kinas within the Company's Appointments and Compensation Committee, effective immediately.

Therefore, at its meeting of December 21, 2017, the Board of Directors decided to appoint, temporarily and effective immediately:

- Ms. Xiangshun Yin to the role of Director, to replace the company Pechel Industries Partenaires, which resigned, for the remainder of the latter's term.
- Mr. Xiangjun Yao to the role of Director, to replace Mr. Jérôme Kinas, who resigned, for the remainder of the latter's term.

The Ordinary General Stockholders' Meeting which was held on February 6, 2018, ratified the nominations of Ms. Xiangshun Yin and Mr. Xiangjun Yao and also approved the nomination of four other Directors, including one independent member, namely:

- Mr. Feng Bai as a Director;
- Ms. Fangqi Ye as a Director;

- Mr. Xingqun Jiang as a Director;
- Ms. H el ene Ploix as an independent Director.
- Mr. Jonhson Lee has been appointed non voting Director on June 22nd 2018.

On September 17, 2018 the Board of Directors has validated M. Xingqun JIANG's resignation and appointed Linfeng JING, as a Director, for the same mandate duration as Xingqun JIANG, i.e. until the shareholders meeting held to approve December 31, 2020 financial results, in 2021.

In these circumstances, it is proposed at the General Assembly of 29 June 2020 to renew, for a period of 3 years until the ordinary General Assembly called to rule on the accounts for the 2022 financial year and to be held in 2023, the mandate of the following directors:

- Mr Thierry GADOU
- Mr Xiangjun YAO
- Ms. Candace JOHNSON (as an independent director)

The Board of Directors, and after having found that

a) Mrs Xiangshun YIN renounced the renewal of its mandate, as a Director, took note of her decision. **Resolution 7** therefore proposes to appoint Mrs. Cenhui HE as a new Director,

b) Mr. Renaud VAILLANT had reached the 12-year limit as an independent director, took note of his departure. By the ninth resolution, it is proposed that you appoint Mr Franck MOISON, as an independent director for a period of 3 years, until the ordinary General Assembly is called upon to rule on the accounts for the 2022 financial year and to be held in 2023

Mr Linfeng JING having resigned, the Board of Directors, at its meeting on 12 May 2020, decided to coopt Mr. Gang CHENG as a director, replac-

ing Mr. Linfeng JING, who resigned. Resolution 25 therefore proposes you to ratify that cooptation for the duration of the term remaining, until the ordinary general meeting called to rule on the accounts for the year ended December 31, 2020 and to be held in 2021

(iii) Independence of Directors

As a reminder, the recommendations of the AFEP-MEDEF Code for assessing the independence of its Directors are as follows:

they must not be nor have been over the preceding five years:

- an employee or executive corporate officer of the company;
- an employee, executive corporate officer or director of a company within the scope of the company's consolidation;
- they must not be an executive corporate officer of a company in which the company directly or indirectly holds a director's mandate or in which an employee designated as such or an executive officer of the company (current or within the last five years) holds a term of office as director;
- a client, supplier, investment banker, corporate banker:
 - of significant importance to the company or its group;
 - or for which the company or its group represents a significant part of the business;
- they must not have close family ties with a corporate officer;
- they must not have been an auditor of the company within the last five years;

they must not have been a Director of the company for more than twelve years. The status of Independent Director ceases on the twelfth anniversary;

- a non-executive corporate officer cannot be considered independent if he or she receives variable compensation in cash or securities or any compensation tied to the company's or group's performance;
- directors representing major stockholders of the company or its parent may be considered independent if these stockholders do not take part in the company's management. However, beyond a 10% threshold in capital or voting rights, based on a report by the Appointments Committee, the Board must always examine the independent status taking into account the composition of the company's equity and the existence of any potential conflicts of interest.

(iv) Principle of equal gender representation on the Board of Directors

It has been specified that in accordance with the provisions of Law 2011-103 of January 27, 2011 on balanced gender representation on the boards of directors and supervisory boards as well as on professional equality as per Article L. 225-17 of the French Commercial Code, the Board of Directors must seek to have balanced gender representation.

To this end, the law of January 27, 2011 stipulates that as of January 1st of the sixth year following the publication year of said law, the proportion of directors of each gender may not be less than 40% in companies with shares traded on a regulated market at the conclusion of the next Stockholders' Meeting called to rule on appointments. It is specified that the composition of the Board of Directors is consistent with the provisions of Act No. 2011-103 of January 27, 2011, which is consistent with the balanced representation of women and men on boards of directors and supervisory boards and professional equality and articles L. 225-17 and the following of the Code of Commerce.

Indeed, during the 2019 financial year, the composition of the Board of Directors of the Society satisfies these positions with 5 men and 4 women.

Furthermore, and in accordance with Article 225-37-4, 6° of the Code of Commerce, the diversity of the profiles of corporate officers is described in Chapter 8.1.1 of this report and details the criteria such as age, gender or qualifications and work experience of each of them.

The main qualities expected of a director are the experience of the company, the personal commitment to the work of the Board, the understanding of the economic and financial world, the ability to work together in mutual respect of the opinions, the courage to assert a potentially minority position, the sense of responsibility to shareholders and others through stakeholders, integrity.

C) CENSORS (NON VOTING DIRECTORS)

The Annual General Meeting of June 28, 2011 decided to amend the Company's by-law to allow the establishment of censors on the Board of Directors. The statutes provide that the Board of Directors may appoint one or more censors chosen from or outside the shareholders, individuals or corporations.

8.1.2 BOARD FUNCTIONING

(i) Duties of the board of Directors

Empowered by, the Articles of Association of the Company (including section 11-6) and the Charter of Corporate Governance.

In accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors acts in all circumstances in the corporate interest of the company and strives to promote value creation by the company in the long term by considering the social and environmental issues of its activities. It proposes, if necessary, any statutory development that it deems appropriate.

The censors carry out a general and permanent mission of assistance to the Society of the Board of Directors, but they cannot, under any circumstances, interfere in the management of the Company, nor substitute for the legal organs of the Company. Censors may participate as observers in Board meetings with an advisory voice. As part of their mission, censors may make submissions to the Board of Directors when they deem it necessary.

The duration of their duties is set by the Board of Directors without it being able to exceed three years. Censors are still eligible for re-election. The Board of Directors may, at any time, terminate their mandate without having to justify any motive. In the event of the death, assignment or termination of a censor's duties for any other reason, the Board of Directors may replace him for the duration of his remaining duties;

Under Article 11.7 of the Company's statutes, the Board of Directors appointed Mr Bertrand

Hainguerlot as censor at its meeting on 28 June 2011 for a period of 3 years. At its meeting on 21 May 2014, the Board of Directors decided to renew the mandate of Mr Bertrand Hainguerlot as censor for a period of 3 years. At its meeting on

Determining strategic directions is the Board's first mission.

In accordance with law, it fulfills the following main tasks: it appoints and dismisses the executives of the corporate officers, sets their remuneration, chooses governance structure, controls the management and ensures the quality of the information provided to shareholders and markets.

The Board is informed of market developments, the competitive environment and key issues facing the company, including social and environmental responsibility. It regularly reviews, in line with the strategy it has defined, opportunities and risks

27, April 2017, the Board of Directors renewed Mr Bertrand Hainguerlot as censor for a period of 3 years.

At its meeting on 21 December 2017, the Board of Directors took note of the resignation of Mr Bertrand Hainguerlot from his position as censor.

As part of the strategic alliance with the E Ink group and its shareholding in the Company, the Company has committed to have a censor designated by E Ink appointed to the Board of Directors. In accordance with this commitment, the Board of Directors of 22 June 2018 appointed Mr. Johnson Lee, Chairman of E Ink and a candidate of E Ink, as censor on the Board of Directors for a period of 3 years until the Ordinary General Assembly called upon to rule on the Company's accounts on 31 December 2020, to be held on 2021.

such as financial, legal, operational, social and environmental risks and the measures taken accordingly. To this end, it receives all the information necessary to carry out its mission, especially from the executive corporate officers.

The Board of Directors has set up two committees whose role is feed and back up the Board members decisions:

- The Audit Committee, made up of four members, three of whom are independent:
 - Chair: Ms Xiangshun YIN (Director until 29 June 2020);

- Mr. Renaud VAILLANT (Independent Director until 29 June 2020);
 - Ms. Candace JOHNSON (Independent Director); and
 - Ms. H el ene PLOIX (Independent Director) since 5 March 2018.
- The Appointments and Compensation Committee is made up of four members, three of whom are independent:
 - Chair: Mr. Renaud VAILLANT (Independent Director until 29 June 2020);
 - Mr. Xiangjun YAO (Director);
 - Ms. Candace JOHNSON (Independent Director); And
 - Ms. H el ene PLOIX (Independent Director) since 5 March 2018.

(ii) Key work of the Board of Directors

In accordance with Article L. 225-37-4, 5^o of the Code of Commerce, it is specified hereunder the conditions for the preparation and organisation of the Board's main work that occurred during the 2019 financial year.

Organizing Board meetings and attending sessions

In accordance with Article 11-2 of the Company's statutes, the Board of Directors is convened by the Chairman by all means, and in case of urgent matter, at least five days in advance.

In addition to the mandatory meetings of the Board (decreed annual and semi-annual accounts) there are also sessions whose holding is justified by the business.

During the 2019 financial year, the Company's Board of Directors met as often as necessary and held 11 meetings. The attendance rate of directors at meetings averaged more than 90%.

The Board of Directors met to discuss, among other things, the following:

In terms of financial information, budget and financial commitments:

- review and settlement of the accounts closed on 31 December 2018;
- Proposal to allocate the result;
- Dividends distribution policy;
- authorisation of bonds, endorsements and guaranties to be granted by SES-imagotag;
- implementation of the General Assembly's share repurchase program on delegation of competence and authorisation for the CEO to sign a liquidity contract (Meeting of 24 May 2019, 7th resolution);
- 2018 annual accounts and establishing the 2019 semi-annual activity report;
- Presentation of the results for the third quarter of 2019 and the establishment of forward-looking documents (Articles L. 232-2 and the Code of Commerce);
- review of financial press releases and financial communication.

In terms of strategic projects and operations:

- implementation of the delegations granted by the 15th and 16th resolutions of the shareholders meeting of 24 May 2019 in order to proceed with an issue of common shares, with the removal of the preferential right of subscription, by private placement with qualified investors in accordance with the provisions of Articles L. 225-136 of the Code of Commerce and L. 411-2 of the Monetary and Financial Code.

In terms of remuneration:

- Recognition of the exercise of options in 2019;
- Recognition of the implementation of the alternative conditions of the free shares plans put in place by the Board of Directors at its meetings on 22 December 2016 and 10 March 2017;

- approval of Thierry GADOU's remuneration in his capacity as CEO based on proposals from the Remuneration Committee;
- Remuneration of independent directors for fiscal year 2018;

On governance:

- Approval of the minutes of the Boards;
- convening the Shareholders meetings and determining the agenda and draft text of the resolutions to be submitted to the shareholders;
- company's policy on gender equity on the basis of indicators;
- Annual review of regulated agreements concluded and authorized in previous years that were continued in fiscal 2018 (Article L. 225-40-1 of the Code of Commerce);
- implementation of a procedure for assessing current agreements concluded under normal conditions in accordance with Article L. 225-37-4, 10^o, of the Code of Commerce resulting from Loi Pacte dated 22 May 2019.

The Board has regularly heard from the Auditors and read the minutes of the working sessions of the two committees of the Board of Directors, namely the Audit Committee and the Appointments and Compensation Committee.

Accounts commissioners are summoned to all Board meetings that approve annual or half year accounts.

The Meetings of the Board of Directors were chaired by the Chairman of the Board.

Two employees from the Works Council have been appointed as representatives to the Board of Directors for the year 2019:

- Mr. Cedric NOBLET; And
- Mr. Jerome CHEVAL.

The minutes of the meeting

The minutes of each meeting are drawn up by the Secretary of the Board appointed at each meeting, and then approved by the Chairman before signature for the next Board meeting. It is recorded in the Board minutes register when signed by the Chairman and one Director, transcribed in the register of minutes.

Board information

During the Board's meetings, the directors receive, within sufficient time, all the documents and information necessary to carry out their mission. Outside of the Board meetings, directors regularly receive all important information about the Company.

To ensure the presence of the directors, a schedule of Board meetings is set at the beginning of the year.

The Board's assessment

The AFEP-MEDEF Code recommends that the Board of Directors assess its ability to meet the expectations of the shareholders who gave mandate to manage the company. In order to comply with this recommendation, the Commission intends, as of fiscal year 2020, to periodically review its composition, organization and operation.

This evaluation will have three objectives:

- Evaluate the Board functioning;
- Ensure that important issues are properly prepared and debated;
- Appreciate the effective contribution of each director to the Board's work.

Shareholders will be informed of the completion of the evaluations and, if necessary, of the follow-up measures in the corporate governance report.

Compensation for the activity of independent directors

In accordance with the decision of the General Assembly of 24 May 2019 (3rd resolution), the total amount of remuneration was set at the sum of €50,000 (fifty thousands) euros for the year ended 31 December 2019.

Under Section L. 225-45 of the Code of Commerce, the Board of Directors allocated this annual fixed amount among independent directors. A share of this amount was allocated equally to independent directors subject to compliance with a condition of attendance at Board meetings.

The independent directors, Renaud VAILLANT and Ms. Candace JOHNSON, received 14,000 euros and 20,000 euros respectively for this annual fixed remuneration.

Ms. Hélène PLOIX did not receive any compensation for her business in the 2019 financial year.

(iii) Conflicts of interest

To the Company's knowledge, there are no potential conflicts of interest for Board members as well as for the Chairman and Chief Executive Officer to comply with their duty on the date of registration of this report.

8.1.3 FUNCTIONNING OF THE DIFFERENT COMMITTEES

AJ COMPOSITION AND DUTIES OF THE AUDIT COMMITTEE

Pursuant to the provisions, in particular in Article L.823-19 of the French Commercial Code, in 2009, the Company created a specific committee to monitor issues relating to the preparation and control of accounting and financial information.

The Company drew on the AFEP MEDEF Corporate Governance Code revised in January 2020 and the recommendations of the Autorité des Marchés Financiers (AMF) concerning Audit Committees.

The Board of Directors approved the rule of procedures for this specific committee at its meeting held on December 18, 2013.

(i) Membership

As the Audit Committee stems from the Board of Directors, its members are therefore appointed by the Board of Directors on the recommendation of the Appointments and Compensation Committee from among the Directors, with the exception of those exercising management functions.

Furthermore, at least one of the members of the Accounts Committee must have specific financial or accounting experience and be independent.

In accordance with the AFEP-MEDEF Code, the Audit Committee must consist of at least three members, two of whom must be independent Directors and this Committee must not include any executive officers.

The term of office of the members of the Audit Committee coincides with that of their directorship. No specific compensation is stipulated for the duties undertaken by Directors on the Audit Committee.

The members of the Audit Committee are as follows:

- Xiangshun YIN (Director until 29 June 2020); Chairwoman
- Renaud VAILLANT (Independent Director until 29 June 2020),
- Candace JOHNSON (Independent Director).
- Mrs Hélène Ploix (Independent Director)

This membership therefore complies with the requirements of the above-mentioned recommendations.

(ii) Duties

In accordance with Article L. 823-19 of the French Commercial Code, this Committee is responsible for monitoring the:

- process of preparing financial information;
- effectiveness of internal control and risk management systems;
- statutory auditing of the annual statements and, where applicable, the consolidated accounts by the Statutory Auditors;
- independence of the Statutory Auditors.

The AFEP-MEDEF Code states that the main task of the Audit Committee is to:

- examine the financial statements and to ensure that the accounting methods used for preparing the Company's consolidated and corporate statements are relevant and consistent;
- monitor the financial reporting process; monitor the effectiveness of internal control and risk management systems.

The duties of the Audit Committee are therefore as follows:

Duties relating to preparing financial information

- monitoring the preparation of accounting and financial information, both historical (periodic information) and forecast;
- ensuring there is a process for preparing press releases for the publication of the yearly, half-yearly and quarterly financial statements;
- verifying the accounting procedures for significant events or complex transactions that affect the Company's statements;
- ensuring that corrective actions are taken should a malfunction occur in the financial reporting process.

Duties relating to monitoring and reviewing income and consolidated financial statements

- reviewing the Company's yearly and half-yearly financial statements and related reports before the Board of Directors approves them;
- preparing for review by the Board of Directors the half-yearly and annual financial statements and consolidated financial statements;
- ensuring compliance with legal and regulatory requirements relating to accounting and financial information;
- ensuring the relevance and consistency of the accounting methods used for preparing the income and consolidated financial statements.

Duties relating to the independence and objectivity of the Statutory Auditors

- examining the risks related to the independence and objectivity of the Statutory Auditors and, as appropriate, any measures taken to mitigate these;

- meeting with the Statutory Auditors at each accounting closing and as often as deemed necessary;

in particular, receiving the following from the Statutory Auditors annually:

- their declaration of independence;
- the amount of fees paid to the network of auditors by the companies controlled by the company or the entity that runs it, for services not directly related to the Statutory Auditors' duties;
- information on the services performed as part of the audit procedures directly related to the duties as Statutory Auditors.

Duties relating to internal control and risk management

- Ensuring that internal control and risk management systems are in place and implementing these;
- reviewing the effectiveness of internal control and risk management procedures and therefore being cognizant of the findings of the internal audit and/or external audit work carried out regarding these matters to ensure that should malfunctions arise, appropriate action plans have been set up and follow-up actions have been taken;
- assessing the extent of the malfunctions or weaknesses communicated to it and informing the Board of Directors, if necessary.

(iii) Functioning

In compliance with the principle of independence, members of the Audit Committee attend Committee meetings alone. The Chairman and Chief Executive Officer may participate in Committee meetings at the invitation of the Audit Committee Chairman.

The Chief Financial Officer (and potentially his/her senior assistants), the internal auditor, the external au-

ditors or any other person deemed necessary may attend Audit Committee meetings.

The Audit Committee meets at least twice a year in March and September to consider respectively the yearly, and half-yearly financial statements and the management planning documents, and as often as it deems necessary.

Meetings are held either at the head office or at any other location indicated in the notice of meeting. Meeting notifications are to be sent in writing by any available means (letter, fax, email). Even if no notice is sent, the Committee can always validly deliberate if all its members are present or represented.

Except in emergency circumstances, an agenda shall be sent at least five days before the Committee meeting.

Minutes of each meeting of the Audit Committee are drawn up and signed by its Chairman and at least one of its members. These Minutes provide an accurate account of the debates and discussions during each meeting. The Board of Directors Minutes include a summary of the work of the Audit Committee and report on its opinions and recommendations.

Over the past year, the Committee met on:

- March 12, 2019 : 2018 financial statements review and report its opinion and recommendations to the Board of Directors on Management Report.
- September 18 2019: Half year 2019 financial statements review and recommendations to the Board of Directors on Management Report.
- April 2, 2020 and June 5, 2020: 2019 financial statements review and report its opinion and recommendations to the Board of Directors on Management Report.

B) COMPOSITION AND DUTIES OF THE APPOINTMENT AND REMUNERATION COMMITTEE

The Company refers to the AFEP-ME-DEF Corporate Governance Code revised in January 2020.

In accordance with the AFEP-ME-DEF Code, the Appointments and Remuneration Committee must not have any corporate officers and must be composed mainly of independent directors.

As of December 31, 2019, the Appointments and Compensation Committee is composed of four members, including three Independent Directors:

- Chair: Mr Renaud VALLANT (Independent Director until 29 June 2020);
- Mr. Xiangjun YAO (Director);
- Ms. Candace JOHNSON (Independent director);
- Ms Hélène PLOIX (Independent director since 5 March 2018).

This committee is responsible for selecting new directors and making proposals to the Board after a detailed examination of all the elements to be taken into account in its deliberation, particularly in view of the composition and evolution of the company's shareholding.

In addition, it is responsible for reviewing and proposing to the Board all the elements of remuneration and benefits of the executive officers, with the Board taking the decision to review and advise the Committee.

Finally, the committee is informed of the remuneration policy of the main non-corporate executives. On this occasion, the committee associates the executive corporate officers with its work.

Over the past 18 months, the Committee has met on February 28, 2019; March 23, 2020; April 27, 2020.

8.2 CHAIRMAN OF THE BOARD AND CEO

In accordance with Article L. 225-51-1 of the Code of Commerce, the general management of the company is assumed, under its responsibility, either by the Chairman of the Board of Directors or by another natural person appointed by the Board of Directors and appointed as CEO. Under the terms of the Articles of Association,, the Board of Directors chooses between these two terms of the exercise of the general management.

Under Article L. 225-37-4, 4o of the Code of Commerce, it is specified that the general management is assumed by the Chairman of the Board of Directors.

a) CEO

In the best interests of the Company, the Board of Directors has decided that the Company's general management is exercised by the Chairman of the Board of Directors. The functions of Chairman of the Board of Directors and CEO are therefore unified, but this is in the greatest compliance for the respective prerogatives of the various corporate bodies.

This system of governance is the way the Company operates and organizes.

In accordance with the provisions of the NRE Act, the possibility of dissociating the functions of Chairman of the Board of Directors from those of CEO is provided for in the Company's statutes.

(i) Appointment

At its meeting on 13 January 2012, the Board of Directors appointed Thierry GADOU as Managing Director with immediate effect and for an indefinite period of time.

At its meeting on 18 January 2012, and in accord with Article 12 of the Company's statutes, the Board of Directors appointed Thierry GADOU as Chairman of the Board of Direc-

tors for the duration of his term as a director.

As the Chairman is re-elected (Article 12 of the Company's statutes), the Board of Directors has renewed Mr. Thierry GADOU as Chairman of the Board of Directors every three years; the last time at its meeting on June 23, 2017 for the duration of his term as director, until the outcome of the annual regular general meeting to be held on the accounts for fiscal year 2019 and to be held on June 29, 2020.

It is proposed at the General Assembly of 29 June 2020 to renew the mandate of director of Mr Thierry GADOU for a period of 3 years until the ordinary General Assembly called to rule on the accounts of the 2022 financial year and to be held in 2023.

As a CEO and Director, Mr Thierry GADOU does not hold any other mandates as Board director in companies listed outside his Group, including foreign ones.

In accordance with the recommendations of the AFEP-MEDEF code, the Board of Directors has set a minimum amount of shares that Mr Thierry GADOU must keep at the nominative until the end of his duties. Indeed, the Board of Directors of 21 December 2017, noting the importance of the investment made by Mr Thierry GADOU in both cash and shares of the Company and the commitments of maintenance made in this, decided to change the number of free shares to be held (directly) by the latter until the termination of his duties as CEO to set him at 20,000 shares.

(ii) Mission

The CEO's mission is to:

- Present the financial statements prepared by the internal services of the company;

- Organize and lead the work of the Board of Directors;
- Ensure that directors are able to carry out their mission, including ensuring that they have the information and documents necessary to carry out their mission;
- ensure that the work council representatives are regularly kept informed and get the proper information and documents to make sure their mission is met.

(iii) Limitations

Under Article L. 225-37-4, (7) of the Code of Commerce, it is recalled the limitations on the powers of the Chairman and CEO of the Company, as decided on 11 June 2008 by the Board of Directors, as a measure of order non-opposable to third parties, for subsequent acts, operations and commitments to be obtained prior authorization from the Board of Directors;

- pledge, endorsements and guarantees;
- validation of the objectives, the following year's budget and the means of financing necessary for its implementation, for the Company and its subsidiaries;
- decisions to acquire or disposition assets or to acquire or participate in the Company or its subsidiaries by any means;
- partnerships projects, strategic alliances by the Company and/or its subsidiaries;
- any investment in excess of 500,000 euros per year (other than those in the Company's annual budget);
- Decision to sell real estate and holdings;
- transaction or compromise in the event of litigation that could have

a significant impact on the company's business and subsidiaries.

b) The Executive Committee

(i) Composition

Under the responsibility of the CEO's management, the Executive Committee is composed of 13 members to 31 December 2019:

- BOTTINE Philippe
- DEMOURES Pierre
- FOURCY Sebastien
- GADOU Thierry
- HANZEK Fritz
- JAN Emmanuel
- LEMAITRE Thierry
- MOOSBURGER Michael
- NOEL Marianne
- ROESSL Andreas
- SOONG Scott
- UNMÜSSIG Michael
- WEISSENSTEINER Christian

(ii) Diversity policy

Article L.225-37-4 6 of the Code of Commerce requires to set out the objectives in terms of gender diversity in the governing bodies, including the Executive Committee, as well as the results in terms of diversity in the 10% of positions with highest responsibility.

The gender mix structure on the executive committee reflects the imbalance inherent in the group's managers education and backgrounds (sales, R&D ...), this imbalance being found as well among the 10% of positions with the highest responsibility (29% women, 71% men).

All recruitment efforts are being pushed towards an improvement in the ratio of women to men in the management positions in the future.

8.3 COMPENSATION AND BENEFITS OF ANY KIND PAID TO CORPORATE OFFICERS AS OF DECEMBER 2019

In accordance with the provisions of Articles L. 225-37 and the following of the Code of Commerce, we report to you, in particular in the form of tables presented below, the amount of total compensation and benefits of any kind, paid to each director of the Company in the 2019 fiscal year, or assigned for the same year, as well as the remuneration policy of the corporate officer for the 2020 fiscal year.

1. Remuneration policy

The determination of the remuneration of executive officers is the responsibility of the Board of Directors, which is based on the advice and recommendations of the Appointments and Compensation Committee.

In addition, the Company expressly refers, on its merits, to the AFEP-MEDEF Corporate Governance Code supplemented and clarified by the recommendations on the remuneration of corporate, executive and non-executive agents, listed companies revised in January 2020. The Company makes public the constituent elements of the remuneration of executives and directors in accordance with the law and AFEP-MEDEF recommendations.

Thus, in determining the remuneration of executive corporate officers, the Committee and the Board take into account and rigorously apply the following principles:

- **Completeness:** The determination of remuneration must be exhaustive. All elements of remuneration must be retained in the overall assessment of remuneration;
 - **Balance between the elements of remuneration:** each element of remuneration must be clearly motivated and correspond to the corporate interest of the company;
 - **Comparability:** This remuneration must be assessed in the context of a trade and the reference market. If the market is a benchmark, it cannot be the only one because the remuneration of a corporate officer is a function of the responsibility assumed, the results obtained and the work done. It may also depend on the nature of the tasks entrusted to it or on particular situations (e.g. the turnaround of a company in difficulty);
 - **Consistency:** the remuneration of the executive officer must be determined in accordance with that of the other managers and employees of the company;
 - **Rules Intelligibility:** Rules must be simple, stable and transparent. The performance criteria used must correspond to the company's objectives, be demanding, explicit and as long as possible sustainable;
 - **Measure:** Determining the elements of compensation must strike the right balance and take into account both the company's corporate interest, market practices, executive performance, and other stakeholders of the company.
- These principles apply to all elements of compensation, including long-term and exceptional compensation.
- Eleven tables are proposed by the Autorité des Marchés Financiers regarding information to be provided in annual reports on directors and corporate officers remuneration, which expressly states that "issuers use the following tables or other models of tables provided the information given is equivalent."
- Information relating to the underwriting or purchase of shares attributed during the exercise to each corporate officer (Table 4), information relating to the options for underwriting or purchase of shares raised during the year by each corporate officer (Table 5), information relating to the history of the executive awards or purchase of shares (Table 8) and those relating to the options for underwriting or purchase of shares granted to the first ten non-employees who are the attributable non-corporate officers and options raised by them (Table 9), are contained in the "Special Options Report" chapters.
- As a result, the Company selected the following presentation detailing the compensation elements paid to executives officers and corporate officers corresponding:
- to a table providing an equivalent information to the information contained in Table 2 of the AMF nomenclature: "A summary table of the remuneration of each directors";
 - to information contained in Table 3 of the AMF nomenclature on remunerations received by non-executive directors;
 - to the information contained in Table 11 of the AMF nomenclature relating to the situation of the chairman and CEO under the AFEP-MEDEF Code.

2. Informations required under article L. 225-37-3 of the Code de Commerce regarding executive and non executive directors remuneration for year 2019

In accordance with the provisions of Article L. 225-37-3 of the Code of Commerce, we provide you with the following information:

1° Total compensation and benefits of any kind, distinguishing between fixed elements, variable and exceptional, including in the form of capital securities, debt securities or securities that provide access to capital or entitle them to the award of debt securities of the company or companies mentioned in Sections L. 228-13 and L. 228-93, paid on the basis of the mandate in the past year, or awarded on the basis of the mandate for the same year, indicating the principals conditions of the exercise of rights, including the price and date of exercise and any changes to these conditions.

Compensation of Thierry GADOU in his capacity as Chairman and Ceo

On the basis of the recommendations of the Remuneration Committee, which met on February 28 2019, the fixed remuneration of the CEO was set at 320,000 euros supplemented by a variable remuneration of 200,000 euros in two tranches:

- a quantitative part whose envelope is a maximum of 150,000 euros
- a qualitative part whose envelope is 50,000 euros maximum

The Remuneration Committee met on March 23, 2020 to assess the achievement of the 2019 targets.

Variable part on quantitatives targets

On April 4, 2019, on the proposal of the Remuneration Committee of February 28, 2019, the Board decided on the following five quantitative targets associated with the 2019 budget and business plan.

On the basis of the rules applied since 2012 for the percentage of quantitative targets achieved and their weight, the Committee proposed that the amount be: 64,500 euros.

Therefore, the corresponding variable part is 64,500 euros

Variable part on qualitatives targets

The CEO has fulfilled numbers of qualitative objectives such as growth, a successful capital increase, new wins in North America, new strategic partnerships, a new governance Board (IAB), the launch of the Roadmap for positive retail...

On the basis of the rules applied since 2012 for the percentage of qualitative targets achieved and their weight, the Committee recommends that the amount of the variable portion on qualitative objectives be: 50,000 euros.

Therefore, the corresponding variable part is 50,000 euros

Specific bonus

On April 4, 2019, on the proposal of the Remuneration Committee of 28 February 2019, the Board of Directors decided on the possibility of granting the CEO an exceptional bonus related to the creation of economic value of the company, if any.

The Committee who met on March 23, 2020 does not recommend granting an exceptional bonus for 2019.

Employment contract and Director status

Regarding the termination of the employment contract in the event of a corporate mandate, the AFEP-MEDEF Code recommends that, when an executive becomes an executive director of the company, to terminate the employment contract that binds him to the Company or to a Group Company, either by conventional break or by resignation.

The Company respects this recommendation to the extent that Mr

Thierry GADOU, in his capacity as Chairman and CEO, does not benefit from an employment contract. Indeed, Mr. Thierry GADOU was recruited as Managing Director, corporate officer, before being co-opted as a Director and then appointed Chairman of the Company by the Board of Directors.

Stock-Options granted to the CEO

None.

Bonus shares granted to the CEO

At its meeting on 16 December 2015, the Board of Directors put in place a free share allocation plan, as part of the approval given by the Extraordinary General Assembly on 16 December 2015. This allocation was made in lieu of the free shares previously authorized under the authorization given by the Extraordinary General Assembly of 1 March 2012, without further dilution. This plan corresponded to the period of the strategic plan "i3" (innovation, international, industrialization).

In accordance with this plan, it is recalled that the CEO has renounced the free actions authorized on delegation of the Joint General Assembly of 1 March 2012 and to all associated rights. It is then stated that at its meeting on 16 December 2015, the Board of Directors, acting on delegation of the Extraordinary General Assembly of 16 December 2015 (1st resolution), decided to award 139,069 free shares to the CEO in lieu of previously authorized free shares (without further dilution), subject to the proper fulfillment of the assorted conditions.

Nearly five years after AGA's first plan, SES-imagotag is now embarking on a new phase of its development with the "Leapfrog 2020" strategic plan, which aims to accelerate the company's global growth and achieve annual growth. 30% on average over the period 2015-2020, with a turnover of 400 to 500 million euros by 2020.

Following the approval of the Joint General Assembly on 30 November

2016, the Board of Directors of 30 November 2016 has put in place a new plan for the free allocation of shares subject to demanding quantitative performance conditions, appreciation took place over a period of several years (2017-2018). The implementation of the alternative conditions of these two free share plans was observed during the 2018 financial year (see special report on the shares awarded free of charge).

In accordance with this plan, it is stated that the Board of Directors, acting on the delegation of the Joint General Assembly of 30 November 2016, decided, at its meeting on 30 November 2016, to allocate 80,000 free shares to the CEO, subject to the proper fulfilment of the conditions attached.

On 21 December 2017, the Board of Directors took note of the achievement of the alternative condition of the free action plan put in place by the Board, in particular at its meeting on 30 November 2016, so that the 80,000 shares were definitively acquired (for example, December 21, 2017).

It is also specified that the Board of Directors has also decided that the Chairman will be required to retain 30% of the shares assigned to him by the nominative until the termination of his duties, all free share plans combined.

The Board of Directors of December 21, 2017 noted the importance of the investment made by Mr. Thierry GADOU in both cash and shares of the Company, which corresponds to a much higher share of the capital than that represented by 30% of the shares that have been or will be awarded to Mr Thierry GADOU under the company's current free share allocation plans.

In view of this investment and the conservation commitments made in this context by Mr Thierry GADOU, the Board of Directors of the Company has decided to change the number of free shares awarded to Mr Thierry GADOU to be (directly) held by the company until the termination of his duties as Chief Executive Offi-

cer to set it at 20,000 shares (all free share allocation plans combined).

The details of these allocations are also contained in the special report on free shares attached to this management report.

Compensation for non-executive directors

We remind you that, in accordance with the decision of the General Assembly held on 24 May 2019 (3rd resolution), the Assembly has decided to allocate to directors in remuneration of their activity the fixed annual sum of fifty thousand (50,000) euros for the year ended 31 December 2019.

It is specified that only independent directors are likely to receive a sum in compensation for their activity.

Under Section L. 225-45 of the Trade Code, the Board of Directors of April 2, 2020 allocated this annual fixed amount among independent directors.

A share of this amount was allocated equally to independent directors subject to compliance with a condition of attendance at Board meetings.

The independent directors, Renaud VAILLANT and Ms. Candace JOHNSON, received 14 000 euros and 20 000 euros respectively for this annual fixed remuneration.

Ms. Hélène PLOIX did not receive any compensation for her business in the 2019 financial year.

2° Ratio between fixed and variable remuneration

Compensation of Thierry GADOU in his capacity as Chairman and CEO

On April 2, 2020, the Board of Directors decided to grant, on the recommendation of the remuneration Committee, a total variable part of 114,500 euros, i.e.:

- 57% of total variable remuneration, divided into 43% of the rate of achievement of quantitative targets and 100% of the rate of achievement of qualitative objectives;

- 36% of fixed remuneration.

Compensation for non-executive directors:

In compensation for his activity, Mr. Renaud VAILLANT received an annual sum of 14 000 euros, which was broken down into a fixed part representing 6000 euros and a variable part representing 8000 euros.

In return for her business, Mrs Candace JOHNSON received an annual sum of 20 000 euros, which was broken down into a fixed part representing 6 000 euros and a variable part representing 14 000 euros.

3° Possibility of requesting a variable bonus reimbursement

None.

4° Commitments of any kind made by the company that amount to salary/remuneration, compensation or benefits due to or likely to be due to the taking, termination or change of duties or after the exercise of these, including pension liabilities and other life benefits, by mentioning, under conditions and on terms set by decree, the precise terms of determination of these commitments and the estimate of the amount of sums likely to be paid as such

Commitments made by the Company to Thierry GAOU in his capacity as Chairman and Chief Executive Officer

Severance pay in the event of termination of his duties as Managing Director

Mr Thierry GADOU is likely to be awarded severance pay for the termination of his CEO duty. No amount paid in 2019 as described in chapter 8.12.

Non-compete compensation

Mr Thierry GADOU is likely to be awarded a non-competition allowance attached to the termination of his CEO duty. No amount paid in

2019 as described in chapter 8.12.

GSC plan affiliation

None.

Benefits in kind

As part of his duties, Mr. Thierry GADOU benefits from a company vehicle.

Pension plan

Amounts provided by the Company for the payment of pensions, retirement or other benefits to directors and other non-executive corporate officers.

No amount of money was recognized by the Company for the benefit of the Directors and other corporate officers.

5° Any remuneration paid or awarded by a company within the consolidation scope within the meaning of Article L. 233-16

None.

6° The ratios between the level of remuneration of each of these executives and, on the one hand, the average remuneration on a full-time equivalent basis of the employees of the company other than the corporate officers, on the other hand, the median remuneration on a full-time equivalent of employees of the company other than corporate officers

This presentation is made in accordance with Article L. 225-37-3 al 4 and 5 newly amended by Law 2019-486 of May 22, 2019 relating to business growth and transformation, known as the "Pact", in order to comply with the new transparency requirements for executive compensation.

It mentions the level of remuneration of the Chairman and CEO of the Company, on the one hand, the average remuneration of employees (excluding corporate officers) and, on the other hand, the median remuneration of employees (excluding agents) Company' growth, as well

as the evolution of these two ratios over the most recent five years.

| | RATIO VS. AVERAGE VALUE | YOY % |
|------|----------------------------|-------|
| 2019 | 10.1 | 6.7% |
| 2018 | 9.5 | -0.9% |
| 2017 | 9.6 | 2.3% |
| 2016 | 9.3 | -0.4% |
| 2015 | 9.4 | 0.8% |

| | RATIO VS. MEDIAN VALUE | YOY % |
|------|---------------------------|-------|
| 2019 | 12.7 | 5.7 |
| 2018 | 12.0 | -2.5 |
| 2017 | 12.3 | 2.3 |
| 2016 | 12.0 | -1.7 |
| 2015 | 12.2 | -2.0 |

This presentation may evolve according to any further official clarifications and positions for issuers.

7° The annual change in the company's remuneration, performance, average earnings on a full-time equivalent basis of the company's employees, other than executives, and the ratios mentioned in the 6th, over the five most at least recently, presented together and in a way that allows comparison

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------|---------|---------|---------|---------|
| THIERRY GADOU | | | | | |
| FIXED AND VARIABLE REMUNERATION DUE FOR THE YEAR | 434,500 | 431,600 | 370,000 | 442,000 | 430,000 |
| EVOLUTION | 0.7% | 16.6% | -16.3% | 2.8% | 6.2% |
| CHANGES IN AVERAGE WAGES FRANCE EMPLOYEES * | -1.3% | 0.9% | 4.2% | 0.4% | -0.8% |
| CHANGES IN MEDIAN WAGE FRANCE EMPLOYEES | 0.0% | 2.6% | 4.3% | 1.8% | 2.1% |
| TURNOVER | 247.6 | 187.9 | 153.0 | 176.9 | 111.2 |
| CHANGE | 31.8% | 22.8% | -13.5% | 59.1% | 36.9% |
| EBITDA | 4.0 | 6.5 | 6.1 | 16.6 | 9.4 |
| CHANGE | -38.5% | 6.6% | -63.3% | 76.6% | -15.3% |
| AVERAGE STOCK PRICE | 28.42 | 27.04 | 29.74 | 21.55 | 12.54 |
| CHANGE | 5.1% | -9.1% | 38.0% | 71.8% | -4.8% |

*Evolution of the average salary/median of employees CDD and CDI France.

Method of calculation in 2019: fixed salary of the workforce at the end of December 2019 + actual bonus for the year. Method of calculating previous years: fixed salaries of the workforce at the end of December of each year 100% contractual annual bonus.

8° An explanation of how total compensation complies with the remuneration policy adopted, including how it contributes to the company's long-term performance, and how performance criteria have been applied

The company's overall compensation philosophy is highly performance driven, entrepreneurial and based on individual accountability.

An increasing focus is put on cash management and working capital as these are critical in ensuring the long term sustainability of any hardware-intensive global company.

In the future, it is intended to also introduce a portion of targets related to the company's ambition (purpose) to deliver a positive economic, social and environmental impact by putting technology at the service of retailers, consumers and brands. This vision has been recently sketched out as part of the Roadmap for Positive Retail. As soon as the various initiatives of this roadmap will be broken down into precise projects with measured KPIs and cascaded throughout the organization, these metrics will become part of the variable compensation structure.

9° The manner in which the vote at the last regular general meeting in The II of Article L. 225-100 was taken into account

None.

10° Any deviation from the procedure for implementing the remuneration policy and any derogation applied in accordance with the second paragraph of the III of Article L. 225-37-2, including the explanation of the nature of the exceptional circumstances and the indication of the specific elements to which it is derogated

None.

RESOLUTION SUBMITTED FOR APPROVAL BY THE ORDINARY GENERAL MEETING OF SHAREHOLDERS (ARTICLE L. 225-100 II OF THE CODE OF COMMERCE)

Under Article L. 225-100 II of the Code of Commerce, the information referred to in Article L. 225-37-3 I of the Code of Commerce relating to the remuneration of the 2019 financial year for corporate officers based on their mandates presented above will be submitted for approval at the June 4, 2020 general meeting of shareholders.

As a result, the following resolution will be submitted to the Regular General Assembly for approval:

TENTH RESOLUTION

Approval of the information referred to in Article L. 225-37-3 I of the Code of Commerce relating to the remuneration of the 2019 financial year of the corporate officers, under Article L. 225-100 II of the Code of Commerce

The General Assembly, ruling on the quorum and majority conditions required for ordinary general meetings, after reading the Board's

report on corporate governance covered by Article L. 225-37 of the Code of Commerce, approves, under Article L. 225-100 II of the Code of Commerce, the information referred to in Article L. 225-37-3 I of the Code of Commerce relating to the remuneration of the 2019 financial year for corporate officers on the basis of their mandate, such as they are included in the Corporate Governance Report (Chapter 8.3).

TABLE ON ATTENDANCE FEES RECEIVED BY NON-EXECUTIVE DIRECTORS (Table 3 of the AMF Nomenclature)

Attendance fees paid in 2019

| | 2019 | 2018 |
|------------------------|----------|----------|
| CANDACE JOHNSON | | |
| ATTENDANCE FEES | 20,000 € | 23,528 € |
| OTHER COMPENSATIONS | None | None |
| HÉLÈNE PLOIX | | |
| ATTENDANCE FEES | 0 € | 0 |
| OTHER COMPENSATIONS | None | None |
| RENAUD VAILLANT | | |
| ATTENDANCE FEES | 14,000 € | 20,000 € |
| OTHER COMPENSATIONS | None | None |

SITUATION OF THIERRY GADOU IN HIS CAPACITY AS CHAIRMAN AND CEO DURING THE 2019 FINANCIAL YEAR UNDER THE AFEP-MEDEF CODE (Table 11 of the AMF nomenclature)

| EXECUTIVE DIRECTOR | EMPLOYMENT CONTRACT | | SUPPLEMENTAL RETIREMENT PLAN | | ALLOWANCES OR BENEFITS DUE OR LIKELY TO BE DUE IN CASE OF TERMINATION OR CHANGE OF FUNCTION | | ALLOWANCES RELATING TO A NON-COMPETE CLAUSE | | OTHER (INSURANCE, ETC.) | |
|---------------------------------------|---------------------|----|------------------------------|----|---|----|---|----|-------------------------|----|
| | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| THIERRY GADOU CEO ¹ | | X | | X | X ² | | X ³ | | X ⁴ | |

1. Start and end of term (see "List of roles filled")

2. Thierry Gadou's role as CEO includes severance pay. See paragraph 8.12 below on "Agreements providing for compensation paid to members of the Board of Directors if they resign or are dismissed without real and proper cause or if their employment ends in the event of a public offering (severance pay, golden parachutes)"

3. Thierry Gadou's role as CEO includes a non-compete clause. See paragraph 8.12 below on "Agreements providing for compensation paid to members of the Board of Directors if they resign or are dismissed without real and proper cause or if their employment ends in the event of a public offering (severance pay, golden parachutes)"

4. The Company has obtained unemployment insurance for directors as well as liability cover for Thierry Gadou.

**SUMMARY TABLE OF EXECUTIVE COMPENSATION PAID IN THE YEAR ENDED DECEMBER 31, 2019 OR FOR THE SAME YEAR SUBMITTED FOR SHAREHOLDER APPROVAL AT THE JUNE 29, 2020 GENERAL MEETING IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE L. 225-100 III OF THE CODE OF COMMERCE
(Tableau 2 of the AMF nomenclature)**

| € | 2019 (CURRENT YEAR) | 2018 (PREVIOUS YEAR) |
|--|---------------------|----------------------|
| FIXED COMPENSATION | 320,000 | 320,000 |
| ANNUAL VARIABLE COMPENSATION (CAP AMOUNT) | 200,000 | 160,000 |
| VARIABLE COMPENSATION CASHED OUT ON THE CURRENT YEAR REGARDING PREVIOUS YEAR | 111,600 | 50,000 |
| % ANNUAL VARIABLE COMPENSATION | 70% | 31% |
| VARIABLE COMPENSATION BOOKED FOR CURRENT FISCAL YEAR (TO BE CASHED OUT THE FOLLOWING YEAR) | 114,500 | 111,600 |
| % ANNUAL VARIABLE COMPENSATION | 57% | 69% |
| EXCEPTIONAL BONUS BOOKED FOR CURRENT FISCAL YEAR (TO BE CASHED OUT THE FOLLOWING YEAR) | 0 | 30,000 |
| EXCEPTIONAL BONUS CASHED OUT ON THE CURRENT YEAR REGARDING PREVIOUS YEAR | 30,000 | 50,000 |
| DIRECTOR ATTENDANCE FEES | NA | NA |
| BENEFITS IN KIND | 24,551 | -5,028* |

*Benefits in kind appear negative due to adjustment over the past two years, booked for in 2018.

RESOLUTION SUBMITTED FOR APPROVAL BY THE ORDINARY GENERAL MEETING OF SHAREHOLDERS (ARTICLE L. 225-100 III OF THE CODE OF COMMERCE)

Under Article L. 225-100 III of the Code of Commerce, the fixed, variable and exceptional items that make up the total compensation and benefits of any kind paid in the 2019 fiscal year or allocated for the same year to Mr. Thierry GADOU, due to his mandate as Chairman and CEO of the Company, will be the subject of a resolution submitted for approval at the general meeting of shareholders on 29 June 2020.

As a result, the following resolution will be submitted to the Regular General Assembly for approval:

ELEVENTH RESOLUTION

Approval of the fixed, variable and extraordinary items paid or allocated for the year ending December 2019 to Mister Thierry GADOU, Chief Executive Officer in provision of article L. 225-100 III of the Code de Commerce

The Shareholders' Meeting, deliberating in accordance with the quorum

and majority requirements for Ordinary General Meetings and having reviewed the Board of Directors' report prepared pursuant to Article L. 225-37 of the Commercial Code, approves, in accordance with articles L.225100 III of the Commercial Code, the components of the total compensation and benefits of all kinds paid or allocated for the year ending December 31, 2019 to Mr Thierry GADOU, Chief Executive Officer, as presented in section 8.3 of the governance report.

3. Compensation policy for fiscal year 2020

1. The Company's compensation policy

In accordance with Article L. 225-37-2 of the Code of Commerce, this report describes the remuneration policy established by the Board of Directors, on the recommendations of the Remuneration Committee, which is in line with the corporate interest of the company, contrib-

utes to its sustainability and is part of its business strategy.

In particular, compensation should be aimed at promoting the performance and competitiveness of the Company, to ensure its growth and the completion of the strategic plan.

In accordance with the Company's corporate interest, the overall remuneration structure of the executive officer and corporate officer is structured in such a way as to favour a significant variable share associated with annual horizons: variable remuneration is conditional on the achievement of specific and measurable objectives, directly in line with the budgetary objectives and strategic plan of the SES-imagotag Group, as regularly communicated to shareholders;

In the event of an outperformance, the envelope allocated to the variable part is capped, and the fixed part is known to so that Company is only engaged on a fixed share of

compensation in the event that the Company's performance proved to be insufficient in the short to middle-long term. The compensation policy contributes in this way to the Company's strategy and sustainability in keeping with corporate interest.

Compensation policy is reviewed every year.

2. Policy for non-executive officers

It is proposed at the General Assembly of 29 June 2020 (12th resolution) to pay the maximum annual maximum amount of remuneration allocated to directors in compensation for their activity for the current financial year to the sum of the sum of the remuneration of directors in the current financial year.

In accordance with the provisions of Article L. 225-45 of the Code of Commerce, this amount is aggregate and it will be up to the Board of Directors to decide the allocation of the money.

This annual sum will be divided into a fixed part and a variable part depending on the actual presence of the director on the Board and in the various committees.

3. Compensation policy for the Company's Chief Executive Officer

Fixed remuneration 2020

The Board notes that the "Pacte Act" (Loi Pacte) now requires that a compensation policy be established for all corporate officers and be in line with the company's corporate interest, contribute to its sustainability and be in line with its business strategy.

Based on the recommendations of the Remuneration Committee, the Board of April, 2 2020 decided, for 2020 financial year, on a fixed annual gross salary of 320,000 euros (unchanged vs previous years) and a variable compensation of 200,000 euros, (unchanged vs previous years) divided into two separate tranches:

- Quantitative variable portion of 150,000 euros maximum
- Qualitative variable portion of 50,000 euros maximum

Variable compensation 2020

The Company refers to the AFEP-MEDEF remuneration policy recommendations: quantitative and qualitative calls of the variable share of the CEO's remuneration are therefore precise and quantified in advance, depending on the company's strategy.

The Board of Directors of 2 April 2020 decided, for the 2020 financial year, to pay variable EUR 200,000 (unchanged from previous years) divided into two separate tranches:

- A qualitative variable share of up to 50,000 euros
- Quantitative variable share of up to EUR 150,000, whose targets are respectively focused on EBITDA and the Company's net result, each of them weighting 30%, net debt weight's being 20%, while sales and backlog will both weight 10% of the variable envelope.

This bonus will be based on the efforts made by the Group to reach profitability and permit a sustainable development with a particular emphasis on three aspects:

- a) focusing on operational cost efficiency,
- b) making sure the covenants are met, and
- c) strategic plan realization.

It may be increased if the scale and difficulty of projects to be conducted during the year justify this. Lastly, changes in the share price will also be taken into account, discounting the stock market environment in general;

Commitments made to the CEO

All of the commitments listed below

and made for the benefit of MrThierry GADOU, in his capacity as Chairman and CEO, have been authorised by the Board of Directors and submitted for approval at the annual general meeting of shareholders, namely:

- Severance pay in the event of termination of his duties as Managing Director Mr. Thierry GADOU is likely to be awarded severance pay for the termination of his CEO duty.
- Non-compete compensation Mr. Thierry GADOU is likely to be awarded a non-competition allowance attached to the termination of his CEO duty.
- GSC plan affiliation
- Benefits in kind as part of his duties, Mr. Thierry GADOU benefits from the provision of a company vehicle.
- Pension plan

None.

Non-cumulation between employment contract and CEO duty

The Company complies with this recommendation insofar as Thierry Gadou, in his capacity as Chairman & CEO, has no employment contract. Thierry Gadou was recruited as Chief Executive Officer, a corporate officer, before being co-opted in the capacity of Director, then appointed Chairman of the Company by the Board of Directors.

4. Possibility of requesting a variable bonus reimbursement

None.

SUMMARY TABLE OF THE CEO'S REMUNERATION ELEMENTS 2020

| COMPONENTS OF COMPENSATION | AMOUNT SUBJECT TO VOTE | EXPLANATION |
|--|------------------------|---|
| FIXED COMPENSATION | 320,000 € | |
| ANNUAL VARIABLE COMPENSATION | 200,000 maximum | Variable part split in two parts one qualitative (25%) and one quantitative (75%) |
| DEFERRED VARIABLE COMPENSATION | NA | No deferred variable compensation is provided for |
| MULTI YEAR VARIABLE COMPENSATION | NA | No multi-year variable compensation is provided for |
| EXCEPTIONAL BONUS | - | On proposal of the Compensation Committee, the Board dated April 4 2019 decided to allow the possibility of paying to the Chairman, as appropriate, an exceptional bonus relating to the company's creation of value |
| BONUS SHARES | - | |
| DIRECTORS ATTENDANCE FEES | - | no attendance fees |
| BENEFITS OF ANY KIND (VALUE) | no change | company car and unemployment insurance for Directors |
| COMPONENTS OF COMPENSATION UNDER THE PROCEDURE OF REGULATED AGREEMENTS | AMOUNT SUBJECT TO VOTE | EXPLANATION |
| SEVERANCE PAY IN THE EVENT OF CESSATION OF DUTIES OF CEO FOLLOWING A CHANGE IN CONTROL | | In accordance with the procedure relating to regulated agreements, the shareholders approved the severance pay on March 1st 2012 for a period of 5 years the renewal of this arrangement was authorized by the Board on March 10, 2017. |
| NON COMPETE AGREEMENT | | In accordance with the procedure relating to regulated agreements, § 8.12 of the annual report, the shareholders approved the non compete agreement on January 13 2012. |
| SUPPLEMENTARY PENSION SYSTEM | | No supplementary pension system has been subscribed. |

SINGLE RESOLUTION SUBJECT TO APPROVAL AT THE ORDINARY GENERAL MEETING OF SHAREHOLDERS (ARTICLE L. 225-37-2 II OF THE CODE OF COMMERCE)

Under Article L. 225-37-2 II of the Code of Commerce, the entire remuneration policy for the 2020 fiscal year 2020 described above is subject to approval at the June 29, 2020 general meeting of shareholders.

As a result, the following resolution will be submitted to the Regular General Assembly for approval:

THIRTEENTH RESOLUTION

Approval of the principles and criteria for the determination, breakdown and allocation of the fixed, variable

items composing the total remuneration attributable to managing and non managing directors in relation to the 2020 fiscal year

The Shareholders' Meeting, deliberating in accordance with the quorum and majority requirements for Ordinary General Meetings and having reviewed the Board of Directors' report prepared pursuant to Article L. 225-37 of the Commercial Code, and in accordance with the provisions of articles L. 225-37-2 of the Commercial Code, approves the principles and criteria for the determination of the remuneration

and benefits attributable to managing and non managing Directors as presented in section 8.3 of the governance report.

We remind you that the payment of variable and exceptional compensation items that will be awarded in the 2020 financial year or in fiscal 2020 will be conditional on approval by the Ordinary General Meeting of Shareholders.

8.4 STOCKHOLDERS' MEETINGS AND SHAREHOLDER PARTICIPATION

In accordance with Article L.225-37-4 of the French Commercial Code, this report specifies the specific terms and conditions for shareholder participation in stockholder's meetings contained in Article 16 to 25 of the Company's statutes.

Stockholders' Meetings are convened under the conditions and within the time limits set by the applicable laws and regulations.

All stockholders have the right to information, communication and consultation in accordance with the conditions and procedures provided for under the legal and regulatory provisions. The Company's Articles of Incorporation as well as general information on the company can be found on its website to provide further information to stockholders (www.ses-imagotag.com).

Thierry Gadou, Chairman of the Board of Directors, chaired the Stockholders' Meeting and proposed an executive of a Chairman and two Tellers. The Chairman has suggested that stockholders with the greatest number of votes serve as tellers.

The Stockholders' Meeting is a place for decisionmaking in those areas defined by law and the Company is committed to ensuring that it is also an opportunity to communicate with its stockholders.

Minutes shall be drawn up as soon as possible after the Stockholders' Meeting and no later than four months following it.

In accordance with the last paragraph of Article L. 225-123 of the French Commercial Code introduced by the Law of March 29, 2014, known as the "Florange Law," and on the initiative of the Board of Directors, the Extraordinary Stockholders' Meeting of May 21, 2014 decided that no Company shares may be granted double voting rights. Article 9.3 of the Company's Articles of Incorporation has been amended accordingly.

In accordance with Article L. 22527-1 of the French Commercial Code, introduced by the Act of June 14, 2013 on securing employment, Article L. 225-23 of the French Commercial Code and on the Board of Directors' initiative, the Extraordinary Stockholders' Meeting of June 23, 2016 amended the Articles of Incorporation to define the procedures for appointing Directors representing employees and to incorporate provisions relating to employee shareholder representatives (Article 11 of the company's Articles of Incorporation).

Pursuant to Article R. 225-85 of the Code issued by Decree 2014-1466 of December 8, 2014, and on the initiative of the Board of Directors,

the Extraordinary Stockholders' Meeting held on June 23, 2016 decided to harmonize Article 20 of the Company's Articles of Incorporation with the French regime of the "record date".

Lastly, in accordance with Article L. 823-1 of the French Commercial Code arising from Law 2016-1691 of December 9, 2016 and on the initiative of the Board of Directors, the Extraordinary Stockholders' Meeting held on June 23, 2017 is being called to rule on the harmonization of Article 26 of the Company's Articles of Incorporation with the new rules for appointing Statutory Auditors and in particular the removal of the obligation to appoint one or more Alternate Statutory Auditors when the auditor is not a natural person or a one-person company

8.5 TABLE OF DELEGATIONS

Table of delegations granted to the Board of Directors (Article L .225-37-4, paragraph 3 of the French commercial code).

| NATURE OF AUTHORIZATION | DATE OF SHAREHOLDERS MEETING | DURATION / EXPIRATION DATE |
|---|---|-----------------------------------|
| AUTHORIZATION TO REDUCE THE SHARE CAPITAL IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE L. 225-209 OF THE FRENCH COMMERCIAL CODE | Extraordinary Shareholders' Meeting May 24, 2019 Resolution 11 | 26 months until July 24, 2021 |
| | Extraordinary Shareholders' Meeting June 22, 2018 Resolution 11 | 18 months until December 22, 2019 |
| AUTHORIZATION TO INCREASE THE SHARE CAPITAL, WITH REMOVAL OF THE SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHT, BY THE ISSUANCE OF SHARES OF THE COMPANY RESERVED FOR MEMBERS OF COMPANY SAVING PLANS | Ordinary Shareholders' Meeting June 23, 2017 Resolution 22 | 26 months until August 23, 2019 |
| AUTHORIZATION TO INCREASE THE SHARE CAPITAL, WITHOUT REMOVAL OF THE SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION, BY THE ISSUANCE OF SHARES AND/OR DEBT SECURITIES GRANTING ACCESS TO NEW SHARES) | Extraordinary Shareholders' Meeting June 22, 2018 Resolution 12 | 26 months until August 22, 2020 |
| | Extraordinary Shareholders' Meeting May 24, 2019 Resolution 7 | 18 months until November 24, 2020 |
| AUTHORIZATION TO IMPLEMENT OF A SHARE BUYBACK PROGRAM | Ordinary Shareholders' Meeting June 22, 2018 Resolution 8 | 18 months until December 22, 2019 |
| | Ordinary Shareholders' Meeting June 22, 2018 Resolution 13 | 26 months until August 22, 2020 |
| AUTHORIZATION TO INCREASE THE SHARE CAPITAL BY THE ISSUANCE OF SHARES IN CONSIDERATION FOR CONTRIBUTIONS IN KIND WITHIN THE LIMIT OF 10 % OF THE SHARE CAPITAL) | Ordinary Shareholders' Meeting June 22, 2018 Resolution 13 | 26 months until August 22, 2020 |
| DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY INCORPORATING RESERVES, PROFITS OR PREMIUMS, OR ANY OTHER SUM THAT CAN BE LEGALLY CAPITALISED | Extraordinary Shareholders' Meeting May 24, 2019 Resolution 12 | 26 months until July 24, 2021 |
| DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY ISSUING, WITH PREFERENTIAL SUBSCRIPTION RIGHTS, SHARES AND/OR EQUITY SECURITIES WHICH CONFER ENTITLEMENT TO OTHER EQUITY SECURITIES AND/OR ENTITLEMENT TO THE ALLOCATION OF DEBT SECURITIES AND/OR TRANSFERABLE SECURITIES GIVING ACCESS TO EQUITY SECURITIES TO BE ISSUED | Extraordinary SShareholders' Meeting May 24, 2019 Resolution 13 | 26 months until July 24, 2021 |
| DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY ISSUING, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, SHARES AND/OR EQUITY SECURITIES WHICH CONFER ENTITLEMENT TO OTHER EQUITY SECURITIES AND /OR ENTITLEMENT TO THE ALLOCATION OF DEBT SECURITIES AND/ OR TRANSFERABLE SECURITIES GIVING ACCESS TO EQUITY SECURITIES TO BE ISSUED, IN CONNECTION WITH PUBLIC OFFERS | Extraordinary Shareholders' Meeting May 24, 2019 Resolution 14 | 26 months until July 24, 2021 |
| DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY ISSUING, WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, SHARES AND/OR EQUITY SECURITIES WHICH CONFER ENTITLEMENT TO OTHER EQUITY SECURITIES AND/ OR ENTITLEMENT TO THE ALLOCATION OF DEBT SECURITIES AND/OR TRANSFERABLE SECURITIES GIVING ACCESS TO EQUITY SECURITIES TO BE ISSUED, THROUGH THE PRIVATE PLACEMENTS SPECIFIED IN ARTICLE L.411-2 II OF THE FRENCH MONETARY AND FINANCIAL CODE | Extraordinary Shareholders' Meeting May 24, 2019 Resolution 15 | 26 months until July 24, 2021 |
| AUTHORISATION GIVEN TO THE BOARD OF DIRECTORS IN THE EVENT OF ISSUE WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS, THROUGH PUBLIC OFFERS OR PRIVATE PLACEMENTS PER ARTICLE L.411-2 II OF THE FRENCH MONETARY AND FINANCIAL CODE, FOR THE PURPOSE OF SETTING THE ISSUE PRICE ACCORDING TO THE TERMS ESTABLISHED BY THE SHAREHOLDERS' MEETING, WITHIN THE LIMIT OF 10% OF THE CAPITAL PER YEAR | Extraordinary Shareholders' Meeting May 24, 2019 Resolution 16 | 26 months until July 24, 2021 |
| AUTHORISATION GIVEN TO THE BOARD OF DIRECTORS TO INCREASE THE AMOUNT OF ISSUES WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS | Extraordinary Shareholders' Meeting May 24, 2019 Resolution 17 | 26 months until July 24, 2021 |
| DELEGATION OF AUTHORITY TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY ISSUING SHARES AND/OR EQUITY SECURITIES WHICH CONFER ENTITLEMENT TO OTHER EQUITY SECURITIES AND/ OR ENTITLEMENT TO THE ALLOCATION OF DEBT SECURITIES AND/OR TRANSFERABLE SECURITIES GIVING ACCESS TO EQUITY SECURITIES TO BE ISSUED AS COMPENSATION FOR CONTRIBUTIONS IN KIND | Extraordinary Shareholders' Meeting May 24, 2019 Resolution 18 | 26 months until July 24, 2021 |

1. Delegation charged against the € 14,400,000 total nominal cap provided for capital increases
2. Delegation charged against the amount of debt securities €100,000,000 total nominal cap
3. Delegation charged against the nominal cap of €5,750,000 provided for capital increases without preferential subscription rights

| MAXIMUM AMOUNT AUTHORIZED | USE BY THE BOARD OF DIRECTORS |
|--|--|
| Up to 10% of the share capital per period of 24 months | None |
| Up to 10% of the share capital per period of 24 months | None |
| €750,000 | None |
| €100,000,000 | None |
| Maximum unit price: €50 per share, excluding expenses | On May 24, 2019, the Board has authorized the Chairman and CEO to renew any liquidity contract. |
| Maximum amount: €10,000,000 Maximum unit price: 150% of the last market price of the shares on the day of use of the authorization by the Board of Directors | On June 22d 2018, the Board has authorized the Chairman and CEO to renew any liquidity contract. |
| up to two million six hundred thousand euros (€2,600,000), it being specified that the nominal amount of any share capital increase carried out under this resolution will be charged on the overall nominal ceiling for share capital increases (€13,000,000) | None |
| Maximum nominal amount of capital increase: €3,000,000 | None |
| Maximum nominal amount of capital increase: €14,400,000 ¹ Maximum amount of debt securities: €100,000,000 ² | None |
| Maximum nominal amount of capital increase: €5,750,000 ¹ Maximum amount of debt securities: €100,000,000 ² | None |
| Maximum nominal amount of capital increase: €2,880,000 ¹ Maximum amount of debt securities: €100,000,000 ² | On 28 November 2019, the Board of Directors authorised the Chairman and Chief Executive Officer to implement this delegation and on 9 December 2019, the minutes of the Chairman and Chief Executive Officer's decisions recorded the definitive completion of the capital increase and the issue of 1,228,071 new ordinary shares with a nominal value of 2 euros each. |
| Maximum nominal amount of capital increase: 10% of the capital over a 12 months period ¹³ | On 28 November 2019, the Board of Directors authorised the Chairman and Chief Executive Officer to implement this delegation and on 9 December 2019, the minutes of the Chairman and Chief Executive Officer's decisions recorded the definitive completion of the capital increase and the issue of 1,228,071 new ordinary shares with a nominal value of 2 euros each. |
| Maximum nominal amount of capital increase: €14,400,000 ¹ Maximum amount of debt securities: €100,000,000 ² | None |
| nominal amount of capital increase: 10% of the capital ¹³ Maximum amount of debt securities: €100,000,000 ² | None |

8.6 INJUNCTIONS OR PENALTIES FOR ANTICOMPETITIVE PRACTICES (ARTICLE L. 464 3 I OF THE FRENCH COMMERCIAL CODE)

No injunctions or penalties for anti-competitive practices have been issued by the Competition Council with regard to the Company. Fair competition

8.7 DEPOSITS, ADVANCES AND GUARANTEES

In accordance with Article L. 225-35 of the French Commercial code, at its meeting of June 22, 2018, the Board of Directors renewed the authorization given, as and when needed, to the Company's Chairman and Chief Executive Officer, with the ability to delegate to any person of his choice, to grant deposits, advances and guarantees, in the Company's name, for third parties, subject to dual limitations on duration and amount.

As part of this authorization, the Board was informed that the Chairman and CEO had increased, within the permitted limits, the amount of a comfort letter signed by the Company to guarantee a credit facility granted to the subsidiary SES-imagotag Deutschland GmbH (exFindbox GmbH).

The Board of Directors of 9 May 2018 has decided to authorise the Chairman and CEO, with the ability to delegation to any person of his choice, to sign a specific guarantee, on behalf of the Company, for the benefit of SES-imagotag Deutschland GmbH, a wholly owned subsidiary of the Company.

The Board of Directors of 17 September 2018 has decided to authorise the Chairman and CEO, with the ability to delegation to any person of his choice, to sign a specific guarantee on behalf of the Company, for the benefit of SES-imagotag GmbH, a wholly owned subsidiary of the Company; necessary for the reorganization of SES-imagotag GmbH in accordance with the provisions of the Austrian Corporate Restructuring Act.

Lastly, the December 17, 2019 Board authorizes the Chairman and Chief Executive Officer, with the option of delegating to any person of their choice, to sign:

- a specific guarantee in the name of the Company, for the benefit of SES-imagotag Iberia SL, a wholly owned subsidiary of the Company, a guarantee necessary to back up a company car rental agreement ;
- a letter of comfort, for the benefit of the fully owned subsidiary, SES-imagotag Netherlands BV GmbH, dedicated to fulfill the legal prerequisites in the Netherlands, given the low level of equity of the entity.

8.8 AUDITORS

The Ordinary General Assembly of 23 June 2017 ruled on the mandate of the auditors and appointed the KPMG cabinet, represented by Mr. Grégoire MENOUE and the firm DELOITTE AND ASSOCIES, represented by Mr. Julien RAZUNGLES, Auditors. This mandate is conferred for a period of six years and will end at the end of the ordinary General Assembly to decide on the accounts for the year 31 December 2022 and to be held in 2023.

In addition, in accordance with art. 823-1 of the French Commercial code, which resulted from Act 2016-1691 of December 9, 2016, and at the initiative of the Board of Directors, the Extraordinary General Assembly of June 23, 2017 amended Article 26 of the Company's statutes for the purpose of harmonizing with the new rules for the appointment of auditors, including the removal of the obligation of the Company appoint one or more alternate auditors when

the auditor is not a natural person or a one-person corporation.

8.9 REGULATED AGREEMENTS AND COMMITMENTS

8.9.1 REGULATED AGREEMENTS AUTHORIZED IN 2019:

Partnership in China

Interested person:

BOE Smart Retail (Hong Kong) Co., Ltd., which holds more than 10% of the company and which is indirectly related to BOE Intelligent lot Technology Co, Ltd.

Nature and purpose:

The joint venture BOE Digital Technology Co, Ltd. was established in China in July 2019 by the Company, BOE Intelligent IOT Technology Co, Ltd. (a subsidiary of the BOE Group) and Suqian Xin Dong Teng Commercial Services Co., Ltd. (a subsidiary of the JD Digits Group), holding 51%, 15% and 34% of the capital of this joint venture respectively.

This agreement was authorized by the Board of Directors on April 24, 2019

Reasons for its interest in the Company: the objective of this partnership is to enable the Company to accelerate its penetration of the Chinese market by facilitating access to a vast ecosystem of digital innovation, to major brands, to merchants JD Digits Group, as well as its powerful network of shareholders and equity shareholders

Exclusivity agreement

Interested person:

BOE Smart Retail (Hong Kong) Co., Ltd., which holds more than 10% of the company and which is indirectly related to BOE Intelligent lot Technology Co, Ltd

Nature and purpose:

Exclusivity agreement on the Chongqing plant three production lines capacity, concluded on 1 July 2019 for a period of 4,5 years

Amount:

The total amount of the contract booked in 2019 amounted to 14.7 million euros. Payment terms provide for two instalments dates, in 2020 and in 2021.

Reasons for its interest in the Company: Securing industrial production, under processed by the company at the Chongqing plant.

The volume projection over the next five years indicates that the company will not use all of the production currently installed by the plant. In order to ensure the exclusivity of Chongqing BOE Smart Electronics System Co.,Ltd.'s production capacity, the Company has decided to enter into an exclusivity agreement whose value has been estimated by comparing the presumed utilization rate of production at a 100% utilization rate.

Technology licensing agreement

Interested person:

BOE Smart Retail (Hong Kong) Co., Ltd., which holds more than 10% of the company and which is indirectly related to BOE Intelligent lot Technology Co, Ltd

Nature and object:

Technology license signed on October 24, 2019 for an initial two-year term - this agreement had been authorized by the October 24, 2019 Board.

This technology license, calculated on turnover associated with the sale of electronic labels and related services, is made for authorizing the use of the historical intellectual property of the the SES-imagotag group entities, for the purpose of using, copying, reproducing, and evolving this intellectual property in order to manufacture, sell, distribute, sub-license products and solu-

tions on territory of mainland China.

This license also confers the right to order industrially, directly from the Chongqing factory.

Amount:

No licensing fee in 2019 as the JV business is just in its starting phase and as sales are mostly consisting in "Digital signage" range which technology does not belong to SES-imagotag.

Reasons for its interest in the Company: The purpose of this licensing agreement is to pay for the use of intellectual property used by BOE Digital Technology Co, Ltd to:

- supply directly from the Chongqing plant
- implement SES-imagotag solutions, using existing software, developed by the European entities of the SES-imagotag group

support service agreement

Interested person:

BOE Smart Retail (Hong Kong) Co., Ltd., which holds more than 10% of the company and which is indirectly related to BOE Intelligent lot Technology Co, Ltd

Nature and object:

Rebilling of support costs incurred to assist BOE Digital technology Co, Ltd, signed for a 2 year period.

Amount:

No expense charged back as the JV has barely started an activity in 2019, no headquarter support has been necessary so far.

Reasons for its interest in the Company: the objective of the re-billing agreement is to allow a pooling of specialization skills and to set the terms of overhead re-billing: the

nature of the costs, the keys to the allocation of these costs.

Supply Agreement for electronic label

Interested person:

BOE Smart Retail (Hong Kong) Co., Ltd., which holds more than 10% of the company and which is indirectly related to BOE Intelligent lot Technology Co, Ltd

Nature and purpose:

Finished product supply agreement (electronic labels) between SES-imagotag SA and BOE Digital technology Co, Ltd, for a two year initial period.

Amount :

€43K sales from SES-imagotag SA to BOE Digital Technology Co, Ltd

Reasons for its interest in the Company: Supply of complementary range for any finished product (including electronic labels) not manufactured in the Chongqing plant.

Loan agreement

Interested:

PDi Digital GmbH, a 70% Austrian subsidiary owned by the Company (Board authorization dated June 25, 2019)

Nature and purpose:

Loan agreement concluded December 1, 2019. Maximum amount is capped to €650K , to be drawn down in one of several tranches. The loan will be a 5 year loan, bearing interests according to the following formula: 5 year swap rate Euribor + 1.5%.

Terms:

0 as the loan has not been drawn down in 2019.

Reasons for its interest in the Company: this credit facility, capped to €650K, allows SES-imagotag SA to ensure its development in the IoT market through its subsidiary.

Technology licensing agreement

Interested:

PDi Digital GmbH, a company 70% owned by the Company (Board authorization dated June 25, 2019).

The effective date of this agreement is December 1, 2019 and duration is depending on the joint venture agreement duration as well as a minimum minority interests threshold.

Nature and Object:

This technology license, calculated on turnover associated with the sale of electronic labels and related services, is made for authorizing the use of the historical intellectual property of the the SES-imagotag group entities, for the purpose of distributing, sub-licensing products and solutions for the IoT market.

Terms:

0 in 2019 as the JV operations have not started yet.

Reasons for its interest in the Company: the purpose of this licensing agreement is to pay for the use of the intellectual property used by PDi Digital GmbH, Ltd to implement SES-imagotag solutions, using software developed by the European entities of the SES-imagotag group.

Finally, and in accordance with the provisions of Article R. 225-30 of the Code of Commerce, we remind you that the following agreements authorized by the Company's Board of Directors in previous years have continued in the past December 31, 2019.

Agreements and commitments authorized/approved in previous years that continued to execute in fiscal 2019:

Master Service Agreement

Interested person:

BOE Smart Retail (Hong Kong) Co., Ltd., which holds more than 10% of the company and which is indirectly

related to BOE Intelligent lot Technology Co, Ltd

Nature and object:

Production, assembly, testing and packaging of finished products (electronic labels).

Amount:

\$56.5 M purchases by SES-imagotag SA

Reasons for its interest in the Company: this industrial supply and subcontracting contract allows the Company to have an integrated critically sized digital labeling plant, which will enhance the competitiveness of products offered by the Group.

Credit facility agreement

Interested person:

Market Hub Technologies Ltd, a UK based subsidiary, 60% owned by the Company

Nature and purpose:

Cash agreement concluded on 1 July 2017 for a period of 5 years (ratified by the General Assembly of 22 June 2018 6th resolution)

Amount:

€254K credit facility granted by SES-imagotag SA and €3K financial interests charged to market Hub.

Reasons for its interest in the Company: this credit facility allows SES-imagotag SA to ensure its development in the UK market through its subsidiary.

Service agreement with a subsidiary of the company

Interested person:

Market Hub Technologies Ltd, a UK based subsidiary 60% owned by the Company

Nature and purpose:

service agreement (business provider and distributor) concluded on 1 July 2017 for a period of 5 years (ratified by the General Assembly of 22 June 2018 6th resolution)

Amount:

€528K

Reasons for its interest in the Company: This agreement allows Market Hub Technologies Ltd to be authorized to distribute the SES-imagotag Group's products and services and to promote them to the UK market.

Affiliate of the Company's Ceo in the GSC plan*Interested person:*

Mr Thierry GADOU since 18 January 2012 (prior approval of the Board of Directors of 13 January 2012)

Nature and purpose:

the Company subscribes to a GSC unemployment insurance agreement for the benefit of Mr Thierry GADOU.

Amount: €19K

Agreements and commitments authorized/approved in previous years that continued to execute in fiscal 2019:**Renewal of the Board resolution of 13 January 2012 on the severance pay of Mr Thierry GADOU in the event of the termination of his duties as Managing Director***Interested:*

Thierry GADOU, Managing Director since 13 January 2012 and Chairman of the Board of Directors since 18 January 2012.

Nature and purpose:

payment of compensation in the event of termination of his duties as Managing Director (prior authorization of the Board of Directors of 13 January 2012 and approval by the General Assembly of 1 March 2012) and renewal and updating of authorisation of severance pay for

the duties of Director General in the event of a change of control (prior authorization of the Board of Directors of 10 March 2017 and approval by the General Assembly of 22 June 2018)

Terms and reasons for its interest in the Company:

The payment of this severance pay is conditional on the achievement of performance criteria corresponding to the achievement of 75% of the quantitative targets set for the bonus of the previous year the termination of the duties of Managing Director.

Departure benefits of Mr Thierry GADOU in the event of the termination of his duties as Managing Director*Interested:*

Thierry GADOU, Managing Director since 13 January 2012 and Chairman of the Board of Directors since 18 January 2012

Amount:

No performance in the past year.

Nature and purpose:

Payment of compensation in the event of termination of his duties as Managing Director (prior authorization of the Board of Directors of 13 January 2012 and approval by the General Assembly of 1 March 2012)

Non-compete clause allowances from Mr Thierry GADOU*Interested person:*

Thierry GADOU, Chairman and CEO of the Company since 18 January 2012.

Amount:

No performance in the past year.

Nature and purpose:

Payment of compensation resulting from the non-competition clause (prior authorization of the Board of Directors of 13 January 2012 and approval by the General Assembly of 1 March 2012).

8.9.2 AGREEMENTS BETWEEN AN AGENT OR SHAREHOLDER AND A CONTROLLED COMPANY UNDER ARTICLE L. 233-3 OF THE CODE OF COMMERCE

Under Article L. 225-37-4, (2) of the French Commercial code, this report lists the agreements that have been entered into, directly or by person interposed between, on the one hand, one of the corporate officers or one of the shareholders with a fraction of the voting rights greater than 10% and, on the other hand, another company controlled by the former within the meaning of Article L. 233-3 of the Code of Commerce (with the exception of agreements dealing with current and current transactions normal conditions).

8.10 ASSESSMENT OF CURRENT AGREEMENTS CONCLUDED UNDER NORMAL CONDITIONS

Pursuant to Article L.225-37-4, paragraph 10 of the French Commercial Code, the Board sets up the following procedure to regularly assess whether agreements relating to current operations and concluded under normal conditions meet these conditions:

The Group has extended the scope of review to all agreements between related parties, whether current or regulated. To do this, a procedure has been established to:

- Qualify so-called "current" conventions;
- Formalize an internal procedure to regularly assess whether these standard conventions continue to meet these conditions;
- Recall the regulatory framework for regulated conventions and clarify the method used to qualify them.

The procedure for qualifying and evaluating the conventions is as follows:

- Comprehensive listing of persons involved;
- Advance information from the Financial Dpt and the Legal Dpt prior to the conclusion of the agreements and the qualification of the Annual Evaluations/Reassessment of standard Agreements;

- Procedure for monitoring regulated conventions.

- It is specified that persons directly or indirectly interested in one of these conventions do not participate in this evaluation.

The people in charge are:

- The Financial and Legal Dpts are in charge of reviewing the agreements on a case-by-case basis and proposing a qualification;
- Each year, the Financial Dpt and the Legal Dpt review existing standard agreements and issue conclusions;

These findings are presented to the Audit Committee, which is required to provide an opinion on the implementation of the procedure, its results and any comments.

The procedure will consist, during the two audit committees responsible for reviewing semi-annual closures (June and December), to review the list of transactions and agreements relating to related parties, to verify their compliance with the principle of the duration of the law and the principles set out by the OECD on base erosion and profit transfer ("BEPS").

The Board of Directors is notified by the Audit Committee on the im-

plementation of the procedure and appraise its impacts.

The criteria used by the Group to assess that current agreements have been concluded under normal conditions are:

For each type of agreement, the Group has defined criteria for assessing the "current object" and the "normal conditions" of the agreement;

The Group provides a rationale for these criteria based on market practices and current principles and rules (e.g. OECD, etc.).

The main conventions considered common within the Group are:

- Administrative support services;
- Financing operations;
- Operational outsourcing;
- Licensing the exploitation of intellectual property rights
- Acquisitions and/or disposals of non-significant assets;
- Facilities granted by an entity.

8.11 DECLARATION ABOUT THE COMPANY'S GOVERNANCE

The Company is pursuing a corporate governance policy.

The Company adopted a charter on December 12, 2005, which entered into force on February 2, 2006 (hereinafter "the Corporate Governance Charter" or "the Charter"),

which refers to the Code of Government developed by professional organizations.

The Company drew inspiration from the AFEP-MEDEF Consolidated Code of June 2018, which constitutes the Corporate Governance

Code to which it refers in preparing this report.

The AFEP-MEDEF Code is available on the MEDEF website: <http://www.medef.com>).

8.12 INFORMATION THAT MAY HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

In accordance with the provisions of Articles L. 225-37-5 of the French commercial code, we hereby present the factors that may have a significant impact in the event of a public offering:

Structure of the capital

The structure of the capital, as recalled in paragraph III of this Management Report, in accordance with the provisions of Article L. 233-7 and L.233-13 of the French commercial code, is not likely to have an impact in the event of a public offering.

Statutory restrictions on the exercise of voting rights and share transfers or clauses of agreements brought to the knowledge of the Company pursuant to Article L. 233-11 of the French commercial code

There are no statutory restrictions on the exercise of voting rights and share transfers pursuant to Article L. 233-11 of the French commercial code.

Furthermore, Article 9.4 of the Company's articles of incorporation stipulate that any legal or natural person acting alone or in concert, which comes to own or ceases to own, directly or indirectly through one or more companies in which it has a majority controlling interest, a percentage of ownership greater than or equal to 1% of the capital stock and/or voting rights or a multiple of this percentage is required to notify the Company of the total number of shares and voting rights and securities giving access to equity or voting rights that it owns, within a period of five trading days following the crossing of said threshold(s) by sending to its corporate headquarters a registered letter with return receipt requested.

If they are not reported in accordance with the conditions described above, the shares or voting rights in excess of the fraction that should have been reported are stripped of voting rights in the stockholders meetings, if the failure to report was noted and if one or more stockholders in possession of less than 1% of the capital stock file a request that is recorded in the minutes of the stockholders meeting. The aforementioned provisions apply without prejudice to the reporting of threshold breaches stipulated by legal or regulatory provisions in effect.

Direct or indirect holdings in the Company's capital of which it is aware pursuant to Articles L. 233-7 and L. 233-12 of the French commercial code (significant or company-owned holdings)

There are no direct or indirect holdings in the Company's capital of which it is aware pursuant to Articles L. 233-7 and L. 233-12 of the French commercial code (significant or company-owned holdings).

List of holders of any securities involving special control rights and a description of those rights (especially resulting from preference shares)

The shares issued by the Company give the right to vote and to be represented at shareholders' general meetings under the conditions set by law.

Article 9.3 of the Company's Articles of Association specifies that, pursuant to the 18th resolution of the extraordinary general meeting of 21 May 2014, it was decided not to grant double voting rights as instituted by Law 2014-384 of 29 March 2014 to holders of shares referred to in Article L. 225-123 paragraph 3 of the French Commercial Code.

No action has special control rights.

The control mechanisms provided for in a possible employee shareholding system when the control rights are not exercised by the employees (e.g. in the case of FCPEs)

None.

Agreements between shareholders of which the Company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights (shareholders' agreements).

None.

Rules relating to the appointment and replacement of members of the Board of Directors as well as the amendment of the Company's Articles of Association

Members of the Board of Directors

General Provisions

The Articles of Association state that the Company is managed by a Board of Directors comprising no fewer than three and no more than eighteen members, subject to the exception provided for by law in the event of a merger (Art. L. 225-95 of the French commercial code)

The term of office for the directors is three (3) years, which shall come to an end following completion of the Ordinary General Meeting called to approve the accounts for the previous year and held in the year during which their terms of office expire.

Article 11.1 of the Company's Articles of Association specifies that, during the life of the Company, the directors are appointed, renewed, or dismissed by the Ordinary General Meeting. They can always be re-elected.

In the event of vacancy due to the death or resignation of one or more directors, the Board may make temporary appointments between two General Meetings, in accordance with the conditions provided for by law. Temporary appointments made by the Board of Directors are subject to ratification by the next General Meeting.

A director appointed to replace another shall only carry out his/her duties for the remainder of his/her predecessor's term of office.

Director representing employee shareholders

Article 11.1 of the Company's Articles of Association also specifies that pursuant to Article L. 225-23 of the French commercial code, when the portion of capital held—within the framework of the provisions of Article L. 225-102 of that same Code—by the staff of the Company and affiliated companies as defined by Article L. 225-180 of that same Code represents more than 3%, a director representing employee shareholders shall be elected by the Ordinary General Meeting according to the procedures laid down both by the regulations in force and by these Articles of Association, provided that the Board of Directors does not include one or more directors appointed from among the members of the Supervisory Board for Employee Investment Funds representing employees, or one or more employees elected in accordance with Article L. 225-27 of that same Code.

Candidates for appointment as an employee shareholder director are chosen under the following conditions:

- If the voting right attached to the shares held by the employees or by the employee investment funds of which they are members is exercised by the members of the Supervisory Board for those employee investment funds, candidates shall be chosen by the Supervisory Board from among its members.

- If the voting right attached to the shares held by the employees or by the employee investment funds of which they are members is exercised directly by those employees, candidates shall be chosen via the consultation provided for by Article L. 225-106 of the French commercial code, either by the employee shareholders having convened specially for such a purpose or via written consultation. Only applications submitted by a group of shareholders representing at least 5% of the shares held by employees exercising their individual voting right will be admissible.

The procedures for selecting candidates not defined by the legal and regulatory provisions in force or by these Articles of Association shall be approved by the Chairman of the Board of Directors, namely concerning the candidate selection schedule.

A list of all validly selected candidates shall be drawn up, comprising at least two names. The list of candidates will be attached to the notice of Shareholders' Meeting convened to appoint a director representing employee shareholders.

The director representing employee shareholders shall be elected by the Ordinary General Meeting under the conditions applicable to all appointments of directors, at the proposal of the shareholders referred to in Article L. 225-102 of the French commercial code. The Board of Directors shall present the General Meeting with the list of candidates in order of preference and may approve the first candidate on the list. The candidate with the most votes from the shareholders present or represented at the Ordinary General Meeting will be appointed as the director representing employee shareholders.

The director representing employee shareholders is not taken into account when determining the maximum number of directors laid down by Article L. 225-17 of the French

Code of Commerce.

The term of the duties of the director representing employee shareholders is three years. However, this term shall expire by operation of law, and the director representing employee shareholders shall be deemed as having resigned in the event that he/she ceases to be an employee of the Company (or an affiliated company or economic interest grouping as defined by Article L. 225-180 of the French commercial code) or a shareholder (or a member of an employee investment fund whose shares comprise at least 90% shares in the Company). The Board of Directors may validly meet and deliberate until the date on which the director representing employee shareholders is appointed or replaced.

In the event that the position of director representing employee shareholders becomes vacant for any reason, he/she shall be replaced under the conditions set out above, with the new director being appointed by the Ordinary General Meeting for a new term of three years.

The provisions concerning the director representing employee shareholders shall cease to apply if, at the end of a given financial year, the percentage of capital held by staff of the Company and affiliated companies as defined by Article L. 225-180 mentioned above, in accordance with the provisions of Article L. 225-102 mentioned above, represents less than 3% of the capital, with the understanding that the offices of any directors appointed in accordance with paragraph 6 will expire at their term.

Amendments to the Articles of Association

Article 16 of the Company's Articles of Association formally states that "Extraordinary General Meetings are those called to decide on or authorize direct or indirect amendments to the Articles of Association."

Article 24 of the Company's Articles

of Association specifies that the decisions of Extraordinary General Meetings shall only be considered valid if the shareholders present or represented own, upon convening for the first time, at least one-fourth of the shares bearing the right to vote and, upon convening for the second time, one-fifth of the shares bearing the right to vote.

Where this quorum is not met, the second Meeting may be postponed for a maximum of one month following that during which it was convened.

Extraordinary General Meetings shall act by a two-thirds majority of the votes held by the shareholders present or represented, including those having voted by mail.

Powers granted to the Board of Directors, in particular for the issue or buyback of shares

The powers (delegations of powers and authority) granted at December 31, 2019, are listed in the table of delegations attached above.

They may have an impact in the event of a public offering, especially given the fact that they allow the Board of Directors to issue new shares or securities granting access to the capital.

Agreements entered into by the Company that are amended or terminated in the event of a change in control of the Company, except in the event of a legal obligation of disclosure, and that would severely affect its interests (including clauses of commercial or financial contracts)

The terms of the "Euro PP" bonds issued for the amount of 40 million euros in two series in December 2016 and March 2017 (the "Bonds") call for the early redemption of Bonds, as desired by each bondholder, if there is a change in control of the Company (Article 5.3) (as indicated in the consolidated financial statements appendix of this annual report).

The terms of the bond 10 million euros concluded July 22, 2019, provide for repayment Bonds, at the discretion of each carrier, in the event of a change of control Society (Art. 8.3.3).

Similarly, certain lines of credit granted to the Company (as indicated in the consolidated financial statements appendix of this annual report), including by Société Générale, BNP Paribas and BPI, also include early reimbursement clauses in the event of a change in control of the Company, clauses which the aforementioned lenders have agreed to waive in the context of the change in control resulting from the acquisition of the Controlling Stake.

Agreements providing for compensation paid to members of the Board of Directors if they resign or are dismissed without real and proper cause or if their employment ends in the event of a public offering (severance pay, golden parachutes)

Thierry GADOU

Severance pay

The compensation due to Thierry Gadou in the event of cessation of his duties as Chief Executive Officer is in the form of contractual severance pay, the terms and conditions of which were approved by the Shareholders' Meeting held on March 1, 2012.

In the specific case of a change in control, the authorization would be valid for a period of 60 months. On March 10, 2017, the Board of Directors therefore decided to renew this authorization.

Compensation shall therefore only be due if the following conditions are met:

- **Event triggering the right to severance pay:** the cessation of the duties of SES-imagotag's CEO in case of dismissal (unless it is because of serious or severe misconduct) or resignation within six

months following a change in control of SES-imagotag;

- **Amount of compensation:** lump-sum payment of a gross nominal amount equal to 18 months of fixed and variable compensation;
- **Performance condition governing severance pay:** this condition will be met if at least 75% of the quantitative objectives established for the bonus for the year preceding that of the cessation of duties as Chief Executive Officer are achieved.

A Change in Control is defined as the exchange of at least 40% of SES-imagotag's capital, on or off the market, or the filing and execution of a public offering for SES-imagotag's shares.

Non compete

Moreover, in the event of cessation of his duties as Chief Executive Officer for any reason whatsoever, Thierry Gadou's term of office, in the capacity of Chief Executive Officer, includes a non-compete clause under the terms of which Thierry Gadou undertakes:

- not to join a company carrying out a competing activity;
- not to exercise or be involved, either directly or indirectly, in any way whatsoever (in particular as a self-employed worker or shareholder holding more than 3% of the capital or voting rights), in a competing activity;
- not to exercise or be involved, either directly or indirectly, in any way whatsoever, and not to invest in, in any way whatsoever (in particular as a shareholder), in the companies Pricer or ZBD;
- not to approach or recruit or try to recruit any person who is or was employed by SES-imagotag or one of its subsidiaries in the previous 12 months, with a view to using the specific knowledge or skills of that person for the benefit of a natural

person or legal entity whose activities are in competition with those of SES-imagotag.

The term competing activity refers to any activity involving the design, marketing, or installation of electronic labeling systems.

This non-compete obligation is limited to France, Belgium, Italy, Germany, Denmark, Spain, the United Kingdom, Switzerland, Hungary, Romania, Poland, Sweden, Brazil, Mexico, Argentina, Canada, the United States of America, and South Africa.

The clause is limited to a duration of one year as of the end of his term of office as Chief Executive Officer of the Company. At the end of this period of one year, SES-imagotag may renew the clause for another one-year period. This renewal must be notified by registered letter with acknowledgment of receipt or delivered by hand against receipt, at the latest 60 calendar days before the expiry of the initial period of the non-compete obligation.

In consideration of this non-compete obligation, Thierry Gadou shall receive, following the effective cessation of his term of office as Chief Executive Officer of SES-imagotag, and for the entire duration of this prohibition, a special flat-rate monthly compensation, the gross amount of which will be equal to 50% of his gross fixed monthly salary.

This special compensation shall be paid by bank transfer at the end of each month for the entire duration of the non-compete obligation and it shall be subject to social security contributions.

Any violation or infringement of this non-compete clause shall authorize SES-imagotag to put a stop to the violation or infringement in question and to order, subject to a penalty, the cessation of the competition that infringes on the above provisions, without prejudice to any damages or interest it may claim because of the violation of this obligation.

Similarly, any violation of the non-compete obligation would release SES-imagotag from payment of this compensation and would render Thierry Gadou liable to pay back any sums he may have received in this respect, with interest at the statutory rate from the date of formal notice to immediately cease the rival activity, without prejudice to any damages or interest it may claim because of the violation of this obligation.

SES-imagotag may release Thierry Gadou from the non-compete clause at the end of his term of office as Chief Executive Officer of SES-imagotag. In this case, the financial compensation shall not be payable. This waiver must be notified by letter sent by registered mail with return receipt or hand-delivered in exchange for a receipt within 8 calendar days following the date when it is notified to Thierry Gadou, or Thierry Gadou gives notice of the termination of his term of office as Chief Executive Officer at SES-imagotag.

Information on transactions carried out by directors & relatives on securities

The Shareholders' Meeting is informed of the share purchases by the Company's directors or their relatives at December 31, 2019, by the following table:

| NAME OF DIRECTORS OR THEIR RELATIVES | NUMBER OF SHARES AT 31.12.19 |
|--|-------------------------------------|
| THIERRY GADOU IN HIS CAPACITY AS CHAIRMAN & CEO, AS WELL AS HIS RELATIVES | 225,069 |

IV-GENERAL MEETING

DRAFT TEXT OF THE RESOLUTIONS PROPOSED TO THE COMBINED GENERAL MEETING OF JUNE 29, 2020

Regular business

1. Approval of the financial statements for the year ending December 31, 2019
2. Approval of the consolidated financial statements for the year ending December 31, 2019
3. Net income appropriation for 2019
4. Approval of the agreements referred to in sections L. 225-38 et seq. of the Commercial Code
5. Renewal of the term of office of Mr Thierry GADOU as Director
6. Renewal of the term of office of Mr. Xiangjun YAO as Director
7. Appointment of Ms Cenhui HE as Director
8. Renewal of the term of office of Mrs Candace JOHNSON as independent Director
9. Appointment of Mr Franck MOISON as independent Director
10. Approval of the information referred to article L. 225-37-3 I of the Commercial Code relating to the remuneration of corporate officers for the 2019 financial year, pursuant to article L. 225-100 II of the Commercial Code
11. Approval of the remuneration items paid or allocated for the 2019 financial year to Mr Thierry GADOU, Chairman and Chief Executive Officer, pursuant to article L. 225-100 III of the Commercial Code
12. Allocation of a fixed annual sum for Directors as remuneration for their activity
13. Approval of the compensation policy for corporate officers for the 2020 financial year, pursuant to article L. 225-37-2 II of the Commercial Code
14. Authorization to the Board of Directors to trade in the Company's shares

Extraordinary business

15. Authorization to be given to the Board of Directors to reduce the company capital by cancellation of treasury shares
16. Delegation of authority to the Board of Directors to increase the share capital by incorporating reserves, profits or premiums, or any other sum that can be legally capitalized
17. Delegation of authority to the Board of Directors to increase the share capital by issuing, with preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued
18. Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and /or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, in connection with public offers
19. Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, through the private placements specified in Article L.411-2 II of the French Monetary and Financial Code
20. Authorization given to the Board of Directors in the event of issue without preferential subscription rights, through public offers or private placements per Article L.411-2 II of the French Monetary and Financial Code, for the purpose of setting the issue price according to the terms established by the Shareholders' Meeting, within the limit of 10% of the capital per year
21. Authorization given to the Board of Directors to increase the amount of issues with or without preferential subscription rights
22. Delegation of authority to the Board of Directors to increase the share capital by issuing shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued as compensation for contributions in kind
23. Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares of the Company reserved for members of a company savings plan
24. Authorization to the Board of Directors to allocate free shares on existing shares or to be issued, with the removal of the preferential right of subscription of shareholders, in favor of certain employees and corporate officers of the Company and affiliates.

Regular business

25. Ratification of Mr Gang CHENG cooptation as a Director
26. Powers

9.1 THE PURVIEW OF THE ORDINARY GENERAL MEETING

FIRST RESOLUTION

Approval of the financial statements for the financial year ending December 31, 2019

The Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary shareholders' meetings, having reviewed the Board of Directors' and Auditors' reports on the financial year ended December 31, 2019, approved, as presented, the annual accounts prepared as at that date, in addition to the transactions recorded or summarized in these accounts and reports and which show a net income of €-17,186,549.

In accordance with the provisions of Article 223 quarter of the General Tax Code, the Shareholders' Meeting noted that the Company had expenses or charges referred to in Articles 39-4 and 54 quarter of said Code amounting to € 219,838.

SECOND RESOLUTION

Approval of the consolidated financial statements for the financial year ending December 31, 2019

The Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary shareholders' meetings, having reviewed the Board of Directors' and Auditors' reports on the consolidated accounts, approved the consolidated accounts for the financial year ended December 31, 2019 as presented to it, in addition to the transactions recorded in these accounts and summarized in these reports

THIRD RESOLUTION

Net income appropriation for 2019 fiscal year

On the proposal of the Board of Directors, the Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary shareholders' meetings, having reviewed

the Board of Directors' and Auditors' reports on the financial year ended December 31, 2019, decided to allocate the income for the 2019 financial year, in the amount of €-17,186,549, as follows:

| | |
|--|----------------|
| INCOME FOR THE FINANCIAL YEAR | - 17,186,549 € |
| INCOME FULLY ALLOCATED TO RETAINED EARNINGS | - 17,186,549 € |
| WHICH, ADDED TO PRIOR RETAINED EARNINGS, NOW STANDS AT | 5,494,718 € |

In accordance with the provisions of Article 243 of the General Tax Code, the Shareholders' Meeting also stipulated that no dividends were distributed since 2012. In 2012, the Company paid out € 5,491,011.50 in dividends.

FOURTH RESOLUTION

Approval of agreements referred to in sections L. 225-38 et seq. of the Commercial Code

The Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary shareholders' meetings, and having reviewed the Auditors' special report on the regulated agreements and commitments referred to in Article L. 225-38 of the Commercial Code, and ruling on this report, approved, under the conditions set out in the last paragraph of Article L. 225-40 of the Commercial Code, each of the agreements referred to therein.

FIFTH RESOLUTION

Renewal of the term of office of Mr Thierry GADOU as a Director

The Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary general meetings, decides to renew the term of office of Mr Thierry GADOU, whose term of office as Director expires at the present Meeting, for a term of three years, i.e. until the ordinary general meeting called to

approve the financial statements for the financial year 2022 and to be held in 2023.

SIXTH RESOLUTION

Renewal of the term of office of Mr Xiangjun YAO as a Director

The Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary general meetings, decides to renew the term of office of Mr Xiangjun YAO, whose term of office as Director expires at the present Meeting, for a term of three years, i.e. until the ordinary general meeting called to approve the financial statements for the financial year 2022 and to be held in 2023

SEVENTH RESOLUTION

Appointment of Ms Cenhui HE as a Director

The Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary general meetings, decides to appoint Ms Cenhui HE, for a term of three years, i.e. until the ordinary general meeting called to approve the financial statements for the financial year 2022 and to be held in 2023.

EIGHTH RESOLUTION

Renewal of the term of office of Mrs Candace JOHNSON as an Independent Director

The Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary general meetings, decides to renew the term of office of Mrs Candace JOHNSON, whose term of office as Director expires at the present Meeting, for a term of three years, i.e. until the ordinary general meeting called to approve the financial statements for the financial year 2022 and to be held in 2023.

NINTH RESOLUTION

Appointment of Mr Franck MOISON as independant Director

The Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary general meetings, decides to appoint Mr Franck Moison as independant Director, for a term of three years, i.e. until the ordinary general meeting called to approve the financial statements for the financial year 2022 and to be held in 2023.

TENTH RESOLUTION

Approval of the information referred to article L. 225-37-3 I of the Commercial Code relating to the remuneration of corporate officers for the 2019 financial year, pursuant to article L. 225-100 II of the Commercial Code

The Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary general meetings, having reviewed the Governance report prepared by the Board of Directors, pursuant to article L. 225-37 of the Commercial Code, approves, pursuant to article L. 225-100 II of the Commercial Code, the information referred to article L. 225-37-3 I of the Commercial Code in relation to the compensation for the 2019 financial year of the corporate officers in respect of their office, as presented in the Governance report (chapter 8.3).

ELEVENTH RESOLUTION

Approval of the remuneration items paid or allocated for the 2019 financial year to Mr Thierry GADOU, Chairman and Chief Executive Officer, pursuant to article L. 225-100 III of the Commercial Code

The Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary general meetings, having reviewed the Governance report prepared by the Board of Directors, pursuant to article L. 225-37 of the Commercial Code, approves, pursuant to article

L. 225-100 III of the Commercial Code, approves, pursuant to article L. 225-100 III of the Commercial Code, the components of the total compensation and benefits of all kinds paid during the 2019 financial year or allocated for the same financial year to Mr. Thierry GADOU, in respect of his duties as Chairman and Chief Executive Officer of the Company, as presented in the Governance report (chapter 8.3).

TWELFTH RESOLUTION

Allocation of a fixed annual sum for Directors as remuneration for their activity

The Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary general meetings, having reviewed the Board of Directors' report, decide to allocate to the directors as remuneration for their activity in respect of the 2020 financial year a fixed annual sum of € 50,000, the distribution among the directors will be determined by the Board of Directors in accordance with the conditions set out in article L. 225-37-2 of the Commercial Code.

THIRTEENTH RESOLUTION

Approval of the compensation policy for the corporate officers for the 2020 financial year, pursuant to article L. 225-37-2 II of the Commercial Code

The Shareholders' Meeting, voting under the quorum and majority conditions required for ordinary general meetings, having reviewed the Governance report prepared by the Board of Directors, pursuant to article L. 225-37 of the Commercial Code, approves, pursuant to article L. 225-37-2 II of the Commercial Code, the remuneration policy for corporate officers in respect of their office, as presented in the Governance report (chapter 8.3).

FOURTEENTH RESOLUTION

Authorization given to the Board of Directors to trade the Company's shares

The Shareholders' Meeting, ruling under the quorum and majority conditions required for ordinary shareholders' meetings and in accordance with applicable statutory and regulatory provisions and, in particular, those of Articles L. 225-209 et seq. of the Commercial Code, having reviewed the Board of Directors' report, authorized the Board of Directors, with the option to sub-delegate under the conditions set out by law, to trade in the Company's shares on the stock exchange or otherwise in accordance with the terms and conditions set out below.

The Board of Directors is authorized pursuant to this authorization to acquire, on one or more occasions and by any means, a number of shares representing up to 5% of the number of shares comprising the Company's share capital at any time.

The transactions carried out by the Board of Directors pursuant to this authorization may be carried out with a view to meeting the following objectives:

- Stimulating the secondary market or share liquidity through an investment services provider, acting independently, as part of a liquidity contract compliant with the market practice admitted by the AMF on 2 July 2018
- Distributing all or some of the acquired shares to employees and/or the corporate officers of the Company or other entities of the Group, in particular within the context (i) of employee profit sharing, (ii) any stock option plan of the Company, pursuant to Article L.225-177 et seq. of the Commercial Code, or (iii) any savings plan in compliance with Article L.3331-1 et seq. of the Labour Code or (iv) any allocation of bonus shares pursuant to the provisions of Article L.225-197-1 et seq. of the Commercial Code, as

well as perform all hedging transactions relating to these transactions, under the conditions provided for by the market authorities, and at the times to be determined by the Board of Directors or the person acting by delegation thereof

- Remitting shares while exercising the rights attached to securities with conversion, exercise, refund, or exchange rights, or any other Company share allocation mechanism in accordance with applicable regulations, as well as perform all hedging transactions relating to these transactions, under the conditions provided by the market authorities and at the times to be determined by the Board of Directors or the person acting by delegation of the Board of Directors;
- Canceling purchased shares through capital reduction under the conditions provided for by the Commercial Code, in accordance with the terms of the 11th resolution of the Shareholders' Meeting of May 24, 2019;
- Keeping all or some of the acquired shares for later use in exchange or as payment as part of a future external growth operation
- Implement any market practice that may be authorised by the Financial Markets Authority and, more generally, perform all operations in compliance with applicable regulations;

The Board of Directors may not, unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period.

The acquisition, disposal, transfer, or exchange of these shares may be undertaken and paid for by any means, particularly as part of a liquidity contract entered into by the Company with an investment service provider, subject to the regulations in force, including over the counter and by

block of shares, through the use of derivatives and the establishment of option-based strategies (purchase and sale of call and put options and all combinations thereof in accordance with the applicable regulations), and at such times as the Board of Directors deems fit.

The Meeting decides that the maximum purchase price per share shall not exceed €50 per share, excluding expenses.

The acquisitions made by the Company may, under no circumstances, lead it to hold more than 5% of the shares composing its share capital at any time.

The number of shares and the price indicated above shall be adjusted in the event of a change in the nominal value of the share, increase in share capital by incorporation of reserves, profits or premiums, allocation of free shares, division or consolidation of shares, capital redemption or reduction, distribution of reserves or other assets and any other transactions affecting shareholders' equity, so as to take account of the impact of such transactions on the value of the share.

This authorization is given for eighteen months starting on the date of this Meeting. For the purposes of implementing this resolution, the Board of Directors is granted full powers, with the option to subdelegate under the conditions set out by law, in order, in particular, to:

- Decide how to implement this authorization
- Place stock market orders
- Make any declarations and carry out any formalities with respect to the AMF that may relate to the buyback program described above
- Fulfill any other formalities or enter into any other agreements to this end and, more generally, do whatever is necessary to implement the buyback program described above.

This authorization supersedes the authorization granted by the 7th resolution of the Shareholders' Meeting of May 24, 2019.

9.2 THE PURVIEW OF THE EXTRAORDINARY GENERAL MEETING

FIFTEENTH RESOLUTION

Authorization to be given to the Board of Directors to reduce the company capital by cancellation of treasury shares

The Shareholders' Meeting, ruling under the quorum and majority conditions required for extraordinary shareholders' meetings and in accordance with the provisions of Article L. 225-209 of the French Commercial Code, having reviewed the Board of Directors' report and the Auditors' special report, decided to authorize the Board of Directors, with the option to sub-delegate under the conditions set out by law, to reduce the share capital, on one or more occasions and at such times as it deems fit, by canceling shares that the Company might purchase within the context of implementing a share buyback program decided on by the Company.

As required by law, the capital reduction may be carried out on no more than 10% of the share capital existing as of the date of the cancellation (i.e. adjusted based on the operations made on the share capital since this resolution was accepted) during each twenty-four month-period.

The Shareholders' Meeting granted all powers to the Board of Directors, with the option to sub-delegate under the conditions set out by law, to determine the terms and conditions of the capital reductions and share cancellations, to apply the difference between the book value of the canceled shares and their nominal value against any reserve or premium accounts and to make the amendments to the articles of incorporation arising from this authorization and to complete all necessary formalities.

This authorization is given for twenty-six months starting on the date of this Meeting.

This authorization supersedes that given by the 11th resolution of the Combined Shareholders' Meeting of May 24, 2019.

SIXTEENTH RESOLUTION

Delegation of authority to the Board of Directors to increase the share capital by incorporating reserves, profits or premiums, or any other sum that can be legally capitalised

The Shareholders' Meeting, deliberating according to the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the Board of Directors' report and in accordance with the provisions of the French Commercial Code and in particular Articles L.225-129, L.225-129-2 and L.225-130 of said code:

1. delegates to the Board of Directors, which in turn may delegate in accordance with legislative and regulatory conditions, its authority to increase, in one or more instances, in the proportions and at the times that it shall determine, the Company's share capital by capitalization of reserves, profits or issue, merger or contribution premiums, or any other sum that can be possible either by law or according to the Articles of Association, to carry out this capital increase through the issue of new shares or by raising the nominal amount of existing shares or the combination of these two methods according to procedures defined by the Board of Directors;
2. decides that the nominal amount of capital increases liable to be decided by the Board of Directors or carried out, immediately and/or in the future by virtue of this delegation may not exceed a maximum amount of three million one hundred thousand euros (€3,100,000). This cap shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of securities or other rights entitling their bearers to access the Company's capital;
3. specifies that in the event of a capital increase that results in the free allocation of new shares, the Board of Directors may decide that allocations resulting in fractional shares may not be traded and that the corresponding shares will be sold, in accordance with the provisions of Article L.225-130 of the French Commercial Code; sums from the sales are allocated to the holders of rights no later than 30 days after they have registered the whole number of allocated shares in their account;
4. decides that the Board of Directors shall have all powers, which it may in turn delegate in accordance with legislative and regulatory conditions, to implement this delegation, and in particular:
 - i. determine the terms and procedures of the authorized operations, and in particular set the amount and nature of the reserves, profits, premiums or other sums to be capitalized, determine the number of new shares to be issued and/or the amount by which the nominal amount of existing shares that make up share capital will be increased, define the date, even retroactive, as from which the new shares shall earn dividends or the date on which the increase in the nominal amount will take effect and, if necessary, carry out all the allocations on the issue premiums, and in particular the allocation of costs generated by the implementation of the issues,
 - ii. take all the measures intended to protect the rights of holders of securities or other rights that grant access to equity, existing on the day of the capital increase,
 - iii. take all the necessary measures and conclude all agreements to ensure the completion of the planned operation or operations and, generally, do all that will be necessary, carry out all acts and formalities required to finalize the capital increase or increases that could be done by virtue of this delegation and amend the Company's Articles of Association accordingly;

5. decides that unless it has the prior authorization of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;
6. decides that this authorization, which supersedes the authorization granted by the twelfth resolution of the Shareholders' Meeting of May 24, 2019 is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

SEVENTEENTH RESOLUTION

Delegation of authority to the Board of Directors to increase the share capital by issuing, with preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code and in particular Articles L.225-129 et seq., L.225-132, L.225-133 and L.228-91 et seq. of said code:

1. delegates to the Board of Directors, which in turn may delegate in accordance with legislative and regulatory conditions, the authority to decide to carry out, in one or more instances, in the proportions that it shall deem relevant, both in France and abroad, in euros, or foreign currency, the issue, with preferential subscription rights, of the Company's shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, which may be subscribed to in cash, by offsetting debts due and payable, or in whole or in part, by incorporating reserves, profits or premiums;
 2. decides that the total nominal amount of capital increases liable to be carried out immediately and/or in the future by virtue of this delegation may not exceed a maximum amount of fifteen million seven hundred fifty thousand euros (€15,750,000) or the equivalent in any other currency, with the understanding that the nominal amount of the capital increases carried out by virtue of this resolution as well as the eighteenth to twenty-fourth resolutions submitted to this Shareholders' Meeting shall be deducted from this cap. This cap shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of securities or other rights entitling their bearers to access the Company's capital;
 3. decides that the transferable securities giving access to equity securities to be issued by the Company that are issued may consist of debt securities or be associated with the issue of such securities, or enable their issue, as intermediate securities. The total maximum nominal amount of debt securities that may be issued on the basis of this delegation may not exceed one hundred million euros (€100,000,000) or its equivalent in foreign currency, with the understanding that the nominal amount of debt security issues carried out under this resolution as well as the eighteenth to twenty-second resolutions submitted to this Shareholders' Meeting shall be deducted from this cap;
 4. notes that this delegation entails the waiving by shareholders of their preferential subscription rights to the equity securities of the Company to which the securities issued under this delegation could entitle them immediately or in the future;
 5. decides that shareholders may exercise, under the conditions provided by law, their preferential subscription right as of right to equity securities and/or securities the issue of which will be decided by the Board of Directors by virtue of this delegation of authority. The Board of Directors will have the option of conferring on shareholders the right to subscribe as of right to a number of securities as excess shares higher than the number of securities to which they are entitled as of right, in proportion to their subscription rights and, in any event, may not exceed the number of shares for which they have applied.
- If the subscriptions as of right and, if relevant, subscriptions for excess shares have not taken up all the equity securities and/or securities issued, the Board of Directors may, in the order that it determines, restrict, in accordance with the law, the issue to the number of subscriptions received, on condition that this number corresponds at least to three-quarters of the issue that will have been decided, or freely divide all or part of the unsubscribed securities among the persons that it chooses, or offer them in the same manner to the public.
- The Board of Directors may use all or some of the options mentioned above;
6. also specifies that Board of Directors, which may in its turn delegate this authority in accordance with legislative and regulatory conditions, may:

- i. decides and determine the characteristics of the issues of shares and securities to be issued and, in particular, their issue price (with or without issue premiums), the subscription procedure and the dividend payment date,
 - ii. in case of issue of stock warrants, define their number and characteristics and decide, if it deems necessary, under the conditions and according to the procedure that it will define, that the warrants may be redeemed or repurchased, or allocated free of charge to shareholders in proportion to their right in share capital,
 - iii. more generally, define the characteristics of all transferable securities and, in particular, the terms and procedures of allocation of shares, the duration of loans that may be granted in the form of bonds, whether or not they are subordinated, the issue currency, the terms of repayment of the principal, with or without premiums, the amortization terms and conditions and, if applicable, the terms and conditions of purchase, exchange and early redemption, fixed or floating interest rates and the date of payment. The remuneration could include a variable portion calculated in reference to items related to the Company's activity and results, and a deferred payment if there is no distributable profit,
 - iv. decides to use the shares acquired for a share buyback program authorized by the shareholders to allocate them consequent to the issue of securities based on this delegation,
 - v. takes all the measures aimed at protecting the rights of bearers of transferable securities issued or other rights that give access to the Company's equity as required by legislative and regulatory provisions and applicable contractual clauses,
 - vi. suspends any exercise of rights attached to these transferable securities during a period fixed in compliance with legislative and regulatory provisions and the applicable contractual clauses,
 - vii. notes the capital increases and issues of transferable securities, amend the Articles of Association accordingly, charge the issue expenses to the issue premiums and, if it deems it necessary, deduct the sums necessary to bring the legal reserve to one tenth of the new share capital from the amount of the capital increases,
 - viii. takes all measures and carry out all formalities required for the admission of the securities for trading on a regulated market;
7. decides that unless it has the prior authorization of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;
 8. decides that this authorization, which supersedes the authorization granted by the thirteenth resolution of the Shareholders' Meeting of May 24, 2019, be granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

EIGHTEENTH RESOLUTION

Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and /or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, in connection with public offers other than those referred to in Article L.411-2 of the French Monetary and Financial Code

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code and in particular Articles L.225-129 et seq., L.225-135, L.225-136, L.225-148 and L.228-91 et seq. of said code:

1. delegates to the Board of Directors, which in turn may delegate in accordance with legislative and regulatory conditions, the authority to decide to carry out, through public offers other than those referred to in Article L.411-2 of the French Monetary and Financial Code in one or more instances, in the proportions that it shall deem relevant, both in France and abroad, in euros or foreign currency, without preferential subscription rights, of the Company's shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, which may be subscribed to in cash or by offsetting due and payable debts. These securities could, in particular, be issued as remuneration for securities that would be contributed to the Company as part of an exchange offer carried out in France or abroad according to local rules (for example, as part of a reverse merger) on securities that meet the conditions set out in Article L.225-148 of the French Commercial Code;
2. decides:
 - that the total nominal amount of capital increases liable to be carried out immediately and/or in the future by virtue of this delegation may not exceed a maximum amount of six million three hundred thousand euros (€6,300,000) or the equivalent in any other currency, with the understanding (i) that the nominal amount of the

capital increases carried out by virtue of this resolution as well as the nineteenth and twentieth resolutions submitted to this Shareholders' Meeting shall be deducted from this cap and (ii) that the nominal amount of all capital increases carried out by virtue of this delegation will be charged against the total nominal cap provided for capital increases in paragraph 2 of the seventeenth resolution of this Shareholders' Meeting,

- these caps shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of transferable securities or other rights entitling their bearers to access the Company's capital;
- 3. decides to eliminate the preferential subscription right of shareholders to shares and other transferable securities to be issued by virtue of this resolution;
- 4. decides that concerning the issues carried out under this delegation, the Board of Directors may create a priority subscription period reserved for shareholders, to subscribe to shares as of right or for excess shares, that does not entitle them to the creation of negotiable rights, and consequently delegates to the Board of Directors, which may in turn delegate this authority in accordance with legislative and regulatory provisions, the option of determining this period and defining its terms and conditions, in accordance with the provisions of Article L.225-135 paragraph 5 of the French Commercial Code;
- 5. decides that the transferable securities giving access to equity securities to be issued by the Company that are issued may consist of debt securities or be associated with the issue of such securities, or enable their issue, as intermediate securities. The

total maximum nominal amount of debt securities that may be issued immediately or in the future on the basis of this delegation may not exceed one hundred million euros (€100,000,000), or its equivalent in foreign currency, with the understanding that this amount will be charged to the total nominal cap for debt security issues provided in paragraph 3 of the seventeenth resolution;

- 6. notes that this delegation entails the waiving by shareholders of their preferential subscription rights to the equity securities of the Company to which the securities issued under this delegation could entitle them;
- 7. decides that if the subscriptions have not taken up all the equity securities and/or transferable securities issued, the Board of Directors may, in the order that it determines, restrict the issue to the number of subscriptions received, on condition that this number corresponds at least to three-quarters of the issue that will have been decided, or freely divide all or part of the unsubscribed securities among the persons that it chooses, or offer them in the same manner to the public.

The Board of Directors may use all or some of the options mentioned above;
- 8. also specifies that Board of Directors, which may in its turn delegate this authority in accordance with legislative and regulatory conditions, may:
 - i. decides and determine the characteristics of the issues of shares and transferable securities to be issued and, in particular, their issue price (with or without issue premiums), the subscription procedure and the dividend payment date,
 - ii. in case of issue of stock warrants, define their number and characteristics and decide, if it deems necessary, under the

conditions and according to the procedure that it will define, that the warrants may be redeemed or repurchased, or allocated free of charge to shareholders in proportion to their right in share capital,

- iii. more generally, define the characteristics of all transferable securities and, in particular, the terms and procedures of allocation of shares, the duration of loans that may be granted in the form of bonds, whether or not they are subordinated, the issue currency, the terms of repayment of the principal, with or without premiums, the amortization terms and conditions and, if applicable, the terms and conditions of purchase, exchange and early redemption, fixed or floating interest rates and the date of payment. The remuneration could include a variable portion calculated in reference to items related to the Company's activity and results, and a deferred payment if there is no distributable profit,
- iv. sets the issue price of the shares or transferable securities that can be created by virtue of the previous paragraphs such that the Company receives for each share created or allocated independently of all compensation of any form whatsoever, interest, issue or redemption premiums in particular, a sum at least equal to the minimum price provided by the legislative and regulatory provisions that apply on the day of issue (i.e., to date, the weighted average of the Company's share price for the last three trading sessions on the Euronext Paris regulated market preceding the opening of the offer to the public within the meaning of EU Regulation 2017/1129 of 14 June 2017, less a maximum discount of 10% if applicable),
- v. takes all the measures aimed at protecting the rights of bearers of securities issued or oth-

er rights that give access to the Company's equity as required by legislative and regulatory provisions and applicable contractual clauses,

- vi. suspends any exercise of rights attached to these transferable securities during a period fixed in compliance with legislative and regulatory provisions and the applicable contractual clauses,
 - vii. notes the capital increases and issues of transferable securities, amend the Articles of Association accordingly, charge the issue expenses to the issue premiums and, if it deems it necessary, deduct the sums necessary to bring the legal reserve to one tenth of the new share capital from the amount of the capital increases,
 - viii. takes all measures and carry out all formalities required for the admission of the securities for trading on a regulated market;
9. decides that unless it has the prior authorization of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;
10. decides that this authorization, which supersedes the authorization granted by the fourteenth resolution of the Shareholders' Meeting of May 24, 2019 is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

NINETEENTH RESOLUTION

Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, through

offers to the public referred to in 1 of Article L.411-2 of the French Monetary and Financial Code

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code and in particular Articles L.225-129 et seq., L.225-135, L.225-136 and L.228-91 et seq. of said code:

1. delegates to the Board of Directors, which in turn may delegate in accordance with legislative and regulatory conditions, the authority to decide to carry out, under the offers to the public mentioned in 1 of Article L.411-2 of the French Monetary and Financial Code, under the conditions and maximum limits provided by the law and regulations, in one or more instances, in the proportions and at the times that it shall deem relevant, both in France and abroad, in euros or foreign currency, the issue, without preferential subscription rights, of the Company's shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, which may be subscribed to either in cash or by offsetting due and payable debts;
2. decides that the total nominal amount of the capital increases liable to be made immediately and/or in the future under this delegation may not exceed a maximum amount of three million one hundred thousand euros (€3,100,000) or the equivalent in any other currency, with the understanding that this amount will be charged to (i) the nominal cap of six million three hundred thousand euros (€6,300,000) provided for capital increases without preferential subscription

rights by offers to the public in paragraph 2 of the eighteenth resolution of this Shareholders' Meeting, as well as (ii) on the total nominal cap provided for capital increases in paragraph 2 of the seventeenth resolution of this Shareholders' Meeting.

These caps shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of transferable securities or other rights entitling their bearers to access the Company's capital;

3. decides to eliminate the preferential subscription right of shareholders to shares and other transferable securities to be issued by virtue of this resolution;
 4. decides that the transferable securities giving access to equity securities to be issued by the Company that are issued may consist of debt securities or be associated with the issue of such securities, or enable their issue, as intermediate securities.
- The total maximum nominal amount of debt securities that may be issued immediately or in the future on the basis of this delegation may not exceed one hundred million euros (€100,000,000), or its equivalent in foreign currency, with the understanding that this amount will be charged to the total nominal cap for debt security issues provided in paragraph 3 of the seventeenth resolution;
5. notes that this delegation entails the waiving by shareholders of their preferential subscription rights to the equity securities of the Company to which the transferable securities issued under this delegation could entitle them;
 6. decides that if the subscriptions have not taken up all the equi-

ty securities and/or transferable securities issued, the Board of Directors may, in the order that it determines, restrict the issue, in accordance with the law, to the number of subscriptions received, on condition that this number corresponds at least to three-quarters of the issue that will have been decided, or freely divide all or part of the unsubscribed securities among the persons that it chooses, or offer them in the same manner to the public. The Board of Directors may use all or some of the options mentioned above;

7. also specifies that the Board of Directors, which may in its turn delegate this authority in accordance with legislative and regulatory conditions, may:

i. decides and determines the characteristics of the issues of shares and transferable securities to be issued and, in particular, their issue price (with or without issue premiums), the subscription procedure and the dividend payment date,

ii. in case of issue of stock warrants, define their number and characteristics and decide, if it deems necessary, under the conditions and according to the procedure that it will define, that the warrants may be redeemed or repurchased,

iii. more generally, define the characteristics of all transferable securities and, in particular, the terms and procedures of allocation of shares, the duration of loans that may be granted in the form of bonds, whether or not they are subordinated, the issue currency, the terms of repayment of the principal, with or without premiums, the amortisation terms and conditions and, if applicable, the terms and conditions of purchase, exchange and early redemption, fixed or floating interest rates and the date of payment. The remuneration could include a variable portion calculated in

reference to items related to the Company's activity and results, and a deferred payment if there is no distributable profit,

iv. sets the issue price of the shares or transferable securities that can be created by virtue of the previous paragraphs such that the Company receives for each share created or allocated independently of all compensation of any form whatsoever, interest, issue or redemption premiums in particular, a sum at least equal to the minimum price provided by the legislative and regulatory provisions that apply on the day of issue (i.e., to date, the weighted average of the Company's share price on the last three trading sessions on the Euronext Paris regulated market preceding the opening of the offer to the public within the meaning of EU Regulation 2017/1129 of June 14, 2017, less a maximum discount of 10% if applicable),

v. decides to use the shares acquired for a share buyback programme authorised by the shareholders to allocate them consequent to the issue of transferable securities based on this delegation,

vi. takes all the measures aimed at protecting the rights of bearers of transferable securities issued as required by legislative and regulatory provisions and applicable contractual clauses,

vii. suspends any exercise of rights attached to these transferable securities during a period fixed in compliance with legislative, regulatory and contractual provisions,

viii. note the capital increases and issues of transferable securities, amend the Articles of Association accordingly, charge the issue expenses to the issue premiums and, if it deems it necessary, deduct the sums necessary to bring the legal reserve to one tenth of the new

share capital from the amount of the capital increases,

ix. take all measures and carry out all formalities required for the admission of the securities for trading on a regulated market;

8. decides that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;

9. decides that this authorisation, which supersedes the authorization granted by the fifteenth resolution of the Shareholders' Meeting of May 24, 2019, is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

TWENTIETH RESOLUTION

Authorisation given to the Board of Directors in the event of issue without preferential subscription rights, through offers to the public, for the purpose of setting the issue price according to the terms established by the Shareholders' Meeting, within the limit of 10% of the capital per year

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code and in particular Article L.225-136:

1. authorises the Board of Directors, which may in turn delegate this authority in accordance with legislative and regulatory conditions, in the event of the issue of shares and/or any other transferable securities giving immediate or future access to equity, without preferential subscription rights, through offers to the public other than those mentioned in Article

L.411-2 of the French Monetary and Financial Code, or by offers to the public mentioned in 1 of Article L.411-2 of the French Monetary and Financial Code under the conditions in particular the amount, set out in the eighteenth and nineteenth resolutions, to override the conditions for setting prices provided in the above-mentioned resolutions and to determine the issue price in accordance with the following conditions:

- i. the share issue price will be at least equal, as the Board of Directors may choose, (i) to the weighted average price of the Company's share on the Euronext Paris regulated market the day before the date the issue price is set, less a maximum discount of 10% if necessary, or (ii) the weighted average of the Company's share price on the Euronext Paris regulated market over a maximum period of six months prior to the date the issue price is set, less a maximum discount of 10% if necessary,
 - ii. the issue price of transferable securities giving access to equity should be such that the sum received immediately by the Company plus, if applicable, the sum likely to be received later on by the Company is, for each Company share issued as a result of the issue of these transferable securities, at least equal to the amount cited above;
2. decides that the total nominal amount of the capital increases likely to be made under this resolution may not exceed a maximum amount of 10% of share capital per 12-month period (said share capital is assessed on the day the issue price is set), with the understanding that this amount will be charged (i) to the nominal cap of six million three hundred thousand euros (€6,300,000) provided for capital increases by offers to the public without preferential subscription rights in paragraph 2 of the eighteenth resolution of this Shareholders' Meeting, as

well as (ii) on the total nominal cap provided for capital increases in paragraph 2 of the seventeenth resolution of this Shareholders' Meeting.

These caps shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of transferable securities or other rights entitling their bearers to access the Company's capital;

3. decides that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;
4. decides that this authorisation, which supersedes the authorization granted by the sixteenth resolution of the Shareholders' Meeting of May 24, 2019, is granted to the Board of Directors for a period of twenty-six (26) months as from this Shareholders' Meeting.

TWENTY-FIRST RESOLUTION

Authorisation given to the Board of Directors to increase the amount of issues with or without preferential subscription rights

The Shareholders' Meeting, deliberating under the conditions required for Extraordinary Shareholders' Meetings, having reviewed the special report of the Statutory Auditors and the report of the Board of Directors and subject to the adoption of the seventeenth, eighteenth and nineteenth resolutions of this Shareholders' Meeting, in accordance with the provisions of Article L.225-135-1 of the French Commercial Code:

1. authorises the Board of Directors, which may in turn delegate this authority in accordance with legislative and regulatory conditions,

to decide to increase the number of securities to be issued for each issue, with or without preferential subscription rights, decided under the seventeenth, eighteenth, and nineteenth resolutions of this Shareholders' Meeting, under the conditions provided by the legislative and regulatory provisions applicable on the day of the issue (i.e., to date, within thirty days as from the closing of the subscription, within the limit of 15% of each issue and at the same price as the one chosen for the initial issue).

2. decides that the total nominal amount of the capital increases likely to be carried out by virtue of this twenty-first resolution will be factored into the resolution by virtue of which the issue is decided and into the total nominal cap provided for capital increases in paragraph 2 of the seventeenth resolution of this Shareholders' Meeting. This cap shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of transferable securities or other rights entitling their bearers to access the Company's capital;

3. decides that the transferable securities giving access to equity securities to be issued by the Company that are issued may consist of debt securities or be associated with the issue of such securities, or enable their issue, as intermediate securities.

The total maximum nominal amount of debt securities that may be issued immediately or in the future on the basis of this delegation may not exceed one hundred million euros (€100,000,000), or its equivalent in foreign currency, with the understanding that this amount will be charged to the total nominal cap for debt security issues provided in paragraph 3 of the seventeenth resolution;

4. decides that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;
5. decides that this authorisation, which supersedes the authorization granted by the seventeenth resolution of the Shareholders' Meeting of May 24, 2019 is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

TWENTY-SECOND RESOLUTION

Delegation of authority to the Board of Directors to increase the share capital by issuing shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued as compensation for contributions in kind

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors and in accordance with the provisions of the French Commercial Code and in particular Articles L.225-129 et seq., L.225-147 and L.228-91 et seq. of said code:

1. delegates to the Board of Directors, which in turn may delegate in accordance with legislative and regulatory conditions, the authority to decide to carry out, on the basis of the report of the Statutory Auditor(s), in one or more instances, in the proportions and at the times that it shall deem relevant, both in France and abroad, in euros or foreign currency, the issue of the Company's shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to

the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, in view of compensation for contributions in kind granted to the Company and composed of equity securities or transferable securities that give access to equity, when the provisions of Article L.225-148 of the French Commercial Code are not applicable;

2. decides that the total nominal amount of the capital increases likely carried out by virtue of this delegation may not exceed 10% of the share capital (assessed on the day the Board of Directors decides on the issue), with the understanding that this amount will be charged on the total nominal cap provided for capital increases in paragraph 2 of the seventeenth resolution of this Shareholders' Meeting.

These caps shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of transferable securities or other rights entitling their bearers to access the Company's capital;

3. decides that the transferable securities giving access to equity securities to be issued by the Company that are issued may consist of debt securities or be associated with the issue of such securities, or enable their issue, as intermediate securities.

The total maximum nominal amount of debt securities that may be issued immediately or in the future on the basis of this delegation may not exceed one hundred million euros (€100,000,000), or its equivalent in foreign currency, with the understanding that this amount will be charged to the total nominal cap for debt security issues

provided in paragraph 3 of the seventeenth resolution;

4. decides to waive, in favour of holders of securities or transferable securities, contributed in kind, the pre-emptive rights of shareholders to shares and other transferable securities that will be issued by virtue of this resolution;

5. notes that this delegation entails the waiving by shareholders of their preferential subscription rights to the equity securities of the Company to which the transferable securities issued under this delegation could entitle them;

6. also specifies that the Board of Directors, which may in its turn delegate this authority in accordance with legislative and regulatory conditions, may:

- i. decides, on the basis of the report of the Statutory Auditor(s), on the valuation of contributions and the granting of any special benefits,
- ii. determines the characteristics of the issues of shares and transferable securities to be issued and, in particular, their issue price (with or without issue premiums), the exchange ratio and, where applicable, the balance cash, the subscription procedure and the dividend payment date,
- iii. at its sole initiative, charge the costs of the increase(s) in share capital to the premiums relating to these contributions, and deduct from this amount the sums needed to bring the legal reserve to one tenth of the new capital after each increase,
- iv. takes all the measures aimed at protecting the rights of bearers of transferable securities issued or other rights that give access to the Company's equity as required by legislative and regulatory provisions and applicable contractual clauses,

- v. notes the execution of all issues of shares and transferable securities, make the necessary amendments to the Articles of Association after all capital increases, charge the issue expenses to the premium if it wishes and also bring the legal reserve to one tenth of the new share capital and carry out all formalities and declarations and request all authorisations that would turn out to be necessary for making these contributions,
- vi. takes all measures and carry out all formalities required for the admission of the securities for trading on a regulated market;
- 7. decides that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;
- 8. decides that this authorisation, which supersedes the authorization granted by the eighteenth resolution of the Shareholders' Meeting of May 24, 2019 is granted for a period of twenty-six (26) months as from this Shareholders' Meeting.
- 1. delegates, with the option to further delegate in accordance with legal and regulatory provisions, its authority to issue, in one or more instances, at its sole discretion, in the proportions and at the times determined by it, both in France and abroad, new shares reserved for employees and former employees and eligible corporate officers of the Company and/or companies related to the Company within the meaning of Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labour Code, who are members of a company saving plan;
- 2. cancels, for the benefit of the said members, the preferential subscription right of shareholders to any shares that may be issued by virtue of this authorisation and waives any rights to any bonus shares that may be allocated based on this resolution;
- 3. decides that the nominal amount of the capital increase likely to be carried out pursuant to this delegation may not exceed nine hundred forty-five thousand euros (€945,000) or the equivalent in any other currency, on the understanding that (i) the nominal amount of any capital increase carried out in application of this delegation as well as the twenty-fourth resolution submitted to this Shareholders' Meeting shall be charged against this cap and (ii) the nominal amount of any capital increase carried out in application of this delegation shall be charged against the total nominal cap provided for capital increases in paragraph 2 of the seventeenth resolution of this Shareholders' Meeting. This cap shall be increased, where applicable, by the par value of the shares to be issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of securities or other rights entitling their bearers to access the Company's capital;
- 4. decides that the price of the shares issued in application of this delegation shall be determined under the conditions specified in Article L.3332-19 of the French Labour Code, on the understanding that the maximum discount calculated in relation to the average of the share's traded prices during the last 20 trading sessions preceding the decision setting the opening date of the subscription may not exceed 20%.

However, where this delegation is implemented, the Board of Directors may reduce the amount of the discount on a case-by-case basis due to tax, corporate or accounting restrictions applicable in a given country where the Group entities participating in the capital increases are established.

The Board of Directors may likewise decide to allocate bonus shares to subscribers of new shares, in substitution of the discount and/or as an employer matching contribution;

- 5. decides that the Board of Directors shall have all powers, which it may delegate in its turn in accordance with legal and regulatory conditions, to implement this delegation, within the limits and under the conditions specified above, in particular, in order to:
 - i. decide the issue of new shares by the Company,
 - ii. compile the list of companies including employees, former employees and eligible corporate officers who may benefit from the issuance, set the conditions to be fulfilled by the beneficiaries, in order to subscribe, directly or via a mutual investment fund, to the shares issued based on this delegation of authority,
 - iii. set the amounts of these issues and determine the subscription prices and dates, periods, methods for each issue and the conditions for subscription, payment

TWENTY-THIRD RESOLUTION

Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares of the Company reserved for members of a company savings plan

L'assemblée générale, statuant aux The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Board of Directors' report and the Statutory Auditors' special report and in accordance with the provisions of Articles L.225-129-2, L.225-129-6, L.225-138 and L.225-138-1 of the French Commercial Code and those of Articles L.3332-18 et seq. of the French Labour Code:

and delivery of the shares issued by virtue of this delegation of authority, as well as the date, even if retroactive, from which the new shares will be entitled to dividends,

- iv. decide, in application of Article L.3332-21 of the French Labour Code, on the allocation, free of charge, of shares to be issued or already issued, as an employer matching contribution and/or, as applicable, for the discount, provided that the recognition of their equivalent pecuniary value, valued at the subscription price, does not result in exceeding the limits specified in Article L.3332-11 of the French Labour Code,
 - v. set the period granted to subscribers for full payment of their securities,
 - vi. duly note, or have another party note the completion of the capital increase in the amount of the shares to be effectively subscribed,
 - vii. at its sole initiative, allocate the costs of the increase(s) in share capital to the premiums relating to these increases, and deduct from this amount the sums needed to bring the legal reserve to one tenth of the new capital after each increase,
 - viii. generally, take any and all measures and perform any and all formalities that are useful for issuing and listing the shares, and following the capital increases and related amendments of the Articles of Association pursuant to this delegation;
6. decides that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;
 7. decides that this delegation is granted for a period of twenty-six

(26) months as from this Shareholders' Meeting.

TWENTY-FOURTH RESOLUTION

Authorisation given to the Board of Directors to allocate new or existing shares of the Company free of charge to certain employees and corporate officers of the Company and related companies

The Shareholders' Meeting, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, having reviewed the Board of Directors' report and the special report of the Statutory Auditors and in accordance with the provisions of article L. 225-197-1 of the French Commercial Code:

1. authorises the Board of Directors, pursuant to the provisions of Articles L.225-197-1 et seq. of the French Commercial Code and subject to the conditions set out in this resolution, to allocate, in one or more instances, Company's existing shares or future shares free of charge to beneficiaries it will determine among employees, or categories of them, and corporate officers, or categories of them, of the Company and/or affiliated companies within the meaning of Article L.225-197-2 of the French Commercial Code;
2. decides that the total number of shares allocated free of charge by virtue of this authorisation may not exceed 3% of the number of shares that make up the Company's share capital on the date the Board of Directors decides to allocate them, and that the aggregate nominal amount of capital increases resulting from the authorisation will be charged (i) against the nominal cap provided for share capital increases carried out pursuant to the twenty-third resolution and (ii) the total nominal cap provided for share capital increases in paragraph 2 of the seventeenth resolution submitted to this Shareholders' Meeting. It

is specified that in any case the total number of shares allocated free of charge shall not exceed the limits set out in articles L. 225-197-1 et seq. of the French Commercial Code. This cap does not take into account any adjustments to be made in order to preserve potential rights of beneficiaries of free allocations of shares;

3. decides that the total maximum number of shares which may be allocated free of charge to corporate officers of the Company pursuant to this resolution shall not represent more than 20% of the shares which may be allocated pursuant to this resolution and that the final acquisition of the shares allocated pursuant to this authorisation shall be subject to performance conditions;
4. decides that the allocation of shares to their beneficiaries will become final at the end of a vesting period which will be set by the Board of directors, and will be of at least one year and that the retention period attached to these shares will also be set by the Board of directors, and will be of at least one year as from the final allocation of the shares. However, for shares allocated with a vesting period of at least two years, the retention period may be reduced or cancelled so that the shares will be freely transferable as from their final allocation;
5. decides, by exception, that in case of disability corresponding to the second or third categories provided for in article L.341-4 of the French Social Security Code, the final allocation of the shares may occur immediately and the relevant beneficiary will not be subject to any obligation to keep its shares, and will be able to dispose of them freely;
6. decides that the Board of directors will determine the identity of the beneficiaries and the number of shares which can be allocated

- free of charge to each of them, as well as the conditions to be fulfilled for a final allocation, in particular performance conditions for the allocations to corporate officers of the Company;
7. notes that this authorisation automatically implies that shareholders have expressly waived, in favour of the beneficiaries of the free shares (i) their preferential subscription right to new free shares, (ii) the portion of reserves, profits or premiums that will be incorporated into the capital in the event of the free allocation of new shares and (iii) to any right on existing free shares. The corresponding capital increase will be finalised only after the beneficiaries have been definitively allocated the free shares;
 8. grants to the Board of Directors, which may in turn delegate this authority, all the powers needed to implement this resolution within the limits set out above, and in particular to:
 - i. determine whether the free shares are new or existing shares,
 - ii. define the identity of the beneficiaries of the shares allocated
- and the number of shares allocated to each beneficiary,
- iii. set the terms and conditions of the free shares plan(s),
 - iv. carry out any adjustments to the number of free shares allocated based on any operations on the Company's capital or shareholders' equity resulting in a modification of the value of the shares composing the capital, so as to protect the rights of beneficiaries,
 - v. set the conditions and determine the criteria, dates and terms of allocation of the shares, in particular the minimum vesting period, as well as, as the case may be, the duration of the retention period required for each beneficiary, note the vesting dates and the dates as from which the shares may be freely transferred given the legal restrictions and do all that will be otherwise necessary and conclude any agreements in order to carry out the contemplated allocations,
9. decides that the Board of directors will also have, with the power to sub-delegate in accordance with legal provisions, all powers,
 - in case of an issue of new shares, to allocate the sums needed to subscribe these shares to the premiums, profits and reserves, note the completion of the share capital increases carried out pursuant to this authorisation, carry out the required amendments to the by-laws and more generally do all required acts and formalities ;
 10. decides that unless it has the prior authorisation of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period;
 11. notes that the Board of Directors will inform each year the ordinary general meeting, in accordance with legal and regulatory provisions, in particular article L. 225-197-4 al. 1 of the French Commercial Code, of the transactions carried out pursuant to this resolution.
 12. decides that this authorisation is granted for a period of thirty-eight (38) months as from this Shareholders' Meeting.

THE PURVIEW OF THE ORDINARY GENERAL MEETING

TWENTY-FIFTH RESOLUTION

Ratification of Mr. Gang CHENG's co-optation as a director

The General Assembly, ruling on the quorum and majority conditions required for ordinary general meetings, ratifies the co-optation by the Board of Directors, at its meeting on 12 May 2020, of Mr. Gang CHENG as a director, replacing Mr. Linfeng JING, who has resigned, for the duration of the latter's term of office, i.e. until the ordinary general meeting called to rule on the accounts for the year ended 31 December 2020 and to be held in 2021.

TWENTY-SIXTH RESOLUTION

Powers conferred

The Shareholders' Meeting confers full powers on the bearer of an original, a copy or an extract of these minutes in order to carry out any filing, publication, and other formalities required by the law.

9.3 REPORT OF THE BOARD OF DIRECTORS TO THE COMBINED SHAREHOLDERS MEETING

Dear Shareholders,

We have called a Combined Shareholders' Meeting to deliberate on the following agenda items:

Ordinary resolutions:

1. Approval of the financial statements for the year ending December 31, 2019
2. Approval of the consolidated financial statements for the year ending December 31, 2019
3. Net income appropriation for 2019
4. Approval of the agreements referred to in sections L. 225-38 et seq. of the Commercial Code
5. Renewal of the term of office of Mr Thierry GADOU as Director
6. Renewal of the term of office of Mr. Xiangjun YAO as Director
7. Appointment of Ms Cenhui HE as Director
8. Renewal of the term of office of Mrs Candace JOHNSON as independent Director
9. Appointment of Mr Franck MOISON as independent Director
10. Approval of the information referred to article L. 225-37-3 I of the Commercial Code relating to the remuneration of corporate officers for the 2019 financial year, pursuant to article L. 225-100 II of the Commercial Code
11. Approval of the remuneration items paid or allocated for the 2019 financial year to Mr Thierry GADOU, Chairman and Chief Executive Officer, pursuant to article L. 225-100 III of the Commercial Code
12. Allocation of a fixed annual sum for Directors as remuneration for their activity
13. Approval of the compensation policy for corporate officers for the 2020 financial year, pursuant to article L. 225-37-2 II of the Commercial Code
14. Authorization to the Board of Directors to trade in the Company's shares

Extraordinary resolutions:

15. Authorization to be given to the Board of Directors to reduce the company capital by cancellation of treasury shares
16. Delegation of authority to the Board of Directors to increase the share capital by incorporating reserves, profits or premiums, or any other sum that can be legally capitalized
17. Delegation of authority to the Board of Directors to increase the share capital by issuing, with preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued
18. Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and /or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, in connection with public offers
19. Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, through the private placements specified in Article L.411-2 II of the French Monetary and Financial Code
20. Authorization given to the Board of Directors in the event of issue without preferential subscription rights, through public offers or private placements per Article L.411-2 II of the French Monetary and Financial Code, for the purpose of setting the issue price according to the terms established by the Shareholders' Meeting, within the limit of 10% of the capital per year
21. Authorization given to the Board of Directors to increase the amount of issues with or without preferential subscription rights
22. Delegation of authority to the Board of Directors to increase the share capital by issuing shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued as compensation for contributions in kind
23. Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares of the Company reserved for members of a company savings plan
24. Authorization to the Board of Directors to allocate free shares on existing shares or to be issued, with the removal of the preferential right of subscription of shareholders, in favor of certain employees and corporate officers of the Company and affiliates.

Regular business:

25. Ratification of Mr Gang CHENG cooptation as a Director
26. Powers

ORDINARY RESOLUTIONS:

1. Approval of annual and consolidated accounts for the year ended December 31, 2019, Assignment of the Company's earnings and Approval of agreements under Articles L. 225-38 and following of the Code of Commerce (Resolutions 1 to 4)

Resolutions 1 and 2 proposed to you pertain to the approval of the Company's individual annual financial statements and the consolidated financial statements. Comments on these financial statements appear in the annual financial report made available to you on the Company's website ([http:// www.ses-imagotag.com](http://www.ses-imagotag.com)).

The individual financial statements for the financial year show net income of € -17,186,549

We propose that you approve these financial statements.

In Resolution 3, the Board of Directors proposes allocating the result for financial year 2019 amounting to € -17,186,549 as follows:

- Result fully allocated to retained earnings € -17,186,549
- Which, added to prior retained earnings, now stands at € 5,494,718.

In accordance with the provisions of Article 243 of the French General Tax Code, the Shareholders' Meeting also stipulated that no dividends have been distributed since 2012. In 2012, the Company paid out €5,491,011.50 in dividends.

Resolution 4 pertains to "regulated" agreements approved by your Board (Article L. 225-38 of the French commercial code). These agreements resulted in the preparation by your Statutory Auditors of the special report, which also lists the agreements approved in prior financial years that continued to be performed during financial year 2019. After hearing this report, you will be asked to approve it as well as the agreements referred to therein.

2. Directorships (Resolutions 5 to 9 and 25)

Renewals:

By the **fifth, sixth and eighth resolutions**, you are asked to renew the mandate of the directors of the Company expiring at this Assembly, for a period of 3 years, until the ordinary General Assembly called upon to rule on the accounts for fiscal year 2022 and to be held in 2023, namely:

- Mr Thierry GADOU ;
- Mr Xiangjun YAO ;
- Mrs Candace JOHNSON.

Appointments:

The Board of Directors, after finding that

a) Mrs Xiangshun YIN renounced the renewal of its mandate, as a Director, took note of her decision. Resolution 7 therefore proposes to appoint Mrs. Cenhui HE as a new Director,

b) Mr. Renaud VAILLANT had reached the 12-year limit as an independent director, took note of his departure. By the **ninth resolution**, it is proposed that you appoint M. Franck MOISON, as an independent director for a period of 3 years, until the ordinary General Assembly is called upon to rule on the accounts for the 2022 financial year and to be held in 2023.

Ratification:

Mr Linfeng JING having resigned, the Board of Directors, at its meeting on 12 May 2020, decided to co-opt Mr. Gang CHENG as a director, replacing Mr. Linfeng JING, who resigned.

Resolution 25 therefore proposes you to ratify that cooptation for the duration of the term remaining, until the ordinary general meeting called to rule on the accounts for the year ended December 31, 2020 and to be held in 2021.

3. Compensation of the Company's corporate officers (Resolutions 10 to 13)

- Approval of the information referred to in Article L. 225-37-3 I of the Code of Commerce relating to the corporate officers' remunera-

tion for the 2019 financial year, under Article L. 225-100 II of the Code of Commerce.

In accordance with the new legislation No. 2019-486 of 22 May 2019 known as the "Loi Pacte", and pursuant to Article L. 225-100 II of the Code of Commerce, the Assembly must rule on a draft resolution on the information Article L. 225-37-3 I of the Code of Commerce on the remuneration of the 2019 financial year for corporate officers.

In the **tenth resolution**, you are therefore proposed to approve the information mentioned in Article L. 225-37-3 I of the Code of Commerce as contained in the Corporate Governance Report (Chapter 8.3).

- Approval of fixed, variable and exceptional items comprising total compensation and benefits of any kind, paid in the 2019 financial year or awarded for the same year to Mr Thierry GADOU, Chairman and CEO, in Article L. 225-100 III of the Code of Commerce.

As part of the **eleventh Resolution**, and after learning of the remuneration committee's recommendation, it is proposed that you approve, under Article L. 225-100 III of the Code of Commerce, the fixed, variable and exceptional elements that make up the total remuneration and benefits of any kind paid in the 2019 financial year or awarded in the same year to Mr. Thierry GADOU, as a result of his mandate as Chairman and CEO of the Company, as they are report on corporate governance(Chapter 8.3).

- Allowance of a fixed annual sum to directors in compensation for their activities.

In the **twelfth resolution**, we propose to set the overall annual maximum amount € 50 000 of compensation allocated to directors in compensation for their activity for the current fiscal year to the sum of the amount of the remuneration of their activity. In accordance with the provisions of Article L. 225-45 of the Code of Commerce, this amount

is aggregated and it will be up to the Board of Directors to decide the allocation of the money.

- Approval of the compensation policy for corporate officers for the 2020 financial year, under Article L. 225-37-2 II of the Code of Commerce

In accordance with the new legislation No. 2019-486 of May 22, 2019, known as the "Loi Pacte" and under Article L. 225-37-2 II of the Code of Commerce, the remuneration policy for corporate officers is the subject of a draft resolution submitted for approval by the General Assembly. In the **thirteenth** resolution, you are therefore proposed to approve the remuneration policy for corporate officers, as presented in the report on corporate governance (Chapter 8.3).

4. Authorization given to the Board of Directors to trade the Company's shares (Resolution 14)

The objective of **Resolution 14** is to renew the authorization of the Board of Directors to buy shares in the Company. The Company must be able to trade in its own shares at any time. We therefore propose that you authorize the Board, with the option to sub-delegate under the conditions set out by law, to trade in the Company's shares on the stock exchange or otherwise in accordance with the terms and conditions set out below.

We hereby propose that you authorize the Board of Directors pursuant to this authorization to acquire, on one or more occasions and by any means, a number of shares representing up to 5% of the number of shares comprising the Company's share capital at any time.

The transactions carried out by the Board of Directors pursuant to this authorization would be carried out with a view to meeting the following objectives:

- Stimulating the secondary market or share liquidity through an in-

vestment services provider, acting independently, as part of a liquidity contract compliant with the market practice admitted by the AMF on 2 July 2018.

- Use all or part of the acquired shares to be attributed to employees and/or corporate officers of the Company and other Group entities, including in connection with Distributing all or some of the acquired shares to employees and/or the corporate officers of the Company or other entities of the Group, in particular within the context (i) of employee profit sharing, (ii) any stock option plan of the Company, pursuant to Article L.225-177 et seq. of the French Commercial Code, or (iii) any savings plan in compliance with Article L.3331-1 et seq. of the French Labour Code or any allocation of bonus shares pursuant to the provisions of Article L.225-197-1 et seq. of the French Commercial Code, as well as perform all hedging transactions relating to these transactions, under the conditions provided for by the market authorities, and at the times to be determined by the Board of Directors or the person acting by delegation thereof.

- Remitting shares while exercising the rights attached to securities with conversion, exercise, refund, or exchange rights, or any other Company share allocation mechanism in accordance with applicable regulations, as well as perform all hedging transactions relating to these transactions, under the conditions provided by the market authorities and at the times to be determined by the Board of Directors or the person acting by delegation of the Board of Directors.

- Canceling purchased shares through capital reduction under the conditions provided for by the French Commercial Code, as long as Resolution 15 of this Shareholders' Meeting is approved

- Keeping all or some of the acquired shares for later use in exchange or as payment as part of a future external growth operation

- Implement any market practice that may be authorized by the French Financial Markets Authority and, more generally, perform all operations in compliance with applicable regulations;

Under this authorization, the Board of Directors would not, unless it has the prior authorization of the Shareholders' Meeting, the Board of Directors may not use this delegation of authority once a third party has filed a public offer for the Company's shares, and until the end of the offer period.

The acquisition, disposal, transfer, or exchange of these shares may be undertaken and paid for by any means, particularly as part of a liquidity contract entered into by the Company with an investment service provider, subject to the regulations in force, including over the counter and by block of shares, through the use of derivatives and the establishment of option-based strategies (purchase and sale of call and put options and all combinations thereof in accordance with the applicable regulations), and at such times as the Board of Directors deems fit.

Under this authorization, the Meeting would decide that the maximum purchase price per share shall not exceed €50 per share, excluding expenses.

The acquisitions made by the Company would, under no circumstances, lead it to hold more than 5% of the shares composing its share capital at any time.

The number of shares and the price indicated above would be adjusted in the event of a change in the nominal value of the share, increase in share capital by incorporation of reserves, profits or premiums, allocation of free shares, division or consolidation of shares, capital redemption or reduction, distribution of reserves or other assets and any other transactions affecting shareholders' equity, so as to take account of the impact of such transactions on the value of the share.

This authorization would be given for eighteen months starting on the date of this Meeting. In order to implement this authorization, it will be proposed to confer all powers to the Board of Directors with the option to subdelegate under the conditions set out by law, in order, in particular, to:

- Decide how to implement this authorization
- Place stock market orders
- Make any declarations and carry out any formalities with respect to the AMF that may relate to the buyback program described above

- Fulfill any other formalities or enter into any other agreements to this end and, more generally, do whatever is necessary to implement the buyback program described above.

This authorization would supersede the authorization given by the Combined Shareholders' Meeting of May 24, 2019; this authorization was granted for a period of 18 months.

EXTRAORDINARY RESOLUTIONS

Under the terms of **resolutions 16 to 24**, several delegations of authorities to the Board are submitted to the Shareholders meeting so that the Board proceeds, whenever necessary, to capital increases, and/ or and/or equity securities issues which confer entitlement to equity securities to be issued. Please note the Board could not use those delegations (except previous authorization from the Shareholders meeting) during a public offer period.

5. Authorization to be given to the Board of Directors to reduce the company capital by cancellation of treasury shares in accordance with the provisions of Article L. 225-209 of the French commercial code (Resolution 15)

The purpose of **Resolution 15** is to authorize the Board of Directors, to potentially reduce the share capital, by cancelling treasury shares within the limit of 10% of the existing share capital on the date of the cancellation per 24 month period and to allocate the difference to the available premiums and reserves that it may choose.

This authorization would be given for twenty-six months starting on the date of this Meeting and would supersede the authorization given by the Combined Shareholders' Meeting of May 24, 2019.

6. Delegation of authority to the Board of Directors to increase the share capital (Resolutions 16 to 22)

For **resolutions 16 to 22** the Board of Directors proposes that the shareholders' meeting adopt the financial authorizations usually adopted by listed companies and to renew the financial authorizations granted by the shareholders' meeting in 2018 and 2019.

The Board of Directors would then have the ability to implement quickly and smoothly the adequate financial tools dedicated to support the Company's growth strategy, according to opportunities on the financial market and according to the Company's and the Company's shareholders interests.

The following table is a synthetic report of the submitted financial authorizations (including resolutions 23 and 24, dedicated to employees incentives):

| RESOLUTION | FINANCIAL AUTHORIZATION | LIMITS AND CAPS | DURATION |
|------------|---|---|-----------|
| 16 | Delegation of authority to the Board of directors to increase the share capital by incorporating reserves profits or premium | Maximum nominal amount of capital increase: €3,100,000 (about 10% of the capital as of 12.31.19) | 26 months |
| 17 | Delegation of authority to the Board of directors to increase the share capital with preferential subscription rights | Maximum nominal amount of capital increase: €15,750,000 (about 50% of the capital as of 12.31.19) Maximum amount of debt securities: €100,000,000 | 26 months |
| 18 | Delegation of authority to the Board of directors to increase the share capital without preferential subscription rights, in connection with public offerings other than those referring to art. L 411-2 II of the Monetary code | Maximum nominal amount of capital increase: €6,300,000 (about 20% of the capital as of 12.31.19) Maximum amount of debt securities: €100,000,000 | 26 months |
| 19 | Delegation of authority to the Board of directors to increase the share capital without preferential subscription rights, in connection with public offering referring to art. L 411-2 II of the Monetary code | Maximum nominal amount of capital increase: €3,100,000 (about 10% of the capital as of 12.31.19) Maximum amount of debt securities: €100,000,000 | 26 months |
| 20 | Setting of the issue price in the context of the 18 th and 19 th resolutions | Maximum nominal amount of capital increase: €3,100,000 (about 10% of the capital as of 12.31.19) Maximum amount of debt securities: €100,000,000 | 26 months |
| 21 | Setting of the issued quantity in the context of the 18 th and 19 th resolutions | Maximum nominal amount of capital increase: €15,750,000 (about 50% of the capital as of 12.31.19) Maximum amount of debt securities: €100,000,000 | 26 months |
| 22 | Delegation of authority to the Board of directors to increase the share capital as compensation for contributions in kind | Maximum nominal amount of capital increase: 10% of the capital Maximum amount of debt securities: €100,000,000 | 26 months |
| 23 | Delegation of authority to the Board of directors to increase the share capital reserved for members of a company savings plan | Maximum nominal amount of capital increase: € 945,000 (about 3% of the capital as of 12.31.19) | 26 months |
| 24 | Allocation of free shares to employees and/or corporate officers of the Company or companies related to it | Maximum nominal amount of capital increase: € 945,000 (about 3% of the capital as of 12.31.19) | 38 months |

1 : delegation of authorities submitted to the global € 15,750,000 capital increase maximum amount

2: delegation of authorities submitted to the global € 100,000 debt amount

3: delegation of authorities submitted to the global € 6,300,000 capital increase maximum amount (without preferential subscription right)

7. Delegation of authority to the Board of directors to increase the share capital by incorporating reserves profits or premium (Resolution 16)

Under the terms of **Resolution 16** we propose, to delegate to the Board to increase the Company's share capital by capitalisation of reserves, profits or issue, merger or contribution premiums, or any other sum that can be possible, up to a € 3,100,000 limit, that independent cap being separate from caps set out in other resolutions below; and to carry out this capital increase through allocation of new bonus shares or by raising the nominal amount of existing shares or the combination of these two methods according to procedures defined by the Board of Directors.

This authorization would be granted for 26 months as from this Shareholders' Meeting.

8. Delegation of authority to the Board of Directors to increase the share capital by issuing, with preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued (Resolution 17)

Under the terms of **Resolution 17** we propose to delegate to the Board of Directors, the authority to decide to carry out the issue, with preferential subscription rights, of the Company's shares and/or equity securities which confer entitlement to other equity securities and/ or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, up to a € 15,750,000 limit, with the understanding that the nominal amount of the capital increases carried out by virtue of this resolution as well as the nineteenth to twentysecond resolutions submitted to this Shareholders' Meeting shall be deducted from this cap. This cap shall be increased, where applicable, by the par value of the shares to be

issued in order to preserve, in compliance with legislative and regulatory provisions and, where applicable, contractual stipulations, the rights of bearers of securities or other rights entitling their bearers to access the Company's capital;

The transferable securities giving access to equity securities to be issued by the Company that are issued may consist of debt securities or be associated with the issue of such securities, or enable their issue, as intermediate securities. The total maximum nominal amount of debt securities that may be issued on the basis of this delegation may not exceed one hundred million euros (€100,000,000); Shareholders may exercise, under the conditions provided by law, their preferential subscription right as of right to equity securities and/or securities the issue of which will be decided by the Board of Directors by virtue of this delegation of authority, and, if necessary, for excess shares if the Board of Directors provides for this.

This authorisation would supersede the authorisation granted by the Shareholders' Meeting of May 24, 2019 and would be granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

9. Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or equity securities which confer entitlement to other equity securities and /or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued (eighteenth, nineteenth, and twentieth resolutions)

Under the terms of **Resolutions 18, 19, and 20** we propose to delegate to the Board of Directors the authority to decide to carry out, the issue, without preferential subscription rights, of the Company's shares and/ or equity securities which confer entitlement to other equity securities.

In compliance with AMF (Autorité des Marchés Financiers) recommen-

dation, those issues are described in two separate resolutions, whether they are carried out through offers other than those referred to in article L.411-2 of the French Monetary and Financial Code (**Resolution 18**) or through offers to the public referred to in 1 of Article L.411-2 of the French Monetary and Financial Code, i.e. offers of securities which are made only to a restricted circle of investors acting for their own account or qualified investors (**Resolution 19**).

Indeed, depending on market conditions, the type of investor at which the issue is targeted (institutional, retail, French or international) and the type of securities issued, and in order to be able to seize market opportunities, it may be preferable or even necessary to perform issues without preferential subscription rights, with caps and limits which would be lower than issues with preferential subscription rights.

The total nominal amount of capital increases to be carried out under the **eighteenth resolution** may not exceed a maximum amount of six million three hundred thousand euros (€6,300,000, i.e., on an illustrative basis, approximately 20% of the current share capital) or the equivalent in any other currency, with the understanding (i) that the nominal amount of the capital increases carried out by virtue of the **eighteenth resolution as well as the nineteenth and twentieth resolutions** submitted to your Shareholders' Meeting shall be deducted from this cap and (ii) that the nominal amount of all capital increases carried out by virtue of the **eighteenth resolution** will be charged against the total nominal cap provided for capital increases in paragraph 2 of the **seventeenth resolution** of your Shareholders' Meeting.

The total nominal amount of the capital increases to be carried out under the **nineteenth resolution** may not exceed a maximum amount of three million one hundred thousand euros (€3,100,000, i.e., on an illustrative basis, approximately 10% of the current share capital) or the equivalent

in any other currency, with the understanding that this amount will be charged to (i) the nominal cap of six million three hundred thousand euros (€6,300,000) provided for capital increases without preferential subscription rights by offers to the public in paragraph 2 of the **eighteenth resolution** of your Shareholders' Meeting, as well as (ii) on the total nominal cap provided for capital increases in paragraph 2 of the **seventeenth resolution** of your Shareholders' Meeting.

The Board of Directors will be entitled to issue, by way of offers to the public other than those referred to in article L.411-2 of the French Monetary and Financial Code (**eighteenth resolution**) and/or offers to the public referred to in 1 of article L.411-2 of the French Monetary and Financial Code (**nineteenth resolution**), shares and/or equity securities giving access to other equity securities and/or securities giving access to equity securities to be issued which could consist in particular of debt securities or be associated with the issue of such securities or enable their issue as intermediary securities. The nominal amount of debt securities which could be issued pursuant to the **eighteenth and nineteenth resolutions** would be charged against the cap of one hundred million euros (€100,000,000) set by the **seventeenth resolution**.

Under the **eighteenth resolution** relating to the issue, by way of offers to the public other than those referred to in article L.411-2 of the French Monetary and Financial Code, of shares and/or equity securities giving access to other equity securities and/or securities giving access to equity securities to be issued, the Board of Directors may create a priority subscription period reserved for shareholders, to subscribe to securities as of right or for excess securities, under the conditions provided for by applicable regulations.

The issue price of the shares issued pursuant to the **eighteenth and nineteenth resolutions** would be set in accordance with legal and regulato-

ry provisions in force at the time of the issue, which currently provide for a price at least equal to the weighted average of the Company's share price for the last three trading sessions on the Euronext Paris regulated market preceding the opening of the offer to the public within the meaning of EU Regulation 2017/1129 of 14 June 2017, less a maximum discount of 10% if applicable.

Nevertheless, the **twentieth resolution**, in accordance with the provisions of the French Commercial Code (Article L.225-136), suggests to authorize the Board of Directors to set the share issue price as follows: the issue price will be at least equal, as the Board of Directors may choose, (i) to the weighted average price of the Company's share on the Euronext Paris regulated market the day before the date the issue price is set, less a maximum discount of 10% if necessary, or (ii) the weighted average of the Company's share price on the Euronext Paris regulated market over a maximum period of six months prior to the date the issue price is set, less a maximum discount of 10% if necessary.

The use of the option described above will enable the company, with regards to important market volatility, to benefit from possible opportunities to carry out share issues when market conditions do not make it possible to carry out an issue under the price condition defined in the **nineteenth and twentieth resolutions**.

These authorisations, which would supersede those granted by the fourteenth, fifteenth and sixteenth resolutions of the shareholders' meeting of 24 May 2019, would be granted for a period of twenty-six (26) months as from your Shareholders' Meeting.

10. Authorisation given to the Board of Directors to increase the amount of issues with or without preferential subscription rights (Resolution 21)

Subject to the adoption of **Resolutions 17, 18, 19 and 20** authorizing capital increases with or without

preferential subscription rights, we propose, in accordance with Article L.225-135-1 of the French Commercial Code, to authorise the Board of Directors, for a 26 months period as from this Shareholders meeting, to decide to increase the number of securities to be issued for each issue, under the conditions provided by the legislative and regulatory provisions applicable on the day of the issue (i.e., to date, within thirty days as from the closing of the subscription, within the limit of 15% of each issue and at the same price as the one chosen for the initial issue).

The nominal amount of the capital increases carried out by virtue of this resolution shall be charged against the total nominal cap (€15,750,000) provided for capital increases in paragraph 2 of the **seventeenth resolution** of this Shareholders' Meeting. The total maximum nominal amount of debt securities that may be issued by implementing **Resolution 21** may not exceed one hundred million euros (€100,000,000),

This authorisation would be granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

11. Delegation of authority to the Board of Directors to increase the share capital by issuing shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued as compensation for contributions in kind (Resolution 22)

Under the terms of **Resolution 22** we propose, to delegate to the Board of Directors, the authority to decide to carry out the issue of the Company's shares and/or equity securities which confer entitlement to other equity securities and/or entitlement to the allocation of debt securities and/or transferable securities giving access to equity securities to be issued, in view of compensation for contributions in kind granted to the Company and composed of equity

securities or transferable securities that give access to equity, up to a 10% of the capital share, charged against:

1. the total nominal cap provided for capital increases in the **seventeenth resolution** of this Shareholders' Meeting (€ 15,750,000)
2. as well as charged against the nominal cap of five million seven hundred fifty thousand euros (€6,300,000) provided for capital increases without preferential subscription rights in the **eighteenth resolution** of this Shareholders' Meeting.

The total maximum nominal amount of debt securities that may be issued by implementing **Resolution 22** may not exceed one hundred million euros (€100,000,000), with the understanding that this amount will be charged to the total nominal cap for debt security issues (**Resolution 17**); and holders of securities or transferable securities, contributed in kind, would waive their pre-emptive rights of shareholders to shares and other transferable securities that will be issued by virtue of this resolution;

This authorisation would be granted for a period of twenty-six (26) months as from this Shareholders' Meeting

12. Delegation of authority to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares of the Company reserved for members of a company savings plan (plan d'épargne d'entreprise) (Resolution 23)

Resolution 23 submit a delegation of authority to the Board of Directors, with the option to further delegate in accordance with legal and regulatory provisions, its authority to issue new shares reserved for employees who are members of a company saving plan. The capital increase that may be carried out pursuant to this delegation may not exceed nine hundred forty five thousand euros (€945,000), and would be charged against the total nominal cap provided for capital

increases of the **seventeenth resolution** of this Shareholders' Meeting (€ 15,750,000).

This delegation cancels, for the benefit of the said members, the preferential subscription right of shareholders to any shares that may be issued by virtue of this authorisation and waives any rights to any bonus shares that may be allocated based on this resolution;

the price of the shares issued in application of this delegation shall be determined under the conditions specified in Article L.3332-19 of the French Labour Code, on the understanding that the maximum discount calculated in relation to the average of the share's traded prices during the last 20 trading sessions preceding the decision setting the opening date of the subscription may not exceed 20%.

However, where this delegation is implemented, the Board of Directors may reduce the amount of the discount on a case-by-case basis due to tax, corporate or accounting restrictions applicable in a given country where the Group entities participating in the capital increases are established.

The Board of Directors may likewise decides to allocate bonus shares to subscribers of new shares, in substitution of the discount and/or as an employer matching contribution;

This authorization would be granted for a period of twenty-six (26) months as from this Shareholders' Meeting.

However, the Board recommends the shareholders not to approve this last delegation.

13. Allocation of free shares to employees and/or corporate officers of the Company or companies related to it (twenty-fourth resolution)

Pursuant to the provisions of Articles L.225-197-1 et seq. of the French Commercial Code, we propose that you authorise the Board of Directors, who may, in turn, delegate such authority, for a period of 38 months as

from the day of your Shareholders' Meeting, to allocate free shares, on one or more occasions, of existing or new shares of the Company to some employees and corporate officers of the Company and companies related to it as defined in Article L.225-197-2 of the French Commercial Code.

The final allocation of these shares may be partially or totally subject to performance criteria and shall be subject to performance criteria for shares allocated to corporate officers.

The total number of shares allocated by virtue of this authorisation may not exceed 3% of the number of shares that make up the Company's share capital on the date the Board of Directors decides to allocate them, and the aggregate nominal amount of capital increases liable to result from the authorisation will be deducted from the total nominal amount provided for the capital increases in the **seventeenth resolution** of your Shareholders' Meeting.

The maximum total number of shares which may be allocated to corporate officers under the **twenty-fourth resolution** shall not exceed 20% of the shares which may be allocated under such resolution. The allocations of performance shares that would be made under this resolution would become final at the end of a vesting period of at least one year, with a retention period of at least one year. However, for shares allocated with a vesting period of at least two years, the retention period may be reduced or cancelled so that the shares will be freely transferable as from their final allocation.

The Board of Directors proposes that this authorisation be granted for a period of thirty-eight (38) months as from your Shareholders' Meeting.

14. Powers (Resolution 26)

The purpose of **Resolution 26** is to grant the power to carry out all legal or administrative formalities and to file all public notices of decisions taken by this Shareholders' Meeting.

RIGHT TO PARTICIPATE

WARNING - COVID-19:

As part of the relationship between the Company and its shareholders, the Company invites them to prioritize the transmission of all their requests and documents electronically to the address investors@ses-imagotag.com.

Shareholders are invited to regularly consult the section dedicated to the

2020 General Assembly on the Company's website (www.ses-imagotag.com - SOCIETE tab - INVESTORS) to keep a new look at any legislative and regulatory developments relating to the terms of participation and voting in the General Assembly that would take place after the publication of this brochure.

A. PARTICIPATION TO THE MEETING

1. Pre-formalities to be carried out to participate in the General Assembly

Any shareholder, irrespective of how many shares they control, may participate in the Meeting.

Shareholders can participate in the Annual Meeting by:

- Attending in person;
- Voting by mail;
- Designating a proxy by having the Chairman, their spouse or partner with whom they have entered into a civil solidarity pact, another shareholder, or any (natural or legal) person represent their choice under the conditions described in Article L.255-106 of the French Commercial Code or without designating a proxy. It should be made clear that for any shareholder that does not designate a proxy, the Chairman of the Annual Meeting will enter a vote that favors the adoption of the draft resolutions presented or agreed upon by the Board of Directors and a vote that does not favor the adoption of any other draft resolutions on their behalf.

In accordance with Article R. 225-85 of the French Commercial Code, shareholders may participate in the Annual Meeting if they justify:

- For registered shares: that an accounting registration has been made for the shares in question in the Company's registered custody account at midnight Paris time on the second working day before the Annual Meeting at the latest, i.e. at midnight (Paris time), June 25, 2020.
- For bearer shares: that an accounting registration has been made for the shares in question (in the name of the shareholder's intermediary under legal and regulatory conditions as the case may be) in the Company's bearer custody account, and that this registration is held by the authorized intermediary not later than the second business day preceding the Annual Meeting at midnight, June 25, 2020 (Paris time). Authorized intermediaries will submit a shareholding certificate, attached to the form for voting by mail, by proxy, or to the request for admission issued in the name of the shareholder or on behalf of the shareholder represented by the registered intermediary.

Only shareholders who have made a justification meeting these criteria by midnight Paris time, two business days prior to the Annual Meeting, i.e. before midnight (Paris

time), Thursday, June 25, 2020, by fulfilling the conditions listed above will be able to participate in the Annual Meeting.

The shareholder may at any moment sell all or some of their shares:

- If the sale is completed before midnight (Paris time) on June 25, 2020, any vote by mail, by proxy, and any admission ticket, regardless if it is accompanied by a shareholding certificate will be invalidated or modified as a result, depending on the case. To this end, an authorized intermediary account holder must notify the Company of the sale and submit the necessary information relevant to it.
- If the sale or any other operation is completed or carried out after midnight (Paris time) on June 25, 2020, irrespective of the means used to do so, the authorized intermediary does not need to notify Company, which does not need to take it into account.

2. Participation to the Annual Meeting in the context of the health crisis

Warning: New treatment of abstentions

Legislation No. 2019-744 of 19 July 2019 changed the rules for calculating votes cast at general shareholder meetings: whereas abstentions were previously considered negative votes, at the next meeting they are now excluded from the votes cast and are thus no longer taken into account in the basis of calculation of the majority required for the adoption of resolutions. As a result, the remote voting forms have been amended to allow the shareholder to express a separate negative vote or abstention on the various resolutions submitted to the meeting.

Participating in the Annual Meeting in person:

Shareholders who wish to attend this Meeting in person may request an admission ticket using the following procedures:

- For registered shareholders: attend in person on the day of the Annual Meeting directly at the ticket office specially provided for this purpose with an identification document or request an admission ticket to BNP PARIBAS Securities Services - CTO Assemblées Générales - Les Grands Moulins de Pantin - 9, rue du Débarcadère - 93761 Pantin Cedex.
- For holders of bearer shares: ask the authorized intermediary who will manage your shares to request an admission ticket.

Vote by mail or by proxy:

Shareholders who will not be attending the Annual Meeting in person who wish to vote by mail or to be represented by giving their vote to the Annual Meeting Chairman, another shareholder, to their spouse or civil union partner, or to any other natural or legal person in line with the legal and regulatory conditions, namely those described in Article L.225-106 I of the French Commercial Code, may:

- For the nominative shareholder: Return the single voting form by mail or by proxy, which will be attached to the convening notice, sent to the following address: BNP PARIBAS Securities Services - CTO Assemblées Générales - Les Grands Moulins de Pantin - 9, rue du Débarcadère - 93761 Pantin Cedex; or by email to the following email address investors@ses-imagotag.com,
- For holders of bearer shares: request this form from the intermediary who manages your share account starting on the Annual Meeting convocation date. The single postal voting form or proxy form must be accompanied by a certificate of participation issued by the financial intermediary and forwarded to the following address: BNP PARIBAS Securities Services - CTO Assemblées Générales - Les Grands Moulins de Pantin - 9, rue du Débarcadère - 93761 Pantin Cedex.

To be taken into account, the voting forms must be received by the BNP PARIBAS Securities Services General Meetings department by Thursday, June 25, 2020, at the address mentioned above or by email at the following email address investors@ses-imagotag.com.

The postal voting form for the Assembly applies to any successive assemblies that could be convened with the same agenda.

There are no plans to vote by videoconference or by telecommunications for this meeting. As a result, no site covered by Section R. 225-61 of the Code of Commerce will be developed for this purpose.

In all cases, any shareholder who wishes to attend the Annual Meeting in person and who has not received their admission ticket by midnight, Paris time, two business days prior to the Annual Meeting, i.e. before midnight (Paris time) June 25 2020,

must request a shareholding certificate from their authorized intermediary.

Shareholders will be able to obtain, within the legal time frame, the documents provided for in Articles R.225-81 and R.225-83 of the Code of Commerce by request addressed to BNP PARIBAS Securities Services - CTO General Meetings - Grands Moulins de Pantin 9, Rue du Débarcadère - 93761 Pantin Cedex or by email to the following email address investors@ses-imagotag.com.

In compliance with the provisions of Article R.225-79 of the French Commercial Code, notification of the appointment or withdrawal of a proxy may also be made using electronic communications according to the following procedures:

- For directly registered shareholders: by sending an e-mail with an electronic signature obtained from an authorized third party to the following address paris.bp2s.france.cts.mandats@bnpparibas.com by specifying the name of the Company concerned, the date of the Annual Meeting, last and first names, address, and their BNP PARIBAS identification information as well as the last name, first name and address of the appointed or revoked proxy;
- For administered registered shareholders or to the bearer: by sending an e-mail with an electronic signature obtained from an authorized third party to the following address: paris.bp2s.france.cts.mandats@bnpparibas.com by specifying the name of the Company concerned, the date of the Annual Meeting, their last and first names, address, and complete banking information as well as the last name, first name and address of the appointed or revoked proxy; then, by asking their authorized intermediary who manages their securities account to send a written confirmation to BNP PARIBAS Securities Services

CTO - Assemblées Générales - Les Grands Moulins de Pantin - 9, rue du Débarcadère - 93761 Pantin Cedex.

In order to validate register or withdrawals of proxies made electronically, confirmations must be received no later than the day before the Annual Meeting (June 26 at 3:00 PM Paris time). The appointments or withdrawal of proxies made in

paper format must be received no later than three calendar days before the date of the Annual Meeting. Furthermore, only notifications of the appointment or withdrawal of proxies may be sent to the address above, all other requests or notifications relating to other subjects sent to this address will not be taken into account and/or handled.

Any proxy appointed for this meeting is also valid for any successive Annual Meetings that may be convened with the same agenda;

B. SUBMISSION OF WRITTEN QUESTIONS

In accordance with Article R.225-84 of the French Commercial Code, any shareholder who wishes to submit written questions may do so by registered mail with receipt confirmation, up until four working days before the Annual Meeting, i.e. before midnight (Paris time) June 23, 2020. Such questions should be sent to the SES-imagotag Company, 55 Place Nelson Mandela, 92000 Nanterre, or electronically to in-

vestors@ses-imagotag.com. In order to be taken into account, these questions must be accompanied by a certificate of registration, either in the Company's registered shares account or in the bearer share account of an authorized intermediary.

In the current health crisis environment, shareholders are welcome to favor electronic telecommunications.

In accordance with current legislation, a single response may be given to multiple questions when these questions have the same content or cover the same topic. A written question will be considered answered when the answer is published on the Company's website on a page dedicated to questions and answers.

C. DOCUMENTS MADE AVAILABLE TO SHAREHOLDERS

Any documents that must be made available to shareholders as part of the Annual Meeting will be made available to shareholders at the Company's head office after the publication of the convening notice or fifteen days before the Annual Meeting at the very latest, depending on the document in question.

In accordance with the provisions of Order No. 2020-321 of March 25, 2020, the disclosure of information or document will be validly made by e-mail, provided that the shareholder indicates in his application the email address to which it may be made. Shareholders are encouraged to provide their email address when performing their request.

All of the documents and information relevant to the Annual Meeting as set forth in Article R.225-73-1 of the French Commercial Code may also be consulted, by June 8, 2020 at the latest, on the Company's website at the following address: www.ses-imagotag.com.

V-FINANCIAL STATEMENTS

Consolidated financial statements as of December 31, 2019 (IFRS standards)

SES-imagotag SA is a listed company, on Eurolist Euronext Paris (Comp. B, ISIN code FR 0010282822).

The consolidated financial statements of the SES-imagotag Group (hereinafter "the Group") at December 31, 2019 cover a 12-month period. The Board of Directors approved these financial statements on June, 5, 2020 and will be submitted to the Shareholders meeting approval on June 29, 2020.

10.1 CONSOLIDATED FINANCIAL STATEMENTS AT DÉCEMBRE 31, 2019

D) CONSOLIDATED FINANCIAL STATEMENTS

I.1 CONSOLIDATED BALANCE SHEET

Assets

| IN K€ | NOTES | 12/31/2019 (12 MONTHS) | 12/31/2018 (12 MONTHS) |
|----------------------------------|-------|------------------------|------------------------|
| INTANGIBLE FIXED ASSETS | 1 | 104,187 | 94,405 |
| TANGIBLE FIXED ASSETS | 2 | 14,910 | 13,849 |
| RIGHT OF USE | 2 | 19,385 | |
| FINANCIAL ASSETS | 3 | 1,055 | 891 |
| DEFERRED TAX ASSETS | 22 | 14,119 | 9,571 |
| NON-CURRENT ASSETS | | 153,656 | 118,716 |
| INVENTORIES AND WORK IN PROGRESS | 4 | 68,075 | 81,881 |
| TRADE RECEIVABLES | 5 | 82,839 | 72,254 |
| CURRENT TAXES | 6 | 3,554 | 2,727 |
| OTHER CURRENT RECEIVABLES | 6 | 14,227 | 10,844 |
| CASH AND CASH EQUIVALENTS | 7 | 73,108 | 29,578 |
| CURRENT ASSETS | | 241,803 | 197,285 |
| TOTAL ASSETS | | 395,459 | 316,001 |

Liabilities and shareholders' equity

| IN K€ | NOTES | 31/12/2019 (12 MOIS) | 31/12/2018 (12 MOIS) |
|---------------------------------------|-------|----------------------|----------------------|
| CAPITAL | 8 | 31,516 | 29,007 |
| CONSOLIDATED RESERVES | | 152,677 | 124,867 |
| PROFIT (LOSS) - GROUP SHARE | | -13,139 | -5,900 |
| SHAREHOLDERS' EQUITY | | 171,054 | 147,975 |
| NON-CURRENT PROVISIONS | 10 | 1,671 | 1,492 |
| DEFERRED TAX LIABILITIES | 22 | 4,400 | 3,782 |
| LONG-TERM LOANS | 11 | 55,773 | 46,948 |
| NON RECURRING LEASE DEBT | 11 | 11,637 | |
| OTHER NON-CURRENT LIABILITIES | 12 | 4,804 | 9,149 |
| NON CURRENT LIABILITIES | | 78,285 | 61,371 |
| TRADE PAYABLES | 13 | 100,948 | 83,715 |
| RECURRING LEASE DEBT | 11 | 9,075 | |
| OTHER DEBTS AND ACCRUAL ACCOUNTS | 14 | 36,097 | 22,941 |
| CURRENT LIABILITIES | | 146,119 | 106,656 |
| TOTAL EQUITY & LIABILITIES | | 395,459 | 316,001 |

I.2 CONSOLIDATED INCOME STATEMENT

| IN K€ | NOTES | 12/31/2019 12 MONTHS | 12/31/2018 12 MONTHS |
|--|------------------|-------------------------|-------------------------|
| SALES | 15 | 247,585 | 187,855 |
| PURCHASES CONSUMED | 16 | -189,372 | -133,955 |
| EXTERNAL EXPENSES | 17 | -29,005 | -25,064 |
| PAYROLL COSTS | 18 | -26,428 | -23,745 |
| TAXES AND DUTIES | | -904 | -1,424 |
| ALLOWANCES FOR DEPRECIATION AND AMORTIZATION | 1 & 2 | -14,689 | -11,802 |
| NET ALLOWANCES FOR PROVISIONS | 19 | -4,191 | -2,943 |
| RELEASE ON IMPAIRMENT | 19 | 2,106 | 1,433 |
| OTHER OPERATING INCOME | 20 | 260 | 1,941 |
| OTHER OPERATING EXPENSES | 20 | | -764 |
| OPERATING PROFIT (LOSS) | | -14,639 | -8,468 |
| OTHER FINANCIAL INCOME AND EXPENSES | 21 | 7,075 | 5,555 |
| OTHER FINANCIAL EXPENSES | 21 | -9,010 | -5,716 |
| INTERESTS ON LEASING FEES | 21 | -344 | |
| FINANCIAL PROFIT (LOSS) | | -2,279 | -161 |
| TAX EXPENSE | 22 | 3,779 | 2,729 |
| NET INCOME | | -13,139 | -5,900 |
| DONT INTÉRÊTS MINORITAIRES | | -651, | |

| EARNINGS PER SHARE | 12/31/2019 12 MOIS | 12/31/2018 12 MOIS |
|-------------------------------|-----------------------|-----------------------|
| PROFIT (€K) | -12,488 | -5,900 |
| AVERAGE NUMBER OF SHARES | 14,590,795 | 13,961,761 |
| STOCK OPTIONS | 3,600 | 36,000 |
| BONUS SHARES | - | - |
| EARNINGS PER SHARE (IN EUROS) | , | , |
| - BEFORE DILUTION | -0,86 | -0,42 |
| - AFTER DILUTION | -0,86 | -0,42 |

I.3 NET INCOME AND COMPREHENSIVE INCOME

| IN K€ | 12/31/2019 | 12/31/2018 |
|-----------------------------|----------------|---------------|
| NET INCOME | -13,139 | -5,900 |
| TRANSLATION ADJUSTMENTS | | |
| CASH FLOW HEDGE | -1,555 | -65 |
| REVALUATION DIFFERENCES | | |
| ACTUARIAL GAINS AND LOSSES | -79 | 22 |
| COMPREHENSIVE INCOME | -14,773 | -5,942 |
| - PARENT COMPANY'S SHARE | -14,122 | -5,942 |
| - MINORITY INTERESTS' SHARE | -651 | |

I.4 CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

| IN K€ | CAPITAL | RESERVES | RESULT | TOTAL |
|---|---------------|----------------|----------------|----------------|
| SHAREHOLDERS EQUITY @ 12/31/17 | 26,768 | 123,208 | -21,069 | 128,908 |
| 2017 NET RESULT ALLOCATION | | -21,069 | 21,069 | 0 |
| CAPITAL INCREASE | 2,238 | 24,419 | | 26,657 |
| CHANGE IN SCOPE (ACQUISITION) | | -1,620 | | -1,620 |
| SELF OWNED SHARES | | 119 | | 119 |
| 2018 NET RESULT | | | -5,900 | -5,900 |
| FINANCIAL INSTRUMENTS | | -65 | | -65 |
| OTHER VARIATIONS | | -124 | | -124 |
| SHAREHOLDERS EQUITY 12/31/18 | 29,007 | 124,868 | -5,900 | 147,975 |
| 2018 NET RESULT ALLOCATION | | -5,900 | 5,900 | 0 |
| CAPITAL INCREASE* | 2,510 | 31,783 | | 34,293 |
| SELF OWNED SHARES | | -104 | | -104 |
| 2019 NET RESULT | | | -13,139 | -13,139 |
| FINANCIAL INSTRUMENTS | | -1,555 | | -1,555 |
| MINORITY RESERVES AND OTHER VARIATIONS ** | | 3,584 | | 3,584 |
| CAPITAUX PROPRES 31/12/2019 | 31,516 | 152,677 | -13,139 | 171,054 |

* Including €34,040K relating to the €9M capital increase, dated December 5, 2019, subscribed by Qualcomm Inc.

** Including €4,458K capital stakes subscribed by the BOE group and the JDD group when creating the Chinese Joint Venture.

1.5 CONSOLIDATED STATEMENT OF CASH FLOWS

| IN K€ | 12/31/2019 | 12/31/2018 |
|--|----------------|----------------|
| + CONSOLIDATED NET INCOME (INCLUDING MINORITY INTERESTS) | -13,139 | -5,900 |
| +/- NET ALLOWANCES FOR AMORTIZATION/DEPRECIATION AND PROVISIONS (EXCLUDING THOSE RELATING TO CURRENT ASSETS) | 14,554 | 12,583 |
| +/- CALCULATED EXPENSES AND INCOME RELATED TO STOCK OPTIONS AND SIMILAR INSTRUMENTS | | |
| -/+ OTHER CALCULATED INCOME AND EXPENSES | -530 | -1,014 |
| -/+ GAINS AND LOSSES ON DISPOSALS (FROM EXCHANGE DIFFERENCE IN IFRS P&L AND FINANCIAL INSTRUMENT PROFIT OR LOSS) | 302 | -65 |
| CASH FLOW AFTER COST OF NET FINANCIAL DEBT AND TAX | 1,187 | 5,604 |
| +/- TAX EXPENSE (INCLUDING DEFERRED TAXES) | -3,779 | -2,729 |
| = CASH FLOW AFTER COST OF NET FINANCIAL DEBT AND TAXES | -2,591 | 2,876 |
| - TAXES PAID | | 390 |
| +/- CHANGE IN WOR RELATED TO OPERATIONS | 25,851 | -17,399 |
| = NET CASH FLOW GENERATED FROM OPERATIONS | 23,260 | -14,134 |
| - DISBURSEMENTS RELATED TO ACQUISITIONS OF TANGIBLE AND INTANGIBLE FIXED ASSETS | -38,832 | -13,132 |
| + PROCEEDS FROM DISPOSALS OF TANGIBLE AND INTANGIBLE FIXED ASSETS | | |
| - DISBURSEMENTS RELATED TO THE ACQUISITION OF LONG-TERM INVESTMENTS | -163 | -99 |
| + PROCEEDS FROM DISPOSALS OF LONG-TERM INVESTMENTS | 0 | 25 |
| +/- IMPACT OF CHANGES IN SCOPE | 950 | -3,332 |
| + INVESTMENT SUBSIDIES RECEIVED | 29 | -78 |
| = NET CASH FLOW FROM INVESTING ACTIVITIES | -38,016 | -16,616 |
| + AMOUNTS RECEIVED FROM SHAREHOLDERS DURING CAPITAL INCREASES | 34,293 | 26,705 |
| + LOAN ISSUES | 12,451 | |
| + LOAN REPAYMENTS | 17,244 | |
| - DIVIDEND DISTRIBUTION | -3,627 | -4,920 |
| -/+ TREASURY SHARE BUYBACKS AND REALES | -1,952 | |
| = NET CASH FLOW FROM FINANCING ACTIVITIES | | |
| +/- IMPACT OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES | -104 | 119 |
| = CHANGE IN CASH FLOW | 58,305 | 21,904 |
| OPENING CASH POSITION | -18 | -53 |
| CLOSING CASH POSITION | 43,530 | -8,899 |
| OPENING NET DEBT | 29,578 | 38,478 |
| CLOSING NET DEBT | 73,108 | 29,578 |

II) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the SES-imagotag Group (hereinafter "the Group") at December 31, 2019 cover a 12-month period. The Board of Directors approved these financial statements on June 5, 2020 and will be submitted to the Shareholders meeting approval on June 29, 2020..

II.1 ACCOUNTING RULES AND METHODS

II.1.1 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

II.1.1.1 Consolidated financial statements – Basis of preparation

Consolidated financial statements for the 2019 fiscal year are prepared in accordance with international accounting standards applicable by the European Union on December 31, 2019. Standard norms include the "International Financial Reporting Standards" (IFRS) published by the International Accounting Standards Board » (IASB), « International Accounting Standards » (IAS), interpretations of the "Standing Interpretations" Committee" (SIC) and the « International Financial Reporting Interpretations Committee » (IFRIC). In the absence of standards or interpretations applicable to a specific transaction, management used judgment to define and apply accounting methods which will provide relevant and reliable information so that the financial statements: Present a true picture of the financial situation, and financial flows Translate economic reality Translate a risk advert approach And are holistic in their approach.

The euro is the presentation currency of the consolidated financial statements. Unless otherwise indicated, all amounts are rounded to the nearest thousand (€000).

The financial statements are prepared according to the historical cost principle with the exception of a number of asset and liability accounts that have been measured at fair value.

The consolidated financial statements include the financial statements of the subsidiaries listed in § II.6 The financial statements of the subsidiaries are prepared over the same reference period as those of the parent company, based on the same accounting methods.

The Companies close their annual financial statements on December 31. All intra-group balances, intra-group transactions, and unrealized income, expenses, and gains that are included in the book value of assets from inter-transactional transactions are fully eliminated.

The financial statements of each of the Group's Companies are prepared in accordance with the accounting principles and regulations in force in their respective countries. They are subject to restatements in order to comply with the consolidation principles in force in the Group.

New mandatory implementing regulations as of January 1, 2019 applied for the first time by the SES-imagotag Group:

For the preparation of its consolidated financial statements at December 31, 2019, the SES-imagotag Group applied the new standards applicable as of January 1, 2019, which are as follows:

Implementation of the IFRS 16 standard will trigger the following impacts:

- in the P&L, cancellation of the rental expenses and booking of both amortization and financial expenses;
- in the balance sheet: booking of a tangible asset (usage right) as well as a financial liability regarding future rental expenses.

Both asset and liability relating to this IFRS 16 standard are booked in a specific account of the balance sheet. The SES-imagotag group has elected to go for a simplified retrospective transition methodology, consisting in booking the cumulative effect of the IFRS 16 standard back

to its effective date, and booking the rental liability through discounted future costs of renting as of the effective date, using the marginal debt rate on that date of first implementation (January 2019).

The group has elected to value the tangible asset through the future costs of renting, adjusted with already paidfor rentals/ rentals already booked for as accounts payables the day of first implementation.

The amount of adjusted leases amounts to \$2,296K and relates to locals offices and warehouses, the production and industrial equipment, vehicles and computer equipment.

The amount of non-adjusted leases amounts to 375K euros and relates to rentals one-off materials construction sites for 214K euros, equipment computer technology for 149K and vehicles for 12K euros.

The duration of the contract generally accounted for, for calculating liabilities is the contract initial period, Without accounting for early termination or extension options.

The average marginal borrowing rate as of January 1, 2019 is 3.5%.

New regulations, yet published but not yet implemented by the SES-imagotag Group:

- Changes to IAS 1 and IAS 8 "Defining the relative importance » ;
- Changing references to the conceptual framework in standards;
- IFRS 3 "Definition of a company";
- Amendment to IFRS 9, IAS 39 et IFRS 7 « financial instruments"

- published by the IASB in September
- 2019 as part of the reform on benchmarked interest rates.

II 1.1.2 Business combinations

Business combinations are dealt with under revised IFRS 3, which assesses, in particular, the notion of “takeover” in the application to securities acquisition transactions; depending on the circumstance, the impacts are taken into account in income or in equity.

In a business combination, the fair value of the transferred consideration is allocated to the acquired identifiable assets and liabilities. They are measured at fair value as of the acquisition date.

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in a normal transaction between market participants on the valuation date.

In this context, goodwill represents the residual surplus of the transferred consideration over the share of the acquiring company's interest in the fair value of the identifiable assets, liabilities, and contingent liabilities that can be reliably measured at the acquisition date.

The allocation period is limited to the period required to identify and measure the assets and liabilities of the acquired company, the non-controlling interests, the price paid, and the fair value of the share previously acquired, without exceeding 12 months.

Subsequently, goodwill is measured annually at its cost less any accumulated impairment losses determined in accordance with IAS 36, as described in the paragraph below entitled “Intangible fixed assets.”

In the event of a decline in value, impairment is recognized on the income statement, under operating income. Discrepancies resulting from impairment tests performed on puts on minority interests negotiated before the actual implementation of

IFRS 3R and IAS 27R, are booked in shareholders equity..

II 1.1.3 Estimates and judgments

The financial statements have been prepared using the historical cost basis, except for financial instruments, which are recognized in accordance with the fair value basis. As per the IFRS conceptual framework, the preparation of financial statements requires making estimates and assumptions that affect the amounts appearing on these financial statements. The significant estimates made by SES-imagotag for the preparation of the financial statements mainly relate to:

- the fair value measurement of assets, liabilities, and contingent liabilities acquired during a business acquisition (IFRS 3 - Business Combinations);
- the valuations used to test impairment losses, in particular the recoverable amount of goodwill;
- the fair value measurement of financial instruments;
- the valuation of provisions for contingencies and charges;
- the measurement of the recoverable value of receivables and inventories.

Due to the uncertainties inherent in any assessment process, SES-imagotag revises its estimates based on regularly updated information. It is possible that the future results of the transactions concerned will differ from these estimates.

| | IN €'000 |
|--|----------|
| LEASE COMMITMENTS AS OF 31/12/18 | 3,966 |
| DURATION IMPACT RELATING TO RESIGNATION OPTIONS | 1,820 |
| OTHER | 29 |
| LEASE RELATED DEBT AS OF 31/12/18 (BEFORE FINANCIAL DISCOUNTING) | 5,816 |
| FINANCIAL DISCOUNT IMPACT | -395 |
| DISCOUNTED LEASE RELATED DEBT AS OF 01/01/2019 | 5,420 |

IFRS 16 impacts on balance sheet are the following:

| IN €'000 | IFRS 16 IMPACT IN €'000 |
|----------------------------------|-------------------------|
| RIGHT OF USE | 5,584 |
| TOTAL ASSET IMPACT | 5,584 |
| NON RECURRING PROVISIONS | 520 |
| NON RECURRING LEASE RELATED DEBT | 3,834 |
| RECURRING LEASE RELATED DEBT | 1,586 |
| ACCOUNTS PAYABLES | -357 |
| TOTAL LIABILITY IMPACT | 5,584 |

IFRS 16 impacts on the P&L are the following:

| IN €'000 | IFRS 16 IMPACT IN €'000 |
|---------------------------------|-------------------------|
| OPERATING PROFIT IMPACT | 3,932 |
| RIGHT OF USE DEPRECIATION | -3,662 |
| LEASE RELATED INTEREST EXPENSES | -343 |
| NET RESULT IMPACT | -73 |

II.1.2 INTANGIBLE FIXED ASSETS (IAS 38)

Intangible fixed assets include:

- development costs;
- patents;
- software;
- an ERP;
- goodwill;
- technologies.

Intangible fixed assets acquired separately are recorded at their acquisition cost and are amortized.

Amortization is calculated on a straight-line basis over the estimated useful life of the fixed assets, on the following bases:

| | DURATION |
|--------------------------|----------------------|
| TECHNOLOGIES | 15 years |
| R&D EXPENSES (ACTIVATED) | 5 to 10 years |
| PATENTS | 10 years |
| ERP | 10 years |
| CUSTOMER BASE | 15 years |
| SOFTWARES | 2 to 5 years |

No residual value was used to determine the basis of amortization.

Impairment test

In accordance with IAS 36, goodwill is tested for impairment annually, and other amortizable intangible fixed assets are tested when there is evidence of a loss of value. This evidence is examined at each annual and interim closing.

The impairment test consists of comparing the net carrying amount of the asset with its recoverable amount, determined as the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is preferred in the rare cases where a recent transaction on the assets concerned makes the information available and reliable.

Given the global management of SES-imagotag's activities from a technological and geographical point of view, it is impossible to allocate assets and cash generation to clearly identified subgroups within the group. Goodwill has been monitored on the basis of a single cash-generating unit since 31 December 2016.

Value in use is estimated using cash flow projections based on existing operating forecasts, including reasonable growth and profitability rates. The main assumptions used are:

The 10-year projection made by management: the electronic labeling market is not yet mature at a global level and is growing strongly, hence a forecast of more than 5 years, more in line with the prospects of this market;

The long-term growth rate of 5% reflects the growth rates of a still dynamic technology market at that time;

A discount rate of 11% applied to cash flows.

The recoverable amount resulting from the annual impairment test is higher than the carrying amount of the assets.

The sensitivity of the result to changes in the assumptions used by more or less one point does not affect the results of the goodwill impairment test.

An impairment loss is recognised in the event of an impairment loss. Impairment losses can be reversed when conditions have changed, except for goodwill. With the exception of goodwill, impairment losses prospectively modify the depreciation plan since they are charged to the depreciable base.

Development costs

SES's development costs are recognized in the period in which they are incurred, with the exception of project development costs that meet the following criteria:

- the product or process is clearly identified, and the costs are individualized on a reliable basis;
- the technical feasibility of the product has been demonstrated;
- the product or process will be marketed or used internally;
- there is a potential market for the product, or its internal usefulness has been demonstrated;
- the necessary resources are available to complete the project.

Development costs that do not meet the above criteria are recognized as expenses in the period in which they are incurred. Capitalized development costs are amortized on a straight-line basis over their useful lives.

Patents

Concerning the valuation of patents, in the absence of an active market, the Group used the acquisition cost method.

II.1.3 TANGIBLE FIXED ASSETS (IAS 16)

Tangible fixed assets are recorded at their acquisition cost.

Depreciation is calculated on a straight-line basis over the following useful lives:

| | DURATION |
|------------------------------|----------------------|
| MACHINERY TOOL AND EQUIPMENT | 3 to 5 years |
| IMPROVEMENTS | 5 to 10 years |
| FURNITURE AND IT | 1 to 10 years |

No residual value was used to determine the basis of depreciation.

The depreciation periods are reviewed annually at each accounting close. Any change in duration is treated as a prospective estimate change in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors" and results in the recognition of additional impairment.

The book values of tangible fixed assets are reviewed for impairment when events or changes indicate that the book value may not be recoverable. If there is any such index and if the book values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of tangible fixed assets is the higher value between the sale price net of disposal costs and the value in use. In assessing value in use, estimated future cash flows are discounted using a pretax discount rate that reflects current market assessments, the time value of money, and asset-specific risks.

II.1.4 LEASES (IFRS 16)

IAS17 norm has been superceded by the IFRS 16 norm as of January, 1, 2019 : as soon as a leasing contract assorted with fixed payments is signed, a liability has to be booked in the balance sheet, amounting to the outstanding discounted future payments, as a counter part to the right of use booked for in the asset, and amortized on the lease contract duration.

II.1.5 STOCKS (IAS 2)

Inventory value is assessed, in accordance with IAS 2, at the lowest value when comparing cost of goods sold and net realized value. The cost of goods sold includes:

- Cost prices for components valued at weighted average unit cost;
- Cost of assembly performed by the subcontractor;
- Ancillary costs consisting mainly of component storage costs;
- The cost of transiting the labels.

The net realized value is the estimated selling price in the normal course of business, decreased by estimated costs for completion and the estimated costs required to complete the sale.

As long as the net value of the realization is less than the value of the stock, a provision for depreciation is booked for and determined by product category / turnover ratios as follows:

- Products that have not been sold once for the last 6 months are scrutinized, excluding the current range (Vusion)
- The product reference proven to be used in the next 12 Months (forecasted in the Sales Force pipe as a 90% secured deal)
- The refurbished (or to be refurbished product references)

Depreciation rules are:

- 50% of the gross value for inventories with no turnover ratio for more than 6 months
- 80% of the gross value for inventories with no turnover ratio for more than 12 months
- 100% of the gross value for inventories with no turnover ratio for more than 18 months

II.1.6 RECEIVABLES AND OTHER CURRENT ASSETS (IFRS 9)

Receivables and other current assets are recorded at their gross amount,

less the provisions for impairment of estimated non-recoverable amounts.

IFRS 9 standard supercedes IAS 39 standard: the new standard does trigger any material depreciation impact for the group.

The impairment of receivables and other current assets is based on an individual analysis of the risks of non-recovery : overdue > 90 days are impaired and a 33% allowance is booked for when hardware can be returned, a 50% allowance is booked for when legal claim is initiated (50% being the historical success rate), a 100% allowance is booked for when no outcome is expected.

II.1.7. DERIVATIVES (IFRS9)

All derivatives are valued on the balance sheet at fair value in accordance with IAS 39 (Level 2 fair value).

Derivatives consist of currency forwards.

The management of financial risks by the SES-imagotag Group (interest rate risk, currency risk, counterparty risk, and liquidity risk) is described in Note 29 of this document.

Derivatives are contracted by the SES-imagotag Group under its currency risk management policy. The recording of financial instruments as hedging instruments depends on whether they qualify for hedge accounting.

II.1.8 FORWARD PURCHASES

The SES-imagotag Group has opted for cash flow hedge accounting for its forward purchases.

Forward exchange contracts used by the SES-imagotag Group may be classified as hedges of future cash flows. Hedging future cash flows protects against changes in the value of cash flows denominated in foreign currencies.

Derivatives are measured at fair value upon initial recognition. Thereafter, the fair value of derivatives is re-estimated at each closing date.

The fair value of foreign currency

forwards is determined by referring to what the Group would receive (or pay) to settle the outstanding contracts as of the closing date.

Efficiency tests of cash flow hedges are carried out at each closing to ensure that the hedge is highly effective.

Changes in the value of the effective portion of cash flow hedge derivatives are recognized in equity in a specific revaluation reserve account.

The discount/premium component is excluded from the hedging relationship, and changes in value are recognized on the income statement under "Other financial income and expenses". As of december 31, 2018, open forward purchases have been fully booked in the financial result for € 603k.

II.1.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

- financial investments that are highly liquid and present a very limited risk of change in value;
- bank accounts;
- cash accounts.

Investment securities (money market funds) are recognized at fair value at the closing date (Level 1 fair value).

Term deposits are recorded at amortized cost.

II.1.10 TREASURY SHARES (IAS 32)

According to IAS 32 "Financial Instruments," if an entity purchases its own equity instruments, they must be deducted from shareholders' equity. No profit or loss should be recognized in income at the time of purchase, sale, issue, or cancellation of the entity's equity instruments.

Such treasury shares may be acquired and held by the entity or by other members of the consolidated Group. The consideration paid or received must be recognized directly in shareholders' equity.

II.1.11 PROVISIONS (IAS 37)

In accordance with IAS 37 "Provisions, Contingent Liabilities, and Contingent Assets," the Group recognizes a provision when, as of the closing date of the period, it has an obligation (legal or implicit) towards a third party due to a past event whose settlement is likely to result in an outflow of resources for the Group representing economic benefits and when the amount of the loss or liability can be measured reliably.

Should such a loss or liability be unlikely, or cannot be reliably measured, but is still possible, the Group must report a contingent liability in its commitments.

Provisions are intended in particular to cover the probable costs that litigation or on-going litigation could incur, the cause of which predated the closing date.

II.1.12 STOCK OPTIONS AND GRANTING OF BONUS SHARES (IFRS 2)

IFRS 2 "Share-based Payment" provides for the recording of an expense in consideration for services obtained under share purchase plans (and similar plans) granted to employees.

The Group has set up stock option, bonus share, or share purchase plans and has issued subscription warrants to some employees. The Board of Directors, which grants the options, sets the option or purchase prices.

Changes in values subsequent to the grant dates have no impact on the initial valuation of the options; the number of options taken into account to value the plans is adjusted at each accounting close to factor in the presence of beneficiaries and the fulfillment of internal performance conditions at the end of the rights vesting periods.

The valued benefit is equivalent to compensation for the beneficiaries, which is therefore recognized as payroll costs, on a straight-line basis over the vesting period, in consideration of a corresponding adjustment in shareholders' equity.

The stock option plans have been valued by referring to the fair value

of the granted instruments.

The fair value of the allocated bonus shares corresponds to the value of the share on the date of the grant less the dividend distribution assumption during the vesting period. The total cost of the plan corresponds to the estimated fair value multiplied by the number of shares allocated over the vesting periods in the plan, multiplied by the probability of achieving the performance objectives.

II.1.13 EMPLOYEE BENEFITS (IAS 19 REVISED)

End-of-career benefits

The provision for employee benefits relates exclusively to retirement benefits that are legally owed to employees in France.

The calculation is done in accordance with IAS 19 (revised) based on the projected unit credit method. Under this method, benefit entitlements are allocated to service periods based on the plan's vesting formula, taking into account a linearization effect when the rate of vesting is not uniform during subsequent service periods.

The amount of the future payments corresponding to the benefits granted to employees is measured on the basis of assumptions of salary trends, retirement age, and mortality and then reduced to their present value on the basis of interest rates on long-term bonds of first-class issuers.

The expense for the year corresponding to the change in the cost of services rendered is recognized as payroll costs, and the discounting cost is recognized as a financial expense.

The main assumptions used in the calculation of pension liabilities are as follows:

In addition, actuarial gains and losses arising from experience-related adjustments and changes in actuarial assumptions are now recognized in "Other income and expense recognized directly in equity."

II.1.14 DEFERRED TAXES (IAS 12)

Deferred taxes arise from temporary differences between the book and

tax values of assets and liabilities on the balance sheet. In accordance with IAS 12 "Income Taxes," they are recognized according to the liability method, based on future tax rates adopted at the end of the financial year. The rate currently used is the ordinary tax rate of 33 1/3% (excluding social security contributions).

The 2017 Finance Act (Act no. 2016-1917 of December 29, 2016) includes a reduction in the corporate tax rate, which will gradually decrease to 28% for all companies for periods beginning on or after January 1, 2020. The impact on the Group's financial statements at December 31, 2017 is not significant.

II.1.15 RESEARCH TAX CREDIT (IAS 20)

The research tax credit is a tax incentive similar to a subsidy. It therefore falls within the scope of IAS 20. According to this standard, an allocation of the research tax credit should be made according to whether the research expenditure is recognized as an asset (recording in intangible fixed assets in accordance with IAS 38) or in profit and loss.

The Group capitalizes its development costs in accordance with IAS 38. The tax credit must therefore be deferred over time over the amortization period of the research and development expenses that generated this tax credit.

II.1.16 CONVERSION OF ITEMS IN FOREIGN CURRENCIES

The consolidated financial statements at December 31, 2019 were prepared in euros, which is the parent company's functional currency.

Each Group entity determines its own functional currency, and the items included in the financial statements of each entity are measured using that functional currency.

Recognition of foreign currency transactions in the consolidated companies' accounts

Foreign currency transactions recognized on the income statement are translated at the exchange rate prevailing on the transaction date, except

for transactions for which the Company has hedges (USD), which are recorded at the hedging rate. Monetary items expressed in foreign currencies recorded on the balance sheet are translated at the exchange rate prevailing as of the date of the accounting close, with the exception of debts denominated in USD, which are converted at the hedging rate. The resulting exchange rate differences are recorded on the income statement

Conversion of accounts of foreign subsidiaries

The financial statements of Group companies whose functional currency is different from that of the parent company are translated into euros:

- assets and liabilities are translated into euros at the exchange rate prevailing as of the date of the accounting close;
- income and expenses are translated at the average exchange rate for the period as long as said exchange rate is not affected by significant price changes;
- the resulting translation differences are recognized directly in equity.

II.1.17 EARNINGS PER SHARE

The Group reports basic earnings per share and diluted earnings per share.

Earnings per share are calculated by dividing net income by the weighted average number of shares outstanding during the financial year. Net diluted earnings per share are calculated using the conversion of dilutive instruments outstanding as of the closing date into common shares.

II.1.18 REVENUE (IFRS 15)

Sales are recognized and presented in accordance with IFRS 15 "Revenue from contracts with customers".

The revenue-generating event varies depending on the type of sale:

- when the Group is responsible for installing label systems, revenue is rec-

ognized when the system becomes operational (installation of the antenna). At the closing of the accounts, for installations invoiced but not yet completed, deferred income is recognized, and for installations completed but not yet invoiced, accrued income is recognized.

- when the Group only delivers labels, revenue is recognized when the goods are taken over by the carrier or the freight forwarder (in the case of FOB sales).

In addition, training is invoiced separately, when the service is performed.

Annual lump-sum rebates granted to customers are recorded as a reduction of sales.

Lastly, maintenance contracts are invoiced in advance for periods from four to six months. Deferred income is recognized to prorate sales related to the following period.

In some cases, the group may perform Research Engineering and Development surveys. Revenue is booked for when the survey is completed.

The costs of specific developments acquisition costs

For new customer contracts are expensed during the year if:

- These are incremental costs specific to obtaining certain new contracts
- These costs are essential to meet the needs expressed by the customer

At the end of each fiscal year, costs incurred for contracts may be expensed in case of non finalization of an actual sales agreement, or capitalized and amortized in case of a sales agreement.

Principal or Agent

The Group conducted an analysis of the nature of its relationship with customers to determine whether it acts as a principal or as an agent in the realization of the contract or

part of the contract when the Group is brought in to resell equipment, software or services. In the current scope, the Group contemplates as the main criteria the notions of risks and benefits for determining whether it acts as the principal or agent, including contractual liability credit risk, contractual liability vis à vis suppliers and the value added by the company to the suppliers' products.

Under IFRS 15 standard, the group is considered to be acting as a principal since it controls goods or services before they are delivered to customers.

II.1.19 OPERATING SEGMENTS (IFRS 8)

The SES-imagotag group has only one operating segment corresponding to a homogeneous activity of installation and maintenance of electronic shelf labels.

Operating results are reviewed at the group level to make decisions about resources to be allocated and performance evaluation. Isolated information at the lower level is not available, given the global management of activities, technologies and geographical areas.

II.2 HIGHLIGHTS OF THE PERIOD

Highlights of the year

Operational activity

2019 marked a major new step forward in the implementation of our VUSION 2022 strategic plan, with strong international growth (+40%), the signing of our first major contract in the United States and the launch of our joint venture in China with BOE (BOE Intelligent IOT Technology Co, Ltd) and JDD (Suqian Xin Dong Teng Commercial Services Co., Ltd).

On a constant currency basis, our EBITDA was sharply up on 2018 (+65%) thanks to the steady improvement in our operating ratio. However, due to the US Dollar in-

crease and new US import tariffs, we were not able to return to profitability as initially planned. These two adverse factors have impacted the Group by more than €10m in additional costs. With the ramp-up of a second industrial platform outside Please find below our report on the situation and activity of the Company and the Group, in accordance with the provisions of Articles L.225-100, L.225-100-1, L.225-102, L.25-102-1 and L.232-1 II of the Code Commerce and with the provision of Article 222-3 of the AMF General Regulation.

China, we have been able to mitigate the adverse impact of the US tariffs, which should no longer have significant impact on the Group in 2020.

Thanks to the commercial successes of 2019 and a portfolio of opportunities at its highest, SES-imagotag believes it will be able to continue its growth in 2020. However, the Covid-19 crisis will affect deliveries in the first half of the year and in view of recent developments in this crisis, the target of 370 to 400 million euros seems too optimistic at present. An energetic plan has already been put in place to protect our employees, partners and customers, as well as to strengthen the dynamics of improving the group's profitability.

In addition, an exclusivity agreement was signed in the second half of 2019, with the entity holding the Chongqing plant of the BOE group:

- the volume projection over the next five years indicates that the company will not use all of the production currently installed by the plant.
- In order to ensure the exclusivity of Chongqing BOE Smart Electronics System Co.,Ltd.'s production capacity, the company has decided to enter into an exclusive agreement whose value has been estimated by comparing the presumed utilization rate of production capacity to the utilization rate of 100%.

Equity

Euro PP bond issue of 10 million euros that can be increased to 20 million euros

On 23 July 2019, SES-imagotag completed a new unlisted Euro PP bond issue of a nominal amount of 10 million euros. The issue, which has Management report 52 Financial report a maturity of 6 years, namely in 2025, was subscribed exclusively by Tikehau Capital on behalf of funds under its management. SES-imagotag will also have the power to decide to issue a second tranche of a maximum nominal amount of 10 million euros, on the same terms of interest rates and maturity as the first tranche, at the latest on 31 July 2020, and which would be underwritten by the same investors.

The bond assumes that the latter would become payable if the consolidated leverage ratio, which refers to the ratio of net financial debt to gross operating surplus, was to be less than 3.5.

The mechanism is intended to optimize the cost of debt as required by the Group. This funding is part of the strategic plan of SES-imagotag VUSION 2022 announced in May 2018, aimed in particular at reaching 800 million euros in revenue. The funds raised are intended to finance the acceleration of growth and to allocate to SES-imagotag a long-term financing structure in line with its ambitions.

Capital increase with removal of preferential subscription right

On 5 December 2019, the Company completed a capital increase without preferential subscription right through a placement to institutional investors carried out according to articles L225-136 of the French commercial code and L411-2 of the French financial and monetary code for a final amount of €35,000,023.50;

Qualcomm Incorporated ("Qualcomm") has subscribed to the capital increase

for a total of 9 million euros, under the terms of an Investment Agreement between the Company and Qualcomm dated December 4, 2019.

The funds raised during the Issue will enable the Company to finance the growth of its activities and its international development.

The capital increase resulted in the issuance of 1,228,071 new common shares, or 8.45% of the Company's current share capital, at a price per share of 28.50 euros (including issue premium), representing a total capital raising of 35,000,023.50 Euros.

At the end of the issue, the Company's share capital is now composed of 15,756,108 shares of 2 euros of par value each.

This capital increase was implemented in accordance with the delegation granted by the General Assembly of 24 May 2019 (15th and 16th resolutions of an extraordinary nature).

This capital increase took place in compliance with the 15th and 16th delegations approved by the May 24, 2019 Shareholders meeting.

II.3 POST-CLOSING EVENTS

The consequences of the health crisis (coronavirus) that hit China at the end of 2019 are not yet fully known. After some delays and slowdowns during the first quarter, the Group's production capacity returned to normal in April, as expected, although delays persist.

At the same time, demand is affected in all geographies and markets due to containment measures and closure of many stores. Several orders and projects are now staggered at still uncertain deadlines. However, the Group is expected to be able to maintain a small decline in activity in the first half of the year, before returning to growth in the second half of the year.

In this context of uncertainty, the Group has implemented an action plan to protect its employees and customers, and has triggered strict controls on costs and investments in order to strengthen the necessary dynamics to improve profitability.

The Company announced on May 26, 2020 via a press release, a downward trend on sales for the first half of the year 2020. Management believes that

turnover at 30.06.2020 (6 months of activity) is expected to be between 110 and 115 million euros. Based on this announcement, the company feels that it is not in a position to comply with the half-year covenants attached with the €50 million debt as described in note 11 of the financial statements.

Requests for waivers have been made to lenders who all confirmed grant-

ing that waiver for June 30, 2020, subject to the finalisation of the relevant legal documentation. In addition, the company has obtained up to € 30 million governmental backed loans from a banks pool. At this stage, the company is anticipating a revenue rebound in H2 2020, subject to the evolution of the Pandemic. All in all, SES-imagotag still expects an annual growth in 2020, thanks to the strong momentum in the Americas & Asia Pacific zones.

II.4 NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE BALANCE SHEET - ASSETS AND EQUITY & LIABILITIES

Note 1 - Intangible fixed assets

| IN € '000 | OPENING | INCREASE | TRANSFERS BETWEEN LINE ITEMS | CHANGE IN SCOPE | CLOSING |
|---------------------------------------|----------------|---------------|------------------------------|-----------------|----------------|
| GOODWILL | 51,274 | | | | 51,274 |
| RESEARCH AND DEVELOPMENT | 33,863 | 1,156 | 5,365 | | 40,504 |
| CONCESSIONS, PATENTS & SIMILAR RIGHTS | 37,563 | 2,797 | | | 40,240 |
| INTANGIBLE FIXED ASSETS IN PROGRESS | 13,730 | 12,922 | -5,365 | | 21,287 |
| TOTAL | 136,430 | 16,875 | - | - | 153,305 |

As of December 31, 2018, the amount of goodwill is broken down as follows:

- SES-ESL merger: €12.6 M;
- acquisition of Imagotag: €13.4 M;
- acquisition of PDi: €18.3 M;
- acquisition of Findbox: €6.7 M;
- acquisition of Market Hub: €0.3 M

The increase in concessions, patents and similar rights can be explained mainly by: Acquisition of the built-up customer base by BOE and transferred to the JV BOE Digital Technology Co.LTD \$2,593K.

This amount was assessed using the expected revenue method applied to

estimated sales coming from transferred customers, on an average 15 year-lifespan and a 9% discount rate.

Research and development costs represent R&D expenses to improve and diversify our product offering.

The transfer between lines on the period is mainly due to the activation (capitalization) of such R&D expenses dedicated to the new Jeegy Cloud software version, Shelfwatch, as well as the launch new label references VUSION and E-tag range.

Intangible assets in progress are current expenses committed to R&D projects, IT infrastructure as well as the costs incurred for patents filing, still pending as of December 31, 2019.

The increase in capital assets is to be broken down as follows:

- Research and development spending for a total of 6,865K euros;
- Development and development spending for IT infrastructure restructuring for a total of 5,610K euros;
- Patent spending for an amount 449K euros.

| AMORTIZATION IN K€ | OPENING | ALLOWANCE | TRANSFERS BETWEEN LINE ITEMS | WRITE-BACK | CLOSING |
|---------------------------------------|---------------|--------------|------------------------------|------------|---------------|
| RESEARCH AND DEVELOPMENT | 30,705 | 4,621 | | | 35,326 |
| CONCESSIONS, PATENTS & SIMILAR RIGHTS | 11,320 | 2,472 | | | 13,792 |
| TOTAL | 42,025 | 7,093 | | | 49,118 |

Note 2 - Tangible fixed assets

| IN € '000 | OPENING | INCREASE | TRANSFERS BETWEEN LINE ITEMS | WRITE BACK | CLOSING |
|---------------------------------|---------------|--------------|------------------------------|------------|---------------|
| BUILDINGS AND IMPROVEMENTS | 2,177 | | 146 | | 2,323 |
| MACHINERY, EQUIPMENT, AND TOOLS | 19,976 | 1,699 | 216 | | 21,891 |
| OTHER TANGIBLE FIXED ASSETS | 3,676 | 3,304 | 362 | | 6,618 |
| TOTAL | 25,829 | 5,004 | - | - | 30,833 |

Increase in tangible assets is broken down into :

- €1,699K machinery, tool and equipment
- €2,841K capitalized labels for leasing purposes

| IN € '000 | OPENING | INCREASE | TRANSFERS BETWEEN LINE ITEMS | WRITE BACK | CLOSING |
|---------------------------------|---------------|--------------|------------------------------|------------|---------------|
| BUILDINGS AND IMPROVEMENTS | 849 | 771 | 140 | 133 | 1,627 |
| MACHINERY, EQUIPMENT, AND TOOLS | 9,495 | 3,302 | | 2 | 12,795 |
| OTHER TANGIBLE FIXED ASSETS | 1,636 | 74 | 140 | 71 | 1,500 |
| TOTAL | 11,981 | 4,147 | | 206 | 15,922 |

• Rights of use

| ACTIF BRUT IMMOBILISÉ | A L'OUVERTURE | AUGMENTATION | DIMINUTION | A LA CLÔTURE |
|---|---------------|---------------|-------------|---------------|
| LOCAUX ET AGENCEMENTS | 4 951 | 2 575 | -132 | 7 394 |
| LIGNE DE PRODUCTION ET MATÉRIELS INDUSTRIELS | | 14 003 | | 14 003 |
| VÉHICULES ET AUTRES IMMOBILISATIONS CORPORELLES | 633 | 885 | -70 | 1 448 |
| TOTAL | 5 584 | 17 463 | -202 | 22 845 |

| AMORTISSEMENTS | A L'OUVERTURE | AUGMENTATION | DIMINUTION | A LA CLÔTURE |
|---|---------------|--------------|-------------|--------------|
| LOCAUX ET AGENCEMENTS | | 1 544 | -132 | 1 411 |
| LIGNE DE PRODUCTION ET MATÉRIELS INDUSTRIELS | | 1 543 | | 1 543 |
| VÉHICULES ET AUTRES IMMOBILISATIONS CORPORELLES | | 575 | -70 | 506 |
| TOTAL | | 3 662 | -202 | 3 460 |

The right of use increase is explained by:

a) the exclusivity agreement signed on BOE Chongqing plant, to benefit for the full production capacity of that plant, from July 1, 2019 to

December 31, 2023 and ends up with a €14,003K right of use valuation on July 1, 2019.

b) new offices lease in Austria for a €2,297 K right of use.

c) new IT equipment leases for a € 394K right of use.

Note 3 - Financial assets

| IN € '000 | OPENING | INCREASE | DECREASE | CLOSING |
|-------------------------|------------|------------|------------|--------------|
| DEPOSITS AND GUARANTEES | 512 | 112 | -26 | 598 |
| OTHER LOANS | 380 | 51 | 0 | 432 |
| OTHER | 0 | 25 | 0 | 25 |
| TOTAL | 891 | 188 | -26 | 1,055 |

Note 4 - Stocks

| IN € '000 | 12/31/2019 | 12/31/2018 |
|---|---------------|---------------|
| INVENTORY OF RAW MATERIALS | 11,836 | 21,062 |
| INVENTORY OF FINISHED PRODUCTS | 30,400 | 45,290 |
| INVENTORY OF GOODS PURCHASED FOR RESALE | 30,578 | 18,753 |
| IMPAIRMENT OF INVENTORY | -4,740 | -3,224 |
| TOTAL | 68,075 | 81,881 |

Note 5 - Trade receivables

| IN €'000 | 12/31/2019 | 12/31/2018 |
|----------------------------|---------------|---------------|
| GROSS TRADE RECEIVABLES | 83,049 | 71,954 |
| PROVISION FOR IMPAIRMENT | -476 | -233 |
| CUSTOMERS - ACCRUED INCOME | 267 | 533 |
| TOTAL | 82,839 | 72,254 |

Note 6 - Other current receivables

| IN €'000 | 12/31/2019 | 12/31/2018 |
|--------------------------------------|---------------|---------------|
| TAX RECEIVABLES | 8,780, | 7,452 |
| SOCIAL SECURITY RECEIVABLES | 69 | 70 |
| SUPPLIERS - ADVANCES AND PREPAYMENTS | 194 | 647 |
| ADVANCES AND PREPAYMENTS | 3,052 | 981 |
| FINANCIAL INSTRUMENTS | | 603 |
| OTHER RECEIVABLES | 909 | 1,367 |
| PREPAID EXPENSES | 1,224 | 705 |
| TOTAL | 14,227 | 10,844 |

An insurance claim to be received was booked for €1,009K.

Other receivables are made of current taxes amount for €3,554K as of December 31, 2019 vs. 2,727K the previous year, and mainly cor-

respond to the R&D tax credit receivables and CICE granted in 2016, 2017, 2018 and 2019 for 2,942K.

These will be charged on future current or future tax debts or refunded from January 1 2020 onwards.

Note 7 - Cash and cash equivalents

| IN €'000 | 12/31/2019 | 12/31/2018 |
|--------------|---------------|---------------|
| SECURITIES | 15 | 31 |
| CASH | 73,093 | 29,548 |
| TOTAL | 73,108 | 29,578 |

Note 8 – Capital

| NUMBER OF SHARES VARIATION | NUMBER OF SHARES | NOMINAL VALUE | CAPITAL |
|--|-------------------|---------------|-------------------|
| NUMBER OF SHARES BEGINNING OF THE PERIOD | 14,503,337 | 2 | 29,006,674 |
| INCREASE | 1,254,771 | 2 | 2,509,542 |
| NUMBER OF SHARES AT THE END OF THE PERIOD | 15,758,108 | 2 | 31,516,216 |

This number of shares making up the capital reflects:

- all exercised stock options booked over financial year 2019 until December 31;
- all performance shares granted after recognition of the fulfillment of the alternative condi-

tions, by the Board of Directors on February 21, 2017, of the December 16, 2015 and March 11, 2016;

At December 31, 2019, the Company held a total of 10,173 treasury shares, all of which relate to the liquidity contract renewed during financial year 2014.

Treasury shares have been restated less shareholders' equity in accordance with IAS 32.

Note 9 – Other equity instruments

Stock options and allocation of bonus shares

Allocation of stock options

At December 31, 2019, five stock option allocation plans were therefore in progress:

Within the framework of the authorization granted by the EGM on March 1, 2012

- the 2012 Plan (1st wave) dated August 31, 2012, expiring on August 31, 2019;

- the 2012 Plan (2nd wave) dated December 18, 2012, expiring on December 18, 2019;

- the 2013 Plan dated May 28, 2013, expiring on May 28, 2020;

- the 2014 Plan (1st wave) dated April 3, 2014, expiring on April 3, 2021.

Within the framework of the authorization granted by the EGM on May 21, 2014,

- the 2014 Plan (2nd wave) dated October 23, 2014, expiring on October 23, 2021.

The table below shows the information relating to stock options in effect as of December 31, 2019:

| PLANS | NUMBER OF OPTIONS NOTIFIED | NUMBER OF REMAINING OPTIONS OUTSTANDING * |
|------------|----------------------------|---|
| 04/15/2010 | 14,000 | 0 |
| 09/15/2010 | 8,500 | 0 |
| 10/21/2011 | 58,500 | 0 |
| 08/31/2012 | 315,800 | 0 |
| 12/18/2012 | 19,000 | 0 |
| 05/30/2013 | 65,200 | 0 |
| 04/03/2014 | 43,000 | 0 |
| 10/23/2014 | 33,150 | 3,600 |
| | 557,150 | 3,600 |

As of December 31, 2019, the outstanding stock options amount to 3,600, representing 0,02% of the voting rights after dilution.

Note 10 – Non-current provisions

| IN €'000 | OPENING | IFRS 16 IMPACT ON THE OPENING AMOUNT | ALLOWANCE | RELEASE OF ALLOWANCE | RELEASE OF NON USED ALLOWANCE | CLOSING |
|---|--------------|---|------------|----------------------|----------------------------------|--------------|
| PROVISIONS FOR RMA'S | 568 | | 345 | -26 | -806 | 80 |
| PROVISIONS FOR LEASED ASSETS REFURBISHMENT | | 520 | 219 | | | 739 |
| OTHER PROVISIONS FOR RISKS | 924 | | 212 | -284 | | 852 |
| TOTAL | 1,492 | 520 | 776 | -310 | -806 | 1,671 |

An allowance for a litigation risk with a supplier has been booked for € 709K (a €182K booked for in 2019) – the lawsuit is still ongoing – other litigations are HR related.

Provisions for leased assets refurbishments is due to new offices rental.

Note 11 – Long-term loans

Loans are recognized at the amortized cost using the effective interest rate method.

| DEBT IN €'000 | OPENING | IFRS 16 IMPACT ON THE OPENING AMOUNT | + | - | CLOSING |
|---|---------------|---|---------------|---------------|---------------|
| BOND DEBT | 39,776 | ON THE OPENING AMOUNT | 9,569 | | 49,345 |
| OTHER LONG TERM LOANS FROM CREDIT INSTITUTIONS | 7,172 | | 2,883, | -3,627 | 6,428 |
| RECURRING AND NON RECURRING LEASING RELATED DEBT | | 5,420 | 17,244 | -1,952 | 20,712 |
| TOTAL | 46,948 | 5,420 | 29,695 | -5,580 | 76,485 |

On 23 July 2019, SES-imagotag completed a new unlisted Euro PP bond issue of a nominal amount of 10 million euros and maturing on July 25, 2025. The bond assumes that the latter would become payable if the consolidated leverage ratio, which refers to the ratio of net financial debt to gross operating surplus, was to be less than 3.5.

As of December 2019, the Group is compliant with that covenant ratio – please note the liability attached to IFRS 16 implementation is excluded from the covenant calculation.

Increase in debt with credit institution mostly deals with a factoring agreement signed in Austria (that agreement does not de-consolidate receivables).

Increase in recurring and non recurring leasing related debt mostly deals with the exclusivity agreement signed with the Chingqing plant (discounted value €14,003K).

| DEBT AND LEASING RELATED DEBT | 12/31/2019 | MATURITY < 1 YEAR | 1 YEAR > MATURITY < 5 YEARS | MATURITY > 5 YEARS |
|---|---------------|-------------------|-----------------------------|--------------------|
| EMPRUNTS | 55,773 | 4,339 | 41,908 | 9,527 |
| RECURRING AND NON RECURRING LEASING RELATED DEBT | 20,712 | 9,075 | 11,637 | |
| TOTAL | 76,485 | 13,413 | 53,545 | 9,527 |

Note 12 - Other non-current liabilities

| IN €'000 | 12/31/2019 | 12/31/2018 |
|--------------------------------|--------------|--------------|
| OTHER DEBTS - PRICE SUPPLEMENT | 3,091 | 7,211 |
| RESEARCH TAX CREDIT | 1,705 | 1,676 |
| OTHER OPERATING GRANTS | 8 | 262 |
| TOTAL | 4,804 | 9,149 |

Variation in other debts is broken down below:

| OTHER DEBTS - PRICE SUPPLEMENT IN € '000 | 12/31/2019 | 12/31/2018 | VARIATION |
|--|--------------|--------------|---------------|
| PUT ON MINORITY INTERESTS IN FINDBOX | 620 | 2,620 | -2,000 |
| EARN OUT MARKET HUB | 2,000 | 2,000 | |
| EARN OUT PDI | 471 | 2,591 | -2,120 |
| TOTAL | 3,091 | 7,211 | -3,851 |

- Findbox: EUR 2,000K paid in H1 2019 for the put on the 33% acquisition of SES-imagotag Deutschland GmbH, which was the subject of a firm and definitive agreement on the amount in August 2017; in addition, an addendum was signed in January 2019 and remaining debt payments will occur in 2020 and 2021 for €120K and €500K.
- Market Hub: EUR 2,000K corresponding to the estimated put on the 40% acquisition of Market Hub.
- PDI: EUR 1,860K paid in H1 2019 for the earn out on the acquisition of PDI, which was the subject of a firm and final agreement in September 2018.

Note 13 - Trade payables

| IN €'000 | 12/31/2019 | 12/31/2018 |
|------------------------------|----------------|---------------|
| TRADE PAYABLES | 77,400 | 72,707 |
| SUPPLIERS - ACCRUED EXPENSES | 23,548 | 11,008 |
| TOTAL | 100,948 | 83,715 |

Note 14 - Other debts and accrual accounts

| ETAT DES AUTRES DETTES EN K€ | 12/31/2019 | 12/31/2018 |
|---|---------------|---------------|
| CLIENTS - AVANCES ET ACOMPTES | 11 507 | 3 381 |
| CLIENTS - AVOIRS À ÉTABLIR | 4 668 | 1 858 |
| DETTES SOCIALES ET FISCALES, ENGAGEMENTS RETRAITE | 14 097 | 15 231 |
| INSTRUMENTS FINANCIERS | 1 254 | |
| PRODUITS CONSTATÉS D'AVANCE ET AUTRES DETTES | 4 571 | 2 472 |
| TOTAL | 36 097 | 22 941 |

NOTES TO THE INCOME STATEMENT

Note 15 - Sales

Sales for the period break down as follows by geographical zone:

| MILLIONS OF € | 31/12/2019 | | 31/12/2018 | |
|-----------------|--------------|-----|--------------|-----|
| MAINLAND FRANCE | 67,4 | 27% | 59,5 | 32% |
| EXPORTS | 180,1 | 73% | 128,4 | 68% |
| TOTAL | 247,5 | | 187,9 | |

Sales can be broken down into: 224,9 M€ for goods and 22,7 M€ for services.

Note 16 - Purchases consumed

The amount of purchases consumed is composed of the following:

- consumption of purchases of raw materials and merchandise;
- consumption of inventories of finished products;
- transportation and incidental expenses relating to these purchases.

Note 17 - External expenses

| IN €'000 | 12/31/2019 | 12/31/2018 |
|---|----------------|----------------|
| SUBCONTRACTED VARIABLE EXPENSES | -9,745 | -7,517 |
| OUTSOURCED PERSONNEL AND RECRUITMENT EXPENSES | -3,279 | -2,505 |
| TRAVEL EXPENSES | -5,537 | -4,645 |
| MARKETING EXPENSES | -2,960 | -2,124 |
| CONSULTING FEES | -3,549 | -3,685 |
| IT AND TELECOM EXPENSES | -2,615 | -1,669 |
| OTHER | -1,321 | -2,919 |
| TOTAL | -29,005 | -25,064 |

Note 18 - Payroll expenses

| PAYROLL EXPENSES IN €'000 | 12/31/2019 | 12/31/2018 |
|---------------------------|----------------|----------------|
| PAYROLL EXPENSES | -26,363 | -23,746 |
| PENSIONS COMMITMENT | -65 | 1 |
| TOTAL | -26,428 | -23,745 |

Note 19 – Net allowance for provisions

| TYPE OF PROVISIONS IN € '000 | OPENING | ALLOWANCE | RELEASE OF ALLOWANCE | CLOSING |
|--|--------------|--------------|----------------------|--------------|
| WARRANTY FOR PROVISIONS | 568 | 345, | -833 | 80 |
| OTHER PROVISIONS FOR CONTINGENCIES AND CHARGES | 924 | 212 | -284 | 852 |
| PROVISIONS FOR LEASED ASSETS REFURBISHMENT | 520 | 219 | | 739 |
| PROVISIONS ON INVENTORY VALUE | 3,224 | 3,489 | -1,973 | 4,740 |
| PROVISIONS FOR TRADE RECEIVABLES | 233 | 380 | -137 | 476 |
| VARIATION | 5,468 | 4,645 | -3,226 | 6,887 |
| OF WHICH RIGHT OF USE IMPACT | | 219 | | |
| CURRENT | | | | |
| CHANGE IN PROVISIONS FOR CONTINGENCIES AND CHARGES | | 4,188 | -2,097 | |
| PERSONNEL | | 55 | -859 | |
| OTHER | | | -270 | |
| FINANCIAL | | | | |
| FINANCIAL EXPENSES | | 182 | | |
| TOTAL P&L | | 4,426 | -3,226 | |

Note 20 – Details of other operating income and expenses

The €260K amount ties to the Pervasive Displays final adjustment on acquisition price.

Note 21 – Other financial incomes and expenses

| IN €'000 | 31/12/2019 | 31/12/2018 |
|-----------------------------------|---------------|---------------|
| FINANCIAL INSTRUMENTS | 500 | 2 794 |
| FOREIGN EXCHANGE GAINS | 6 297 | 2 631 |
| OTHER FINANCIAL INCOME | 279 | 129 |
| OTHER FINANCIAL INCOME | 7 075 | 5 555 |
| FINANCIAL INSTRUMENTS | | -969 |
| BANK INTEREST EXPENSES | -1 952 | -1 757 |
| LEASING RELATED INTEREST EXPENSES | -343 | |
| FOREIGN EXCHANGE LOSSES | -6 489 | - 2 134 |
| OTHER FINANCIAL EXPENSES | -387 | -329 |
| PROVISION FOR RISKS | -182 | -527 |
| OTHER FINANCIAL EXPENSES | -9 354 | -5 716 |
| TOTAL | -2 279 | -162 |

Note 22 - Income tax and deferred taxes

| IN €'000 | 12/31/2019 | 12/31/2018 |
|---------------------------------------|-------------------|-------------------|
| DEFERRED TAXES | 3,881 | 3,093 |
| TAX LIABILITIES | -102 | -365 |
| DEFERRED TAXES | 3,779 | 2,728 |
| AVERAGE TAX RATE | 12/31/2019 | 12/31/2018 |
| TAX LOSS CARRY-FORWARDS | 12,467 | 8,296 |
| TEMPORARY DIFFERENCES | 1,652 | 1,274 |
| TOTAL DTA | 14,119 | 9,571 |
| AMORTIZATION OF TECHNOLOGIES | 2,133 | 2,342 |
| CAPITALIZATION OF RGD EXPENSES | 1,909 | 1,238 |
| TEMPORARY DIFFERENCES 1 | 273 | 33 |
| INSTRUMENTS FINANCIERS | 84 | 169 |
| TOTAL DEFERRED TAX LIABILITIES | 4,400 | 3,782 |

| AVERAGE TAX RATE | K€ |
|----------------------------------|---------------|
| TAUX APPLICABLE EN FRANCE | 28,00% |
| NET INCOME | 13,139 |
| THEORETICAL TAX | 4,737 |
| TAX REPORTED | 3,779 |
| DIFFERENCE | -958 |
| IMPACTS: | |
| PERMANENT DIFFERENCES | -898 |
| OTHER - TAX RATE DIFFERENCES | -61 |
| TOTAL | -958 |

Deferred tax assets relating to tax loss carry-forwards include the group entities except SES-imagotag Deutschland and Market Hub.

The deferred tax liabilities relating to the technologies identified following the goodwill allocation work break down as follows:

- Pervasive Displays Inc : €934 K;
- Findbox: €477 K;
- SES-imagotag GmbH : €722 K.

Note 23 - Net income - Earnings per share

Net profit for the year amounted to -13 139 K€

Effect of potential dilution on the capital

| INSTRUMENTS | NUMBER | EFFECT |
|---------------|--------------|--------------|
| STOCK OPTIONS | 3,600 | 0.02% |
| TOTAL | 3,600 | 0.02% |

| EARNINGS PER SHARE | 12/31/2019 12 MONTHS | 12/31/2018 12 MONTHS |
|-------------------------------|-------------------------|-------------------------|
| PROFIT (LOSS) (€K) | -12,488 | -5,900 |
| AVERAGE NUMBER OF SHARES | 14,590,795 | 13,961,761 |
| STOCK OPTIONS | 3,600 | 36,000 |
| BONUS SHARES | - | - |
| EARNINGS PER SHARE (IN EUROS) | | |
| - BEFORE DILUTION | -0,86 | -0,42 |
| - AFTER DILUTION | -0,86 | -0,42 |

II.5 OTHER INFORMATIONS

Note 24 - Effectifs

The number of employees at 31 December 2019 was as follows:

| GEOGRAPHIC AREA | 12/31/2019 | 12/31/2018 |
|-----------------|------------|------------|
| FRANCE | 201 | 188 |
| INTERNATIONAL | 290 | 191 |
| TOTAL | 491 | 379 |

Note 25 - Off-balance sheet commitments

Commitments made:

- Comfort letter to Bank Austria (SES-imagotag GmbH's bank);
- €4,600 K throughout the term of the loan;
- Comfort letter to Sparkasse Freiburg (SES-imagotag Deutschland GmbH bank) for a €750K loan.
- Comfort letter to SES-imagotag GmbH (insolvency risk);
- Comfort letter to SES-imagotag Netherlands BV, (insolvency risk);
- Rental payment guarantee of €182 K (CIC);
- Interest-bearing collateral account (CIC);
- Rental payment guarantee of €45 K (BNP)
- Guarantee for export market of €7 K (CIC)

The bond issues would become payable if the consolidated leverage ratio, which refers to the ratio of net financial debt to gross operating surplus, was to be less than 3.5. leverage ratio, which refers to the ratio of net financial debt to gross operating surplus, was to be less than 3.5.

Note 26 - Degree of exposure to market risks

The Company is mainly exposed to currency fluctuations on its purchases made in dollars (approximately 80% of the volumes).

| IN €'000 | END OF DECEMBER 2019 |
|--|----------------------|
| HEDGING POTFOLIO AS OF DECEMBER 2018 | 19,000 |
| CURRENCIES SPOT HEDGING | 58,000 |
| HEDGING PORTFOLIO TO BE USED IN 2020 | 112,000 |
| RELEASED ON 2019 | 77,000 |
| HEDGING PORTFOLIO AT THE END OF DECEMBER 2018 (DUE IN 2019) | 112,000 |

Note 27 - Research and development expenditure

Over financial year 2019, €6,865 K in research and development expenditure was capitalized on the balance sheet as fixed asset in progress.

Note 28 – Compensation paid to the C.E.O. and retirement plan (GSC)

The gross compensation paid to the Chairman and Chief Executive Officer for the past period amounts to EUR 462k in respect of their 2019 fixed compensation and 2018 bonus.

A contract under the Social Guarantee of Chief Executive Officers (GSC) was

signed during 2012 to the benefit of the Chairman and Chief Executive Officer. The annual subscription for the year 2019 amounts to EUR 19k. This contract includes the basic plan and a supplemental plan, providing compensation coverage over a 12-month period (former plan).

The compensation of the Chairman and Chief Executive Officer is as follows

| CATEGORY | 12/31/2019 | 12/31/2018 |
|------------------------------|------------|------------|
| SHORT-TERM BENEFITS | 461,600 | 420,000 |
| POST-EMPLOYMENT BENEFITS | 0 | 0 |
| OTHER LONG-TERM BENEFITS | 0 | 0 |
| END-OF-CONTRACT COMPENSATION | 0 | 0 |
| SHARE-BASED PAYMENTS | 0 | 0 |

Note 29 – Transactions with related parties

The related parties identified by the Group are:

- Group shareholders owning more than 10% of the share capital;
- Members of the Board of Directors.

As of December 31, 2019, the amount of transactions completed with the Group's majority shareholder BOE Smart Retail (Hong Kong) Co, Ltd are:

- € 89.5m purchases to Chongqing BOE Smart Electronic Systems Co Ltd (manufacturing agreement or MSA)

- € 14.7m right of use with Chongqing BOE Smart Electronic Systems Co Ltd (exclusivity agreement)

- € 0.04m revenue through ESL's sales to BOE Digital Technology Co, Ltd.

The expense recognised in respect of the Statutory Auditors' fees amounts to 451 K€ for the certification of the individual and consolidated accounts and 20K€ for services other than the certification of the accounts and is detailed as follows:

Note 30 – Auditors Fees

| IN € '000 | DELOITTE | KPMG | TOTAL |
|--|------------|------------|------------|
| | AMOUNT | AMOUNT | AMOUNT |
| FEES RELATED TO THE CERTIFICATION OF THE INDIVIDUAL AND CONSOLIDATED ACCOUNTS | | | |
| ISSUER | 160 | 219 | 379 |
| SUBSIDIARIES | 46 | 26 | 72 |
| SERVICES OTHER THAN ACCOUNT CERTIFICATION* | | | |
| ISSUER | - | - | - |
| SUBSIDIARY | - | 20 | 20 |
| TOTAL | 207 | 265 | 471 |

* KPMG other services include tax assessment review as well as transfer pricing local file for the Taiwanese entity.

Note 31 – Credit, liquidity, and cash flow risks

Liquidity risk

To manage the liquidity risk that may Note 31 arise from the collectability of financial liabilities, whether at their contractual due date or early, the Group implements a cautious

financing policy based in particular on the investment of its excess available cash in risk-free financial investments.

All short-term investments consist of term deposits.

Credit risk

The financial assets that could potentially expose the Group to credit or counterparty risk mainly correspond to:

- trade receivables: customer acceptance procedures and related credit risk analyses are fully incorporated into the overall risk assessment process implemented by the Group. This risk is controlled on a daily basis through the collection and recovery processes. In addition, the large number of in-

dividual customers minimizes the risk of concentration of credit relating to trade receivables;

- and financial investments: the Group's policy is to spread out its investments over short-term monetary instruments, generally for less than one month, in keeping with rules of diversification and counterparty quality. The book value of financial assets recognized on the financial statements, which is pre-

sented net of impairment losses, represents the Group's maximum exposure to credit risk.

The Group does not hold any significant financial assets that are outstanding and not impaired.

II.6 CONSOLIDATION SCOPE

| COMPANY NAME | | *CONSOLIDATION METHOD | % CONTROLLED 12/31/2019 | % CONTROLLED 12/31/2019 | % CONTROLLED 12/31/2018 |
|--|-------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| SES-IMAGOTAG S.A. | Nanterre (France) | (Parent) | (Parent) | (Parent) | (Parent) |
| SES-IMAGOTAG PTE LTD | Singapore | IG | 100 | 100 | 100 |
| SES-IMAGOTAG MEXICO SRL DE CV | Mexico | IG | 99 | 99 | 99 |
| SES-IMAGOTAG ITALIA SRL | Italy | IG | 100 | 100 | 100 |
| SES-IMAGOTAG GMBH | Austria | IG | 100 | 100 | 100 |
| SOLUTIONS DIGITALES SES-IMAGOTAG LTÉE | Canada | IG | 100 | 100 | 100 |
| MARKET HUB TECHNOLOGIES LTD | Ireland | IG | 60 | 60 | 60 |
| SES-IMAGOTAG INC. | United States | IG | 100 | 100 | 100 |
| SES-IMAGOTAG NETHERLANDS BV | Netherlands | IG | 100 | 100 | 100 |
| SES-IMAGOTAG DENMARK APS | Denmark | IG | 100 | 100 | 100 |
| SES-IMAGOTAG IBERIA SL | Spain | IG | 100 | 100 | 100 |
| SES-IMAGOTAG DEUTSCHLAND GMBH | Germany | IG | 100 | 100 | 100 |
| PERVASIVE DISPLAYS INC | Taiwan | IG | 100 | 100 | 100 |
| BOE DIGITAL TECHNOLOGY CO LTD. | China | IG | 51 | 51 | N/A |
| NON CONSOLIDATED COMPANIES (NON SIGNIFICANT ACTIVITY IN 2019) | | | | | |
| SES-IMAGOTAG HONG KONG LTC. | Hong Kong | | 100 | 100 | 100 |
| SES-IMAGOTAG PDI DIGITAL | Austria | | 70 | 70 | N/A |

* IG : consolidated through full integration

10.2 CORPORATE FINANCIAL STATEMENTS AT DECEMBER 31, 2019

BALANCE SHEET (ASSETS)

| IN € '000 | PERIOD ENDED 12/31/2019 (12 MONTHS) | | | PERIOD ENDED 12/31/2018 (12 MONTHS) |
|---------------------------------------|--|-----------------------|----------------|--|
| | GROSS | AMORT./ DEPR. & PROV. | NET | NET |
| RESEARCH AND DEVELOPMENT COSTS | 31,687 | 26,047 | 5,639 | 4,812 |
| CONCESSIONS, PATENTS & SIMILAR RIGHTS | 29,717 | 15,555 | 14,162 | 15,557 |
| GOODWILL | 12,639 | | 12,639 | 12,639 |
| EXCLUSIVITY RIGHT | 14,727 | 1,636 | 13,091 | |
| INTANGIBLE FIXED ASSETS IN PROGRESS | 15,321 | | 15,321 | 8,653 |
| BUILDINGS | 1,769 | 921 | 848 | 1,022 |
| PLANT, MACHINERY, AND EQUIPMENT | 3,294 | 2,636 | 658 | 199 |
| OTHER TANGIBLE ASSETS | 3,959 | 1,650 | 2,309 | 636 |
| TANGIBLE ASSETS IN PROGRESS | 1,429 | | 1,429 | 679 |
| PARTICIPATING INTERESTS | 74,599 | | 74,599 | 60,839 |
| RECEIVABLES DUE FROM EQUITY INTERESTS | 13,049 | | 13,049 | 11,582 |
| LOANS | 431 | | 431 | 382 |
| OTHER LONG-TERM INVESTMENTS AND LOANS | 394 | | 394 | 378 |
| FIXED ASSETS | 203,014 | 48,446 | 154,568 | 117,377 |
| RAW MATERIALS, SUPPLIES | 10,674 | 1,157 | 9,517 | 4,093 |
| INTERMEDIATE AND FINISHED PRODUCTS | 17,622 | 1,085 | 16,690 | 15,855 |
| GOODS PURCHASED FOR RESALE | 24,961 | 872 | 23,937 | 12,370 |
| ADVANCE PAYMENTS TO SUPPLIERS | | | 0 | 0 |
| TRADE RECEIVABLES | 121,640 | 284 | 121,356 | 41,268 |
| OTHER RECEIVABLES | 60,706 | | 60,706 | 50,757 |
| SHORT-TERM INVESTMENTS | 300 | | 300 | 213 |
| CASH AND CASH EQUIVALENTS | 54,586 | | 54,586 | 19,419 |
| PREPAID EXPENSES | 697 | | 697 | 323 |
| CURRENT ASSETS | 291,187 | 3,398 | 287,789 | 144,298 |
| UNREALIZED FOREIGN EXCHANGE LOSSES | 1,410 | | 1,410 | 1,607 |
| TOTAL ASSETS | 495,610 | 51,844 | 443,767 | 263,281 |

BALANCE SHEET (EQUITY & LIABILITIES)

| IN € '000 | PERIOD ENDED 31/12/2019 (12 MONTHS) | PERIOD ENDED 31/12/2018 (12 MONTHS) |
|---|--|--|
| CAPITAL (OF WHICH, PAID UP: 29,007) | 31,516 | 29,007 |
| ISSUE, MERGER, AND ACQUISITION PREMIUMS | 128,447 | 96,664 |
| STATUTORY RESERVE | 2,604 | 2,604 |
| RETAINED EARNINGS | 22,681 | 31,608 |
| PROFIT (LOSS) FOR THE PERIOD | -17,187 | -8,927 |
| SHAREHOLDERS' EQUITY | 168,062 | 150,955 |
| PROVISIONS FOR CONTINGENCIES | 2,232 | 2,480 |
| PROVISIONS FOR CHARGES | | |
| PROVISIONS FOR CONTINGENCIES AND CHARGES | 2,232 | 2,480 |
| BOND ISSUE | 50,000 | 40,000 |
| LONG-TERM LOANS AND DEBTS FROM FINANCIAL INSTITUTIONS | 3,358 | 6,494 |
| OTHER FINANCIAL DEBT | 43,116 | 62 |
| ADVANCE PAYMENTS FROM CUSTOMERS | 2,538 | 2,156 |
| TRADE PAYABLES | 116,931 | 47,829 |
| TAXES AND SOCIAL SECURITY CONTRIBUTIONS PAYABLE | 9,144 | 6,462 |
| OTHER DEBTS | 46,323 | 5,663 |
| DEFERRED INCOME | 831 | 881 |
| LONG-TERM LOANS AND DEBTS | 272,241 | 109,547 |
| UNREALIZED FOREIGN EXCHANGE GAINS | 1232 | 298 |
| TOTAL EQUITY & LIABILITIES | 443,767 | 263,281 |

INCOME STATEMENT

| IN € '000 K€ | PERIOD ENDED 12/31/2019 (12 MONTHS) | PERIOD ENDED 12/31/2018 (12 MONTHS) |
|---|--|--|
| SALES | 198,341 | 112,437 |
| INCREASE IN STOCKS OF FINISHED GOODS AND WORK IN PROGRESS | 2,598 | -2,598 |
| OWN WORK CAPITALIZED | 2,995 | 1,425 |
| WRITE-BACKS OF AMORT. DEPR. AND PROVISIONS EXPENSES REALLOCATED | 995 | 1,788 |
| OTHER INCOME | 6,633 | 6,742 |
| FOREIGN EXCHANGE GAINS ON COMMERCIAL RECEIVABLES AND PAYABLES | 466 | 2,114 |
| TOTAL OPERATING INCOME | 212,028 | 121,908 |
| PURCHASES OF RAW MATERIALS AND OTHER SUPPLIES | -191,568 | -88,693 |
| INVENTORY CHANGES (RAW MATERIALS AND OTHER SUPPLIES) | 16,423 | 5,360 |
| OTHER PURCHASES AND EXTERNAL EXPENSES | -25,748 | -21,913 |
| TAXES AND SIMILAR CHARGES | -786 | -1,261 |
| WAGES AND SALARIES | -11,333 | -11,254 |
| SOCIAL SECURITY CONTRIBUTIONS | -5,252 | -4,485 |
| ALLOWANCES FOR AMORTIZATION/DEPRECIATION OF FIXED ASSETS | -6,797 | -6,124 |
| ALLOWANCES FOR PROVISIONS ON FIXED ASSETS | | -535 |
| ALLOWANCES FOR PROVISIONS ON CURRENT ASSETS | -1,970 | -1,453 |
| ALLOWANCES FOR PROVISIONS FOR CONTINGENCIES AND CHARGES | -50 | -1,038 |
| OTHER EXPENSES | -3,770 | -48 |
| FOREIGN EXCHANGE LOSSES ON COMMERCIAL RECEIVABLES AND PAYABLES | -148 | -420 |
| TOTAL OPERATING EXPENSES | -231,000 | -131,863 |
| OPERATING PROFIT (LOSS) | -18,972 | -9,955 |
| INCOME FROM OTHER SHORT-TERM INVESTMENTS AND RECEIVABLES | 43 | 37 |
| OTHER INTEREST AND RELATED INCOME | 3,976 | 2,061 |
| AMOUNTS RELEASED FROM PROVISIONS AND EXPENSES REALLOCATED | 1,607 | 1,632 |
| POSITIVE EXCHANGE DIFFERENCES | 1,325 | 3,241 |
| NET INCOME FROM DISPOSALS OF SHORT-TERM INVESTMENTS | 183 | 39 |
| TOTAL FINANCIAL INCOME | 7,133 | 7,010 |

| IN € '000 K€ | PERIOD ENDED 12/31/2019 (12 MONTHS) | PERIOD ENDED 12/31/2018 (12 MONTHS) |
|---|--|--|
| FINANCIAL ALLOWANCES FOR AMORTIZATION/DEPRECIATION AND PROVISIONS | -1,592 | -1,281 |
| INTEREST AND SIMILAR EXPENSES | -2,187 | -1,645 |
| NEGATIVE EXCHANGE DIFFERENCES | -2,071 | -3,325 |
| NET EXPENSES ON DISPOSALS OF SHORT-TERM INVESTMENTS | -75 | -221 |
| TOTAL FINANCIAL EXPENSES | -5,926 | -6,471 |
| FINANCIAL PROFIT (LOSS) | 1,207 | 538 |
| PROFIT (LOSS) BEFORE TAXES AND EXTRAORDINARY ITEMS | -17,765 | -9,417 |
| EXTRAORDINARY OPERATING INCOME | | |
| EXTRAORDINARY INCOME ON CAPITAL OPERATIONS | | |
| AMOUNTS RELEASED FROM PROVISIONS AND EXPENSES REALLOCATED | | |
| TOTAL EXTRAORDINARY INCOME | 0 | 0 |
| EXTRAORDINARY OPERATING EXPENSES | -1 | -32 |
| EXTRAORDINARY EXPENSES ON CAPITAL OPERATIONS | | |
| EXTRAORDINARY ALLOWANCES FOR AMORTIZATION/DEPRECIATION AND PROVISIONS | | |
| TOTAL EXTRAORDINARY EXPENSES | -1 | -32 |
| EXTRAORDINARY PROFIT (LOSS) | -1 | -32 |
| TAX ON PROFITS | 579 | 522 |
| NET INCOME | -17,187 | -8,927 |

CHANGES IN SHAREHOLDERS' EQUITY

| IN € '000 K€ | CAPITAL | CAPITAL RESERVES | RESERVES AND PROFIT (LOSS) | TOTAL | TOTAL |
|---|---------------|------------------|-------------------------------|---------------|----------------|
| SHAREHOLDERS' EQUITY AT 12/31/2017 | 26,768 | 67,693, | 2,604 | 36,160 | 133,226 |
| NET INCOME FOR THE PERIOD | | | | -8,927 | -8,927 |
| CAPITAL INCREASE | 2,238 | 28,970 | , | -4,552 | 26,657 |
| SHAREHOLDERS' EQUITY AT 12/31/2018 | 29,007 | 96,664 | 2,604 | 22,681 | 150,955 |
| NET INCOME FOR THE PERIOD | | | | -17,187 | -17,187 |
| CAPITAL INCREASE | 2,510 | 31,783 | | | 34,293 |
| SHAREHOLDERS' EQUITY AT 12/31/2019 | 31,516 | 128,447 | 2,604 | 5,495 | 168,062 |

* Including € 34,040 relating to the December 5, 2019 capital increase, €9m being subscribed by Qualcomm Inc.

NOTES

I. INTRODUCTION

The annual financial statements at December 31, 2018 cover a period of 12 months.

The following information is an integral part of the annual financial statements for the period ended December 31, 2019, approved by the Board of Directors on June 5, 2020.

Only significant information is mentioned in these notes. Unless otherwise indicated, the presented data are in thousands of euros.

II. ACCOUNTING RULES AND METHODS

The financial statements for the period ended December 31, 2019 were prepared in accordance with the provisions of the French commercial code, the French general accounting code (Plan Comptable Général) as described in ANC regulation 2016-07 of November 4, 2016, and the generally accepted accounting practices in France.

General accounting conventions were applied in keeping with the principle of prudence, in accordance with the following basic assumptions:

- continuity;
- consistency of accounting methods between periods;
- independence of accounting periods

and in accordance with the general rules for preparation and presentation of annual financial statements.

The basic method used to value items booked to the accounts is the historical cost method.

The main methods used are the following:

1) Intangible fixed assets

Self-financed research and development costs are recognized in the period in which they are incurred, with the exception of project re-

search and development costs that meet the following criteria:

- the product or process is clearly identified, and the costs are individualized on a reliable basis;
- the technical feasibility of the product has been demonstrated;
- the product or process will be marketed or used internally;
- there is a potential market for the product, or its internal usefulness has been demonstrated;
- the necessary resources are available to complete the project.

Research and development costs are amortized over a period of 3 to 5 years on a straight-line basis. Patents and trademarks are amortized on a straight-line basis over a period of 10 to 15 years, and software is amortized over a period of 2 to 5 years. Development costs for the ERP are amortized on a straight-line basis over 10 years.

The merger completed on May 16, 2007 between SES-imagotag and SES ESL resulted in a technical loss. In accordance with ANC regulation 2015-06, this technical loss was allocated to the various assets contributed by the Transferring Company, insofar as the unrealized gains recognized per asset are significant.

In this case, the technical loss corresponds to the contributed patents for €8,025 K and goodwill for €12,639 K.

Impairment tests are performed at each annual close and whenever interim financial statements are prepared if there is an indication of loss of value. In this case, the asset's net book value is compared with its present value as of the same date.

With regard to goodwill, the present value is reviewed according to the Discounted Cash Flows method, based on future earnings prospects.

Those impairments do not require any depreciation as of December 31, 2019. An exclusivity agreement has been signed on July 1, 2019 with

BOE group CHongqing plant, so that SES-imagotag group benefits from the full production capacity of three production lines: that exclusivity right value amounts to € 14,727K and is amortized over 4.5 years.

2) Tangible fixed assets

Tangible fixed assets are valued at their acquisition cost (purchase price and incidental expenses, excluding fixed asset acquisition costs) or their production cost.

Since January 1, 2005, the corporate financial statements have been based on the new texts of the CRC (French accounting regulatory committee) on the definition and valuation of assets (CRC 2004-06) and the depreciation, and impairment of assets (CRC 2002-10 and 2003-07).

Depreciation is calculated based on the useful life of the fixed assets concerned, according to the straight-line method. If tax depreciation is different from economic depreciation, the difference is recorded as excess tax depreciation.

Breakdown of useful lives used to calculate depreciation:

| ASSET | DURATION |
|-----------------------------------|---------------|
| FIXTURES, FITTINGS AND FACILITIES | 5 to 10 years |
| INDUSTRIAL MACHINERY | 3 to 5 years |
| INDUSTRIAL EQUIPMENT | 2 to 5 years |
| TRANSPORT EQUIPMENT | 4 to 5 years |
| OFFICE EQUIPMENT AND IT | 3 to 10 years |
| OFFICE FURNITURE | 5 to 10 years |
| RENTAL LABEL SYSTEMS | 5 years |

3) Long-term investments and loans

These items primarily consist of participating interests and receivables related to these interests.

Participating interests appear on the balance sheet at their acquisition cost. Where appropriate, an impairment loss is recorded to reduce this cost to the value in use. The value in use is based on cash flow and operating projections of the entities

involved, prepared by the operational departments as part of their budget process and with the business plans established as part of the acquisitions of equity interests. In the event of a loss of value, impairment tests are carried out based on an estimate of the value in use according to the prospects of future business and profitability.

4) Inventories and work in progress

Inventory value is assessed according to the production cost.

The cost of goods sold includes:

- Cost prices for components valued at weighted average unit cost;
- Cost of assembly performed by the subcontractor;
- Ancillary costs consisting mainly of component storage costs;
- The cost of transiting the labels.

The net realized value is the estimated selling price in the normal course of business, decreased by estimated costs for completion and the estimated costs required to complete the sale.

As long as the net value of the realization is less than the value of the stock, a provision for depreciation

is booked for and determined by product category / turnover ratios as follows:

- Products that have not been sold once for the last 6 months are scrutinized, excluding
- The current range (Vusion)
- The product reference proven to be used in the next 12 Months (forecasted in the Sales Force pipe as a 90% secured deal)

The refurbished (or to be refurbished product references)

Depreciation rules are:

- 50% of the gross value for inventories with no turnover ratio for more than 6 months

- 80% of the gross value for inventories with no turnover ratio for more than 12 months

- 100% of the gross value for inventories with no turnover ratio for more than 18 months

5) Accounts receivables

Receivables and other current assets are recorded at their gross amount, less the provisions for impairment of estimated non-recoverable amounts.

The impairment of receivables and other current assets is based on an individual analysis of the risks of non-recovery: overdue > 90 days are impaired and a 33% allowance is booked for when hardware can be returned, a 50% allowance is booked for when legal claim is initiated (50% being the historical success rate), a 100% allowance is booked for when no outcome is expected.

6) Provisions for contingencies and charges

In accordance with CRC Regulation 2000-06 on liabilities, a provision is recorded for any obligation of the Company to a third party able to be estimated with sufficient reliability and requiring a likely outflow of resources without consideration.

7) Translation of transactions denominated in foreign currencies

These transactions in foreign currencies are initially recorded in euros at the exchange rate in force as of the date of the transaction. As of the closing date, assets and liabilities denominated in foreign currencies are translated into euros at the exchange rate in force on that date. The difference resulting from the translation of payables and receivables in foreign currencies is recognized on the balance sheet in "translation adjustments." Unrealized losses are the subject of a provision.

8) Revenue recognition

The revenue-generating event varies depending on the type of sale:

- When SES-imagotag is responsible for installing label systems, revenue is recognized when the system becomes operational (installation of the antenna). At the closing of the accounts, for installations invoiced but not yet completed, deferred income is recognized, and for installations completed but not yet invoiced, accrued income is recognized;

- when SES-imagotag only delivers labels, revenue is recognized when the goods are taken over by the carrier or the freight forwarder (in the case of FOB sales).

In addition, training is invoiced separately, when the service is performed.

Annual lump-sum rebates granted to customers are recorded as a reduction of sales.

Lastly, maintenance contracts are invoiced in advance for, quarterly, or six-month periods. Deferred income is recognized to prorate sales related to the following period.

9) End-of-career benefits

No provision is established for retirement benefits. Where appropriate, the Company pays all or part of the debt for these commitments to the insurance company.

The unpaid balance appears in off-balance sheet commitments.

10) Foreign exchange gains and losses

In accordance with regulation no. 2015-05 of July 2, 2015, applicable to periods beginning on or after January 1, 2017, foreign exchange gains and losses on trade receivables and payables, previously recognized in financial income, are recognized in operating income and expenses respectively. Foreign exchange gains and losses on financial transactions are recognized in financial income and expense respectively.

The allowance for the foreign exchange loss provision follows the same classification on the income statement.

III. HIGHLIGHTS OF THE PERIOD

Highlights of the year

Operational activity

2019 marked a major new step forward in the implementation of our VUSION 2022 strategic plan, with strong international growth (+40%), the signing of our first major contract in the United States and the launch of our joint venture in China with BOE (BOE Intelligent IOT Technology Co, Ltd) and JDD (Suqian Xin Dong Teng Commercial Services Co., Ltd).

On a constant currency basis, our EBITDA was sharply up on 2018 (+65%) thanks to the steady improvement in our operating ratio

However, due to the US Dollar increase and new US import tariffs, we were not able to return to profitability as initially planned. These two adverse factors have impacted the Group by more than €10m in additional costs. With the ramp-up of a second industrial platform outside

Please find below our report on the situation and activity of the Company and the Group, in accordance with the provisions of Articles L.225-100, L.225-100-1, L.225-102, L.25-102-1 and L.232-1 II of the Code Commerce and with the provision of Article 222-3 of the AMF General Regulation.

China, we have been able to mitigate the adverse impact of the US tariffs, which should no longer have significant impact on the Group in 2020.

Thanks to the commercial successes of 2019 and a portfolio of opportunities at its highest, SES-imagotag believes it will be able to continue its growth in 2020. However, the Covid-19 crisis will affect deliveries in the first half of the year and in view of recent developments in this crisis, the target of 370 to 400 million euros seems too optimistic at present. An energetic plan has already been put in place to protect our employees, partners and customers, as well as to strengthen the dynamics of improving the group's

profitability.

In addition, an exclusivity agreement was signed in the second half of 2019, with the entity holding the Chongqing plant of the BOE group:

the volume projection over the next five years indicates that the company will not use all of the production currently installed by the plant.

In order to ensure the exclusivity of Chongqing BOE Smart Electronics System Co.,Ltd.'s production capacity, the company has decided to enter into an exclusive agreement whose value has been estimated by comparing the presumed utilization rate of production capacity to the utilization rate of 100%.

Equity

Euro PP bond issue of 10 million euros that can be increased to 20 million euros

On 23 July 2019, SES-imagotag completed a new unlisted Euro PP bond issue of a nominal amount of 10 million euros. The issue, which has Management report 52 Financial report a maturity of 6 years, namely in 2025, was subscribed exclusively by Tikehau Capital on behalf of funds under its management. SES-imagotag will also have the power to decide to issue a second tranche of a maximum nominal amount of 10 million euros, on the same terms of interest rates and maturity as the first tranche, at the latest on 31 July 2020, and which would be underwritten by the same investors.

The bond assumes that the latter would become payable if the consolidated leverage ratio, which refers to the ratio of net financial debt to gross operating surplus, was to be less than 3.5.

The mechanism is intended to optimize the cost of debt as required by the Group.

This funding is part of the strategic plan of SES-imagotag VUSION 2022 announced in May 2018, aimed in particular at reaching 800 million

euros in revenue. The funds raised are intended to finance the acceleration of growth and to allocate to SES-imagotag a long-term financing structure in line with its ambitions.

Capital increase with removal of preferential subscription right

On 5 December 2019, the Company completed a capital increase without preferential subscription right through a placement to institutional investors carried out according to articles L225-136 of the French commercial code and L411-2 of the French financial and monetary code for a final amount of €35,000,023.50;

Qualcomm Incorporated ("Qualcomm") has subscribed to the capital increase for a total of 9 million euros, under the terms of an Investment Agreement between the Company and Qualcomm dated December 4, 2019.

The funds raised during the Issue will enable the Company to finance the growth of its activities and its international development. The capital increase resulted in the issuance of 1,228,071 new common shares, or 8.45% of the Company's current share capital, at a price per share of 28.50 euros (including issue premium), representing a total capital raising of 35,000,023.50 Euros.

At the end of the issue, the Company's share capital is now composed of 15,756,108 shares of 2 euros of par value each.

This capital increase was implemented in accordance with the delegation granted by the General Assembly of 24 May 2019 (15th and 16th resolutions of an extraordinary nature).

This capital increase took place in compliance with the 15th and 16th delegations approved by the May 24, 2019 Shareholders meeting.

Post closing event

The consequences of the health crisis (coronavirus) that hit China at the end of 2019 are not yet fully known.

After some delays and slowdowns during the first quarter, the Group's production capacity returned to normal in April, as expected, although delays persist.

At the same time, demand is affected in all geographies and markets due to containment measures and closure of many stores. Several orders and projects are now staggered at still uncertain deadlines. However, the Group is expected to be able to maintain a small decline in activity in the first half of the year, before returning to growth in the second half of the year.

In this context of uncertainty, the Group has implemented an action plan to protect its employees and customers, and has triggered strict controls on costs and investments in order to strengthen the necessary dynamics to improve profitability.

The Company announced on May 26, 2020 via a press release, a downward trend on sales for the first half of the year 2020. Management believes that turnover at 30.06.2020 (6 months of activity) is expected to be between 110 and 115 million euros. Based on this announcement, the company feels that it is not in a position to comply with the half-year covenants attached with

the €50 million debt as described in note 11 of the financial statements.

Requests for waivers have been made to lenders who all confirmed granting that waiver for June 30, 2020, subject to the finalisation of the relevant legal documentation. In addition, the company has obtained up to € 30 million governmental backed loans from a banks pool. At this stage, the company is anticipating a revenue rebound in H2 2020, subject to the evolution of the Pandemic. All in all, SES-imagotag still expects an annual growth in 2020, thanks to the strong momentum in the Americas & Asia Pacific zones.

IV. NOTES TO THE BALANCE SHEET

Note 1 - Fixed assets

Movements during the period are detailed in the tables below:

Tangible fixed assets

| GROSS FIXED ASSETS IN € '000 | OPENING | INCREASE | TRANSFERS | DECREASE | CLOSING |
|------------------------------------|---------------|---------------|-----------|----------|----------------|
| R&D | 28,053 | 1,135 | 2,499 | | 31,687 |
| PATENTS AND SIMILAR RIGHTS | 21,545 | 148 | | | 21,692 |
| TECHNICAL LOSS ASSIGNED TO PATENTS | 8,025 | - | | | 8,025 |
| GOODWILL | 12,639 | | | | 14,727 |
| EXCLUSIVITY RIGHT | - | 14,727 | | | 14,727 |
| INTANGIBLE ASSETS IN PROGRESS | 8,653 | 9,167 | -2,499 | | 15,321 |
| TOTAL | 78,915 | 25,177 | 0 | 0 | 104,091 |

Intangible asset increase is broken down into:

- €14,727K right of use triggered by the exclusivity agreement signed with the BOE Chongqing plant;
- €2,499K Jeegy Cloud software new version (was booked as an asset in progress last year)
- €5,609K IT infrastructure related expenses
- €3,780K R&D expenses including €2,645 as work in progress.
- €3,780K

| GROSS FIXED ASSETS | OPENING | INCREASE | DECREASE | CLOSING |
|------------------------------------|---------------|--------------|----------|---------------|
| R&D | 23,241 | 2,806 | | 26,047 |
| PATENTS AND SIMILAR RIGHTS | 5,988 | 1,543 | | 7,531 |
| TECHNICAL LOSS ASSIGNED TO PATENTS | 8,025 | | | 8,025 |
| EXCLUSIVITY RIGHT | 0 | 1,636 | | 1,636 |
| TOTAL | 37,254 | 5,986 | 0 | 43,240 |

Long-term investments and loans

| FINANCIAL ASSETS | À L'OUVERTURE | AUGMENTATION | DIMINUTION | À LA CLÔTURE |
|---------------------------------------|---------------|--------------|------------|---------------|
| PARTICIPATING INTERESTS | 1,723 | 47 | | 1,769 |
| RECEIVABLES DUE FROM EQUITY INTERESTS | 2,663 | 632 | | 3,294 |
| OTHER LONG-TERM INVESTMENTS AND LOANS | 1,867 | 1,412 | 679, | 3,959 |
| TANGIBLE ASSET IN PROGRESS | 679 | 1,429 | -679 | 1,429 |
| TOTAL | 6,931 | 3,519 | 0 | 10,451 |

| DEPRECIATION | A L'OUVERTURE | DOTATION | REPRISE | A LA CLÔTURE |
|---------------------------------|---------------|------------|----------|--------------|
| BUILDINGS AND IMPROVEMENTS | 701 | 220 | | 921 |
| MACHINERY, EQUIPMENT, AND TOOLS | 2,463 | 173 | | 2,636 |
| OTHER TANGIBLE FIXED ASSETS | 1,231 | 419 | | 1,650 |
| TOTAL | 4,395 | 811 | 0 | 5,207 |

Long term investment and loans

| FINANCIAL ASSETS | OPENING | INCREASE | DECREASE | CLOSING |
|---------------------------------------|---------------|---------------|-------------|---------------|
| PARTICIPATING INTERESTS | 60,839 | 13,892 | -131 | 74,599 |
| RECEIVABLES DUE FROM EQUITY INTERESTS | 11,582 | 1,467 | | 13,048 |
| OTHER LONG-TERM INVESTMENTS AND LOANS | 760 | 71 | -6 | 824 |
| TOTAL | 73,180 | 15,429 | -138 | 88,472 |

Participating interests increase is broken down into:

- €13,867K stake into BOE Digital Technology Co, Ltd, the Chinese Joint venture;
- €25K stake into the PDI Digital GmbH the Austrian Joint venture.

Decrease comes from final Pervasive Displays earn out calculation.

Note 2 - Inventories

| INVENTORIES | 12/31/2019 | 12/31/2018 |
|---|---------------|---------------|
| INVENTORY OF RAW MATERIALS | 10,674 | 4,756 |
| INVENTORY OF FINISHED PRODUCTS | 17,622 | 16,531 |
| INVENTORY OF GOODS PURCHASED FOR RESALE | 24,961 | 12,949 |
| IMPAIRMENT OF INVENTORY | -3,113 | -1,919 |
| TOTAL | 50,144 | 32,317 |

Inventory value increase is triggered by the Entrepreneur scheme implemented, starting May 2019, with the centralisation of the procurement and manufacturing flows and processes monitoring, in SES-imagotag SA.

In 2019 a €1,194K provision was booked for old generation range inventories.

Note 3 – Provisions for contingencies and charges

| NATURE OF PROVISIONS | OPENING | ALLOWANCE | WRITE-BACK USED | NOT USED | CLOSING |
|---------------------------------------|--------------|--------------|-----------------|----------|--------------|
| PROVISION FOR FOREIGN EXCHANGE LOSSES | 1,607 | 1,410 | -1,607 | | 1,410 |
| OTHER PROVISIONS FOR CONTINGENCIES | 874 | 232 | -284 | | 822 |
| TOTAL | 2,480 | 1,642 | -1,891 | 0 | 2,232 |

Provisions for contingencies can be broken down into HR related litigation for €63K and a supplier claim (€709K).

Note 4 – Receivables and payables**Receivables**

| RECEIVABLES | 12/31/2019 | 12/31/2018 |
|---------------------------------------|----------------|----------------|
| RECEIVABLES DUE FROM EQUITY INTERESTS | 13,049 | 11,582 |
| LOANS AND OTHER LONG-TERM INVESTMENTS | 824 | 760 |
| TRADE RECEIVABLES | 121,640 | 41,368 |
| SOCIAL SECURITY RECEIVABLES | 111 | 100 |
| TAX RECEIVABLES | 4,709 | 4,000 |
| CURRENT ACCOUNTS AND ACCRUED INTEREST | 45,164 | 40,417 |
| OTHER RECEIVABLES | 10,720 | 6,240 |
| PREPAID EXPENSES | 697 | 323 |
| TOTAL | 196,915 | 104,791 |

| STATEMENT OF DEBTS IN € '000 | TOTAL AMOUNT | AT 1 YEAR | 1 TO 5 YEARS | MORE THAN 5 YEARS |
|---------------------------------------|----------------|----------------|--------------|-------------------|
| RECEIVABLES DUE FROM EQUITY INTERESTS | 13,049 | | 13,049 | |
| LOANS AND OTHER LONG-TERM INVESTMENTS | 824 | | 824 | |
| TRADE RECEIVABLES | 121,640 | 121,640 | | |
| SOCIAL SECURITY RECEIVABLES | 111 | 111 | | |
| TAX RECEIVABLES | 4,709 | 2576 | 2133 | |
| CURRENT ACCOUNTS AND ACCRUED INTEREST | 45,164 | 45,164 | | |
| OTHER RECEIVABLES | 10,720 | 10,720 | | |
| PREPAID EXPENSES | 697 | 697 | | |
| TOTAL | 196,915 | 180,909 | 16,006 | |

Receivables from Equity interests increase is due to a loan granted to Pervasice Displays Inc for €1,438K;

Accounts receivables increase is due to the Entrepreneur scheme implemented as intercompany transactions lead to a €84.8K inter-company accounts receivables by December 31, 2019;

Tax receivables are mostly VAT driven as well as R&D tax credit driven;

Current accounts increase is due to credit facilities granted to SES-imagotag GmbH, Pervasice Displays Inc and SES-imagotag Deutschland GmbH;

Other receivables mostly deal with credit notes to be received from intercompanies transactions and from one industrial assembly supplier (€2,088K).

Payable

| IN €000 | 12/31/2019 | 12/31/2018 |
|--|----------------|----------------|
| BOND ISSUES | 50,000 | 40,000 |
| LOANS AND DEBTS FROM CREDIT ESTABLISHMENTS | 3,358 | 6,494 |
| OTHER FINANCIAL LIABILITIES | 58 | 62 |
| RECEIVED ADVANCES AND PREPAYMENTS | 2,538 | 2,156 |
| SUPPLIERS AND RELATED ACCOUNTS | 116,931 | 47,829 |
| SOCIAL & TAX LIABILITIES | | |
| • PERSONNEL | 1,950 | 1,997 |
| • SOCIAL SECURITY BODIES | 1,545 | 1,672 |
| TURNOVER TAXES REPORT | 5,194 | 2,418 |
| OTHER TAXES, DUTIES AND SIMILAR | 454 | 376 |
| ASSETS TO BE ESTABLISHED AND OTHER DEBTS | 89,381 | 5,663 |
| DEFERRED INCOME | 831 | 881 |
| TOTAL | 272,241 | 109,547 |

| IN €000 | TOTAL AMOUNT | AT 1 YEAR | 1 TO 5 YEARS | MORE THAN 5 YEARS |
|--|----------------|----------------|---------------|-------------------|
| BOND ISSUES | 50,000 | | 40,000 | 10,000 |
| LOANS AND DEBTS FROM CREDIT ESTABLISHMENTS | 3,358 | 1,268 | 2,090 | |
| OTHER FINANCIAL LIABILITIES | 58 | 58 | | |
| RECEIVED ADVANCES AND PREPAYMENTS | 2,538 | 2,538 | | |
| SUPPLIERS AND RELATED ACCOUNTS | 116,931 | 115,782 | 1,148 | |
| SOCIAL & TAX LIABILITIES | | | | |
| • PERSONNEL | 1,950 | 1,950 | | |
| • SOCIAL SECURITY BODIES | 1,545 | 1,545 | | |
| TURNOVER TAXES REPORT | 5,194 | 5,194 | | |
| OTHER TAXES, DUTIES AND SIMILAR | 454 | 454 | | |
| ASSETS TO BE ESTABLISHED AND OTHER DEBTS | 89,381 | 72,273 | 17,108 | |
| DEFERRED INCOME | 831 | 831 | | |
| TOTAL | 272,241 | 201,836 | 60,466 | 10,000 |

A new bond issue dated July 25, 2019 for a €10 m amount and bearing a 4.55% interest rate, maturity date July 24, 2025.

Accounts payable increase is due to the Entrepreneur scheme implementation in H1 2019 as procurement invoicing flow is borne by SES-imagotag SA;

Other debt can be broken into:

- right of use triggered by the exclusivity right, to be paid in several instalments (2020 and 2021)
- the Chinese JV unpaid capital for €9.3m
- intercompany debt for €60m

- last tranche in the SES-imagotag Deutschland GmbH acquisition (€120K to be paid in 2020 and €500K to be paid in 2021).

Note 5 – Accrued income

| MONTANT EN K€ | 12/31/2019 | 12/31/2018 |
|--|---------------|--------------|
| LONG-TERM INVESTMENTS AND LOANS - ACCRUED INTEREST | 147 | 133 |
| CUSTOMERS – ACCRUED INCOME | 11,592 | 6,858 |
| ACCRUED INTEREST ON CURRENT ACCOUNTS | 190 | 571 |
| TOTAL | 11,929 | 7,562 |

The amount of the invoices to be drawn up mainly corresponds to the various billings of management fees and patent fees within the group for the year 2019 for an amount of EUR 11 551 K.

Note 6 – Accrued expenses

| MONTANT EN K€ | 12/31/2019 | 12/31/2018 |
|---|---------------|---------------|
| CREDIT INSTITUTION | 7 | 10 |
| SUPPLIERS – ACCRUED EXPENSES | 33,025 | 24,776 |
| DEBTS – PROVISION FOR PAID LEAVE | 975 | 866 |
| STAFF – OTHER ACCRUED EXPENSES | 954 | 1,104 |
| SOCIAL SECURITY CONTRIBUTIONS ON PAID LEAVE | 429 | 381 |
| OTHER ACCRUED SOCIAL SECURITY CONTRIBUTIONS | 288 | 354 |
| CENTRAL GOVERNMENT – OTHER ACCRUED EXPENSES | 393 | 376 |
| TAXES AND SOCIAL SECURITY CONTRIBUTIONS PAYABLE | 3,038 | 3,080 |
| ACCRUED CREDIT NOTES | 21,489 | 547 |
| TOTAL | 57,559 | 28,413 |

Note 7 – Adjustments accounts

Prepaid expenses amounted to €697 K, and deferred income totaled €831 K.

Unrealized foreign exchange losses were €1,232 K, and unrealized foreign exchange gains were €1,410 K.

Note 8 – Cash**Liquidity agreement**

Under a liquidity agreement dated June 22, 2012, €531 K and 3,000 shares were made available to Gilbert Dupont SNC. This liquidity agreement was signed for a term of 12 months, automatically renewable, with the aim of promoting the liquidity of transactions and the regularity of quotations of the shares on the market.

Under this agreement, 10,173 treasury shares were held by SES-imagotag as of December 31, 2019, for a total of €300K, leaving €242 K in cash available

Note 9 – Shareholders' equity**Share capital**

| MOVEMENT OF SHARES | NUMBER | NOMINAL VAL. | SHARE CAPITAL IN € |
|--------------------------------|-------------------|--------------|--------------------|
| SHARES AT START OF PERIOD | 14,503,337 | 2 | 29,006,674 |
| SHARES ISSUED | 1,254,771 | 2 | 2,509,542 |
| SHARES AT END OF PERIOD | 15,758,108 | 2 | 31,516,216 |

Stock options and free share awards

Allocation of stock options

At December 31, 2019, five stock option allocation plans were therefore in progress:

Within the framework of the authorization granted by the Extraordinary Shareholders' Meeting on March 1, 2012:

- the 2012 plan (1st wave) dated August 31, 2012, expiring on August 31, 2019;

- the 2012 plan (2nd wave) dated December 18, 2012, expiring on December 18, 2019;
- the 2013 plan dated May 28, 2013, expiring on May 28, 2020;
- the 2014 plan (1st wave) dated April 3, 2014, expiring on April 3, 2021.

Within the framework of the authorization granted by the Extraordinary Shareholders' Meeting on May 21, 2014:

- the 2014 plan (2nd wave) dated October 23, 2014, expiring on October 23, 2021.

The table below shows the information relating to stock options in effect as of December 31, 2019:

| PLANS | NUMBER OF NOTIFIED OPTIONS | NUMBER OF REMAINING OPTIONS OUTSTANDING * |
|------------|----------------------------|---|
| 04/15/2010 | 14,000 | 0 |
| 09/15/2010 | 8,500 | 0 |
| 10/21/2011 | 58,500 | 0 |
| 08/31/2012 | 315,800 | 0 |
| 18/12/2012 | 19,000 | 0 |
| 30/05/2013 | 65,200 | 0 |
| 04/03/2014 | 43,000 | 0 |
| 10/23/2014 | 33,150 | 3,600 |
| | 557,150 | 3,600 |

At December 31, 2019, the number of stock options granted, which can be subscribed for a total of 3,600 shares, represents 0.02% of the share capital and voting rights of SES-imagotag after dilution.

| EARNINGS PER SHARE | 12/31/2019 | 12/31/2018 |
|-----------------------------------|------------|------------|
| EARNINGS (€K) | -17 187 | -8 927 |
| WEIGHTED AVERAGE NUMBER OF SHARES | 14 590 795 | 13 961 761 |
| STOCK OPTIONS | 3 600 | 36 000 |
| BONUS SHARES | | |
| EARNINGS PER SHARE (IN EUROS) | | |
| - BEFORE DILUTION | -1,18 | -0,64 |
| - AFTER DILUTION | -1,18 | -0,64 |

Issue premium

The issue premium of €128,447 K is the result of various capital increases carried out since the creation of the company. Over the period, the issue premium increased by €31,783 K.

Note 10 – Loans

| LOANS | OPENING | + | - | CLOSING |
|--------------------------------------|---------------|---------------|---------------|---------------|
| BOND DEBTS | 40,000 | 10,000 | | 50,000 |
| OTHER LOANS FROM CREDIT INSTITUTIONS | 6,495 | | -3,136 | 3,359 |
| TOTAL | 46,495 | 10,000 | -3,136 | 53,359 |

A new bond issue dated July 25, 2019 for a €10 m amount, bearing a 4.55% interest rate and maturing on July 24, 2025.

V. NOTES TO THE INCOME STATEMENT

Note 11 – Sales

Sales for the period break down as follows:

| ME | 12/31/2019 | | 12/31/2018 | |
|-----------------|--------------|-----|--------------|-----|
| MAINLAND FRANCE | 67.4 | 34% | 59.5 | 53% |
| EXPORTS | 130.9 | 66% | 52.9 | 47% |
| TOTAL | 198.3 | | 112.4 | |

Note 12 – Other income

Other income amounted to EUR 6,633k and mainly correspond to management fees invoiced within

the Group for EUR 6,204K and the annual patent license fee of EUR 381k invoiced within the group.

Note 13 – Reversal of amortisations and provisions, expense transfers

At 31 December 2019, the company recorded EUR 120k in transfers of expenses corresponding mainly to intercompany transactions. In addition,

the company has reversals of operating provisions amounting to EUR 875k of which EUR 100k related to the depreciation of trade receiv-

ables and EUR 284k to the reversal of provisions on unrealised foreign exchange losses on trade receivables and payables.

Note 14 – Details of other external charges and charges

| AMOUNT IN €K | 12/31/2019 | 12/31/2018 |
|---|---------------|---------------|
| VARIABLE EXTERNAL EXPENSES | 4,904 | 3,363 |
| TRAVEL EXPENSES AND TRAVEL | 2,994 | 2,804 |
| IT AND TELECOM EXPENSES | 2,305 | 1,443 |
| EXTERNAL STAFF COSTS AND RECRUITMENT FEES | 577 | 579 |
| FEES | 6,099 | 6,267 |
| MARKETING | 2,268 | 1,725 |
| OTHER EXTERNAL CHARGES | 6,602 | 5,732 |
| GRAND TOTAL | 25,748 | 21,913 |

Other external charges deal with subcontracted services such as credit management, R&D, customer support as well as office rentals.

Note 15 – Other charges

| €'000 | 12/31/2019 | 12/31/2018 |
|-----------------|--------------|------------|
| PATENT LICENSES | 3,647 | - |
| OTHER EXPENSES | 122 | 48 |
| TOTAL | 3,770 | 48, |

The Entrepreneur scheme implementation has triggered a patent licensing scheme as well.

Note 16 – Tax on profits

Breakdown of tax on profits

| LEVEL OF PROFIT (LOSS) | BEFORE TAX | TAX | AFTER TAX |
|-----------------------------|----------------|------------|----------------|
| OPERATING PROFIT (LOSS) | -18,972 | 579 | -18,393 |
| FINANCIAL PROFIT (LOSS) | 1,207 | - | 1,207 |
| EXTRAORDINARY PROFIT (LOSS) | -1 | - | -1 |
| TOTAL | -17,766 | 579 | -17,187 |

R&D tax credit amounts to €579K (€507 K for the current year and €72K adjustment relating to last year tax credit).

| INCREASES AND REDUCTIONS IN € '000 | AMOUNT | TAXES |
|---|--------------|------------|
| INCREASES | | |
| REDUCTIONS | | |
| - PROVISION NOT DEDUCTIBLE IN THE YEAR OF FUNDING | 1 623 | 541 |
| TOTAL | 1 623 | 541 |

Note 17 – Financial income and expenses

Financial income totaled €7,133 K, including €670 K in accrued interest on receivables from equity interests and current accounts, and €1,325 K in foreign exchange gains, €3,305K dividends, €1,607k provision for financial loss release.

Financial expenses amounted to €5,926 K, including €2,071 K in foreign exchange losses, €1,663 K in interest on loans, and €1,592 K in net provisions for foreign exchange losses.

VI. OTHER INFORMATION

Note 18 – Headcount

Employee headcount as of December 31, 2019 is:

| EMPLOYEE CATEGORIES | EMPLOYEES |
|-----------------------------|------------|
| MANAGERIAL STAFF | 115 |
| SUPERVISORS AND TECHNICIANS | 22 |
| WORKERS | 51 |
| APPRENTICES UNDER CONTRACT | 15 |
| TOTAL | 203 |

Quarterly average headcount is as follows:

| TRIMESTERS | EMPLOYEES |
|------------|-----------|
| T1 2019 | 195 |
| T2 2019 | 197 |
| T3 2019 | 197 |
| T4 2019 | 204 |

Note 19 – Off balance commitments

Commitments made:

- Comfort letter to Bank Austria (SES-imagotag GmbH's bank);
- €4,600 K throughout the term of the loan;
- Comfort letter to Sparkasse Freiburg (SES-imagotag Deutschland GmbH bank) for a €750K loan.
- Comfort letter to SES-imagotag GmbH (insolvency risk);
- Comfort letter to SES-imagotag Netherlands BV, (insolvency risk);
- Rental payment guarantee of €182 K (CIC);
- Interest-bearing collateral account (CIC);

- Rental payment guarantee of €45 K (BNP)
- Guarantee for export market of €7 K (CIC)
- An "end-of-career benefits" insurance contract was signed with "CIC Assurances" on September 17, 2007. The payments made to this organization are intended to cover this commitment, estimated at €519 K at December 31, 2019. No sums were paid in 2019. The amount of commitments related to retirement benefits not covered by the contract is estimated at €445 K;

The method used for this estimate is the retrospective projected credit units method.

The assumptions considered in determining this commitment are as follows:

- retirement age: 65 to 67 years;
- employer contribution rate: 46%;
- discount rate: 0.77%;
- mortality table used: INSEE 2018;
- collective bargaining agreement: Metallurgy.

Minimum leasing payments for non terminable leases:

| LEASES (€) | < 1 YEAR | BETWEEN 1 AND 5 YEARS | > 5 YEARS |
|----------------------|------------------|-----------------------|-----------|
| OFFICES / WAREHOUSES | 1,015,351 | 2,785,031 | |
| OFFICE EQUIPEMENT | 138,114 | 138,114 | |
| CARS | 234,372 | 167,173 | |
| TOTAL | 1,387,836 | 3,090,318 | |

Contingent liabilities: N/A

Note 20 – Corporate officer remuneration and retirement plan

The gross compensation paid to the Chairman and Chief Executive Officer for the period amounted to €462 K for his 2019 base pay and his 2018 bonus.

A contract under the Company Guarantee for Company Executives (GSC) was signed in 2012 for the benefit of the Chairman and Chief Executive Officer.

This contract includes the basic plan as well as a supplementary plan providing for compensation coverage over a 12-month period (former plan).

Note 21 – Auditors' fees

The expense recognized for the Auditors' fees amounted to €379 K for the statutory audit.

Note 22 – Degree of exposure to market risks

With regard to receivables and payables subject to exchange rate fluctuations:

Total sales in foreign currencies (USD) in financial year 2019 amounts to \$46,688 K .

Total purchases in foreign currencies in financial year 2019 amount to \$107,539 K.

As of December 31, 2019, outstanding debts in foreign currencies represented \$69,817 K, or €62,600 K,

resulting in the recognition of an unrealized foreign exchange loss of €604 K and an unrealized foreign exchange gain of €543 K.

Note 23 – Transactions with related companies

SES-imagotag S.A. has booked the following transactions with its majority shareholder, BOE Smart Retail Hong Kong Ltd :

- €50,446k purchases to the Chongqing BOE Smart Electronics Systems Co. Ltd. plant for finished goods assembly and packaging;
- €14,727K right of use with the Chongqing BOE Smart Electronics Systems Co. Ltd. plant triggered by an exclusivity agreement for production capacity;

- €43K revenue with BOE Digital Technology Co (ESL's supply).

Other transactions with related parties are performed at arm's length prices.

| | €'000 |
|------------------------------|---------|
| REVENUE | 43 |
| PURCHASES AND OTHER EXPENSES | -50,446 |
| INTANGIBLE ASSETS | 14,727 |
| ACCOUNTS RECEIVABLES | 43 |
| ACCOUNTS PAYABLE | -52,878 |

Note 24 – Subsidiaries and equity interests

| SUBSIDIARIES AND EQUITY INTERESTS | SHARE CAPITAL | RESERVES AND RETAINED EARNINGS | % OF CAPITAL HELD | GROSS VALUE OF SHARES HELD | NET VALUE OF SHARES HELD | LOANS AND ADVANCES GRANTED BY THE COMPANY | TURNOVER EXCLUDING TAXES OF THE PRIOR PERIOD | PROFIT (LOSS) FOR THE PRIOR PERIOD |
|--------------------------------------|---------------|--------------------------------|-------------------|----------------------------|--------------------------|---|--|------------------------------------|
| SES-IMAGOTAG MEXICO SRL. DE CV | 0 | -1,238 | 99 | 0 | 0 | 2,427 | 939 | -167 |
| SES-IMAGOTAG PTE LTD | 33 | -30 | 100 | 29 | 29 | 0 | 44 | -264 |
| SES-IMAGOTAG ITALIA SRL. | 10 | 344 | 100 | 10 | 10 | 58 | 11,438 | 113 |
| SES-IMAGOTAG GMBH | 50 | 5,871 | 100 | 17,570 | 17,570 | 35,043 | 154,912 | -594 |
| SOLUTIONS DIGITALES SES-IMAGOTAG LTD | 0 | -1,675 | 100 | 0 | 0 | 1,637 | 2,194 | 121 |
| SES-IMAGOTAG INC | 9 | -2,236 | 100 | 7 | 7 | 725 | 13,970 | 396 |
| SES-IMAGOTAG DEUTSCHLAND GMBH | 67 | -5,063 | 100 | 12,360 | 12,360 | 7,282 | 5,833 | -552 |
| PERVASIVE DISPLAYS INC | 4,484 | 979 | 100 | 29,921 | 29,921 | 9,355 | 25,147 | 1,895 |
| SES-IMAGOTAG DANMARK APS. | 7 | 155 | 100 | 7 | 7 | 610 | 252 | -6 |
| SES-IMAGOTAG NETHERLANDS BV | 1 | -45 | 100 | 1 | 1 | 232 | 298 | 10 |
| SES-IMAGOTAG IBERIA S.L | 3 | 9 | 100 | 3 | 3 | 439 | 669 | 29 |
| MARKET HUB TECHNOLOGIES LTD | 872 | -1,002 | 60 | 800 | 800 | 254 | 1,445 | -247 |
| SES-IMAGOTAG HONG KONG LTC | 1 | -10 | 100 | | | | | -18 |
| SES-IMAGOTAG PDI DIGITAL | 35 | 0 | 70 | 25 | 25 | 0 | 0 | 0 |
| BOE DIGITAL TECHNOLOGY CO LTD | 9,081 | 38 | 51 | 13,867 | 13,867 | 0 | 4,245 | -3,921 |

* amounts converted in euros, thanks to the average exchange rate in 2019 fiscal year for each local currency.

€3,305K dividends distribution has been approved by Pervasive Displays Inc Board on June 24, 2019.

Off balance sheet commitments are described in Note 19.

Note 25 – Credit, liquidity, and cash flow risks

The Company does not hold any risky investments. All short-term investments consist of term deposits.

VI-AUDITOR'S REPORTS AND CERTIFICATION

11 REPORTS BY THE STATUTORY AUDITORS AND CERTIFICATIONS

11.1 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

To the SES-Imagotag S.A. Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of SES-Imagotag S.A. for the year ended December 31, 2019.

These financial statements were approved by the Board of Directors on June 5, 2020 based on the information available on that date in the evolving context of the Covid-19 health crisis.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Accounts Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (Code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, approved under the aforementioned conditions, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the financial statements.

Measurement of equity securities and related receivables

• Risk identified

Equity securities and related receivables were recognized in the December 31, 2019 balance sheet for net amounts of 74,599 thousand euros and 13,048 thousand euros, respectively, and constitute the largest balance sheet items. Equity securities and related receivables are initially recognized at acquisition cost and respectively impaired where necessary based on their value in use and recoverable amount.

As indicated in Note II. "Accounting rules and methods – 3) Financial assets" to the financial statements, the value in use is estimated by management based on the business outlook and future profitability.

In determining the value in use of these securities, management is required to exercise judgment to estimate these forward-looking components.

Given the inherent uncertainties surrounding the realization of forecasts, we considered the correct measurement of equity securities and related receivables to be a key audit matter.

• Response as part of our audit

To assess the reasonableness of the value in use estimates for equity securities and related receivables, based on the information communicated to us, our work mainly consisted in:

- comparing the net carrying amount of equity securities with the value in use estimated by management based on the business outlook and future profitability;
- assessing the consistency of the cash flow forecasts used by management in the impairment test with the business plans prepared by the financial and general management teams of the relevant entities as part of their budgetary process, which we compared with the 2020 Group budget approved by the Board of Directors on December 17, 2019 and the Group business plan used by management;
- verifying, through interviews with the financial and general management teams, that these cash flow estimates are based on an appropriate justification of the key assumptions used, with regard to recent performance and firm orders and sales opportunities;
- assessing the recoverability of the related receivables with regard to the analyses conducted on the equity securities.

Lastly, we also assessed the appropriateness of the disclosures in the notes to the financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and other documents provided to shareholders with respect to the financial position and the financial statements

We have no comments to make on the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report approved on June 5, 2020 and in the other documents addressed to shareholders with respect to the financial position and the financial statements. Management has informed us that a communication will be issued to the Shareholders' Meeting called to adopt the financial statements on any events and information relating to the Covid-19 health crisis known after the date of approval of the management report.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, mentioned in Article D.441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance contains the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with 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 favor, 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 controlled by it that are included within the scope of consolidation. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information relating to items your Company considers likely to have an impact in the event of a public tender offer or public exchange offer, provided pursuant to Article L.225-37-5 of the French Commercial Code, we have verified its compliance with the source documents communicated to us. Based on this work, we have no comments to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

Deloitte & Associés and KPMG were appointed as statutory auditors of SES-Imagotag S.A. by the Shareholders' Meeting held on June 23, 2017.

As of December 31, 2019, Deloitte & Associés and KPMG were in the 3rd year of total uninterrupted engagement, which is the 3rd year since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Accounts Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud

or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Accounts Committee

We submit a report to the Accounts Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Accounts Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Accounts Committee with the declaration referred to in Article 6 of Regulation (EU) No. 537/2014, confirming our independence in the sense of the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Accounts Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

PARIS LA DEFENSE, June 8, 2020

KPMG Audit
Division of KPMG S.A

Grégoire Menou
Partner

PARIS LA DEFENSE, June 8, 2020

Deloitte & Associés

Julien Razungles
Partner

11.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

SES-Imagotag S.A.

Headquarters: 55, place Nelson Mandela - 92000 Nanterre

Statutory Auditors' report on the consolidated financial statements

To the SES-Imagotag S.A. Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of SES-Imagotag for the year ended December 31, 2019.

These financial statements were approved by the Board of Directors on June 5, 2020 based on the information available on that date in the evolving context of the Covid-19 health crisis.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Accounts Committee.

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (Code de déontologie) for statutory auditors.

Observation

Without qualifying the above conclusion, we draw your attention to Note II.1.1.1 "Consolidated financial statements - Basis of preparation," Note II.1.4 "Leases (IFRS 16)," Note 2 "Property, plant and equipment and rights of use" and Note 11 "Borrowings and lease liabilities" to the consolidated financial statements which set out the impacts arising from the first-time application of IFRS 16 "Leases" as of January 1, 2019.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved under the aforementioned conditions, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of goodwill

(Notes II.1.1.2, II.1.2 and II.4- Note 1 to the consolidated financial statements)

• Risk identified

The goodwill arising from previous external growth transactions corresponds to the difference between the fair value of the consideration transferred and the fair value of the identifiable assets acquired and liabilities assumed, and is allocated to a single cash-generating unit (CGU). It was recorded in assets in the consolidated financial statements for 51.3 million euros as of December 31, 2019.

Management confirms at each year-end, and more frequently where there is indication of loss in value, that the net carrying amount of these goodwill balances does not exceed their recoverable amount and that there is no risk of loss in value.

The impairment test methodology and the assumptions adopted are presented in Note II.1.2 to the consolidated financial statements.

The recoverable amount of goodwill is largely determined based on Management judgment, particularly with regard to the growth rates, cash flow projections based on operating forecasts and the discount rate applied to such projections. We therefore considered the measurement of goodwill to be a key audit matter.

• Our response

With the involvement of our valuation specialists, we familiarized ourselves with the implementation methods for the impairment test performed by Management and reviewed the compliance of the methodology applied with prevailing accounting standards.

We also performed a critical analysis of the implementation of this methodology and assessed, in particular:

- the relevance of the method used by Management to determine the cash-generating unit,
- the relevance of prior year projections with 2019 actual figures to assess their reliability,
- the consistency of the cash flow projections for the years 2020 to 2029 with the 2020 budget approved by the Board of Directors on December 17, 2019 and with the business plan used by management for subsequent years,
- the reasonableness of these projections and the key assumptions used (particularly discounting and long-term growth rates), with regard to our knowledge of the economic environment in which the group operates and market analyses for comparable companies,
- the reliability of the order book and sales forecasts, by interviewing the management team responsible for their preparation and reconciling the figures used in the impairment test with the information collected and documentation obtained,
- the sensitivity of the recoverable amount determined by Management to a change in the main assumptions adopted.

Finally, we verified the appropriateness of the disclosures in the notes to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by the laws and regulations of the Group information given in the Board of Directors' management report approved on June 5, 2020.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements. Management has informed us that a communication will be issued to the Shareholders' Meeting called to adopt the financial statements on any events and information relating to the Covid-19 health crisis known after the date of approval of the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

Deloitte & Associés and KPMG were appointed as statutory auditors of SES-Imagotag S.A. by the Shareholders' Meeting held on June 23, 2017.

As of December 31, 2019, Deloitte & Associés and KPMG were in the 3rd year of total uninterrupted engagement, which is the 3rd year since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Accounts Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Accounts Committee

We submit a report to the Accounts Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Accounts Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Accounts Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Accounts Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

PARIS LA DEFENSE, June 8, 2020

KPMG Audit
Division of KPMG S.A

Grégoire Menou
Partner

PARIS LA DEFENSE, June 8, 2020

Deloitte & Associés

Julien Razungles
Partner

11.3 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS

ANNUAL GENERAL MEETING HELD TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

SES-Imagotag S.A.

Headquarters: 55, place Nelson Mandela- 92000 Nanterre

Statutory Auditors' Report on Related Party Agreements

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present our report on related party agreements.

It is our responsibility to inform you, on the basis of the information provided to us, of the terms and conditions and the purpose and benefits to the Company of the agreements and commitments brought to our attention or which we encountered during our engagement. It is not our role to determine whether they are beneficial or appropriate or to ascertain whether any other agreements exist. It is your responsibility, under the terms of Article R.225-31 of the French Commercial Code (Code de commerce), to assess the merit of these agreements with a view to approving them.

In addition, it is our responsibility, where appropriate, to inform you, pursuant to Article R.225-31 of the French Commercial Code (Code de commerce), of the agreements approved at the Annual General Meeting in prior financial years.

We conducted the work we deemed necessary in accordance with the professional standards issued by the French national institute of statutory auditors (CNCC) relating to this engagement. Those standards require that we plan and perform our work to verify that the information provided to us is consistent with the documents from which it was derived.

AGREEMENTS SUBMITTED FOR APPROVAL AT THE ANNUAL GENERAL MEETING

Agreements authorised and entered into during the financial year

In accordance with Article L. 225-40 of the French Commercial Code (Code de commerce), we hereby inform you that we were advised of the following agreements entered into during the year that were previously approved by your Board of Directors.

Creation of a joint venture in China with BOE Intelligent IoT Technology Co, Ltd (BOE) and JD Digits (Suqian Xin Dong Teng Commercial Services Co., Ltd)

• Persons involved:

BOE Smart Retail (Hong Kong) Co., Ltd, a shareholder with more than 10% of your Company's voting rights and an indirect interest in BOE Intelligent IoT Technology Co., Ltd.

Mr Thierry Gadou, Chief Executive Officer of your company, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Xiang Jun Yao, Director of your company and Chairman of the Board of Directors of BOE Smart Retail (Hong Kong) Co.

Ms Xiangshun Yin, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Feng Bai, Sirector of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Linfeng Jing, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Ms Fangqi Ye, Director of both your company and BOE Smart Retail (Hong Kong) Co.

- Nature, purpose and terms:

The BOE Digital Technology Co., Ltd joint venture was created in China in July 2019 by your company, BOE Intelligent IoT Technology Co., Ltd. (a subsidiary of BOE Group) and Suqian Xin Dong Teng Commercial Services Co., Ltd (a subsidiary of JD Digits Group), which respectively hold 51%, 15% and 34% of the capital of the joint venture. Your company's investment in the joint venture amounted to USD 15.3 million. The agreement was previously authorised by your Board of Directors on 24 April 2019.

- Benefits to your Company:

Your Board of Directors considered that the purpose of the partnership was to enable your company gain a foothold more quickly in the Chinese market, by facilitating access to a vast ecosystem of digital innovation, major brands, and retailers close to JD Digits Group as well as its powerful network of shareholders and interests.

Electronic label supply agreement with Chinese joint venture BOE Digital Technology Co., Ltd

- Persons involved:

BOE Smart Retail (Hong Kong) Co., Ltd, a shareholder with more than 10% of your Company's voting rights and an indirect 15% interest in Chinese joint venture BOE Digital Technology Co., Ltd (through its subsidiary BOE Intelligent IoT Technology Co., Ltd).

Mr Thierry Gadou, Chief Executive Officer of your company, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Xiang Jun Yao, Director of your company and Chairman of the Board of Directors of BOE Smart Retail (Hong Kong) Co.

Ms Xiangshun Yin, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Feng Bai, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Linfeng Jing, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Ms Fangqi Ye, Director of both your company and BOE Smart Retail (Hong Kong) Co.

- Nature, purpose and terms:

A supply agreement for finished goods (electronic labels) is being signed by your company and BOE Digital Technology Co., Ltd, for an initial term of two years. The agreement was previously authorised by your Board of Directors on 24 October 2019.

Under the agreement, your company generated EUR 43,000 in sales of finished goods in financial year 2019.

- Benefits to your Company:

Your Board of Directors considered that the purpose of this agreement is to be able to provide the Chinese joint venture with an additional line of all finished goods (particularly electronic labels) that are not manufactured in the Chongqing factory.

Technology licensing agreement with Chinese joint venture BOE Digital Technology Co., Ltd

• Persons involved:

BOE Smart Retail (Hong Kong) Co., Ltd, a shareholder with more than 10% of your Company's voting rights and an indirect 15% interest in the Chinese joint venture BOE Digital Technology Co., Ltd (through its subsidiary BOE Intelligent IoT Technology Co., Ltd).

Mr Thierry Gadou, Chief Executive Officer of your company, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Xiang Jun Yao, Director of your company and Chairman of the Board of Directors of BOE Smart Retail (Hong Kong) Co.

Ms Xiangshun Yin, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Feng Bai, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Linfeng Jing, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Ms Fangqi Ye, Director of both your company and BOE Smart Retail (Hong Kong) Co.

• Nature, purpose and terms:

A technology licensing agreement is being signed between your company and BOE Digital Technology Co., Ltd., for an initial term of two years. The agreement was previously authorised by your Board of Directors on 24 October 2019.

The purpose of the technology licence, with royalties based on sales of electronic labels and related services, is to authorise the joint venture to use, copy, reproduce, and develop the existing intellectual property of the SES-imagotag Group entities in order to manufacture, sell, distribute, and sub-licence products and solutions throughout continental China. The licence also grants the right to set up serial manufacturing directly with the Chongqing factory.

No technology licence fees were invoiced in financial year 2019, since the joint venture had barely started operations, and they are mainly based on digital signage sales, technology that does not belong to SES-imagotag Group.

• Benefits to your Company:

Your Board of Directors considered that the purpose of this technology licensing agreement is to remunerate the use of intellectual property by BOE Digital Technology Co., Ltd in order to enable the Chongqing factory to be used as a direct source of supply, and to implement SES-imagotag solutions by using existing software developed by the European entities of SES-imagotag Group.

Support service agreement with Chinese joint venture BOE Digital Technology Co., Ltd

• Persons involved:

BOE Smart Retail (Hong Kong) Co., Ltd, a shareholder with more than 10% of your Company's voting rights and an indirect 15% interest in the Chinese joint venture BOE Digital Technology Co, Ltd. (through its subsidiary BOE Intelligent IoT Technology Co., Ltd).

Mr Thierry Gadou, Chief Executive Officer of your company, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Xiang Jun Yao, Director of your company and Chairman of the Board of Directors of BOE Smart Retail (Hong Kong) Co.

Ms Xiangshun Yin, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Feng Bai, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Linfeng Jing, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Ms Fangqi Ye, Director of both your company and BOE Smart Retail (Hong Kong) Co.

- Nature, purpose and terms:

A support service agreement is being signed between your company and BOE Digital Technology Co., Ltd, for an initial term of two years. The agreement was previously authorised by your Board of Directors on 24 October 2019.

Under the agreement your company rebills the support service fees incurred in assisting BOE Digital Technology Co., Ltd.

No support service fees were rebilled in financial year 2019. Since the joint venture had barely started operations, the central services were not used in financial year 2019.

- Benefits to your Company:

Your Board of Directors considered that the purpose of this agreement is to pool specialist skills and set out the terms for rebilling support services, including the type of costs and cost allocation formulae.

Exclusive manufacturing agreement with Chongqing BOE Smart Electronics System Co., Ltd

- Persons involved:

BOE Smart Retail (Hong Kong) Co., Ltd, a shareholder with more than 10% of your Company's voting rights and an indirect interest in Chongqing BOE Smart Electronics System Co., Ltd.

Mr Thierry Gadou, Chief Executive Officer of your company, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Xiang Jun Yao, Director of your company and Chairman of the Board of Directors of BOE Smart Retail (Hong Kong) Co.

Ms Xiangshun Yin, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Feng Bai, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Linfeng Jing, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Ms Fangqi Ye, Director of both your company and BOE Smart Retail (Hong Kong) Co.

- Nature, purpose and terms:

The exclusive agreement relating to the manufacturing capacity of the Chongqing factory was entered into on 1 July 2019 for a term of four and a half years. The agreement was previously authorised by your Board of Directors on 24 May 2019.

Remuneration generated by the exclusive rights in financial year 2019 amounted to EUR 14.7 million. The payment terms provide for several instalments, the first of which are due in 2020.

- Benefits to your Company:

Your Board of Directors considered that the purpose of this agreement is to make your industrial manufacturing subcontracted to the Chongqing factory more secure. According to the volume forecast for the next five years, your company will not use the factory's entire current manufacturing capacity. To ensure exclusive capacity utilisation of Chongqing BOE Smart Electronics System Co., Ltd, your company decided to enter an exclusive manufacturing agreement, the value of which is estimated by comparing the forecast manufacturing capacity utilisation rate with the full capacity utilisation rate.

Loan agreement with PDi Digital GmbH (joint venture with Bossard AG Group)

- Person involved:

PDi Digital GmbH, an Austrian subsidiary in which your company has a 70% interest.

- Nature, purpose and terms:

A loan agreement was entered into between your company and its subsidiary PDi Digital GmbH on 1 December 2019. The agreement was previously authorised by your Board of Directors on 25 June 2019.

The loan will amount to a maximum of EUR 650,000, granted in one or several tranches. The loan term is five years and the interest rate is the five-year swap rate (Euribor) plus a margin of 1.5%.

No loan was granted in financial year 2019.

- Benefits to your Company:

In accordance with the law, we hereby inform you that the prior authorisation by the Board of Directors does not mention the benefits to your company, as required by Article L. 225-38 of the French commercial code (Code de commerce).

Technology licensing agreement with PDi Digital GmbH (joint venture with Bossard AG Group)

- Person involved:

PDi Digital GmbH, an Austrian subsidiary in which your company has a 70% interest.

- Nature, purpose and terms:

The technology licensing agreement was signed on 1 December 2019 for an unspecified term, depending on the length of the joint venture and a minimum level of non-controlling interest. The agreement was previously authorised by your Board of Directors on 25 June 2019.

It allows PDi Digital GmbH to use SES-imagotag technology.

No technology licence fees were invoiced in financial year 2019, since the joint venture had not begun operations yet.

- Benefits to your Company:

In accordance with the law, we hereby inform you that the prior authorisation by the Board of Directors does not mention the benefits to your company, as required by Article L. 225-38 of the French commercial code (Code de commerce).

RELATED PARTY AGREEMENTS PREVIOUSLY APPROVED AT THE ANNUAL GENERAL MEETING

Agreements approved during previous financial years which continued to apply during the financial year

In accordance with Article R.225-30 of the French Commercial Code, we have been informed of the following related party agreements, which were approved at the Annual General Meeting in previous years and continued to apply in financial year 2019.

Master Service Agreement with Chongqing BOE Smart Electronics System Co., Ltd

- Persons involved:

BOE Smart Retail (Hong Kong) Co., Ltd, a shareholder with more than 10% of your Company's voting rights and an indirect interest in Chongqing BOE Smart Electronics System Co., Ltd.

Mr Thierry Gadou, Chief Executive Officer of your company, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Xiang Jun Yao, Director of your company and Chairman of the Board of Directors of BOE Smart Retail (Hong Kong) Co.

Ms Xiangshun Yin, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Feng Bai, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Mr Linfeng Jing, Director of both your company and BOE Smart Retail (Hong Kong) Co.

Ms Fangqi Ye, Director of both your company and BOE Smart Retail (Hong Kong) Co.

- Nature, purpose and terms:

At its meeting on 23 October 2018, your Board of Directors authorised the agreement covering the production, assembly, testing and packaging of finished goods (electronic labels), signed on 19 August 2019.

Your company recognised a total of USD 56.5 million in goods purchased in financial year 2019.

Credit facility agreement with Markethub Technologies Ltd

- Person involved:

Markethub Technologies Ltd, a British subsidiary in which your company holds a 60% interest.

- Nature, purpose and terms:

The credit facility agreement was signed between your company and its subsidiary on 1 July 2017 for a term of five years. It was approved at your Annual General Meeting on 22 June 2018.

The maximum credit amount for the five-year term is EUR 500,000, bearing interest at Euribor plus a margin of 1.5%. At 31 December 2019, your company had drawn down EUR 254,000 from the credit facility, with interest of EUR 3,000 for the financial year.

Service agreement with Markethub Technologies Ltd

- Person involved:

Markethub Technologies Ltd, a British subsidiary held 60% by your company.

- Nature, purpose and terms:

The service agreement (business development and distribution) between your company and its subsidiary was signed on 1 July 2017 for a term of five years. It was approved at your Annual General Meeting on 22 June 2018.

Sales generated by your company in financial year 2019 amounted to EUR 528,000

Executive unemployment insurance for the Chief Executive Officer

- Person involved:

Mr Thierry Gadou, Chief Executive Officer of your company.

- Nature, purpose and terms:

At its meeting on 13 January 2012, your Board of Directors authorised your company to take out an executive unemployment insurance policy for Mr Thierry Gadou, starting on 18 January 2012.

For the financial year ended 31 December 2019, the insurance premiums paid by your company amounted to EUR 19,000.

Agreements approved during previous financial years which were not applied during the financial year

Based on the information provided to us by your Chief Executive Officer, we hereby inform you of the following agreements entered into for the benefit of Mr Thierry Gadou, Chief Executive Officer, which qualified as related party agreements under Article L. 225-42-1 of the French Commercial Code (Code de commerce) when in effect before Order 2019-1234 of 27 November 2019.

a) Termination benefits for service to the Company as Chief Executive Office

The termination benefits were approved for a term of five years at your Annual General Meeting on 1 March 2012, following prior authorisation by the Board of Directors on 13 January 2012.

At its meeting on 10 March 2017, the Board of Directors authorised the renewal of this agreement, which was approved at the Annual General Meeting on 22 June 2018.

If the Chief Executive Officer's employment with your company is terminated by the company (except for serious or gross misconduct as defined under French law) or voluntarily by himself within six months following a change of control of your company, he shall be entitled to a termination benefit amounting to a gross lump sum of eighteen months' fixed and variable remuneration.

In accordance with law, the payment of the benefit (which would not include any compensation to which the Chief Executive Officer may be entitled under the termination conditions) is subject to meeting performance criteria, namely achieving at least 75% of the quantitative objectives set for the bonus of the year prior to termination as Chief Executive Officer.

Additionally, if at any date after assuming his duties as Chief Executive Officer of your company his employment as Chief Executive Officer is terminated by the company (except for serious or gross misconduct as defined under French law) or voluntarily by himself within six months following a change of control at your company, any free shares attributed to him shall be definitively vested, regardless of the presence and performance conditions stipulated in the associated plan, provided that he has met the performance criteria outlined above and without prejudice to the minimum legal vesting period after which the shares may be transferred to him.

Note that change of control means selling at least 40% of your company's shares on the stock market or through a private transaction, or through a public offering.

b) Payment of non-compete indemnities

At its meeting on 13 January 2012, your Board of Directors authorised the payment of non-compete indemnities to Mr Thierry Gadou. The decision was approved at the General Meeting on 1 March 2012.

The non-compete clause states that in the event of his termination of employment for any reason whatsoever, Mr Thierry Gadou undertakes:

- not to enter into the service of a company in a competing business;
- not to exercise or take an interest in a competing business, directly or indirectly, in any form whatsoever (including self-employment or as a shareholder with more than 3% of share capital or voting rights);
- not to exercise or take an interest, directly or indirectly, in any form whatsoever, or invest in any form whatsoever (including as a shareholder) in the following companies: (space left intentionally blank at the meeting of the Board of Directors of 13 January 2012);
- not to solicit or seek to employ someone who is or has been an employee of your company or one of its subsidiaries within the twelve previous months, in order to use that person's specific knowledge or skills for the benefit of a legal or natural person whose business competes with that of your company.

Competing business includes all design, selling and installation of electronic labelling systems activities.

The non-compete obligation would be limited to France, Belgium, Italy, Germany, Denmark, Spain, the United Kingdom, Switzerland, Hungary, Romania, Poland, Sweden, Brazil, Mexico, Argentina, Canada, the United States of America and South Africa.

The clause would be limited to a period of one year from the end of the Chief Executive Officer's term of office at your company. After this one-year period, your company could renew the non-compete obligation for the same period of time. Notification of the renewal would be sent by registered letter with acknowledgement of receipt, or given in person with acknowledgement of receipt, at the latest sixty calendar days before the end of the initial non-compete obligation.

As consideration for the non-compete obligation, after ending his term of office as Chief Executive Officer of your company, and throughout the non-compete period, Mr Thierry Gadou would receive a special, monthly lump sum indemnity, the gross amount of which would be 50% of his fixed monthly gross remuneration.

The special indemnity would be paid by bank transfer at the end of every month throughout the non-compete period, and would be subject to social security contributions.

Any breach or infraction of the non-compete clause would authorise your company to take measures to terminate the breach or infraction, and to issue a cease and desist order for the competition breaching the aforementioned provisions, without prejudice to any compensation that it might seek for the breach of the obligation.

Likewise, any breach of the non-compete obligation would release your company from its obligation to pay the non-compete consideration and Mr Thierry Gadou would have to pay back the related sums received with interest at the statutory rate as of the date of the cease and desist order, without prejudice to any compensation that the company might seek for the breach of the obligation.

Your company may release Mr Thierry Gadou from his non-compete obligation at the end of his term as Chief Executive Officer of your company. In this case, the monetary benefit would not be due.

The Statutory Auditors

PARIS LA DEFENSE, June 8, 2020

KPMG Audit
Division of KPMG S.A

Grégoire Menou
Partner

PARIS LA DEFENSE, June 8, 2020

Deloitte & Associés

Julien Razungles
Partner

11.4 STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL DECREASE

COMBINED SHAREHOLDERS' MEETING OF JUNE 29, 2020

15TH RESOLUTION

To the Shareholders of SES-imagotag,

In our capacity as statutory auditors of your Company and pursuant to the provisions of Article L.225-209 of the French Commercial Code (code de commerce) concerning share capital decreases by cancellation of shares purchased, we hereby report to you on our assessment of the reasons for and the terms and conditions of the proposed share capital decrease.

Shareholders are requested to confer all necessary powers on the Board of Directors, during a period of 26 months commencing the date of this Shareholders' Meeting, to cancel, on one or more occasions and up to a maximum of 10% of the share capital in any twenty-four month period, shares purchased by the Company pursuant to the authorization to purchase its own shares under the provisions of the above-mentioned Article.

We performed the procedures that we considered 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. Those procedures consisted in examining whether the reasons for and the terms and conditions of the proposed share capital decrease, which does not interfere with the equal treatment of shareholders, are due and proper.

We have no matters to report on the reasons for or terms and conditions of the proposed share capital decrease.

Paris La Défense, June 8, 2020

The Statutory Auditors

Deloitte & Associés

Julien RAZUNGLES

KPMG Audit

Division of KPMG S.A.

Grégoire MENU

11.5 STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND/OR MARKETABLE SECURITIES WITH RETENTION AND/OR CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS

COMBINED SHAREHOLDERS' MEETING OF JUNE 29, 2020
17TH, 18TH, 19TH, 20TH, 21ST AND 22ND RESOLUTIONS

To the Shareholders of SES-imagotag,

In our capacity as statutory auditors of your company (the "Company") and pursuant to the provisions of Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code (code de commerce), we hereby report on the proposed delegation of authority to the Board of Directors to decide various issues of shares and/or marketable securities, transactions on which you are being asked to vote.

Based on its report, the Board of Directors proposes that:

- shareholders confer on it, for a period of 26 months commencing the date of this Shareholders' Meeting, with the option to sub-delegate under applicable laws and regulations, the authority to decide the following transactions and to set the final terms and conditions of these issues and proposes, where appropriate, to cancel your preferential subscription rights:
 - the issue, with retention of preferential subscription rights, of Company shares, and/or equity securities granting access to other equity securities, and/or granting entitlement to the grant of debt securities, and/or marketable securities granting access to equity securities to be issued (17th resolution);
 - the issue, with cancellation of preferential subscription rights, via a public offering other than public offerings referred to in Article L. 411-2 of the French Monetary and Financial Code (code monétaire et financier), of Company shares, and/or equity securities granting access to other equity securities, and/or granting entitlement to the grant of debt securities, and/or marketable securities granting access to equity securities to be issued, it being specified that these securities may notably be issued in consideration of securities contributed to the Company as part of a public exchange offer performed in France or another country in accordance with local rules, on securities satisfying the conditions set forth in Article L. 225-148 of the French Commercial Code (18th resolution);
 - the issue, with cancellation of preferential subscription rights, via a public offering referred to in Article L. 411-2 1° of the French Monetary and Financial Code and up to a maximum of 20% of the share capital per year, of Company shares, and/or equity securities granting access to other equity securities, and/or granting entitlement to the grant of debt securities, and/or marketable securities granting access to equity securities to be issued (19th resolution);
 - the issue of Company shares, and/or equity securities granting access to other equity securities, and/or granting entitlement to the grant of debt securities, and/or marketable securities granting access to equity securities to be issued, in consideration of contributions in kind to the Company comprising equity securities or marketable securities granting access to the share capital, within the limit of 10% of the share capital (22nd resolution).
- shareholders authorize it, by virtue of the 20th resolution and pursuant to implementation of the delegations granted by the 18th and 19th resolutions, to set the issue price within the legal limit of 10% of the share capital per 12-month period.

The total par value amount of share capital increases that may be performed immediately or in the future may not exceed, pursuant to the 17th resolution, 15 750 000 euros under the 17th, 18th, 19th, 20th, 21st, 22nd, 23rd and 24th resolutions, it being specified that the total par value amount of share capital increases that may be performed immediately or in the future may not exceed:

- 15 750 000 euros under the 17th resolution;
- 6 300 000 euros under the 18th resolution, this amount also representing an overall limit for share capital increases that may be performed immediately or in the future pursuant to the 18th, 19th and 20th resolutions;
- 3,100,000 euros under the 19th resolution.

The total nominal amount of debt securities that may be issued may not exceed, pursuant to the 17th resolution, 100 000 000 euros under the 17th, 18th, 19th, 20th, 21st and 22nd resolutions, it being specified that this amount represents an individual limit for each of the 17th, 18th, 19th and 22nd resolutions.

These limits take into account the additional number of securities to be created on the implementation of the delegations set forth in the 17th, 18th and 19th resolutions, under the conditions stipulated in Article L. 225-135-1 of the French Commercial Code, should you adopt the 21st resolution.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 et seq. of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data extracted from the financial statements, on the proposed cancellation of preferential subscription rights, and on certain other information pertaining to these transactions, as presented in this report.

We performed the procedures that we considered 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 content of the Board of Directors' report in respect of these transactions and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent review of the final terms and conditions of any issues that may be decided, we have nothing to report on the method used to determine the issue price of the equity securities to be issued, as described in the Board of Directors' report in respect of the 18th, 19th and 20th resolutions, for issues governed by the provisions of Article L. 225-136 of the French Commercial Code.

In addition, as this report does not include information on the methods used to determine the issue price of equity securities to be issued on the implementation of the 17th and 22nd resolutions and of the 18th resolution in the event of offerings referred to in Article L. 411-2-1 of the French Monetary and Financial Code, that are excluded from the application scope of Article L. 225-136 of the French Commercial Code, we cannot express an opinion on the issue price calculation inputs.

Paris La Défense, June 8, 2020

The Statutory Auditors

Deloitte & Associés

Julien RAZUNGLES

KPMG Audit

Division of KPMG S.A.

Grégoire MENO

11.6 STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL INCREASE RESERVED FOR MEMBERS OF A COMPANY SAVINGS PLAN

COMBINED SHAREHOLDERS' MEETING OF JUNE 29, 2020

To the Shareholders of SAS-imagotag,

In our capacity as statutory auditors of your company (the "Company") and pursuant to the provisions of Articles L. 225-135 et seq. of the French Commercial Code (code de commerce), we hereby report on the proposed delegation of authority to the Board of Directors to decide on a share capital increase through the issue of ordinary shares with cancellation of preferential subscription rights, reserved for eligible employees, former employees and corporate officers of the Company and/or its affiliated companies, within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code (code du travail) who are members of a company savings plan, a transaction on which you are being asked to vote.

The par value amount of share capital increases that may be performed pursuant to this resolution, on one or more occasions, may not exceed €945,000, it being specified that (i) the par value amount of any share capital increase carried out pursuant to this delegation and pursuant to the 24th resolution presented to this Shareholders' Meeting shall be deducted from this amount and (ii) this amount shall be deducted from the overall par value limit for share capital increases specified in paragraph 2 of the 17th resolution submitted to this Shareholders' Meeting.

This share capital increase is being submitted for your approval pursuant to Article L. 225-129-6 of the French Commercial Code and Articles L. 3332-18 et seq. of the French Labor Code.

Based on its report, your Board of Directors recommends that you confer on it, during a period of 26 months commencing the date of this Shareholders' Meeting, with the option to sub-delegate under applicable laws and regulations, the authority to decide one or more share capital increases, and cancel your preferential subscription rights to the ordinary shares to be issued. If necessary, the Board of Directors will set the final issue terms and conditions of this transaction.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 and R. 225-114, of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data extracted from the financial statements, on the proposed waiver of preferential subscription rights, and on certain other information pertaining to the issue, as presented in this report.

We performed the procedures that we considered 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 content of the Board of Directors' report in respect of this transaction and the methods used to determine the issue price of the shares.

Subject to a subsequent review of the final terms and conditions of each share capital increase that may be decided, we have nothing to report on the method used to determine the issue price of the ordinary shares to be issued, as described in the Board of Directors' report.

As the final terms and conditions under which each share capital increase will be performed have not yet been set, we do not express an opinion thereon and, as such, on the proposed cancellation of preferential subscription rights on which you are being asked to vote.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue an additional report, where applicable, when this delegation of authority is used by your Board of Directors.

Paris La Défense, June 8, 2020

Deloitte & Associés

The Statutory Auditors

KPMG Audit

Julien RAZUNGLES

Division of KPMG S.A.

Grégoire MENOUE

11.7 STATUTORY AUDITORS' REPORT ON THE AUTHORISATION TO GRANT EXISTING OR NEWLY-ISSUED FREE SHARES

COMBINED SHAREHOLDERS' MEETING OF 29 JUNE 2020 (RESOLUTION 24)

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with our assignment pursuant to Article L.225-197-1 of the French commercial code (Code de Commerce), we hereby present our report on the proposed authorisation to grant existing or newly-issued free shares to the employees, or some categories of employees, and to the corporate officers, or some categories thereof, of the Company or related companies as defined in Article L.225-197-2 of the French commercial code. This transaction is submitted for your approval.

The total number of free shares that may be granted under this authorisation may not exceed 3% of the number of shares making up share capital on the date the Board of Directors decides to grant them. It is specified that (i) the nominal amount of any capital increase performed pursuant to this delegation of power and to Resolution 23 submitted to the Shareholders shall be taken from this amount, and (ii) this amount shall be taken from the overall nominal cap on capital increases outlined in paragraph 2 of Resolution 17 of this Shareholders' Meeting.

Moreover, the maximum total number of shares that can be freely granted to your Company's corporate officers under Resolution 24 may not account for more than 20% of the shares that may be granted under this authorisation. The vesting of shares granted under this authorisation shall be subject to performance conditions.

Your Board of Directors proposes, based on their report, that you authorise them, for a 38-month period, to grant existing or newly-issued free shares.

It is the responsibility of the Board of Directors to prepare a report on the proposed transaction. It is our responsibility to provide you with our comments, if any, on the information provided to you on the proposed transaction.

We conducted the work we deemed necessary in accordance with the professional standards issued by the French institute of statutory auditors relating to this engagement. Those procedures entailed verifying that the terms of the transaction and information provided in the Chairman's report comply with the legal provisions governing such transactions.

We have no matters to report concerning the information provided in the Chairman's report on the proposed authorisation to grant free shares.

Paris La Défense, June 8, 2020

Deloitte & Associés

The Statutory Auditors

KPMG Audit

Julien RAZUNGLES

Division of KPMG S.A.

Grégoire MENU

VI-AUDITOR'S REPORTS AND CERTIFICATION

12 CERTIFICATIONS FROM PERSON IN CHARGE OF THE ANNUAL REPORT

I hereby certify that, to the best of my knowledge, the consolidated financial statements have been drawn up in accordance with the applicable accounting standards and provide a true and fair view of the assets and liabilities, the financial position and the profits of the SES-imagotag Group, and that the Activity Report provides a true and fair view of the evolution of the Group's business, results and financial position, as well as a description of the main risks and uncertainties to which the Group is exposed.

Mr Thierry GADOU

Chairman & Managing Director



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