

# INTEGRATED REPORT

2019

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\*These chapters constitute the annual report as defined in the Belgian Code of Companies and Association.

\*\*This document is an English translation of the RAPPORT INTEGRE 2019 that was issued in French and drafted in accordance with Belgian law. This document is provided solely for the convenience of English readers and in case of any discrepancies with the French version, the French version prevails.



# A WORD FROM THE CHAIRMAN



AKKA posted a solid performance in 2019 while building the future in the digital sector.

**Mauro Ricci**

Chairman and CEO

AKKA posted a solid performance in 2019 while building its future. AKKA's revenue grew by 20%, reaching €1.8 billion. The Group achieved its operating margin target of 8% and exceeded its cash generation objective, with free cash-flow representing 5.5% of sales.

Our 21,000 employees have once again demonstrated their ability to innovate in a constantly changing market, illustrated by increased investment in digital technologies by the major industrial players across all sectors.

The integration of PDS Tech in the United States and the creation of a €500 million digital platform through the acquisition of Data Respons mean that AKKA is ideally positioned to harness anticipated market growth following the COVID-19 crisis

## A year of building the future

AKKA is continuing its development in two areas: digital technologies and its international footprint. It will thus be able to support the transformation of its customers across their global operations.

- For North America, the performance and strategic synergies of PDS Tech are in line with the Group's expectations. The proforma revenues for AKKA North America (including PDS Tech) grew by 17.6% to €305 million in 2019, alongside an improvement in margins. Synergies between AKKA and PDS Tech are growing and suggest that strong development will continue after the COVID-19 crisis. With the successful integration of PDS Tech in the United States, AKKA is diversifying its customer base in the aerospace sector and is making North America its third pillar of growth, after France and Germany.
- The Group's increased strength in digital is illustrated by a growing number of projects in new technologies and by the friendly takeover of the Norwegian company Data Respons. In a world dominated by data, the acquisition of Data Respons is a game-changer and will create the largest digital solutions powerhouse in Europe. AKKA will be able to offer the most comprehensive portfolio of digital solutions in Europe to harness the growing demand from its customers within the mobility sector. This operation was launched in the fourth quarter of 2019 and finalized successfully in the first quarter of 2020. Through this acquisition, AKKA is also increasing its geographical footprint in the Nordic countries and strengthening its operations in Germany by creating digital factories and substantial synergies in terms of customer portfolios.

## Strengthening our employer brand

Attracting future talent and developing the skills of people remains a priority in all markets in which we operate. The Group confirmed the success of its first AKKAdemy - to attract and train digital natives - with the opening of a second campus in Leipzig in Northern Germany in the fourth quarter of 2019. This campus will supply talented people to a digital factory in Magdeburg, on the doorstep of one of our major customers in the automobile industry. Our career development opportunities have once again been recognized through the award of the Top Employer label in several of our BUs, and our policy of diversifying our employee base has seen us included in the Financial Times' ranking of Diversity Leaders for 2019.

## The COVID-19 crisis

The world is dealing with an unprecedented situation that is affecting all businesses across all sectors, and it is our responsibility to ensure the safety of our employees and their jobs, while we continue to support our customers wherever we can. At the time of writing, lockdown is still in force. The Group has quickly implemented teleworking measures and is doing its utmost to ensure that its consultants can continue to support customer projects safely.

Task forces within each BU are ensuring that all necessary measures - such as teleworking, reduced working hours, optimization of paid leave, training plans, etc. - are made available while preparing for our activities to resume.

In anticipation of a crisis with a scope and effect that are difficult to discern, I have proposed to the Board of Directors that no dividend be paid for the 2019 financial year. The objective is to focus all of the Group's resources on protecting our employees' jobs and to concentrate all of our investment capacity on managing this crisis, and on our ability to support our customers when they once again ramp up their investments in R&D.

This responsible approach is considerate of the future of AKKA's men and women, along with a robust, healthy balance sheet management as part of the Group's DNA. Following deduction of the acquisition of Data Respons and integration of undrawn liquidity facilities, AKKA has a cash-flow of €1 billion at its disposal which will enable the Group to weather the COVID-19 crisis.

We are confident of the fundamentals of the markets in which we operate, and we are preparing ourselves to harness the growth in those markets when it resumes.

# 1

## PRESENTATION OF THE GROUP

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# AKKA IN BRIEF

AKKA is the European leader in digital solutions, engineering consulting and R&D services in the mobility sector. AKKA supports leading industry players in the automotive, aerospace, rail and life sciences sectors throughout the entire life cycle of their products. A dynamic force in innovation for its customers, AKKA offers them all the benefits of its expertise in cutting edge digital technologies (AI, ADAS, IoT, Big Data, robotics, embedded computing, machine learning, etc.).

Founded in 1984, the Group is characterized by its strong entrepreneurial culture, its proximity to customers, and its ability to complete transnational turn-key projects.

Propelled by its 21,000 employees dedicated to driving the industries of tomorrow, the Group achieved revenues of €1.8 billion in 2019.



## 2019 KEY FIGURES

### GROUP REVENUE

€ 1.8 Bn

### NUMBER OF EMPLOYEES

21,000

### PRESENT IN

22 countries

### FINANCIAL PERFORMANCE

+19.7%

€ 1,801.5M  
Revenue

+21.7%

€143.7M  
Operating profit from  
ordinary operations\*

+38.1%

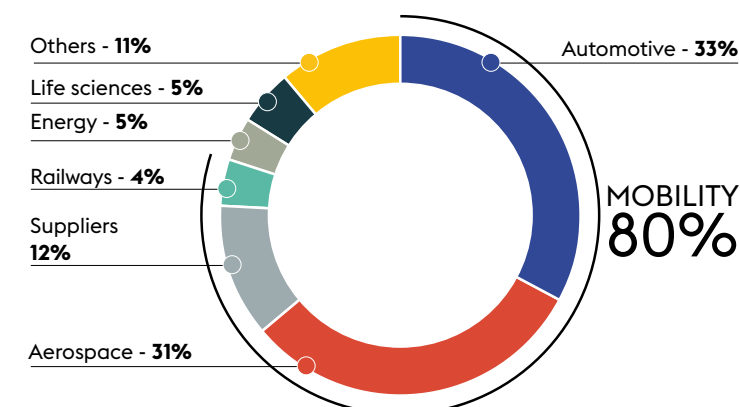
€ 73.3 M  
Net income

+42.7%

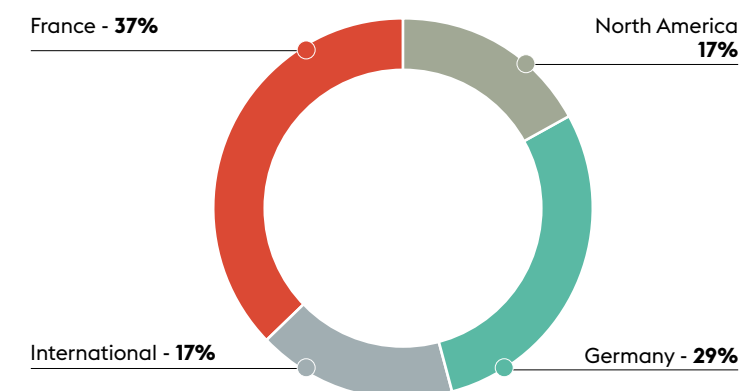
€ 3.64  
EPS

\*Operating profit from ordinary operations: Operating profit calculated before expenses relating to stock options and free shares and nonrecurring costs (expenses and income related to significant acquisitions, reorganizations, litigations, transformation and other costs of similar nature).

### REVENUE BY SECTOR



### CA PAR REGION



## OUR TALENT

### ENGINEERS WITH A MASTER'S DEGREE

74 %

### "GENERATION Y"

### OF THE TOTAL NUMBER OF EMPLOYEES

33 %



Recognized as a TOP Employer  
in France and Belgium



universum

In the TOP 100 most attractive companies for engineers

## AKKADEMY

AKKA has confirmed the success of its first AKKAdeMy with the opening of a second campus in Leipzig in Northern Germany in the fourth quarter of 2019.

# GOVERNANCE



**Mauro RICCI**

Chairman of the board and Group CEO

After a distinguished career at Renault Automation, Mauro Ricci founded HYSYS in 1984. This company provided manufacturers with technological support in industrialization and production, as well as consulting services aimed at improving productivity. Mauro Ricci founded three further companies between 1984 and 1999 to supplement the services offered by HYSYS. Anticipating market changes, he merged these four companies into one: AKKA. In 1999, he drew up the Group's strategy with the aim of offering its customers comprehensive R&D services.



**Jean-Franck RICCI**

Group Managing Director

Jean-Franck Ricci joined HYSYS in 1988 as Technical Director four years after the Group was created. He subsequently became Managing Director of the company's main department at the time, AKKA Product Engineering. At AKKA Development, he succeeded in developing the Group internationally. Jean-Franck Ricci now holds the position of Group Managing Director, and he is most notably in charge of Business Development and Sales.



**Nicolas VALTILLE**

Group Managing Director

Nicolas Valtille started his career as Finance Director of a multimedia company. He was then appointed Financial controller Europe until 1997. Afterwards, Mr. Valtille joined an internet start-up which he contributed to list on the Paris stock market and to develop internationally. In 2000, Nicolas Valtille joined AKKA as CFO while the company was still generating 37M€ of revenue. He is now Group Managing Director, most notably in charge of the support functions.



**Walter CAPPILATI**

Executive Vice President, Digital & Strategic Customers

Walter Cappilati came to AKKA with 21 years of experience in various management positions at Capgemini, where his most recent position was Executive Director of Aerospace & Defence. He was also Capgemini's deputy CEO for Apps in France, CEO of Capgemini Latin America and lastly CEO of SOGETI High Tech, a subsidiary of Capgemini.



**Régis SANDRIN**

CEO Germany

Following his graduation from the École des Mines, Régis began his career as a technical engineer in the automobile industry. He first joined AKKA in 2002 as a Business Manager and subsequently was made responsible for key accounts for the Group's automotive sales. After eight years working as Global Sales Director for Lighting Applications at Valeo, he returned to the AKKA Group in 2011 as Vice President of the Automotive Division. Régis Sandrin has been working at AKKA Germany since 2013, first as Vice President of MBtech, then as Chief Operations Officer of the Germany subsidiary of AKKA.



**Cash NICKERSON**

Chairman AKKA North America

Steven "Cash" Nickerson is Chairman and Financial Director at PDS Tech, Inc., a position he has held for fifteen years. Throughout his 30-year career he has held various legal and executive roles. He was an Attorney and Marketing Director at Union Pacific Railroad, an Associate and then Partner at Jenner & Block, one of Chicago's top five law firms, and Chairman and CEO of a company operating in the digital economy that he listed on the stock market through a reverse merger. He joined the AKKA Group as Chairman of AKKA North America.



**Patrick HOURY**

Group Human Resources Director

Patrick Houry joined AKKA in 2014 as Group Human Resources Director, creating the HR function. Beforehand, he has held managerial positions at Accenture and SAP over the past 15-plus years. He joined Faurecia as HR Director of a business unit. He is now in charge of developing our English and German speaking AKKDEMYs in Geneva and Leipzig. He also oversees the implementation of the ONTRACK program.



**Paolo DEL NOCE**

CEO France & Northern Europe

Paolo del Noce joined the AKKA Group in 2014. He was Director of Program Management at COMAU, an Italian engineering company, Purchasing Director and Citybus Platform Director at Irisbus (France), and General Manager Defence, Bus and Fire-fighting at Iveco (Latin America). As Head of AKKA's French BU, Paolo Del Noce successfully transformed the French entity.



**Nathalie BUHNEMANN**

Group CFO

Nathalie Buhнемann joined AKKA in late 2013, having worked with the Group as an external consultant during the MBTech takeover in 2012. Prior to this, she worked at PricewaterhouseCoopers for nearly 13 years where she carried out audit, consulting and transaction (M&A) assignments with companies of all sizes, across all industries and geographical regions. Nathalie Buhнемann was Finance director and is now Group CFO since 2018.



**Primo MEREGALLI**

CEO Southern Europe

Primo Meregalli joined AKKA in 2016. He has over 30 years of experience in the consulting industry. In 1990, he founded a software company that merged with Cedati S.p.A in 1995. In 2000, Cedati joined the Altran group. Primo then became CEO of Cedati S.p.A in 2006. In 2008, when Cedati merged with Altran Italia, Primo joined the Board of Directors and was appointed Director of the Automotive, Infrastructure and Transport Division. At the end of 2012, he was appointed Chief Operational Officer of Altran Italy. In 2015, he was also put in charge of the development of activities in Turkey as Operations Manager.

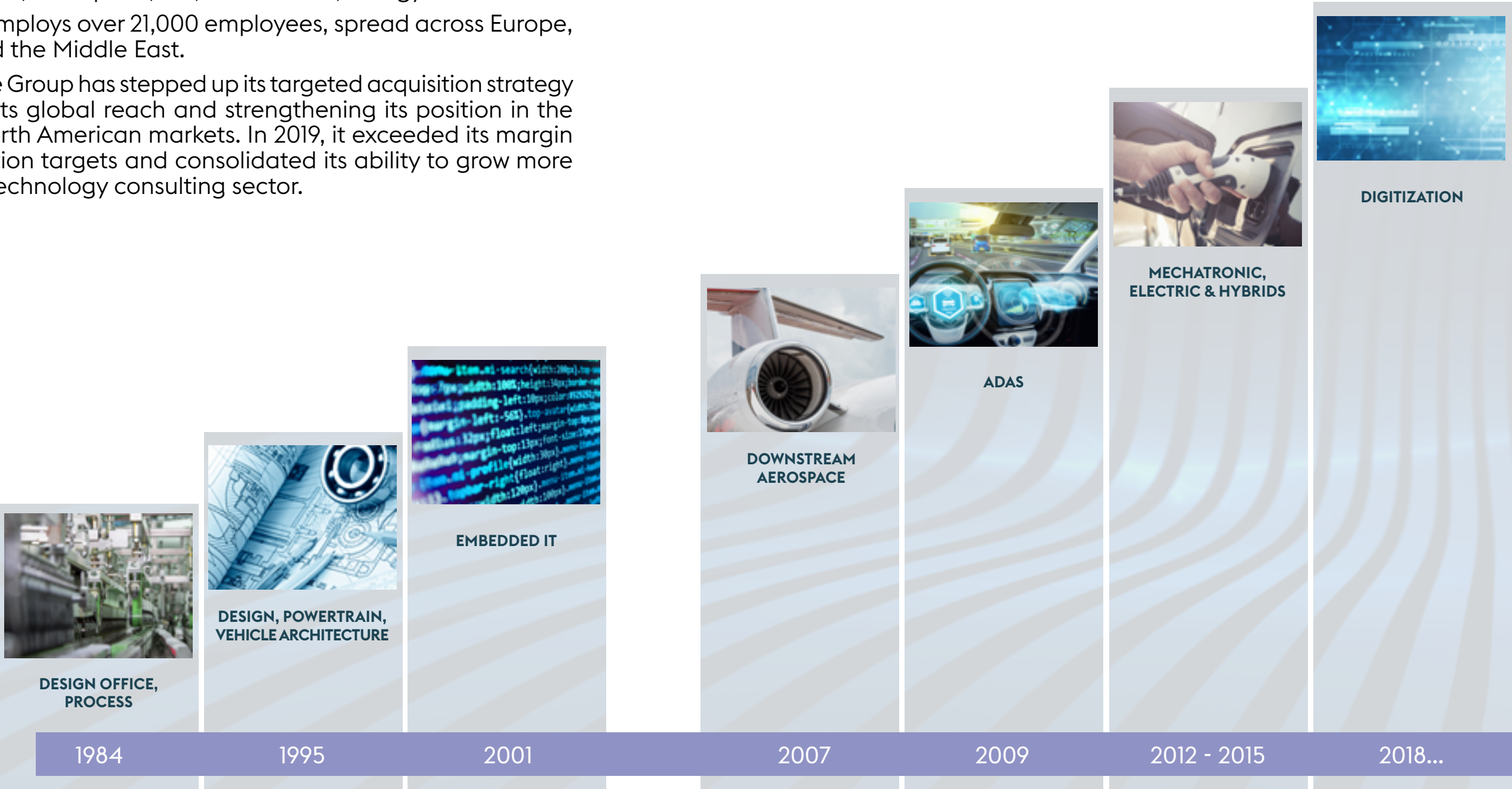


# HISTORY AND GROWTH

AKKA Technologies was founded in 1984 and in just over 30 years it has grown from a French automotive engineering company to Europe's leading global technology consultancy, operating in a range of business sectors: automotive, aerospace, rail, life sciences, energy and defence. The Group now employs over 21,000 employees, spread across Europe, America, Asia and the Middle East.

In recent years, the Group has stepped up its targeted acquisition strategy while expanding its global reach and strengthening its position in the European and North American markets. In 2019, it exceeded its margin and cash generation targets and consolidated its ability to grow more quickly than the technology consulting sector.

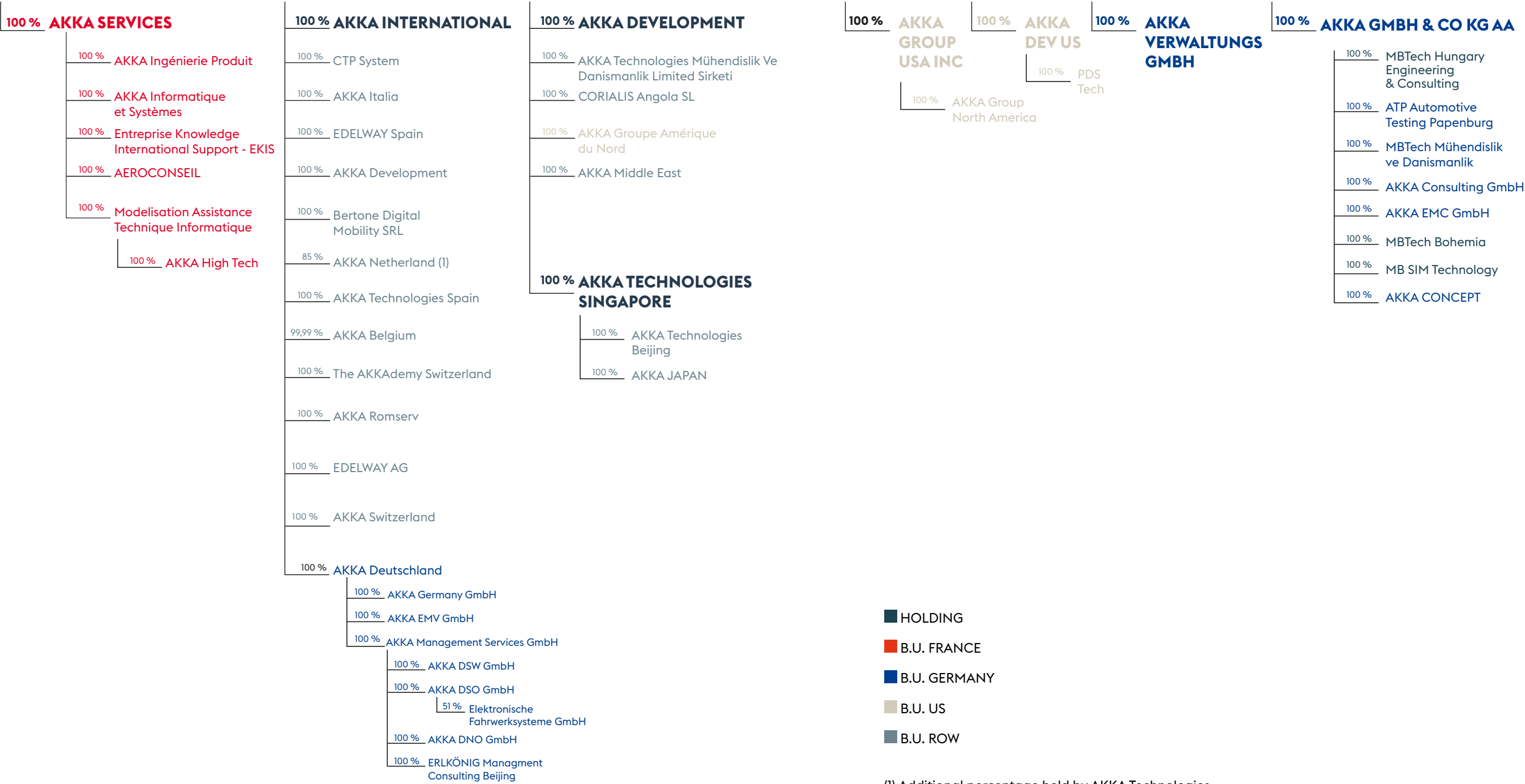
## AKKA'S HISTORY



# THE GROUP'S SIMPLIFIED STRUCTURE

JANUARY 2020

## AKKA TECHNOLOGIES





# GROUP STRATEGY

## PURSUIT OF TECHNOLOGICAL ADVANCES IN DIGITAL AND TECHNOLOGIES OF THE FUTURE

AKKA is at the forefront of the digital and connected world, accelerating innovation for the world's largest industrial groups. Digital transformation is radically altering the design and the very nature of all their products and driving constant changes in user behaviour and technologies. Faced with this challenge, AKKA supports its customers throughout the life cycle of their products. It provides them with expertise across the entire technological product environment along with system inte-

gration skills, both in the digital world and in the technologies of tomorrow.

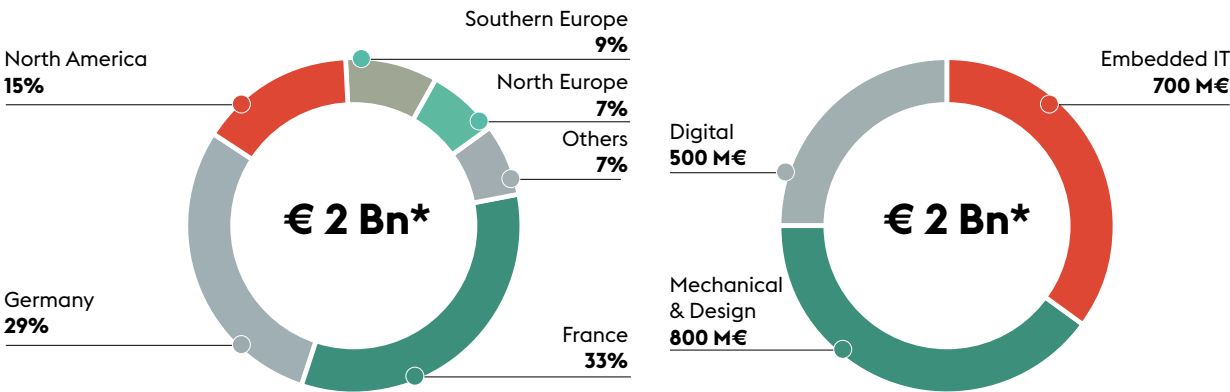
With the acquisition of Data Respons, AKKA is accelerating its investment in mastering the technologies of the future to capitalise on the opportunities offered by digital continuity in the mobility sector: digital technologies, autonomous driving, the Internet of Things and mechatronics are cross-sector skills that are highly sought after by players in the automotive, aerospace and rail sectors but also by the entire peripheral ecosystem that will emerge with the development of Smart Cities. With Data Respons, the Group is making 60% of its proforma sales in digital and embedded computing, and these markets are expected to grow very substantially after the COVID-19 crisis.



With the acquisition of Data Respons, AKKA is accelerating its investment in mastering the technologies of the future to capitalise on the opportunities offered by digital continuity

Its unique cross-sectoral approach and its multidisciplinary and technological skills allow the Group to stimulate innovation in all its industrial sectors, taking full advantage of the best solutions and the latest technologies. It deploys a vast ecosystem of open innovation internationally, bridging the gap between the largest OEMs and the most disruptive start-ups.

## POSITIONED FOR THE GROWTH

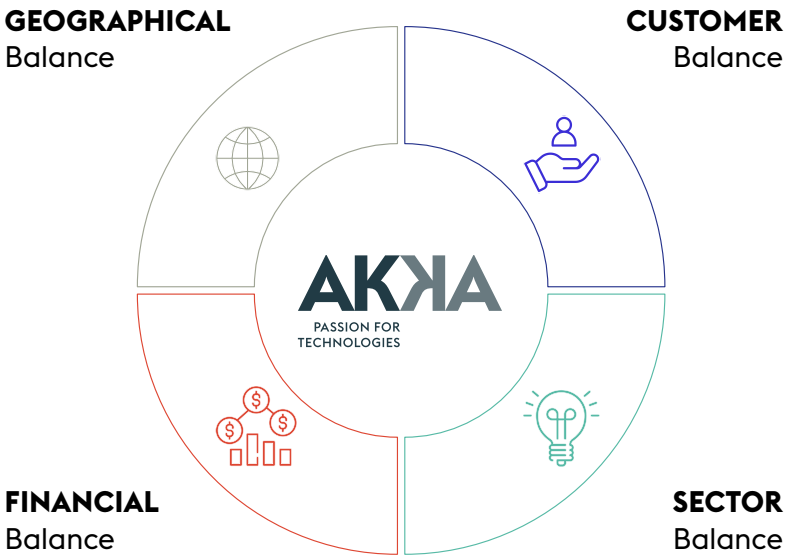


\* Revenu proforma incluant DATA RESPONS

## A BALANCED STRATEGY

AKKA Technologies strives to pursue balanced development through an aggressive strategy combining both organic and external growth and is continuing to pursue international development opportunities. AKKA's Strategy of Balances, implemented more than 15 years ago, guides its actions in support of sustainable and profitable growth.

The Group has now achieved a global reach through its operations based in some twenty countries across four business units (France, Germany, North America, International). AKKA is continuing its future international expansion to enable it to be consistently close to its customers, supporting them in achieving their global projects.



## CROSS-SECTORAL EXPERTISE

AKKA derives 80% of its revenue from the mobility sector (aeronautics, aerospace, automotive, OEMs and rail), making it the European leader in technology consulting. In addition, the Group has built up recognized, unique expertise in the energy and life sciences sectors.

## A COMPREHENSIVE OFFERING FOR THE COMPLETE LIFE CYCLE

The Group's 21 centers of excellence work on international work packages and offer unique expertise in eight key business areas: systems engineering, mechanical engineering, process engineering, support engineering, digitization, embedded software and electronics, information systems and consulting. Its ability to drive major transnational projects on behalf of its customers positions AKKA Technologies as an undisputed leader in engineering and technology consulting.



AKKA derives 80% of its revenue from the mobility sector



## 8 BUSINESS AREAS: SUPPORTED BY 21 CenterS OF EXCELLENCE

### SYSTEMS ENGINEERING

Our teams develop complex systems (needs analysis, functional specifications) from design through to integration and cover major key developments including complexity, certification, flexibility and cost-efficiency.)

### CONSULTING

Our experts in organization support our customers in three main fields: consulting in the management of large projects, outsourcing and performance management.

### INFORMATION SYSTEMS

Our consultants are involved from the creation of blueprints, through assistance with project contracting and management, to third-party applications maintenance in service centers. Our centers of excellence, supported by our AKKA Research R&D center, offer high-level skills in leading-edge technologies such as mobile solutions, web portals, cloud computing and analytics.

### DIGITISATION

Our experts in connectivity (Internet of Things), big data and artificial intelligence, visualization technology (augmented and virtual reality, 3D), additive printing and cyber-security support the digital transformation of companies, products, processes and tools in order to make them more efficient.

### MECHANICAL ENGINEERING

Our teams are involved in a product's design and development phase and provide high added-value support in the following fields: studies, calculations, simulations, materials, testing and quality.

### PROCESS ENGINEERING

Our consultants are involved in the industrialization phase in three areas:

- assistance with project contracting and management, in workshops and factories, and related means of production,
- assistance with supply chain management,
- assistance with production: in manufacturing engineering and industrialization support.

### ELECTRICAL/EMBEDDED SOFTWARE AND ELECTRONICS

Our teams develop embedded software and electronics, scientific data processing applications and test benches. Our expertise in embedded systems also enables us to be part of the production life cycle, through maintenance activities, development and reengineering of software.

### SUPPORT ENGINEERING

We offer both documentary services (creation of technical documentation, management of technical data, structuring, processing, visualization) and support for operations to optimize product maintenance or to develop the product during its production life cycle, for example, with our aircraft modification offering.

## A CROSS-SECTORAL APPROACH TO ACCELERATE INNOVATION

Accelerating innovation for the world's largest industrial groups, AKKA is the leading European technology consultant in the mobility sector: automotive, aerospace and rail. The Group is also uniquely positioned in the life sciences and energy sectors.





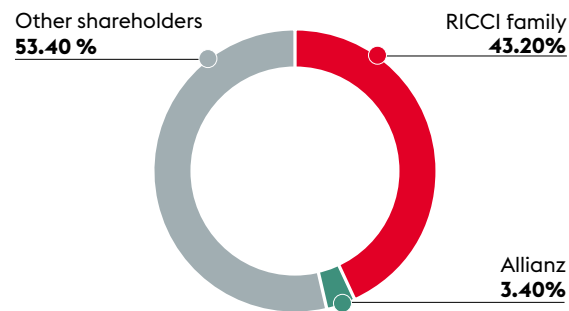
# 2

## SHARE HISTORY AND OWNERSHIP

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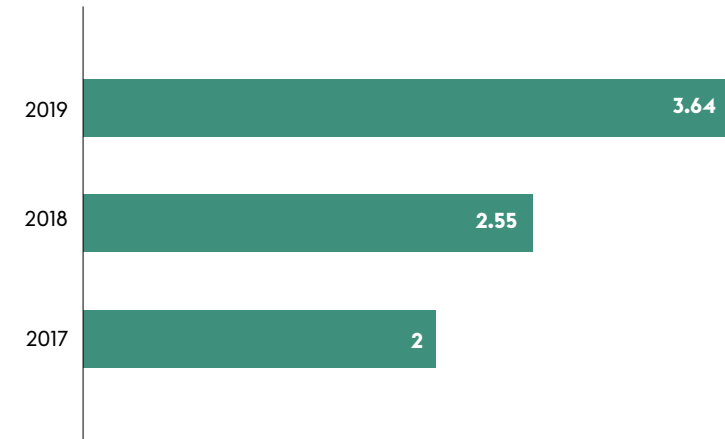
1. PERFORMANCE AND CAPITAL

SHAREHOLDING AS OF 31 DECEMBER 2019



\* For a full analysis, please refer to Chapter 4.8

EARNINGS PER SHARE (IN EUROS)



DIVIDENDS (IN EUROS)

Due to the COVID-19 pandemic, the Board of Directors has decided that no dividend be paid for the 2019 financial year. The Group's resources are indeed fully devoted to protecting employees' jobs and to concentrating all of AKKA's investment

capacity on managing this crisis, so that the Group will continue to support its customers when they once again ramp up their investments in R&D.

| YEAR | HIGH  | LOW   | YEAR-END | AVERAGE DAILY TRADING VOLUME |
|------|-------|-------|----------|------------------------------|
| 2016 | 35.00 | 23.76 | 34.63    | 28.987                       |
| 2017 | 51.80 | 34.76 | 46.30    | 24.694                       |
| 2018 | 69.20 | 42.35 | 44.20    | 42.607                       |
| 2019 | 70.50 | 42.20 | 65.50    | 48.307                       |

MARKET CAPITALISATION

1.33 billion euros

NUMBER OF EXISTING SHARES

20,291,990

+ 42.7 %  
Vs 2018

PERFORMANCE OF AKKA SHARES



FINANCIAL CALENDAR

- Wednesday 6 May 2020**  
Revenue for the 1<sup>st</sup> quarter 2020
- Tuesday 16 June 2020**  
Annual shareholders' meeting
- Monday 27 July 2020**  
Interim revenues 2020
- Tuesday 15 September 2020**  
Interim results 2020
- Thursday 5 November 2020**  
Revenue for the 3<sup>rd</sup> quarter 2020

The AKKA Technologies SE share is listed on the Eurolist market (segment A) of Euronext Paris and Brussels and is part of the SBF 120 and CAC Mid&Small and Family Business indices.

ISIN code: FR0004180537

For updated financial information:  
[www.akka-technologies.com](http://www.akka-technologies.com)



## 2. COMPANY'S LEGAL FORM

### ARTICLE 1 - FORM - NAME

The company has the legal form of a European public limited company, or "Societas Europaea", which makes or has made a public call on savings.

Its name is "AKKA TECHNOLOGIES".

This name will always be preceded or followed by "Societas Europaea" or the abbreviation "SE".

### ARTICLE 2 - REGISTERED OFFICE

The company's registered office is in the Brussels Region. The registered office may be transferred to any other location in the French-speaking Region of Belgium or the Brussels-Capital Region by simple decision of the Board of Directors published in the Annexes to the Belgian Official Journal. The Board of Directors has full powers to amend the articles of association following a decision to transfer the registered office, in accordance with Article 2:4(2) of the Belgian Code on Companies and Associations. The registered office may also be transferred to another Member State of the European Union in accordance with Articles 15:24 et seq. of the Belgian Code on Companies and Associations.

By simple decision of the Board of Directors, the company may set up administrative offices, branches, agencies, depots and outlets in Belgium or abroad.

The company's email address is as follows:

[shareholders@akka.eu](mailto:shareholders@akka.eu).

In accordance with Article 2:31 of the Belgian Code on Companies and Associations, any communication sent to that address by holders of shares issued by the company is deemed to have been validly made.

### ARTICLE 3 - CORPORATE PURPOSE

In any country, the company's purpose is:

- the acquisition, administration and management of a portfolio of investment and company securities,

- the acquisition of interests in any industrial, commercial and/or services company, the creation and/or acquisition of any business interests or branches of businesses involved in the field of workflow management, including the design, study and production of industrial automation equipment and systems,
- the management and coordination of any company, notably for the performance of all management and control offices, and the provision of any commercial, administrative, information technology or other services, as well as employee training, and management and financial advisory services,
- the trading and supply of all products and items useful or necessary to the operation of companies with which it has a business relationship,
- the acquisition, filing and exploitation of patents and trademarks,
- the contribution of technology and the development of technical expertise,
- the provision of services of all types, especially engineering, consulting, support, and organization for industrial, commercial and service companies,
- the training of all people in all areas,
- the organization of events of all kinds, the participation by the company, by any means, directly or indirectly, in all operations related to its purpose by way of the creation of new companies, the contribution, subscription or purchase of securities or rights, by merger or otherwise, by the creation, acquisition, rental or leasing of all businesses assets or premises, and the creation, acquisition, operation or sale of any processes and patents concerning these activities.

And generally, all industrial, commercial, financial, civil, fixed or movable property transactions related directly or indirectly to the corporate purpose or any similar or related purpose.

## 3. COMPANY'S CAPITAL

### Position as of 31 December 2019

#### Baseline data

- Total capital: €31,046,744.70
- Total number of shares: 20,291,990
- Number of profit shares: 7,927,487
- Total number of shares conferring voting rights (denominator): 28,219,477

#### Additional data

On 4 September 2019, the Board of Directors took the formal decision to issue 100,000 company subscription rights, each entitling its beneficiary to one ordinary share in the company, eliminating the preferential subscription right for members of the company's personnel, in line with the express authorization granted to the Board of Directors by the annual shareholders' meeting held on 13 June 2019 in accordance with Articles 7:198 et seq. of the Belgian Code on Companies and Associations.

On 27 November 2019, AKKA Technologies SE issued 1,750 perpetual subordinated unsecured bonds convertible into

new and/or existing shares of the Issuer (ODIRNANE bonds) in a principal amount of €100,000. These bonds are recorded as quasi-equity according to IFRS 16 standards. They have the following characteristics:

- Issue size: €175 million
- Maturity: perpetual, NC3.1@130%, hard call January 2025
- Initial conversion premium: 35%
- Initial conversion price: €77.2582
- Fixed coupon until January 2025: 3.5%
- Variable coupon after January 2025: 6-month Euribor + 900 bps
- Conversion period: from issue date until Jan 2025
- Full dividend protection

Apart from the 100,000 stock options and 1,750 perpetual convertible bonds, there are not currently any stock options or other securities providing access to capital via the issue of new shares.

## 4. RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES

### ARTICLE 9 - NATURE OF SECURITIES

Shares that are not fully paid up shall be in registered form. Shares that are fully paid up and other securities issued by the company shall be in either registered or dematerialised form, within the limits stipulated by law.

Once the shares have been fully paid up, holders of registered securities may, at their own expense, elect to have their securities converted into dematerialised form. Holders of dematerialised securities may elect, at any time and at their own expense, to have their securities converted into registered form.

Only an entry in the share register or an entry on an account, in the name of the owner or holder, with a certified account holder or with a settlement institution will prove ownership of registered or dematerialised shares. Ownership of registered shares may also be established by an indication of the name of the holder in the deed of issue in accordance with Article 7:27 of the Belgian Code on Companies and Associations.

### ARTICLE 10 - INDIVISIBILITY OF SECURITIES

All securities shall be held in undivided ownership vis-à-vis the company.

When a security is held by more than one person, the company may suspend all rights attaching to such security until such time as one person has been identified to the company as the holder of the security.

Unless otherwise agreed by the different owners of a security, the voting right belongs to the usufructuary in ordinary

shareholders' meetings and to the bare owner in extraordinary shareholders' meetings, or special meetings of shareholders.

However, bare owners are entitled to attend shareholders' meetings at all times.

### ARTICLE 11 - SUCCESSORS IN TITLE

The rights and obligations attaching to a security follow that security regardless of whom it is transferred to.

Neither the heirs nor the creditors of a shareholder may, on any grounds whatsoever, cause the company's assets to be put under seal or require the division or sale by auction of those assets, or interfere in any way whatsoever in the management of the company.

In exercising their rights, they must abide by the annual financial statements and decisions of the shareholders' meeting.

### ARTICLE 12 - TRANSFER OF SHARES, CONVERTIBLE BONDS AND SUBSCRIPTION RIGHTS

The transfer of shares is not subject to any restriction, notwithstanding the legal provisions.

With regard to the company, registered shares are transferred by means of a transfer declaration recorded in the share register, dated and signed by the assignor and assignee or by their proxies, as well as an assignment of claim or any other method permitted in law.

These regulations apply to all company registered shares, as

well as all convertible bonds and any registered subscription rights issued by the company.

#### ARTICLE 13 - PROFIT SHARES

The company may issue profit shares not representing the share capital as remuneration for contributions in kind made by any person who is also a shareholder of the company.

Only the shareholders' meeting is competent to decide to issue profit shares, subject to the conditions required for amendment of the articles of association. It determines the valuation of the contributions made and the number of profit shares issued in return. It may instruct the Board of Directors to implement a decision to issue profit shares.

Without prejudice to paragraph 4, profit shares may confer on their holders the right to participate in and vote at shareholders' meetings. In accordance with Articles 7:58 and 7:59(2) of the Belgian Code on Companies and Associations, these securities may not, under any circumstances, give entitlement to more than one vote for each security, be allocated a number of votes greater than half of the votes allocated to all shares, or be counted in the vote for a number of votes greater than two-thirds of the number of votes cast by the shares.

Profit shares may confer a dividend entitlement and a right to share in the surplus upon liquidation, limited to 5% of the total profit distributable at the time of allocation. This allocation is covered by a separate item on the agenda of the shareholders' meeting.

Profit shareholders may not vote on the allocation of a dividend and/or a share in the liquidation proceeds to profit shareholders. Profit shares are and will remain in registered form and will be entered in the register of profit shares held at the company's registered office. The company must be notified in writing of any transfer of such shares, which shall be entered in the register of profit shares. Only entry in that register is authoritative.

Profit shares are transferable upon death. They are not transferable inter vivos, except in the following cases:

- the donation of profit shares to a spouse, legal cohabitant or any person heir to the donor;
- the allocation of profit shares to a spouse as part of the profit shareholder's divorce settlement;
- the contribution or transfer of profit shares to a company controlled by the profit shareholder;
- the transfer of profit shares resulting from the merger or division by acquisition of the company holding the profit shares by another company, provided that the companies taken over or split and the acquiring company have the same controlling shareholder within the meaning of Article 1:14 of the Belgian Code on Companies and Associations.

On 19 June 2018, the company issued 7,927,487 profit shares not representing the company capital, in accordance with the provisions of this article. Each profit share confers the right to participate in and to vote, for one vote, at the shareholders' meeting, as well as a dividend entitlement and a right to share in the liquidation surplus, limited to 5% of the total profit distributable at the time of allocation and only by a specific decision of the shareholders' meeting, with the profit shareholders not being able to take part in this decision. The term of validity of these profit shares shall expire on the date on which a double voting rights mechanism attached to the company shares is put in place.

## 5. CHANGES TO SHAREHOLDERS' RIGHTS

Shareholders' rights may only be modified, as provided by law, by an extraordinary shareholders' meeting, under the quorum and majority conditions set by the Belgian Code on Companies and Associations.

The articles of association do not contain any more restrictive provisions.

### 5.1. Shareholders' meetings

#### Calling of meetings (Article 30 of the articles of association)

The ordinary shareholders' meeting meets by law on the third Tuesday in June, at 4 p.m.

If that day is a legal public holiday, the meeting will be held on the next working day.

It is held at the registered office or any other location indicated in the notice.

A shareholders' meeting may be called whenever it is in the company's interest to do so.

One must be held when requested by the Chairman of the Board of Directors, by an executive member of the Board or by an auditor, if there is one, or by shareholders jointly representing at least one tenth of the share capital.

The shareholders' meeting is convened by the Board of Directors or auditors.

Notices contain the information stipulated in the Belgian Code on Companies and Associations and any other regulations, including the place, date, time and agenda for the meeting, and are drawn up in the forms and within the time-frames stipulated in the Code on Companies and Association.

One or more shareholders jointly holding at least three per cent (3%) of the share capital may ask for one or more items to be entered on the agenda of any shareholders' meeting.

### 5.2. Participation in meetings

#### ARTICLE 31 - ADMISSION TO THE MEETING

The right of a shareholder or holder of profit shares to participate in a shareholders' meeting and exercise the voting right attached to the shares or profit shares is subject to these shares or profit shares being entered in the books in the name of this shareholder or holder of profit shares on the date of registration, which is the fourteenth day before the shareholders' meeting, at midnight (Belgian time), or their entry in the company's share register for registered shares or profit shares, or their entry in the accounts of an approved intermediary or settlement institution, regardless of the number of shares held by the shareholder on the day of the shareholders' meeting. The day and time given in this paragraph will determine the date of registration.

Shareholders and holders of profit shares shall inform the company (or the person appointed for such purpose) of their desire to participate in the shareholders' meeting, no later than the

sixth day before the date of the meeting, in accordance with the formalities set out in the notice of meeting and presenting the certificate of registration issued to them by the approved intermediary or settlement institution.

Holders of bonds or subscription rights are entitled to attend any shareholders' meeting, but only in an advisory capacity, in accordance with the conditions of admission set out for shareholders.

#### ARTICLE 32 - REPRESENTATION

Owners of securities may be represented at the shareholders' meeting by a proxy, who is not required to be a shareholder, pursuant to the provisions of Articles 7:142 to 7:145 of the Belgian Code on Companies and Associations.

Minors, persons without legal capacity and legal entities may be represented by their legal or statutory bodies.

The Board of Directors may decide on the form of proxies. Powers of attorney must be received by the company no later than the sixth day before the shareholders' meeting. Any power of attorney that reaches the company before publication of an agenda completed in accordance with Article 7:130 of the Belgian Code on Companies and Associations is valid for the matters to be dealt with entered in the agenda concerned.

Co-owners, usufructuaries and bare owners, creditors and secured debtors must respectively be represented by one and the same person.

### 5.3. Provisions having the effect of delaying, deferring or preventing a change of control

#### Article 7 of the articles of association (extract)

In the event of a public offer to buy the company's shares, the Board of Directors is expressly authorized to increase the capital under the conditions stipulated in Article 7:202 of the Belgian Code on Companies and Associations. This authorization is granted for a term of three (3) years, with effect from the date of the extraordinary shareholders' meeting's ruling dated 13 June 2019. Any share capital increases carried out pursuant to this authorization will be charged against the residual outstanding authorized capital as outlined above.

### 5.4. Reaching of thresholds

#### Article 16 of the articles of association

For application of the legal rules relating to the disclosure of major holdings in issuers whose shares are admitted to trading on a regulated market, in addition to the legal thresholds, the company also applies thresholds pursuant to the articles of association of two percent (2%), four percent (4%) and seven and a half percent (7.5%).



## 6. DISPOSITIONS RÉGISSANT LES MODIFICATIONS DE CAPITAL

### Articles 6 and 7 of the articles of association

#### ARTICLE 6 - CHANGES IN THE SHARE CAPITAL

The capital may be increased or reduced by a decision of the shareholders' meeting in accordance with the conditions required for amending the articles of association.

For capital increases approved by the shareholders' meeting, the price and conditions for issuing new shares are set at the same meeting based on recommendations from the Board of Directors.

Existing shareholders have a pre-emptive right to subscribe for the new shares in cash, in proportion to the number of shares they hold, within a time limit set at the shareholders' meeting, which may not be any less than fifteen days from the opening of the subscription, and in accordance with the conditions determined by the Board of Directors.

Shares with no stated par value below the carrying amount of the par value of existing shares may only be issued in compliance with legal requirements.

In the company's best interests, however, pre-emptive rights may be limited or cancelled by decision of the shareholders' meeting ruling in accordance with the conditions required for amending the articles of association, in favour of one or more designated persons who are not employees of the company or its subsidiaries, all in accordance with the legal provisions.

The right to allocate new shares, following the incorporation of reserves, profits or share premiums into the share capital, belongs to the bare owner, notwithstanding the usufructuary's rights.

The Board of Directors may sign agreements, containing the clauses and conditions it deems appropriate, with any third party in order to ensure that all or part of the shares to be issued are subscribed.

A reduction in share capital is authorized or decided by the extraordinary shareholders' meeting and may not, in any event, derogate from the principle of equality between shareholders.

Reduction of capital below the legal minimum can only be decided under the condition precedent of a capital increase aimed at restoring the legal minimum, unless the company is transformed into another form of company for which the minimum legal capital does not exceed the share capital thus reduced.

Otherwise, any interested party may apply to court to dissolve the company. However, this cannot be imposed if the matter has been resolved on the date the court rules on the merits.

The share capital may be redeemed without being reduced by repaying a portion of the distributable profits to securities representing this share capital.

#### ARTICLE 7 - Authorized CAPITAL

The Board of Directors is authorized to increase the share capital, on one or more occasions, under conditions it deems fit, by an amount of up to thirty-one million, forty-six thousand seven hundred and forty-four euros and seventy cents (€31,046,744.70).

The Board of Directors may use this authorization to issue shares with or without voting rights, convertible bonds, equity notes, subscription rights payable in cash or in kind, and other share equivalents or equity instruments issued by the company.

Any capital increase effected under this authorization may be carried out:

- either by means of contributions in cash or in kind, including any restricted share premium, where the amount is fixed by the Board of Directors, or by creating new shares carrying rights that will be determined by the Board;
- or by converting reserves – including restricted reserves – or the share premium into capital, with or without creating new shares.

This authorization is granted to the Board of Directors for a period of five (5) years from the date of publication in Belgium of the amendments to the articles of association following the

decision of the extraordinary shareholders' meeting held on 13 June 2019. It may be renewed on one or more occasions, in accordance with applicable legal provisions.

In the event that a capital increase is carried out within the authorized capital, the Board of Directors will allocate any share premium to a restricted account. This account will form part of shareholders' equity in the same way as the share capital, and, provided it is converted into capital by the Board of Directors, may only be reduced or cancelled by the shareholders' meeting under the conditions required by article 7:208 of the Belgian Code on Companies and Associations.

The Board of Directors may limit or cancel pre-emptive subscription rights of existing shareholders in accordance with the conditions set forth in Articles 7:190 et seq. of the Belgian Code on Companies and Associations if it is in the company's interests. It may even do so for one or more specific parties other than employees of the company, except as provided in Article 7:201(3) of that Code on Companies and Associations.

# MANAGEMENT REPORT

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## 1. FINANCIAL POSITION

### 1.1. Key events

AKKA posted solid performance in 2019 while building for the future. The Group achieved its target in terms of operating margin and cash generation despite the slowdown in the fourth quarter.

| Amounts in thousands of euros       | 31 Dec. 2019     | 31 Dec. 2018     |
|-------------------------------------|------------------|------------------|
| <b>Revenue</b>                      | <b>1,801,486</b> | <b>1,505,326</b> |
| Operating income                    | 121,223          | 90,065           |
| Profit before tax                   | 103,716          | 72,950           |
| <b>Consolidated net income</b>      | <b>73,270</b>    | <b>53,058</b>    |
| Group share of net profit           | 73,041           | 50,145           |
| Consolidated comprehensive income   | 74,412           | 53,395           |
| Group share of comprehensive income | 74,183           | 50,784           |

#### Note 1.1 - Revenue

The Group passed the €1.8 billion mark, with revenue for 2019 of €1,801 million, an increase of 19.7%.

|                     | France  |       | Germany |       | International (excluding Germany) |       | North America |       |
|---------------------|---------|-------|---------|-------|-----------------------------------|-------|---------------|-------|
|                     | Value   | %     | Value   | %     | Value                             | %     | Value         | %     |
| 2019 financial year | 661,349 | 36.7% | 519,290 | 28.8% | 315,880                           | 17.5% | 304,967       | 16.9% |
| 2018 financial year | 625,375 | 41.5% | 510,982 | 33.9% | 298,342                           | 19.8% | 70,541        | 3.9%  |

Revenue grew organically by 4.4% in 2019. This represents 6.3% on a proforma basis. Organic growth was 17.6% in North America and 5.8% in France and internationally. In Germany, AKKA continues to outperform the domestic market, recording growth of 1.6%.

- The France Business Unit posted revenue of €661 million: the Unit saw its revenue grow by 5.8% to €661.3 million, representing 6.2% in economic terms. The BU performed exceptionally well in communications linked to smart infrastructures, aerospace and rail. The economic growth of 1.9% in the fourth quarter indicates a temporary slowdown caused by governance changes in key customers in the automotive sector and the impact of the B737 Max program on suppliers in the aerospace sector.
- The Germany Business Unit recorded revenue of €519 million: this Unit saw organic growth of 1.5% in the fourth quarter, in line with the 1.6% growth recorded over the financial year as a whole. Its revenue for 2019 was €519.3 million. Performance in the final quarter of 2019 was driven by the buoyancy of the aerospace sector, which offset the performance of automotive OEMs. The might of the digital platform created with Data Respons will enable the Group to capitalize on the launch of major customers' new digital programs from the second half-year onwards.

### 1.2. The Group's results

#### 1.2.1. Income statement review

The table below contains a summary of the main indicators of the consolidated income statement in accordance with IFRS standards for the financial years ending 31 December 2018 and 2019.

#### Note 1.2 - Operating profit

Operating profit leapt by 35% to €121,223 thousand in 2019 (€90,065 thousand in 2018). This jump was driven by the increase in operating profit from ordinary activities and the fall in the costs of stock options and free shares. The cost related to free shares and stock options was €3,824 thousand in 2019 (€9,779 thousand in 2018).

|                     | France |       | Germany |       | International (excluding Germany) |       | North America |      | Others   |         |
|---------------------|--------|-------|---------|-------|-----------------------------------|-------|---------------|------|----------|---------|
|                     | Value  | %     | Value   | %     | Value                             | %     | Value         | %    | Value    | %       |
| 2019 financial year | 54,109 | 44.6% | 36,863  | 30.4% | 34,621                            | 28.6% | 11,771        | 9.7% | (16,141) | (13.3%) |
| 2018 financial year | 47,643 | 52.9% | 36,235  | 40.2% | 30,696                            | 34.1% | 1,192         | 1.3% | (25,701) | (28.5%) |

As a percentage of revenue, operating income represented 6.7% in 2019 compared to 6.0% in 2018.

#### Note 1.3 - Net borrowing costs

Net borrowing costs were 0.9% of revenue (compared to 1.0% in 2018).

2018). This included €8,611 thousand for the CVAE, a French local business tax based on value added.

#### Note 1.5 - Consolidated net profit

The Group share of consolidated net profit grew by 45.6% to €73,041 thousand in 2019 (compared to €50,145 thousand in 2018), representing €3.64 per share compared to €2.55 in 2018.

#### Note 1.4 - Corporation tax

The corporation tax expense was €30,447 thousand in 2019, representing 29.4% of pre-tax profit (compared to 27.3% in

#### 1.2.2. Balance sheet review

The following table summarises the consolidated balance sheet according to IFRS standards:

| ASSETS - Amounts in thousands of euros | 31 Dec. 2019     | 31 Dec. 2018     |
|--|------------------|------------------|
| Goodwill                               | 367,689          | 360,847          |
| Other non-current assets               | 419,218          | 262,921          |
| <b>Non-current assets</b>              | <b>786,907</b>   | <b>623,767</b>   |
| Current receivables and inventories    | 349,160          | 360,736          |
| Cash and cash equivalents              | 469,231          | 271,785          |
| <b>Current assets</b>                  | <b>818,391</b>   | <b>632,520</b>   |
| <b>TOTAL ASSETS</b>                    | <b>1,605,299</b> | <b>1,256,289</b> |

| LIABILITIES - Amounts in thousands of euros | 31 Dec. 2019     | 31 Dec. 2018     |
|---|------------------|------------------|
| Group share of equity                       | 477,597          | 258,368          |
| Minority interests                          | 641              | 305              |
| Non-current financial liabilities           | 467,712          | 479,860          |
| Other non-current liabilities               | 165,322          | 40,356           |
| Current financial liabilities               | 74,769           | 71,155           |
| Other current liabilities                   | 419,257          | 406,245          |
| <b>TOTAL LIABILITIES</b>                    | <b>1,605,299</b> | <b>1,256,289</b> |

#### Note 2.1 - Goodwill

Goodwill, consisting of differences in the price and value of acquisitions and business intangibles, stood at €367,689 thousand as of 31 December 2019 compared to €360,847 thousand in the previous financial year.

#### Note 2.2 - Change in cash position

| Statement of cash flows - in thousands of euros                     | 31 Dec. 2019   | 31 Dec. 2018   |
|---|----------------|----------------|
| Cash, cash equivalents and bank overdrafts at the start of the year | 271,785        | 430,892        |
| Net cash flow associated with business operations                   | 161,044        | 129,482        |
| Net cash flow associated with investment transactions               | (56,235)       | (165,526)      |
| Net cash flow associated with financing transactions                | 89,914         | (122,934)      |
| Impact of changes in foreign currency exchange rates                | 2,722          | (129)          |
| <b>Cash, cash equivalents and bank overdrafts at year end</b>       | <b>469,231</b> | <b>271,785</b> |

Details of the Group's financing are provided in the Consolidated Financial Statements of this Annual Report.

Note 2.3 - Shareholders' equity

Shareholders' equity amounted to €478,237 thousand as of 31 December 2019 compared to €258,673 thousand as of 31 December 2018, i.e. an increase of 85%. As of 31 December 2019, shareholders' equity represented 29.8% of the balance sheet total.

- The main changes in shareholders' equity are as follows:
- consolidated net profit for 2019 of +€73,041 thousand;
  - equity instruments (ODIRNANE, net of charges) of +€172,911 thousand

- changes in the other items of comprehensive income amounting to +€1,142 thousand;
- repurchases of own shares of -€15,278 thousand;
- dividends of -€14,026 thousand paid to shareholders in 2019, for the year ending 31 December 2018;
- performance share plan of +€2,032 thousand.

Note 2.4 - Debt

Net debt (excluding IFRS 16) stood at €73,250 thousand as of 31 December 2018, compared to €279,230 thousand as of 31 December 2018.

|   | 31 Dec. 2019 | 31 Dec. 2018 |
|---|--------------|--------------|
| Net financial debt/Shareholders' equity | 15.3%        | 107.9%       |
| Net financial debt/Revenue              | 4.1%         | 18.5%        |
| Cost of net financial debt/Revenue      | 0.9%         | 1.0%         |

Note 2.5 - Interest rate hedging

Details of hedging of the Group's rates are provided in the Consolidated Financial Statements (chapter 6) of this Annual Report.

2. SCOPE

The scope of consolidation is presented in the consolidated accounts in the Consolidated Financial Statements in Section (chapter 6.1) of this Annual Report.

The main changes over the last three years are as follows:

| Acquisitions in the last 3 years             | Items acquired | Date of incorporation for consolidation | Geographic distribution of activity on date of acquisition |
|--|----------------|---|--|
| CTP System Srl                               | 100% of shares | 2017                                    | Italy  |
| Edelway                                      | 100% of shares | 2017                                    | Switzerland/Spain  |
| Gigatronik                                   | 100% of shares | 2017                                    | Germany/Austria/Switzerland                                |
| Akka GmbH & Co. KGaA (formerly Mbtech Group) | 35% of shares  | 2018                                    | N/A*   |
| PDS Tech Inc.                                | 100% of shares | 2018                                    | United States  |

\*The Group already previously had control of the Mbtech Group and consequently the companies were already consolidated.

There were no significant changes to the scope of consolidation over the last three years.

3. RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development costs incurred in 2019 amounted to €89,693 thousand and were recorded under expenses for the financial year, i.e. 5.0% of revenue (4.3% in 2018).

AKKA RESEARCH was conceived as the Group's in-house technology center. The department was created in 2009, and now represents the powerhouse behind the Group's transformation towards Digital. Its objective is to bring the technical expertise and knowledge of our engineers to bear on technologies with very high added value.

This synergy enables AKKA RESEARCH to offer solutions that drive the Group's commercial success.

AKKA RESEARCH is continually strengthening its operations:

- By developing innovative technological products, AKKA RESEARCH allows AKKA to roll out the offers it will need to master its own digital evolution and achieve the targets of its CLEAR 2022 strategy.
  - Through the support it gives, AKKA RESEARCH enables its employees to train in new subjects so that they can develop and thrive at AKKA.
  - By offering our partners innovative solutions, AKKA RESEARCH creates cutting-edge technologies that address the problems our customers face, supporting them in their green transition in particular.
- La haute technologie est l'élément fédérateur de notre enAd-  
vanced technology is the unifying element of our business: the involvement of employees in innovative projects conveys a positive image and is a source of pride for the Group.
- AKKA RESEARCH is a matrix structure, designed to be agile in its management of technologies and people. To ensure the successful completion of its missions, the Department applies a two-fold working method:
- The management of innovative projects is led by AKKA RESEARCH, making maximum use of the human and material resources available from the centers of excellence throughout the entire Group.
  - The management of disruptive technology lines relies on about forty experts developing skills that do not exist within the Group. Once honed, these skills will be added back to the centers of excellence.

In this context, an AKKA RESEARCH employee can both be a point of contact for a particular technology line and also have responsibility for project management.

In close collaboration with the Group's operational teams, AKKA RESEARCH works on three major technology lines – consistent with the Group's overall strategy and the needs of its customers:

- Digital
- Green energies
- Process automation

The projects act as a spearhead for the various technology lines. They must highlight AKKA's ability to innovate, and meet three criteria in order to be approved:

- Potential for disruptive innovation or increasing common knowledge of AKKA

- Secure funding (subsidies, tax credits, equity, etc.)
- Possibility of being included in AKKA's commercial offering (inclusion in a center of excellence or direct sales of the technology)

Every six months, AKKA's Executive Committee approves the choice of projects and the associated funding methods.

In addition to these technology lines, AKKA RESEARCH develops the skills, methods and tools that enable it to push ever faster towards the innovations of the future.

AKKA RESEARCH works simultaneously on subsidized collaborative projects enabling it to anticipate long-term technological developments (European [H2020, EUREKA, etc.], national [ANR, FUI, etc.] and regional funding instruments), and on projects in partnership with a customer that it supports, for example in the development of a building block or an innovative project.

The center is part of an ecosystem of national and international R&D partners consisting of universities, research laboratories and private companies, some of which are customers of the Group.

It also leads innovation projects with a number of partner engineering schools (Centrale Paris, Centrale Lille, ESIEE, UTBM, ISAE, etc.). In 2019, it welcomed some 15 interns, three apprentices, and five Ph.D. students who are currently preparing their theses through the Industrial Agreements for Training through Research (CIFRE) scheme, supported by the ANRT (National Association for Research and Technology) in a range of different fields (autonomous driving, analysis of unknown environments for navigation of mobile fleets, and processing of sonar signals by neural networks).

Finally, the Group continues to build its skillset by recruiting young doctoral graduates to spearhead its technology lines, in particular in the field of digital transformation (autonomous robotics, artificial intelligence and cyber-security).

Five collaborative R&D projects were conducted in 2019:

- TRACE (integration and validation of mass market electronic components in automotive architecture);
- AUTOPILOT (improvement of autonomous driving through IoT and Big Data technologies);
- ELVITEN (large-scale experimentation in new light electric mobility services);
- EUSysFlex (new large-scale smart grid solutions for large-scale integration of renewable energies into European distribution networks);
- 5G-MOBIX (testing of 5G technology used in autonomous connected vehicles along cross-border corridors).



This list has been supplemented by two new projects undertaken on behalf of the Nouvelle-Aquitaine Region:

- PORTAGE (Plateforme de Robotisation et d'Automatisation Générique/Generic Robotisation and Automation Platform), which aims to develop a solution making it possible to robotize and automate the movement of existing industrial structures and equipment in factories. The project will trial cases of use in the field of aircraft construction. AKKA will be coordinating this collaborative project, undertaken with two startups (EZ-Wheel and IIDRE) and a laboratory (IMS -UMR 5218). AKKA will be responsible for developing all of the automation modules and the user and operator applications (remote control, etc.). This project is being funded by the Nouvelle-Aquitaine Region.
- An innovation project bank-rolled by the Abbey of Saint-Jean-d'Angély (Nouvelle-Aquitaine Region) to promote cultural heritage. The aim is to develop: (1) video presentations combining live images and 3D content; (2) an augmented reality application for 3D immersion inside the Abbey. This project is being coordinated by AKKA and involves three local partners: Solidanim (creator of 3D content and videos), Archeovision (subsidiary of CNRS for the production of 3D scientific content) and Hinov (start-up specializing in content capture using drones).

This intersite and interdisciplinary cooperation for Innovation is intended to be European. Indeed, in 2019, the continuation of the Link&Fly research program, led by France, involved a very significant contribution from the German teams to work on the technical issues of the aerospace of tomorrow (more electric aircraft, cockpit of the future, optimization of energy systems, on-board services, etc.). These innovations resulted in a physical model used to validate the aerodynamic principles

of the aircraft and a presentation during the International Paris Air Show (SIAE) at Paris-Le Bourget.

This international collaboration does not stop at this program, but in fact also involves numerous projects in the field of artificial intelligence.

Finally, AKKA RESEARCH teams represented the AKKA Group at scientific and technical events where their work was presented. These include:

- Vivatech (Paris - May 2019) -> Presentation of Smart Bertone at the AKKA stand
- Le Bourget (Paris - June 2019) -> Presentation of Link&Fly
- ITS Europe Conference (Eindhoven - June 2019) -> Presentation of Smart Bertone at the AKKA stand
- Futurapolis (Toulouse - November 2019) -> Presentation of Smart Bertone

Today, innovation is a decisive factor for company growth. Whether it relates to an autonomous and connected electric car or a concept for a revolutionary aircraft, AKKA has always demonstrated its ability to come up with disruptive solutions. With its CLEAR 2022 strategic plan, the Group wants to go one step further and is setting its sights on leadership in innovation. AKKA RESEARCH has therefore been conceived as a forum for technology development, bringing together all stakeholders working for the success of AKKA: its employees, its partners, and its executive managers.

## 4. DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES FACING THE GROUP

### 4.1. Risks associated with staff and management

AKKA's performance and the satisfaction of its customers depend on the men and women who work in the Group. The Group attracts talented people, inspires them and keeps hold of them because of its reputation, its strong dynamic, and the value and quality of the projects it undertakes on behalf of its customers or in-house within AKKA RESEARCH.

In 2005, the Group also set up an employee savings plan open to employees with at least three months' service in the Group's French companies covered by the plan. In 2006, an AKKA Technologies mutual fund was created on attractive terms.

An Incentive Management Program (IMP) was launched in 2017 for key managers with the aim of retaining and motivating the Group's talented workforce to meet the growth targets set out in the CLEAR 2022 plan. The Group's key executive officers and managers are AKKA Technologies shareholders.

Customer relationships are structured around several people in order to limit the impact of the departure or absence of an employee or a manager.

### 4.2. Risks associated with acquisitions

Acquisitions are envisaged when they are of strategic interest to the Group in terms of geographical location or synergy between businesses, while creating value and accelerating growth. The investment decision is taken after full due diligence of the target company (operational, financial, tax, social, and business) and rigorous analysis of the findings.

The challenges facing the Group in terms of acquisitions include the Company's ability to identify attractive targets, acquire companies on favorable financial terms, and integrate them into its operations in such a way as to achieve harmonious commercial development, without sacrificing the Strategy of Balances that has guided the Group since its inception.

AKKA Technologies may have to turn to the banks or the financial market to finance these acquisitions by borrowing or making use of financial instruments. This may increase the Group's debt in the short term or have a dilutive impact for shareholders.

The company's business, financial position, results, growth and medium- and long-term prospects could be significantly affected if one or more of these risks were to materialize.

The Group's Finance Department runs an efficient and operational organization able to take action if faced with acquisition risks, notably by carrying out various checks or reducing these risks.

### 4.3. Risks associated with customers

The AKKA Technologies Group's activities cover a large number of customers based in different countries and operating in key industrial sectors, thus protecting the Group from exposure to the hazards of an economic downturn.

Moreover, the customer portfolio comprises major groups operating in industry and the services sectors in France and abroad which, in most cases, work with AKKA Technologies or for which AKKA Technologies works through various contractors.

Customer diversification is a critical part of the AKKA Technologies Group's "Strategy of Balances". Diversification has been a success in recent years: the weighting of the top 10 customers has eased by 5 percentage points in the space of two years. This trend will increase over the coming months and years following the acquisition of Data Respons and given the commercial synergies anticipated.

This diversification was a key challenge of the PACT17 strategic plan and is consolidated in the CLEAR 2022 plan, in particular with the aim of developing ten further major customers in addition to our TOP 10, and of reaching a critical size (between €30 million and €50 million, depending on the manufacturer's size) with each of them (top 20).

AKKA continues its strategy of investing in future technological expertise to make the most of the tremendous prospects for growth in the mobility sector: autonomous driving, the Internet of Things and robotics are cross-sector skills that are highly sought after by players in the automotive, aerospace and rail sectors, but also by an entire peripheral ecosystem that will emerge with the development of Smart Cities. The Group also continues its expansion in the life sciences sector, a fast-growing market that is also being revolutionized by digital technology (cobots, exoskeletons, etc.).

In 2019, the Group's largest customer, DAIMLER, accounted for 15.3% of revenue (18.9% in 2018). The Group's top 10 customers accounted for 54.2% of consolidated revenue (57.7% in 2018 and 60.9% in 2017).

### 4.4. Competition risk

The Group's operations in the leading European and international business regions and its referencing by major industrial customers have made it a benchmark in its sector in Europe.

Most key accounts have initiated a policy aimed at reducing the number of technology consultancies with which they work. This has resulted in a reduction in the number of partners approved as suppliers, which has tended to benefit larger players.

These players conduct approvals on a regular basis (every three years on average).

However, the loss by the Group of a position on a supplier list could have a temporary impact on its revenue, business volumes and profitability.

The AKKA Technologies Group's organization nevertheless gives it a significant measure of responsiveness and a high degree of flexibility, enabling it to adapt very quickly to changes in its markets and the requirements of its customers.

The geographical and sector spread of the Group's sales and the segmentation of its offerings further mitigate this risk.

Its expertise in the various phases of any project, from R&D to series production, its organization around its centers of excellence and its unique know-how in turnkey projects are also undeniable competitive advantages that have played a part in its past resilience.

### 4.5. Legal and regulatory risks

The General Management of each country, with the support of its Chief Financial Officer and the Legal Department, is responsible for ensuring that the company complies with laws and regulations in force.

Any disputes are immediately notified to the Group's General Management.

Most confirmed or potential disputes are handled by the General Management and the Administrative and Finance Department of the company in question, with the support of the Legal Department in respect of commercial, litigation, administrative and insurance issues.

The Legal Department may call on independent counsel on matters in the litigation or pre-litigation stages.

The company introduced customer relationship software in 2018 to enable the Key Accounts Department to coordinate the commercial and legal analysis of prospective commercial agreements. The holding company thus centralizes customer contracts, especially those involving more than one Group company or containing a performance obligation.

To date, and to the best of the Group's knowledge, adequate provisions have been set aside to cover all disputes liable to have a significant impact on the Group's business, results, financial position or assets and liabilities.

### 4.6. Financial risks

#### 4.6.1. Exchange rate risk

See Consolidated Financial Statements Chapter 6. Section 4.14.3.

#### 4.6.2. Investment and counterparty risk

See Consolidated Financial Statements Chapter 6. Section 4.14.4.

#### 4.6.3. Interest rate risk

See Consolidated Financial Statements Chapter 6. Section 4.14.2.

#### 4.6.4. Liquidity risk

See Consolidated Financial Statements Chapter 6. Section 4.14.2.

### 4.7. Risk with regard to business ethics and respect for human rights

The Group remains firmly established in countries that have robust legislation on labor law. As an employer, the Group could be exposed to issues of freedom of association or collective bargaining rights, but it considers this risk very low, given the deployment of its HR policy and the scaling-up of its review processes. Moreover, the activities of the Group and its markets actually reduce the risks of illegal, forced or child labor.

The Group is not positioned on any public markets or in any countries recognized as corrupt. In-house risk mapping has not identified this risk as significant. In any case, through its Code of Conduct, the Group ensures that all situations potentially harmful to its reputation or its business are avoided.

### 4.8. Environmental risks

Given the nature of our business, the Group's activities do not have any environmental consequences. However, the Group is aware of its environmental responsibility and therefore endeavors to reduce its energy footprint. See the section on the Group's Corporate Social Responsibility.

### 4.9. Risks associated with Covid-19

The Group is closely monitoring and responding to the unprecedented and rapidly developing global health and economic crisis associated with Covid-19 (novel coronavirus). AKKA's crisis unit meets twice a day and coordinates its teams globally, regionally and locally to ensure the continuity of the Group's business activities and to:

- Ensure the health and safety of all its employees throughout the world;
- Ensure the continuity and flexibility of its business in order to support its customers, in particular through its expertise in turnkey and teleworking solutions;
- Put in place government support solutions;
- Continue to focus on generating cash flow to further strengthen its financial strength and balance sheet;
- Implement strict measures to manage costs, with new savings measures being analyzed;

At this stage and given the uncertainty as to how the situation will evolve, it is too soon to determine all of the impacts that could potentially result from this crisis in terms of the Group's results. The Group is currently analyzing potential scenarios and the resulting impacts.

### 4.10. Insurance policy

The main policies taken out within the Group are as follows:

- Operational, professional, products and completed operations civil liability,
- Civil liability for aerospace and space industry products
- Executive officers' civil liability,
- Comprehensive property damage,
- Repatriation assistance,
- Vehicle fleet,
- Social security.

In addition, each of the Group's entities takes out the insurance policies required by local laws in its host country (inexcusable fault civil liability, employer's liability, workers compensation, etc.) and those that are appropriate to its specific risks (operating losses, civil liability in respect of private vehicles used on company business, etc.).

The AKKA Technologies Group's Insurance Department is responsible for annual contract negotiation and also monitors the insurance policy in relation to the risks involving the civil liability of the company, its subsidiaries and its directors.

Civil liability policies are taken out by AKKA Technologies on behalf of all its subsidiaries under international insurance programs. Depending on the local legal requirements, the Group's subsidiaries also benefit from a "no excess" policy and, where applicable, a "difference in terms and conditions and limits" guarantee in respect of local policies, whether or not they are included in the international insurance programs.

Acquisitions are included in the Group's insurance policy and cover is adapted to their specific needs.

The new risks emerging at Group level are identified and assessed and transferred to the insurance policies.

The following table summarizes the principal insurance policies taken out, namely:

| Insurance policy   | Insured party/parties                      | Excess   | Amount of cover                           |
|--|--|----------|---|
| Operational civil liability                                    | AKKA Technologies and all its subsidiaries | €5,000   | €25,000,000 per claim event               |
| Professional/products and completed operations civil liability |  | €100,000 | €25,000,000 per year and per claim event  |
| Civil liability for aerospace and space industry products      | AKKA Technologies and all its subsidiaries | None     | €150,000,000 per claim event and per year |
| Executive officers' civil liability                            | Directors of the AKKA Technologies Group   | None     | €40,000,000 per year                      |



## 5. PRESENTATION OF AKKA TECHNOLOGIES SE'S ANNUAL FINANCIAL STATEMENTS FOR THE YEAR

During the year ending 31 December 2019, the company continued its role as a holding company for all Group companies.

The table below contains a summary of the main aggregates of the income statement and balance sheet for the years ending 31 December 2019 and 2018:

| Income statement<br>Amounts in thousands of euros | 31 Dec. 2019 | 31 Dec. 2018 |
|---|--------------|--------------|
| Net revenue                                       | 38,399       | 34,656       |
| Operating income                                  | (651)        | (29)         |
| Financial profit or loss                          | 18,729       | 15,301       |
| Extraordinary profit or loss                      | -            | -            |
| Income tax  | (1,835)      | 1,645        |
| Profit or loss                                    | 16,243       | 16,917       |

| Balance Sheet Assets<br>Amounts in thousands of euros               | 31 Dec. 2019   | 31 Dec. 2018   |
|---|----------------|----------------|
| Net intangible and tangible fixed assets Net financial fixed assets | 8,386          | 787            |
|   | 267,662        | 263,206        |
| <b>Fixed assets</b>   | <b>276,048</b> | <b>263,993</b> |
| Net receivables   | 569,025        | 501,905        |
| Cash and cash equivalents   | 119,551        | 18,839         |
| <b>Current assets</b>   | <b>688,576</b> | <b>520,744</b> |
| Accruals  | 359            | 3,707          |
| <b>TOTAL ASSETS</b>   | <b>964,983</b> | <b>788,445</b> |

| Balance Sheet Liabilities<br>Amounts in thousands of euros | 31 Dec. 2019   | 31 Dec. 2018   |
|--|----------------|----------------|
| Shareholders' equity                                       | 86,854         | 70,437         |
| Provisions for risks and expenses                          | 381            | 5,703          |
| Financial debts  | 704,500        | 524,500        |
| Operating debts  | 170,485        | 186,274        |
| Miscellaneous debts  | 2,764          | 1,530          |
| <b>TOTAL LIABILITIES</b>                                   | <b>964,983</b> | <b>788,445</b> |

AKKA TECHNOLOGIES has also a French branch.

## 6. THE GROUP'S DEVELOPMENT AND PROSPECTS

AKKA posted solid performance in 2019 while building for the future through two essential successes: the integration of PDS Tech in the United States and the creation of a €500 million digital platform through the acquisition of Data Respons. These two operations create the ideal positioning for AKKA in terms of seizing upon the significant growth expected in the market in the medium term.

In the short term, the Group is being affected by the impacts of the Covid-19 health and economic crisis. It is too soon to determine all of the impacts that could potentially result from this crisis in terms of the Group's results. The Group is currently analyzing potential scenarios and the resulting impacts. It will communicate when that analysis has made it possible to gain a precise idea of how the situation is developing.

## 7. SUBSEQUENT EVENTS

As part of the launch of Phase II of CLEAR 2022, AKKA launched a cash takeover bid on 19 December 2019 to acquire all of the capital in Data Respons for a price of NOK 48 per share, representing a total purchase price of NOK 3.7 billion (or €377.7 million at a hedged rate of NOK 9.9765/EUR).

On 9 March 2020, AKKA launched a mandatory bid for the remaining Data Respons shares. AKKA currently owns more than 90% of the capital in Data Respons and is planning to withdraw Data Respons from listing on the Oslo stock exchange.

In a world dominated by data, the acquisition of Data Respons is a game-changer and will create the largest digital solution center in Europe. AKKA will therefore have access to the most comprehensive portfolio of digital solutions in Europe to harness the growing demand from its customers within the mobility sector.

The most recent IFRS accounts published by Data Respons show the following condensed data:  
(full version: [www.datarespons.com/investors/financial-reports-and-presentations](http://www.datarespons.com/investors/financial-reports-and-presentations))

| INCOME STATEMENT - DATA RESPONS<br>in millions of euros | 31 Dec. 2019 |
|---|--------------|
| Revenue   | 189.5        |
| Operating income  | 19.2         |
| Financial profit or loss                                | 0.7          |
| Tax expense   | (5.0)        |
| Consolidated net income                                 | 14.8         |
| Group share of net profit                               | 13.9         |
| Non-controlling interests                               | 0.9          |

| BALANCE SHEET - DATA RESPONS<br>in millions of euros | 31 Dec. 2019 |
|--|--------------|
| Non-current assets                                   | 148.3        |
| <b>Current assets</b>                                | <b>62.8</b>  |
| Shareholders' equity                                 | 107.1        |
| Non-current liabilities                              | 49.4         |
| <b>Current liabilities</b>                           | <b>54.6</b>  |

The purchase price has not yet been allocated, but the IFRS data as of 31 December 2019 show provisional goodwill of close to €380 million. Final goodwill will be calculated using the full goodwill method.

The Group's accounts will incorporate the contribution of Data Respons from 1 March 2020.

### The COVID-19 crisis management

The world is having to deal with an unprecedented situation that is affecting all businesses across all sectors, and it is AKKA's responsibility to ensure the safety of its employees and their jobs, while the Company continues to support its customers wherever possible. At the time of writing, lockdown is still in force. The Group has quickly implemented teleworking measures and is doing everything possible to ensure that its consultants can continue to support customer projects safely.

Task forces within each BU are ensuring that all measures necessary - such as teleworking, reduced working hours, optimisation of paid leave, training plans, etc. - are made available while preparing for our activities to resume.

In anticipation of a crisis with a scope and effect that are difficult to discern, the Board of Directors has decided that no dividend be paid for the 2019 financial year. The objective is to focus all of the Group's resources on protecting its

employees' jobs and to concentrate all of its investment capacity on managing this crisis, and then on its ability to support our customers when they once again ramp up their investments in R&D.

This responsible approach, which shows respect for the future of AKKA's men and women, and robust, healthy balance sheet management are part of the Group's DNA. Following deduction of the acquisition of Data Respons and integration of undrawn liquidity facilities, AKKA has a cash-flow of €1 billion which will enable the Group to get through the COVID-19 crisis.

The Company remains confident of the fundamentals of the markets in which it operates, and it is preparing to harness the growth in those markets when it resumes.

# 04

## CORPORATE GOVERNANCE STATEMENT AND REPORT ON REMUNERATION

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## 1. CORPORATE GOVERNANCE CODE

AKKA Technologies has been using the 2020 Belgian Code on Corporate Governance ("2020 Code") as its benchmark since 8 July 2019, the date of publication of the resolution of the Shareholders' Meeting of 13 June 2019, calling for the Company to comply with the provisions of the Belgian Code on Companies and Associations. It is available on <https://www.corporategovernancecommittee.be/fr/over-de-code-2020/code-belge-de-gouvernance-dentreprise-2020>.

The Corporate Governance Charter was introduced when the Company's registered office was transferred to Belgium on 3 May 2018 and updated on 18 June 2019. It is available both on the Company's website and on the FSMA's website (the Belgian Financial Services and Markets Authority). It sets out the principles and rules determining how the Company is managed and controlled as well as the corporate structure around which the Company's governance is organized. The Company's Board of Directors is committed to these principles, based on transparency and accountability, thus instilling trust in its shareholders and investors. The Board of Directors undertakes to comply with the principles of good governance at all times, while taking the specific nature of the Company into account. It applies the 2020 Code in accordance with the "comply or explain" principle.

AKKA Technologies only deviates from the 2020 Code on a limited number of matters: deviations from these recommendations can be explained in light of the Company's business, the associated operations and the structure of the Board of Directors:

- Principle 3.12 of the 2020 Code recommends a clear division of responsibilities between, on the one hand, the person presiding over the Board of Directors (the chair) and, on the other, the person assuming executive responsibility for running the Company's business (the CEO). AKKA deviates from this rule, as the Chairman of the Board of Directors also permanently represents the Company's Chief Executive Officer. This choice can be explained by historical reasons related to the Company's shareholding structure.

Mauro Ricci is in effect the founder of the Company and also the person behind its significant growth since its incorporation. He is also a key shareholder of the Company, and its main promoter.

- Principle 4.3 of the 2020 Code recommends that each specialized committee of the Board of Directors should be composed of at least three board members. The Nomination and Remuneration Committee has only two members, who are non-executive directors. It is chaired by an independent director with the required expertise in remuneration policy. With regard to the meetings held in 2019 and the attendance of the members of the Nomination and Remuneration Committee, the Board of Directors is of the opinion that this derogation from the minimum number of members does not impair the effectiveness of the Nomination and Remuneration Committee.
- Principle 7.6 of the 2020 Code recommends that a non-executive director should receive part of their remuneration in the form of Company shares. The Board of Directors have opted not to follow this (new) principle when deciding on the remuneration of non-executive directors since the latter received cash payments. The Board plans to implement this principle during the next financial year.
- Principle 7.8 of Code 2020 recommends that an appropriate portion of an executive manager's remuneration package should be structured so as to link rewards to corporate and individual performance. This is the case of executive managers who are not members of the Board of Directors. By contrast, executive directors currently only receive a fixed remuneration as well as a long-term remuneration consisting of stock options in accordance with the 2018-2023 Stock-Option Plan submitted to the Shareholders' Meeting of 19 June 2018.

## 2. BOARD OF DIRECTORS

### 2.1. Composition

The Company has opted for a one-tier system. Therefore, the Board of Directors is responsible for the general running of the Company's business and is accountable for its management to the Shareholders' Meeting in accordance with Articles 15:17 and 15:18 of the Belgian Code on Companies and Associations.

The Board of Directors determines the Company's business direction and ensures that it is implemented. It has the power to perform all acts necessary or useful to achieving the Company's corporate purpose, except for those reserved by law for the Shareholders' Meeting.

As of December 31st, 2019, the Board of Directors had eleven (11) members, including:

- seven non-executive directors, three of whom meet the independence criteria established by the 2020 Code;
- three executive directors who are also responsible for the day-to-day management;
- one director nominated by the workers' representatives.

The list of directors can be found below:

#### Mauro RICCI

**59 years old**  
Chief Executive Officer (CEO)  
Chairman of the Board of Directors  
Responsible for day-to-day management

After an impressive career at RENAULT AUTOMATION, Mauro Ricci founded HYSYS in 1984. This company provided technological support for industrialization and production, to several manufacturers, as well as consulting services in productivity improvement. Other companies complemented the HYSYS services offering. In anticipation of market developments, he set up a Group strategy in 1999 that aimed to bring together various companies in order to offer a complete research and development service to its customers.

#### Jean-Franck RICCI

**51 years old**  
Chief Executive Officer (CEO)  
Group Managing Director  
Responsible for day-to-day management

Jean-Franck Ricci joined HYSYS in 1988 as Technical Director four years after the Group was created. He subsequently became Managing Director of the company's main department at the time, AKKA Product Engineering. At AKKA Development, he succeeded in developing the Group internationally. Jean-Franck Ricci now holds the position of Group Managing Director, and he is most notably in charge of Business Development and Sales.

#### Nicolas VALTILLE

**54 years old**  
Chief Executive Officer (CEO)  
Group Managing Director  
Responsible for day-to-day management

Nicolas Valtille started his career as Finance Director of a multimedia company. He was then appointed Financial controller Europe until 1997. Afterwards, Mr. Valtille joined an internet start-up which he contributed to list on the Paris stock market and to develop internationally. In 2000, Nicolas Valtille joined AKKA as CFO while the company was still generating 37M€ of revenue. He is now Group Managing Director, most notably in charge of the support functions.

## Alain TISSERAND

**65 years old**  
Independent Director

With more than 30 years' experience in engineering and consulting, and a former head of one of France's largest design offices, Alain Tisserand has lent his support to the AKKA Technologies Group since 2002. Since his arrival, he has contributed significantly to the Group's growth, particularly in the aerospace sector.

## Cécile MONNOT

**57 years old**  
Director

After beginning her career at Rhône-Poulenc in management control, Cécile Monnot joined AKKA Technologies in 1995. To start with, she held the position of Administrative and Financial Director of a subsidiary before taking charge of the Group's management control from 2004 until 2011. Since 2012, she has been in charge of the company IDEACTIVE Formation.

## Guy LACROIX

**69 years old**  
Director

A graduate of ESME (Special School of Mechanics and Electricity) and INSEAD (European Institute of Business Administration), Guy Lacroix joined SEEE (Société d'Études et d'Entreprises Électriques) in 1977 as a Business Engineer. He carried out progressive duties at the company and ended up becoming the Director. In 1996, he was appointed Managing Director. In 2001, he was called upon to create INEO within the SUEZ group, which then became GDF SUEZ and then, as it is known today, ENGIE. Appointed CEO of INEO in 2001, he served in this capacity and the following functions until the end of 2015:

- Deputy CEO of the Energy Services division of the GDF SUEZ group, since renamed ENGIE;
- Head of the FSIM BU which housed INEO, AXIMA, ENDEL and FSA. Guy Lacroix joined AKKA's General Management team in June 2016. His business vision can be summed up as follows:
- an entrepreneurial spirit of continuous innovation in partnership with customers,
- encouraging management teams to anticipate changes in the environment and the nature of occupations, openness to digital technology and the complexity of markets.

## Charlotte RICCI

**30 years old**  
Director

Charlotte Ricci has been a director of the Group since 5 June 2012.

## Valérie MAGLOIRE

**62 years old**  
Independent Director

A graduate of the Paris Institute of Political Studies, Valérie Magloire started her career in 1979 at PSA Peugeot Citroën, first as the controller of a Peugeot division, then as a specialist in long-term financing and the person responsible for banking relationships within the Group's Finance Department. From 1996 to 2008, she was in charge of the Group's investor relations. Valérie Magloire joined MICHELIN in July 2008 and carried out the role of Head of Investor Relations from 2009 to 2018. She has since been appointed Finance and Strategy Director of the Specialties Division.

## Muriel BARNEOUD

**51 years old**  
Independent Director

Muriel Barneoud is a graduate of the Paris Institute of Political Studies and the ENSPTT (French National School of Posts and Telecommunications) and holds a DESS specialized graduate degree in financial management and taxation. After beginning her career at Arthur Andersen, she joined the La Poste Group in 1994. While she is currently the Director of Social Engagement at La Poste, she has also held the position of Chief Executive Officer of Docapost (a subsidiary of the La Poste Group specializing in transitioning companies and institutions to digital and mobile) and Assistant Managing Director of the Post division, in the capacity of Industrial Director. She is an elected member of the Paris Île-de-France Regional CCI (Chamber of Commerce and Industry) and sits on the management committee of the CNAM (National Conservatory of Arts and Crafts) Abbé Grégoire foundation. She is very active within Finance Innovation, where she has jointly managed several working groups. Muriel Barneoud is a Knight of the National Order of the Legion of Honor.

## Charles CHAMPION

**65 years old**  
Director

An aeronautical engineer and graduate of ISAE-Sup'Aero and Stanford University, Charles Champion has fulfilled a number of responsibilities at Airbus within the Production and Program department. In particular, he was responsible for the A320 program and the development of the A380 program up to certification. Charles Champion then became Head of Client Support Services and was responsible for the development of related services activities before becoming Executive Vice President of Engineering, Research and Development for commercial aviation. He was a member of the executive committee for Airbus Commercial Aircraft and President of Airbus Operations SAS until early 2018. From May 2018 to January 2020, he was President of the Supervisory Board of Toulouse-Blagnac Airport. Charles Champion has also been Chairman of the Board of Directors of ISAE-Sup'Aéro since May 2017.

## Jean-Luc PERODEAU

**42 years old**  
Director

Jean-Luc PERODEAU is Director representing all employees. He was appointed by the Group's Board on 7 November 2017 in accordance with the Articles of Association amended by the Shareholders' Meeting of 15 June 2017. An engineer by training, he currently holds the position of Production Manager in the Aircraft Modification department of AEROCONSEIL.

## 2.2. Changes to the composition of the Board of Directors

ADuring the 2019 financial year, the annual Shareholders' Meeting of 13 June 2019 appointed Mr. Charles Champion as a new director. Therefore, the number of members of the Board of Directors increased from 10 to 11 members.

## 2.3. Gender diversity

The Board of Directors is made up of four women and seven men. This composition complies with the provisions of Article 7:86 of the Belgian Code on Companies and Associations with regard to gender diversity.

## 2.4 Duration and expiry of terms of office and appointment procedure

Directors are appointed for a renewable three-year term of office.

Directors are appointed by the Shareholders' Meeting upon nomination by the Board of Directors and after consulting the Nomination and Remuneration Committee.

The responsibilities of the Nomination and Remuneration Committee include advising on the size and functioning of the Board of Directors and the suitability of candidates to the needs of the Board.

The table below summarizes the current terms of office and their duration:

| Director          | Position                            | Date of appointment/renewal                  | Duration                                    |
|-------------------|-------------------------------------|--|---|
| Mauro RICCI       | Executive Director Chairman and CEO | Shareholders' Meeting of 15 June 2017        | Until the 2020 Annual Shareholders' Meeting |
| Jean-Franck RICCI | Executive Director — CEO            | Shareholders' Meeting of 13 June 2019        | Until the 2022 Annual Shareholders' Meeting |
| Nicolas VALTILLE  | Executive Director — CEO            | Shareholders' Meeting of 19 June 2018        | Until the 2021 Annual Shareholders' Meeting |
| Muriel BARNEOUD   | Independent Director                | Shareholders' Meeting of 15 June 2017        | Until the 2020 Annual Shareholders' Meeting |
| Guy LACROIX       | Director                            | Shareholders' Meeting of 19 June 2018        | Until the 2021 Annual Shareholders' Meeting |
| Valérie MAGLOIRE  | Independent Director                | Shareholders' Meeting of 15 June 2017        | Until the 2020 Annual Shareholders' Meeting |
| Cécile MONNOT     | Director                            | Shareholders' Meeting of 15 June 2017        | Until the 2020 Annual Shareholders' Meeting |
| Jean-Luc PERODEAU | Director (representing employees)   | The Group's Board meeting of 7 November 2017 | Until the 2020 Annual Shareholders' Meeting |
| Charlotte RICCI   | Director                            | Shareholders' Meeting of 19 June 2018        | Until the 2021 Annual Shareholders' Meeting |
| Alain TISSERAND   | Independent Director                | Shareholders' Meeting of 13 June 2019        | Until the 2022 Annual Shareholders' Meeting |
| Charles CHAMPION  | Director                            | Shareholders' Meeting of 13 June 2019        | Until the 2022 Annual Shareholders' Meeting |

## 2.5. Board of Directors' activity report

Over the course of 2019, the Board of Directors discussed all the major issues affecting the Group. It met 10 times and was chaired by Mauro Ricci or, when he was absent or had a conflict of interest, chaired by another director in compliance with principle 3.18 of the 2020 Code.

The minutes of the Board of Directors' meetings, drawn up after each meeting, are communicated or made available to all Directors and recorded in the corporate records required for this purpose, and stored at the Company's premises.

Meetings of the Board of Directors are usually held at the registered office. The average attendance rate of members at meetings of the Board of Directors was 73% in 2019.

## 2.6. Assessment

The Chairman of the Board regularly calls on the members to comment on the functioning of the Board and the preparation of its work. Principle 9.1 of the 2020 Code specifies that the Board should assess its own performance at least once every three years. The last assessment took place at the meeting of 18 March 2019. This assessment was conducted through a detailed questionnaire. From the discussions that followed an analysis of each of the responses, it emerged that no adverse developments had been observed compared with the previous positive assessment.

## 2.7. Conflicts of interest

The statutory regulation relating to conflicts of interest for directors, (Article 7:96 of the Belgian Code on Companies and Associations) applies to decisions or actions falling within the scope of the powers of the Board of Directors in respect of which a director has a financial interest that directly or indirectly conflicts with the interests of the Company. Under these provisions, this director must inform the other directors before the Board of Directors makes a decision. They should leave the meeting during the discussion of the relevant agenda item.

During the 2019 financial year, the following conflicts of interest were reported to the Board of Directors and were subject to the procedure referred to in Articles 523(1) of the Belgian Companies Code and subsequently 7:96 of the Belgian Code on Companies and Associations:

*Extract from the minutes of the Board of Directors meeting of 25 April 2019*

"

### 1. First resolution

*1.1. The acting Chairman of the Board of Directors recalls that the Company has concluded a management agreement with each of its delegates in charge of day-to-day management (i.e. Valvest Management SPRL, HR Management and Investment SPRL and BMC Management & Investment SPRL), for the purposes of assigning to them the management of certain tasks as well as its day-to-day management.*

*The acting Chairman of the Board of Directors also recalls that certain subsidiaries of the Company have also concluded a management agreement with Valvest Management SPRL, HR Management and Investment SPRL and BMC Management & Investment SPRL.*

*1.2. Before starting to discuss this agenda item, Jean-Franck Ricci, Mauro Ricci and Nicolas Valtille reported the existence of a conflict of interest of a financial nature within the meaning of Article 523 of the Belgian Companies Code.*

*Jean-Franck Ricci, Mauro Ricci and Nicolas Valtille state that the conflict of interests has its origins in the following facts:*

*- The Company, on the one hand, and Valvest Management SPRL, HR Management and Investment SPRL and BMC Management & Investment SPRL, on the other, wish to develop the management agreements that bind them together. However, Jean-Franck Ricci, Mauro Ricci and Nicolas Valtille are directors of the Company and respectively partners and managers at HR Management and Investment SPRL, BMC Management & Investment SPRL and Valvest Management SPRL. These are, in fact, their respective management companies.*

*- As a result, Jean-Franck Ricci, Mauro Ricci and Nicolas Valtille have a financial interest that indirectly conflicts with that of the Company when concluding the management agreement with their respective management companies: it is in their interest to ensure that the remuneration of their management company is as high as possible, while it is in the interest of the Company to ensure that it is as low as possible.*

*The Board of Directors takes note of the statements of Jean-Franck Ricci, Maurice Ricci and Nicolas Valtille.*

*The acting Chairman recalls that, in compliance with Article 523(1), paragraph 1, in fine and paragraph 2 of the Belgian Companies Code, the directors concerned should ensure that the Company auditor is informed of this, and the Board of Directors should ensure that the Company's management report contains "the full record of (these) minutes (...)", it being understood that it is widely accepted that only the part of the minutes relating to the application of Article 523 of the Belgian Companies Code must be published.*

*1.3. The Board of Directors takes note of the proposal of the Nomination and Remuneration Committee, as well as the draft amendment to the management agreement concluded with HR Management and Investment SPRL.*

*Before the draft amendment is examined, Jean-Franck Ricci leaves the meeting.*

*The Board of Directors specifies, in accordance with Article 523(1), paragraph 2 of the Belgian Companies Code, the reasons justifying the decision to conclude this amendment to the management agreement with HR Management and Investment SPRL in accordance with the terms of the draft amendment of which it has been informed, and the financial consequences of this transaction:*

*- the management agreement is in the interest of the Company and is concluded under normal market conditions;*



- in return for services rendered, the Company will pay HR Management and Investment SPRL a fixed annual remuneration amounting to EUR 660,000 (excluding VAT);

- in addition to the fixed remuneration, under the conditions and within the limits provided for in Article 520-ter of the Belgian Companies Code, HR Management and Investment SPRL may also be entitled to a share in the profits of the Company in the form of additional remuneration, profit shares, stock options or under any other terms and conditions determined by the competent bodies of the Company;

- the Company may, at any time, terminate the management agreement subject to (a) giving prior notice to HR Management and Investment SPRL, by registered letter, with a notice period of twelve (12) months, or (b) paying a fixed and irrevocable termination fee amounting to the equivalent of twelve (12) months of the fixed remuneration.

In light of the above, the Board of Directors decides by a unanimous vote:

- to approve the remuneration policy with respect to HR Management and Investment SPRL; and

- to conclude the amendment to the management agreement with HR Management and Investment SPRL, as described above.

The Board of Directors also declares that it has been informed of the draft amendment to the management agreement to be concluded between certain subsidiaries of the Company and HR Management and Investment SPRL.

The decision having been made, Jean-Franck Ricci comes back into the meeting.

**1.4.** The Board of Directors takes note of the proposal of the Nomination and Remuneration Committee, as well as the draft amendment to the management agreement concluded with BMC Management & Investment SPRL.

Before the draft amendment is examined, Mauro Ricci leaves the meeting.

The Board of Directors specifies, in accordance with Article 523(1), paragraph 2 of the Belgian Companies Code, the reasons justifying the decision to conclude a management agreement with BMC Management & Investment SPRL in accordance with the terms of the draft management agreement of which it has been informed, and the financial consequences of this transaction:

- the management agreement is in the interest of the Company and is concluded under normal market conditions;

- in return for services rendered, the Company will pay BMC Management & Investment SPRL a fixed annual remuneration amounting to EUR 1,242,000 (excluding VAT);

- in addition to the fixed remuneration, under the conditions and within the limits provided for in Article 520-ter of the Belgian Companies Code, BMC Management & Investment SPRL may also be entitled to a share in the profits of the Company in the form of additional remuneration, profit shares, stock options or under any other terms and conditions determined by the competent bodies of the Company;

- the Company may, at any time, terminate the management agreement subject to (a) giving prior notice to BMC Management & Investment SPRL, by registered letter, with a notice period of twelve (12) months, or (b) paying a fixed and irrevocable termination fee amounting to the equivalent of twelve (12) months of the fixed remuneration.

In light of the above, the Board of Directors decides by a unanimous vote:

- to approve the remuneration policy with respect to BMC Management & Investment SPRL; and

- to conclude the amendment to the management agreement with BMC Management & Investment SPRL, as described above.

The Board of Directors also declares that it has been informed of the draft amendment to the management agreement to be concluded between certain subsidiaries of the Company and BMC Management & Investment SPRL.

The decision having been made, Mauro Ricci comes back into the meeting.

**1.5.** The Board of Directors takes note of the proposal of the Nomination and Remuneration Committee, as well as the draft amendment to the management agreement concluded with Valvest Management SPRL.

Before the draft amendment is examined, Nicolas Valtille leaves the meeting.

The Board of Directors specifies, in accordance with Article 523(1), paragraph 2 of the Belgian Companies Code, the reasons justifying the decision to conclude a management agreement with Valvest Management SPRL in accordance with the terms of the draft management agreement of which it has been informed, and the financial consequences of this transaction:

- the management agreement is in the interest of the Company and is concluded under normal market conditions;

- in return for services rendered, the Company will pay Valvest Management SPRL a fixed annual remuneration amounting to EUR 512,400 (excluding VAT);

- in addition to the fixed remuneration, under the conditions and within the limits provided for in Article 520-ter of the Belgian Companies Code, Valvest Management SPRL may also be entitled to a share in the profits of the Company in the form of additional remuneration, profit shares, stock options or under any other terms and conditions determined by the competent bodies of the Company;

- the Company may, at any time, terminate the management agreement subject to (a) giving prior notice to Valvest Management SPRL, by registered letter, with a notice period of twelve (12) months, or (b) paying a fixed and irrevocable termination fee amounting to the equivalent of twelve (12) months of the fixed remuneration.

In light of the above, the Board of Directors decides by a unanimous vote:

- to approve the remuneration policy with respect to Valvest Management SPRL; and

- to conclude the amendment to the management agreement with Valvest Management SPRL, as described above.

The decision having been made, Nicolas Valtille comes back into the meeting.

(...)"

#### Extract from the minutes of the Board of Directors meeting of 4 September 2019

"

#### B. Rights issue

##### Prior declaration

**1.** The Chairman of the Board of Directors recalls the following, in so far as it is necessary: The Extraordinary Shareholders' Meeting of 19 June 2018 adopted the 2018-2023 Stock Option Plan (hereinafter referred to as the "Option Plan") under the terms of which it is planned to issue to the Company's employees, over the term of the Plan, a maximum of 600,000 (six hundred thousand) subscription rights entitling them each to one (1) ordinary share in the Company (i.e. for a maximum of 600,000 shares).

The Extraordinary Shareholders' Meeting of 13 June 2018 decided to renew for a period of five years the authorization given to the Board of Directors to increase the capital under the authorized capital arrangement, in particular by issuing subscription rights and with a view to granting stock options and Long Term Incentives in any form whatsoever and in the broadest sense (which explains in particular why the Board of Directors may limit or cancel the shareholders' preemptive subscription rights, in accordance with Article 7, paragraph 6 of the Company's Articles of Association).

At its meeting of 18 July 2019, the Board of Directors approved in principle the proposed operation to issue one hundred thousand (100,000) Company subscription rights, each entitling their beneficiary to one (1) ordinary share in the Company, removing the preemptive subscription right held by employees of the Company, namely Valvest Management SPRL, HR Management and Investment SPRL and BMC Management & Investment SPRL, in accordance with the Option Plan and the aforementioned authorization granted to the Board of Directors by the Shareholders' Meeting of 13 June 2019, and in accordance with the proposal of the Nomination and Remuneration Committee of 11 July 2019.

During this meeting, the Board of Directors also approved the special report drawn up on the basis of Articles 7:180, 7:191 and 7:198 of the Belgian Code on Companies and Associations (hereinafter referred to as the "BCCA") and appointed the Company auditor to draft the report referred to in said articles.

After taking note of said reports, there are now plans to formally reiterate the decision of the Board of Directors to issue said subscription rights and to implement this decision.

**2.** Before proceeding with the next item, Jean-Franck Ricci, Mauro Ricci and Nicolas Valtille recalled that they have a conflict of interest of a financial nature within the meaning of Article 7:96(1) of the BCCA, with items 7 to 12 on the agenda. Jean-Franck Ricci, Mauro Ricci and Nicolas Valtille recall that

the conflict of interests has its origins in the following facts:

- The Company wishes to implement the Option Plan for the benefit of Valvest Management SPRL, HR Management and Investment SPRL and BMC Management & Investment SPRL. However, Jean-Franck Ricci, Mauro Ricci and Nicolas Valtille are directors of the Company, and partners and managers of HR Management and Investment SPRL, BMC Management & Investment SPRL and Valvest Management SPRL, respectively. These are, in fact, their respective management companies.

- As a result, Jean-Franck Ricci, Mauro Ricci and Nicolas Valtille have a financial interest that indirectly conflicts with that of the Company in the context of the proposed transaction: it is in their interest to ensure that the proposed transaction is implemented in the best conditions possible and, in particular, that they are granted the maximum number of subscription rights possible, while it is in the interest of the Company to ensure that it is as low as possible.

The Board of Directors takes note of the statements of Jean-Franck Ricci, Maurice Ricci and Nicolas Valtille.

It is recalled that, in compliance with Article 7:96(1), paragraphs 2 and 3 of the BCCA, the Board of Directors must ensure that this section of the Board of Directors' minutes is included in its entirety in the management report, and that these minutes are communicated to the Company's auditor.

Jean-Franck Ricci, Mauro Ricci and Nicolas Valtille then leave the meeting until the Board of Directors has deliberated and voted on items 7 to 12 on the agenda.

(...)

#### 9. Ninth resolution

The Board of Directors specifies again, in compliance with Article 7:96(1), paragraph 2, of the BCCA, the reasons justifying the decision to implement the Option Plan to the benefit of Valvest Management SPRL, HR Management and Investment SPRL and BMC Management & Investment SPRL in compliance with the terms of the proposal of the Nomination and Remuneration Committee of 11 July 2019, and the financial consequences of this transaction for the Company:

- The proposal of the Nomination and Remuneration Committee to implement the Option Plan for the benefit of Valvest Management SPRL, HR Management and Investment SPRL and BMC Management & Investment SPRL is in the Company's interest. Indeed, the proposed transaction is consistent with the reasons why the Shareholders' Meeting of 19 June 2018 approved the Option Plan and will further motivate the beneficiaries to achieve the Company's objectives. More specifically, as the beneficiaries are the three executive officers of the Company, they are the "key persons" behind the Company's growth and, in particular, behind the implementation of the Clear 2022 strategic plan. The planned transaction will thus ensure their full involvement by including, in their remuneration, a component which takes value creation into account for all shareholders of the group, of which the Company is the main holding company.

- The Company will issue a total of 100,000 subscription rights so that HR Management and Investment SPRL, BMC

Management & Investment SPRL and Valvest Management SPRL will receive 25,000, 50,000 and 25,000 subscription rights, respectively.

- The subscription rights will be issued free of charge, as they form part of an incentive scheme, and will each give entitlement to one ordinary share in the Company.

- The date of the equity offer to be sent to beneficiaries of said subscription rights will be set between 11 September 2019 and 11 October 2019 by an agent specially authorized by the Board of Directors.

- The strike price of each subscription right will also be determined by an agent specially authorized by the Board of Directors, and will correspond to the lower of the following two amounts: on the one hand, the weighted average closing price of the Company's shares over the last thirty days preceding the equity offer and, on the other hand, the last closing price on the day before the offer.

- The subscription rights may not be exercised until between 1 January 2023 and 1 June 2024 inclusive (or the first working day following that date if it falls on a Saturday, Sunday or public holiday); the terms of exercise are stipulated in the Option Plan.

In view of the above, the Board of Directors formally decides to issue — subject to the condition precedent of the acceptance of the offer by their beneficiary — one hundred thousand (100,000) Company subscription rights, each entitling their beneficiary to one (1) ordinary share in the Company, removing the preemptive subscription right held by employees of the Company, namely Valvest Management SPRL (for 25,000 subscription rights), HR Management and Investment SPRL (for 25,000 subscription rights) and BMC Management & Investment SPRL (for 50,000 subscription rights) within the framework of the express authorization granted to the Board of Directors by the Shareholders' Meeting of 13 June 2019 in compliance with Articles 7:198 et seq. of the BCCA and with the Option Plan.

This resolution is adopted by a unanimous vote.

(...)

## 12. Twelfth resolution

The Board of Directors decides:

- (i) to instruct the lawyers Sophie Maquet and Stijn Joye, with an address for service at their law office, acting alone with power to substitute, to fulfil all necessary legal and administrative formalities for the implementation of the aforementioned resolutions, in particular at the office of the clerk of the court of the competent company;
- (ii) to give full powers to Ms Muriel Barnéoud and Mr Guy Lacroix, acting alone with power to substitute, to undertake any action that is necessary or useful for the execution of the foregoing resolutions, and in particular:
- (a) determine the date of the equity offer to be sent to beneficiaries of said subscription rights between 11 September 2019 and 11 October 2019;
- (b) determine the strike price of each subscription right corresponding to the lower of the following two amounts:

- the weighted average closing price of the Company's shares over the last thirty days preceding the equity offer;
- the last closing price on the day before the equity offer;

and consequently, determine the maximum amount of the share premium within the context of the increase in the Company's capital following the exercise of subscription rights;

- (c) send each beneficiary, by registered letter, a personal equity offer together with its attachments;
- (d) countersign the Purchase Option Agreements signed by the beneficiaries;
- (e) appear before the Notary in order to ascertain the fulfilment of the condition precedent attached to the decision to issue said subscription rights;
- (f) send each beneficiary written confirmation of his or her refusal to take part in the equity offer, indicating, in this case, the amount and numbers of subscription rights granted;
- (iii) to give all powers to two Company directors to appear before the Notary in order to ascertain, in accordance with the Belgian Code on Companies and Associations, the number of subscription rights exercised, the number of new shares issued as a result, their full payment in cash, the effective realization of the resulting capital increase and the resulting amendments to the Articles of Association.

This resolution is adopted by a unanimous vote."

Furthermore, during the 2019 financial year, the following conflicts of interest were reported to the Board of Directors and were subject to the procedure referred to in Articles 7:97 of the Belgian Code on Companies and Associations. The extracts from the minutes of the Board of Directors meeting of 10 October 2019 are reproduced below.

Extract from the minutes of the Board of Directors meeting of 10 October 2019

(...)

### D. Authorization to enter into a lease agreement with CAMPUS ROCQUENCOURT

(...)

Prior declaration

1. The Chairman recalls that, at the meeting of the Board of Directors on 18 July 2019, the following comments were made:

- (i) The growth of the Company's activities and the Company's medium- and long-term development projects in France require the Company to consider investing in new premises.
- (ii) In this context, Campus Rocquencourt, with registered office at 75008 Paris, 29 rue Marbeuf, France, and registered in the Paris Trade and Companies Register under no. 451 695 118 ("Campus Rocquencourt"), has acquired land located at Parc de Rocquencourt, CHESNAY-ROCQUENCOURT (78150), France. Campus Rocquencourt plans to build a real estate complex to meet the specific needs of the Company and its French subsidiaries.

- (iii) To finance the construction of this new complex, Campus Rocquencourt requires the Company to enter into a long-term lease agreement with a term of 11 years and 11 months.

There are currently plans to take note of the draft off-plan commercial lease of 30 July 2019 and of the opinion of the committee of independent directors drafted on 3 October 2019 in accordance with Article 7:97 of the BCCA, and to enter into said lease agreement.

2. Before discussing this item, Jean-Franck Ricci, Mauro Ricci and Nicolas Valtille recall that they have a conflict of interest of a financial nature within the meaning of Article 7:96(1) of the BCCA, with item D on the agenda.

Jean-Franck Ricci, Mauro Ricci and Nicolas Valtille state that the conflict of interests has its origins in the following facts:

- The Company plans to enter into a commercial lease agreement as lessee with Campus Rocquencourt acting as lessor. However, Campus Rocquencourt is a company directly or indirectly controlled by Jean-Franck Ricci, Mauro Ricci and Nicolas Valtille, the three executive officers of the Company, who together hold more than 50% of the voting rights at the Company's Shareholders' Meeting.

- As a result, Jean-Franck Ricci, Mauro Ricci and Nicolas Valtille could have a financial interest that indirectly conflicts with that of the Company in the context of the proposed lease agreement: it could be in their interest to ensure that the financial conditions of the proposed lease agreement are the best possible for Campus Rocquencourt, and in particular that the rent is as high as possible, whereas it is in the Company's interest for the rent to be as low as possible.

The Board of Directors takes note of the statements of Jean-Franck Ricci, Maurice Ricci and Nicolas Valtille.

It is recalled that, in compliance with Article 7:96(1), paragraphs 2 and 3 of the BCCA, the Board of Directors must ensure that this section of the Board of Directors' minutes is included in its entirety in the management report, and that these minutes are communicated to the Company's auditor.

Mauro Ricci then delegates the chair to Alain Tisserand, then Jean-Franck Ricci, Mauro Ricci and Nicolas Valtille leave the meeting until the Board of Directors has deliberated and voted on the following resolutions 5 to 9.

### Fifth resolution

The Board of Directors takes note of the draft off-plan commercial lease agreement of 30 July 2019 shown in Appendix 2 of these minutes.

The draft lease agreement provides for the following:

- **Rent:** 6,228,500 euros per year.
- **VAT:** Rent subject to VAT (recoverable)
- **Term:** 11 years and 11 months (fixed).
- **Other special conditions** (termination option, purchase option, guarantee, etc.):
- The Company is co-lessee of the off-plan lease alongside its French holding subsidiary, the simplified joint stock company AKKA SERVICES;

■ Condition precedent of obtaining planning permission, with no appeals, not revoked by the authorities or referred to the prefecture;

■ Special condition precedent to building C of the agreement of the Shareholders' Meeting of the association of co-owners of the Parc du Château de Rocquencourt;

■ Effective date of the off-plan lease (entry into the premises) no later than 16 March 2022;

■ Standard annual review according to the change in the tertiary activities rent index;

■ Security deposit of a sum equal to three months' rent, excluding taxes in principal;

■ Management fees corresponding to 2% of the rent excluding taxes and charges;

■ Clause waiving reciprocal recourse on the part of the respective insurers of the lessor and the lessees;

■ Subletting authorized;

■ Termination clause in case of failure to implement one of the conditions of the lease after a simple order to pay or a formal notice sent by extrajudicial act which remains without effect for one month.

One director suggests that the list of activities authorized by the lease be expanded to include rapid prototyping or more generally "fab lab" activities. This draft lease calls for no further comments from the directors.

This resolution is adopted by a unanimous vote.

### Sixth resolution

The Chairman recalls that the Board of Directors decided at its meeting of 18 July 2019 to create an ad hoc committee composed of three independent directors, namely Ms Muriel Barnéoud, Ms Valérie Magloire and Mr Alain Tisserand, responsible for assisting one or more independent experts of its choice with issuing an opinion in compliance with Article 7:97 of the BCCA.

On 3 October 2019, this committee, assisted by the independent expert CREDIT FONCIER IMMOBILIER EXPERTISE, issued an opinion in compliance with Article 7:97 of the BCCA, which can be seen in Appendix 3 of these minutes.

The Board of Directors takes note of said opinion, including the independent expert's opinion attached to it.

The advantages and disadvantages of the proposed transaction for the Company are listed in said opinion. The ad hoc committee notes, in particular, a discrepancy between the rent specified for the off-plan lease and the overall market rental value determined by the independent expert. The excerpt from the ad hoc committee's opinion concerning this discrepancy is reproduced in full below:

"Discrepancy between the rent specified for the off-plan lease and the overall market rental value (see off-plan lease on page 17 and the independent expert's report on page 12). The overall rent specified in the lease (6,228,500 euros) is greater than the overall market rental value indicated by the independent expert (6,020,000 euros), i.e. a difference of 3.3%. This difference is mainly due to a discrepancy in the weighted



rental value per square meter: €250 in the off-plan lease verses €240 according to the expert. The expert notes that the value of €250 corresponds to equivalent "prime" rents in adjacent sectors but he understates this value due to the location of the site which is set at a distance from public transport (see the expert's report on page 11). We are of the opinion that this 3.3% difference is insignificant given that the rent is consistent with market practices. In any event, this difference is offset by the "user-specific" value of the AKKA project, resulting from the benefits outlined above, and cannot be incorporated into the professional standards regarding independent expertise."

The conclusion of said opinion is as follows:

"Based on the information brought to its attention and, in particular, the draft lease agreement mentioned above and the opinion of the independent expert, the committee of independent directors believes that the terms and conditions of this agreement, particularly the financial terms and conditions, are consistent with market practices.

The committee of independent directors believes that entering into said lease agreement is not likely to cause the Company any manifestly undue damage in light of the policy pursued by the Company or any prejudice whatsoever."

This opinion calls for no further comments from the directors.

This resolution is adopted by a unanimous vote.

#### Seventh resolution

The Board of Directors takes note of the auditor's assessment drawn up in accordance with Article 7:97 of the BCCA. It concludes that the financial and accounting information contained in the Board of Directors' minutes and in the opinion of the committee of independent directors does not contain

any significant inconsistencies with the information available to him within the context of his task.

This assessment is attached as appendix 4 to these minutes.

This assessment calls for no further comments from the directors.

This resolution is adopted by a unanimous vote.

#### Eighth resolution

After discussions and taking note of the draft commercial lease, the opinion of the committee of independent directors and the auditor's assessment drawn up in accordance with Article 7:97 of the BCCA, the Board of Directors decides, in the interest of the Company, to enter into the proposed commercial lease agreement with Campus Rocquencourt under the conditions set out in the draft commercial lease attached as Appendix 2 to these minutes.

This resolution is adopted by a unanimous vote.

## 3. NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors has set up a single Nomination and Remuneration Committee which performs the following duties:

- establishing the procedures for appointing directors, CEOs and other members of the executive management;
- periodically assessing the size and composition of the Board of Directors and submitting recommendations to the Board of Directors for possible changes;
- identifying and proposing candidates for vacant positions to be filled for the approval of the Board of Directors;
- advising on nominations from shareholders;
- giving due consideration to succession issues.

It also submits proposals regarding:

- the remuneration policy of non-executive directors and members of the executive management, as well as, where applicable, any resulting proposals that must be submitted to the shareholders;

- the remuneration of the directors and the members of the executive management, including variable remuneration and long-term incentive schemes, linked to shares or otherwise, in the form of share options or other financial instruments, and of severance payments and, where applicable, the resulting proposals that must be submitted to the shareholders.

The Nomination and Remuneration Committee is comprised of two non-executive directors. The Chair of the Nomination and Remuneration Committee is an independent director who has the casting vote when the vote is tied:

- Ms Muriel Barneoud (Chair — Independent Director)
- Mr Guy Lacroix (Director)

## 4. AUDIT AND RISK MANAGEMENT COMMITTEE

The Board of Directors has appointed an Audit and Risk Management Committee responsible for the following duties:

- monitoring the financial reporting process;
- monitoring the efficiency of the systems for the Company's internal control and risk management;
- monitoring the internal audit, where applicable, and its effectiveness;
- monitoring the statutory audit of the financial statements and the consolidated financial statements, including following up questions and recommendations made by the auditor;

- assessing and monitoring the auditor's independence, in particular in relation to additional services provided to the Company.

The Audit Committee is made up of three non-executive directors, two of whom are independent:

- Mr. Alain Tisserand (Chair — Independent Director)
- Mrs. Valérie Magloire (Independent Director — responsible for accounting and auditing)
- Ms. Charlotte Ricci

## 5. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The system implemented by AKKA is based on the "Reference framework for risk management and internal control systems for small caps and midcaps" published by the AMF on 22 July 2010.

This system is under the responsibility of the Control & Internal Audit Department, a cross-disciplinary Group function that is independent of operating entities.

The internal control system is applied across the entire AKKA Group from the parent company to the subsidiaries, most of which are housed in three Business Units. Each Business Unit is run by a management team in charge of all operational and support functions.

### 5.1. Internal control system and risk management

The main objective of internal control is to contribute to the effectiveness of operations and the efficient use of resources.

Internal control is designed to address the risks to which the entities of the AKKA Group are exposed, with the aim of providing reasonable assurance that risks arising from the company's activities, including the risk of fraud, particularly in the fields of accounting and finance, are controlled.

The system is based on the framework laid down by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission, and serves to provide reasonable assurance in respect of the following:

- compliance with laws and regulations,
- the proper application of instructions and guidelines set by General Management,
- the proper functioning of the internal processes of the company, particularly those aimed at safeguarding its assets,
- the reliability of financial information.

### 5.2. Risk identification

The risks resulting from the company's activities are reviewed periodically in the Group's various entities. This approach serves to identify and analyse any factors liable to prevent the Group from achieving its objectives and/or preserving its assets.

The analysis draws on the input of the management of the relevant entities and managers in charge of key business processes and support functions.

The managers' involvement raises people's awareness on the issues at stakes with regard to internal control and the need to implement best practices more generally.

The internal control system described below has been designed to respond to the risks identified through adequate procedures.

### 5.3. Internal control framework

AKKA Group's internal control system comprises several reference documents that apply to all Group entities.

It is the responsibility of operational management to implement these standards.

#### AKKA Group Internal Control Standards

The Group has established the AKKA Group Internal Control Standards with the purpose of clarifying operational management rules.

They refer to the basic principles of internal control:

- Organization adapted to the challenges
- Separation of duties (SoD)
- Supervision of the delegation of power and signing authority

For each operational and support process, the Standards indicate the management rules to be complied with and the procedures to be formalized.



## AKKA Code of Conduct

The Code of Conduct sets out the AKKA Group's values, principles of ethical conduct, the obligation to comply with laws and regulations, and the rules to be followed in combatting corruption and conflicts of interest.

The Code applies to all Group entities and all Group employees. It has been translated into the three main working languages (English, French and German) and is available on the Intranet.

## Quality Management System

The Quality Management System encompasses all operational procedures applicable to the Group's various businesses. Quality systems are certified in accordance with generic standards (ISO 9001, ISO27001, ISO14001, etc.) and/or business-specific standards (EN 9001, IRIS, etc.).

## 5.4. Internal control processes and key players

The Group's corporate support functions have laid down standards aimed at controlling perceived risks for each major process.

### Sales and Project Management

Each Group entity must comply with contracting and project management rules:

- Pre-sale analysis to identify and cover technical and financial risks
- Respect for intra-group transfer pricing rules
- Monitoring of orders so as to limit the risks of non-billable services
- Billing procedure to optimize cash flows and reduce amounts outstanding

To regulate business and legal risks, the Group's Executive Committee must approve all key customer contracts and commercial propositions.

In each Business Unit, commitment authorizations in respect of customer contracts are governed by formalized delegation rules.

### Purchasing

Suppliers are selected based on calls for tender and according to objective criteria aimed at guaranteeing the quality and competitiveness of the goods and services purchased.

The Group's purchasing policy consists of extending, as far as possible, the principle of establishing approved supplier panels by purchasing category so as to enable the Group to benefit from negotiated prices and better purchasing terms.

Given its direct link with the quality of goods and services delivered to customers, outsourcing is subject to greater scrutiny.

### Human Resources

Recruitment, human resources management, pay and industrial relations are entrusted to the local entities.

To this end, the Business Unit management team is responsible for ensuring compliance with the laws and regulations in each country of operation.

Particularly sensitive procedures (recruitment, pay, expense management, employee terminations) must be formalized, and any potential or actual industrial disputes must be reported to the Group.

### Finance

The Standards set by the Group finance function are designed to align the financial operations and minimize the risk of fraud:

- certain matters are managed directly at Group level: financial communication, intra-group financial flows, choosing external service providers, etc.
- in terms of tasks managed at local level, operating rules have been defined by the Corporate Finance and Group Controlling functions: accounting principles, budget planning and budgetary procedures, rules for calculating turn-over, etc.
- monthly reporting to the Group ensures ongoing visibility.

### Legal

With the support of the Group's Legal Department, each Business Unit is responsible for ensuring compliance with laws and regulations in force in its area. Subsidiaries may call on independent advisors, particularly in the event of disputes and for specific operations, after approval of such services by the Group.

Coverage of the main civil and product liability risks is centralized at Group level.

Monthly legal reporting is used at Group level to track actual litigation or potential risks, allowing coordinated action to be taken if necessary.

### IT

Management of IT standards and systems at Group level guarantees the overall consistency and constant availability of the company's IT tools.

All major supplier agreements (hardware, software and services) must also be approved by the IT function before being signed.

A backup and archiving system ensures data continuity and immediate accessibility.

### Information System Security

The Group Information Systems Security function is tasked with ensuring the availability, integrity and confidentiality of information.

The system is based, in particular, on a strict process for managing access to management applications.

Common rules to protect employees and confidential information are set out in the Group's security policy.

## Communication

In order to preserve AKKA's image, major communication initiatives and/or policies are managed at Group level.

## 6. EXECUTIVE MANAGEMENT

The Company has not set up a two-tier system with a board of directors and a supervisory board.

The company's general management is provided by its three directors responsible for day-to-day management, and who also carry out CEO duties:

- VALVEST MANAGEMENT SPRL, represented by Mr. Nicolas Valtille;
- HR MANAGEMENT & INVESTMENT SPRL, permanently represented by Mr. Jean-Franck Ricci;
- BMC MANAGEMENT & INVESTMENT SPRL, permanently represented by Mr. Mauro Ricci.

## 7. TRANSPARENCY RULES

### 7.1. Competent authority and relationship with the authorities

The Company remained listed on the Euronext Paris stock exchange after transferring its registered office to Belgium. It was also listed on Euronext Bruxelles on 27 November 2019. The Company's home member state is therefore Belgium while the member state of its principal market remains France. As regards the control and prevention of market abuse, this therefore falls within the joint competence of the French (AMF) and Belgian (FSMA) authorities.

Statements relating in particular to the disclosure of major holdings, the publication of inside or regulated information and dealings made by persons discharging managerial responsibilities are drawn up in Belgium under the control of the FSMA.

### 7.2. "Stock market conduct" charter

The Company has drawn up a "stock-market conduct" charter for securities markets matters in accordance with French law, taking into account Belgian law when this is stricter.

### 7.3. Inside Information

Inside Information is defined as information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

## Quality / Safety / Environment

Each Business Unit is responsible for defining a Quality, Safety and Environment management system adapted to customer requirements and complying with applicable laws and regulations.

The day-to-day management delegates are competent and involve the Company in this management system.

Given the founding role of the three delegates, the Company has not defined a diversity policy with regard to its executive management.

However, the Group ensures that one-third of its Board of Directors is of mixed gender (see 2.3 Gender diversity).

The Company keeps a list of persons with access to Inside Information and discloses this list at the request of the competent authority.

The Company publishes the Inside Information relating thereto as soon as possible.

### 7.4. Manager dealing and notification of manager dealings

Manager dealing is understood as any dealing for their own account relating to the Company's shares or debt instruments, or to derivatives or other financial instruments related to them, by directors, members of the executive management and, more generally, any person discharging managerial responsibilities with the Company and all persons closely associated with these persons within the meaning of Article 3.1, 26) of Regulation (EU) No. 596/2014.

To ensure effective management of the financial communications strategy developed by the managers and to prevent the use of Inside information, Article 19.11 of the Market Abuse Regulation (MAR) sets out the principle of defining closed periods during which time certain persons must refrain from dealings relating to the shares or debt instruments of the issuer or to derivatives or other financial instruments linked to them during a closed period of 30 calendar days before the announcement of an interim financial report or year-end report that the issuer is required to make public.

The AKKA TECHNOLOGIES group has extended the application of closed periods to all persons who have regular or occasional access to Inside Information, i.e. those on the List of Insiders, as well as a 15-day period before the publication of quarterly information.

The Company and the FSMA are notified of Manager Dealings by the relevant persons within three working days of the dealing in accordance with Article 19 of Regulation (EU) No. 596/2014 and delegated regulations adopted by the Commission in application of that Regulation.

Below is a list of dealings carried out by directors and their close associates in the 2019 financial year:

| Date             | Declared by                   | Position                      | Type   | Unit price | Nbr shares                                       |
|------------------|-------------------------------|-------------------------------|--|------------|--|
| 24 January 2019  | Alain Tisserand               | Director                      | Donation made  | €51.80     | 1,000  |
| 15 February 2019 | Mauro Ricci                   | Director                      | Entry of CAMPUS ROCQUENCOURT under exclusive control | €56.15     | 95,578   |
| 27 March 2019    | Alain Tisserand               | Director                      | Transfer   | €60.05     | 9,034  |
| 28 March 2019    | Alain Tisserand               | Director                      | Transfer   | €60.16     | 1,618  |
| 29 March 2019    | Alain Tisserand               | Director                      | Transfer   | €60.55     | 4,348  |
| 1 April 2019     | Alain Tisserand               | Director                      | Transfer   | €62.21     | 1,943  |
| 2 April 2019     | Alain Tisserand               | Director                      | Transfer   | €62.00     | 758  |
| 3 April 2019     | Alain Tisserand               | Director                      | Transfer   | €62.03     | 299  |
| 5 April 2019     | Nicolas Valtille              | Director                      | Transfer   | €64.14     | 1,802  |
| 11 April 2019    | Paolo del Noce                | Senior manager                | Definitive acquisition of free shares                | -          | 23,400   |
| 11 April 2019    | Régis Sandrin                 | Senior manager                | Definitive acquisition of free shares                | -          | 23,400   |
| 11 April 2019    | Régis Sandrin                 | Senior manager                | Transfer of shares                                   | €62.40     | 11,271   |
| 15 April 2019    | Nicolas Valtille              | Director                      | Transfer   | €64.10     | 413  |
| 17 April 2019    | Nicolas Valtille              | Director                      | Transfer   | €64.22     | 5,988  |
| 18 April 2019    | Nicolas Valtille              | Director                      | Transfer   | €64.12     | 1,797  |
| 4 July 2019      | Nicolas Valtille              | Director                      | Transfer   | €67.69     | 9,000  |
| 4 July 2019      | BMC Management and Investment | Associate of Mauro Ricci      | Transfer   | €67.69     | 9,000  |
| 5 July 2019      | Nicolas Valtille              | Director                      | Transfer   | €68.10     | 1,000  |
| 5 July 2019      | BMC Management and Investment | Associate of Mauro Ricci      | Transfer   | €69.27     | 7,000  |
| 8 July 2019      | BMC Management and Investment | Associate of Mauro Ricci      | Transfer   | €68.79     | 4,000  |
| 8 July 2019      | Jean-Franck Ricci             | Director                      | Transfer   | €68.75     | 8,227  |
| 9 July 2019      | Jean-Franck Ricci             | Director                      | Transfer   | €68.70     | 1,229  |
| 10 July 2019     | Jean-Franck Ricci             | Director                      | Transfer   | €69.21     | 10,544   |
| 2 April 2019     | Ideactive Events              | Associate of Mauro Ricci      | Acquisition  | €63.10     | 10,000   |
| 6 August 2019    | Ideactive Events              | Associate of Mauro Ricci      | Acquisition  | €61.98     | 4,000  |
| 7 August 2019    | Ideactive Events              | Associate of Mauro Ricci      | Acquisition  | €62.00     | 809  |
| 8 August 2019    | Ideactive Events              | Associate of Mauro Ricci      | Acquisition  | €62.92     | 5,191  |
| 2 October 2019   | BMC Management and Investment | Associate of Mauro Ricci      | Acceptance of equity warrants                        | -          | 50,000 warrants each with entitlement to 1 share |
| 2 October 2019   | Valvest Management            | Associate of Nicolas Valtille | Acceptance of equity warrants                        | -          | 25,000 warrants each with entitlement to 1 share |
| 2 October 2019   | HR Management and Investment  | Associate of Nicolas Valtille | Acceptance of equity warrants                        | -          | 25,000 warrants each with entitlement to 1 share |
| 15 November 2019 | Cécile Monnot                 | Director                      | Donation made  | €61.10     | 4,500  |
| 15 November 2019 | Charlotte Ricci               | Director                      | Donation received                                    | €61.10     | 4,500  |
| 20 December 2019 | Charles Champion              | Director                      | Acquisition  | €64.30     | 100  |
| 31 December 2019 | Jean-Franck Ricci             | Director                      | Transfer   | €65.52     | 3,000  |

## 8. REMUNERATION REPORT

### General principles:

As regards the remuneration of the members of the Board of Directors, the Company complies with the recommendations of the 2020 Belgian Code on Corporate Governance. Thus, the remuneration policy is designed to achieve the following objectives: i) to attract, reward and retain the necessary talented people, (ii) to promote the achievement of strategic objectives consistent with the level of risk that the Company is prepared to take and with its standards of behavior, and (iii) to promote sustainable value creation.

The remunerations and benefits of all kinds granted to directors consist, where appropriate, of a fixed portion and/or of one or more service contracts underwritten by private management companies with one or more of the Company's subsidiary holding companies.

Executive or non-executive directors do not receive any deferred remuneration, severance pay or pensions. The directors' remuneration does not include any exceptional items.

In addition, executive directors do not receive directors' fees.

### 8.1. Remuneration of executive directors

The remunerations and benefits of all kinds granted to executive directors are determined in accordance with the following principles and rules:

Compensation is understood as the total cost for the employer and include the remuneration and the Social security costs that are usually covered by the employer.

The remuneration is equivalent to the share of the compensation after deduction of the charges usually covered by the employer. They stand for 31% of the employer's cost.

#### Annual fixed remuneration

Executive directors receive fixed annual remuneration payable in 12 monthly instalments. The amount is determined by the level of responsibility, experience and market practices.

The annual fixed remuneration is received by the directors by means of several service contracts underwritten by private management companies with one or more of the Company's subsidiary holding companies.

In addition, the executive directors benefit from the use of a company car.

#### Annual variable remuneration

The executive directors do not receive any annual variable remuneration.

#### Long-term remuneration

In 2019, the executive directors received a long-term remuneration in the form of stock options or share purchase options.

These stock options comply with the 2018-2023 Option Plan authorised by the Shareholders' meeting of 19 June 2018. The features of this plan do not allow for the acquisition or exercise of a right to acquire a company share less than three years before its allocation.

#### Exceptional remuneration

The executive directors' remuneration does not include any exceptional items.

The Nomination and Remuneration Committee endorsed the remuneration policy for executive directors described above.

Items of remuneration for 2019 for Mauro Ricci — Chairman of the Board of Directors, Chief Executive Officer (CEO) and responsible for the Company’s day-to-day management:

|                                   |  |
|-----------------------------------|--|
| Fixed remuneration <sup>(1)</sup> | EUR 2,634,000  |
| Annual variable remuneration      | - no annual variable remuneration  |
| Long-term remuneration            | - Allocation on 24 September 2019, accepted on 2 October 2019, of 50,000 subscription rights each entitling the holder to one share in the Company at a price of €60.10 between 1 January 2023 and 30 June 2024. |
| Exceptional remuneration          | - no exceptional remuneration  |
| Other benefits                    | - company car  |

<sup>(1)</sup> In Belgium, social charges are covered by the management companies. To compare with our main French competitors (rate of social charges at around 45%), this remuneration would be equivalent to 1,816,000 euros.

Items of remuneration for 2019 for Jean-Franck Ricci — Chief Executive Officer (CEO) and responsible for the Company’s day-to-day management:

|                                   |  |
|-----------------------------------|--|
| Fixed remuneration <sup>(2)</sup> | EUR 1,494,000  |
| Annual variable remuneration      | - no annual variable remuneration  |
| Long-term remuneration            | - Allocation on 24 September 2019, accepted on 2 October 2019, of 25,000 subscription rights each entitling the holder to one share in the Company at a price of €60.10 between 1 January 2023 and 30 June 2024. |
| Exceptional remuneration          | - no exceptional remuneration  |
| Other benefits                    | - company car  |

<sup>(2)</sup> In Belgium, social charges are covered by the management companies. To compare with our main French competitors (rate of social charges at around 45%), this remuneration would be equivalent to 1,030,000 euros.

Items of remuneration for 2019 for Nicolas Valtille — Chief Executive Officer (CEO) and responsible for the Company’s day-to-day management:

|                                   |  |
|-----------------------------------|--|
| Fixed remuneration <sup>(3)</sup> | EUR 1,217,400  |
| Annual variable remuneration      | - no annual variable remuneration  |
| Long-term remuneration            | - Allocation on 24 September 2019, accepted on 2 October 2019, of 25,000 subscription rights each entitling the holder to one share in the Company at a price of €60.10 between 1 January 2023 and 30 June 2024. |
| Exceptional remuneration          | - no exceptional remuneration  |
| Other benefits                    | - company car  |

<sup>(3)</sup> In Belgium, social charges are covered by the management companies. To compare with our main French competitors (rate of social charges at around 45%), this remuneration would be equivalent to 840,000 euros.

8.2. Remuneration of non-executive directors

During its meeting of 25 April 2019, the Board of Directors decided, upon the proposal of the Nomination and Remuneration Committee, to propose to the Shareholders’ Meeting to grant to the non-executive directors, as annual remuneration, a total sum of EUR 250,000, to be freely distributed by the Board of Directors in the form of directors’ fees.

The Nomination and Remuneration Committee is, in fact, of the opinion that this total amount will serve to enable the recruitment, retention and motivation of competent non-executive directors, and that this allocation takes account of the nature and extent of individual responsibilities.

The Shareholders’ Meeting of 13 June 2019 approved this resolution.

In accordance with the internal Rules of Procedure approved by the Board of Directors in its last update of 18 July 2019, the allocation of all or part of the directors’ fees, the total amount

of which is decided by the Shareholders’ Meeting, is decided by the Board of Directors after receiving the opinions and recommendations from the Nomination and Remuneration Committee. This remuneration of non-executive directors takes into account their role as ordinary board members, and their specific roles as chairman of the Board of Directors, chairman or members of board committees, as well as their resulting responsibilities and commitment in time. They do not receive performance-related remuneration such as bonuses, long-term incentive schemes, fringe benefits or pension benefits.

The remuneration of non-executive directors for their 2019 term of office was decided upon by the Board of Directors on 12 December 2019 as shown in the table below. All remuneration is charged to the Company’s operating expenses:

| Non-executive director | Category                | Directors' fees 2019 | Positions held outside the office of director  |
|------------------------|-------------------------|----------------------|--|
| Muriel Barneoud        | Independent Director    | 40,000 euros         | -  |
| Charles Champion       |                         | 25,000 euros         | 35,050 euros paid in fees to CHAMPION AERO under an international support services contract  |
| Guy Lacroix            |                         | -                    | 165,000 euros paid in fees to GLX CONSULTING under a governance consultancy service contract |
| Cécile Monnot          |                         | -                    | -  |
| Valérie Magloire       | Independent Director    | 40,000 euros         | -  |
| Jean-Luc Perodeau      | Employee representative | -                    | Employment contract with AEROCONSEIL   |
| Charlotte Ricci        |                         | -                    | -  |
| Alain Tisserand        | Independent Director    | 40,000 euros         | -  |

9. SHAREHOLDERS

The table below shows the shareholding structure and voting right as of 31 December 2019.

AKKA TECHNOLOGIES: shareholding of the RICCI Family Group and voting rights

|  | As of 31.12.2019 |          |               |                     |                 |
|--|------------------|----------|---------------|---------------------|-----------------|
| Shareholder                                      | Shares           | % shares | Profit shares | Total voting rights | % voting rights |
| RICCI MAURO                                      | 2,364,822        | 11.65%   | 2,364,822     | 4,729,644           | 16.76%          |
| BMC MANAGEMENT & INVESTMENT                      | 3,375,424        | 16.63%   | 3,395,424     | 6,770,848           | 23.99%          |
| IDEACTIVE EVENTS                                 | 1,037,001        | 5.11%    | 1,017,001     | 2,054,002           | 7.28%           |
| CAMPUS ROCQUENCOURT                              | 95,578           | 0.47%    | -             | 95,578              | 0.34%           |
| Sub-total M. RICCI holdings                      | 6,872,825        | 33.87%   | 6,777,247     | 13,650,072          | 48.37%          |
| RICCI Jean-Franck                                | 877,153          | 4.32%    | 934,884       | 1,812,037           | 6.42%           |
| MONNOT Cécile                                    | 432, 988         | 2.13%    | -             | 432,988             | 1.55%           |
| RICCI Benjamin (NP)<br>MONNOT Cécile (US)        | 194,288          | 0.96%    | -             | 194,288             | 0.69%           |
| RICCI Charlotte (NP)<br>MONNOT Cécile (US)       | 194,288          | 0.96%    | -             | 194,288             | 0.69%           |
| RICCI Benjamin                                   | 6,549            | 0.03%    | -             | 6,549               | 0.02%           |
| RICCI Charlotte                                  | 6,008            | 0.03%    | -             | 6,008               | 0.02%           |
| VALTILLE Nicolas                                 | 183,123          | 0.90%    | 215,356       | 398,479             | 1.41%           |
| Sub-total RICCI Family Group                     | 8,767,222        | 43.20%   | 7,927,487     | 16,694,709          | 59.17%          |
| ALLIANZ Global Investors GmbH (as of 3 Dec 2019) | 690,497          | 3.40%    | -             | 690,497             | 2.45%           |
| Autres actionnaires                              | 10,834,271       | 53%      | -             | 10,834,271          | 38%             |
| TOTAL  | 20,291,990       | 100%     | 7,927,487     | 28,219,477          | 100%            |



# 05

## NON-FINANCIAL PERFORMANCE STATEMENT

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# 1. STRENGTHENING THE BUSINESS STRATEGY THROUGH MANAGEMENT OF NON-FINANCIAL PERFORMANCE

## 1.1. An integrated approach to Corporate Social Responsibility

To guarantee greater visibility of Group-wide initiatives, improve integration of those initiatives into the overall strategy and increase consistency on a global basis, AKKA wanted to incorporate all of its commitments and actions into more integrated processes. Thence, a network of CSR correspondents was set up in each country that are part of this reporting: France, Germany, Switzerland, Italy, Belgium, Spain, the United Kingdom and Czech Republic. They all have been identified based on their expertise on the different topics.

Information about the Group's strategy and presentation – in terms of both its governance structures and its financial information – are available in the corresponding chapter of this annual Report.

Non-financial performance is managed at Group level under the guidance of the Group General Counsel and the Communication Director, who report directly to the Group's General Management.

## 1.2. Development of the materiality matrix

In 2018, AKKA laid the foundation for the development of an integrated CSR policy.

As a continuation of those activities, AKKA wanted to gain a better understanding of its social and commercial environment by comparing its own view with that of its key stakeholders (customers, institutional investors, employees and competitors). The Group therefore conducted a materiality analysis in 2019 which led to identify priorities of its actions in relation to non-financial performance, and to identify the subject matters requiring more detailed analysis.

These activities have revealed 17 subject matters, eight of which are considered highly strategic. These subject matters will be reviewed in more details during the update of the Group's risk mapping. All elements pertaining to risks are available in the risk section of the management report.

Following a series of internal meetings that have made it possible to determine the expectations of the Group's key partners, AKKA has identified the following subject matters:



The priorities identified above are therefore areas of particular focus for the Group, and a review of key indicators is currently being planned, so that those priorities can be better understood and the associated definitions standardized across the various countries. Because of the Group's significant growth in Europe and internationally, AKKA is continuing to work towards making non-financial indicators more uniform, in particular those relating to the environment. Moreover, certain indicators are not available, especially at Group level, as there is no consolidation on this matter yet.

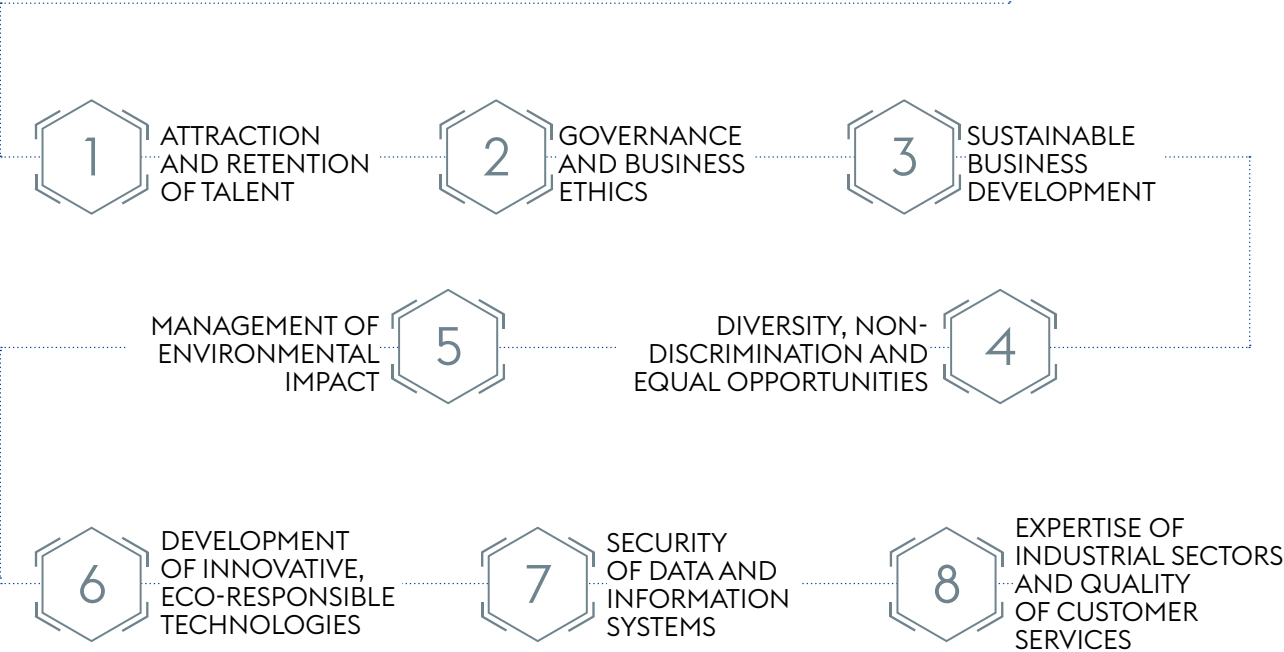
The statement has been developed on the basis of the priorities viewed as strategic. It also represents the reporting required on the Global Compact (a program run under the auspices of the United Nations), which the AKKA Group signed up to in

2010. AKKA intends to work, within its sector, towards applying all of the ten principles of the Global Compact, especially 3, 4, 8, 9 and 10. These are the core of its commercial activities and are tied up with taking part in the achievement of the United Nations' sustainable development goals (SDG).

This report can be consulted at AKKATECHNOLOGIES's Global Compact ([unglobalcompact.org](http://unglobalcompact.org)) page ([akka.eu](http://akka.eu)).

To measure the progress achieved, the Group assesses its efforts based on the GRI standards: core option.

A correlation table is provided at the end of this document.



## 2. DEVELOPING SUSTAINABLE TECHNOLOGICAL SOLUTIONS TO SERVE OUR CUSTOMERS

### A more responsible global strategy for research, development and innovation

The entire industrialized world is being called upon from all quarters - from public officials defining new regulations to increasingly informed consumers - to strive to do more in terms of environmental and societal performance. As a strategic innovation partner, AKKA supports its customers in the development of new technologies and economic models. Further information can be found in the first part of this integrated report.

Through continuous investment in research and development, AKKA's goal is to contribute to resolving the societal problems of the 21st century, by proposing concrete, unprecedented solutions and applications appropriate for new uses (vehicle-sharing, the shift from ownership to use of assets, constant connectivity of users, etc.).

All in all, the Group's research and development activities in 2019 were involved in:

- Making transport more eco-friendly through the promise of more fluid mobility;
- Designing innovative products that consume less energy and are more environmentally-friendly;
- Innovating in digital to support humankind.

### 2.1. Making transport more eco-friendly and mobility more fluid

The mobility of the future, which will be more autonomous and more connected, represents one of the major technological challenges of the 21st century. The next generation of vehicles and aircraft developed by AKKA's customers embodies a range of the most advanced technologies (artificial intelligence, real-time processing of big data, intermodality, etc.). These technologies enable streamlined mobility when faced with the challenges of urbanization, congestion of infrastructures and the impact of pollution on public health and the environment.

Internally, 2019 was a pivotal year for AKKA's research department (AKKA Research) - see in particular the section on R&D in the management report.

Across all projects (both internal and external), AKKA's teams have been able to work on promising technologies enabling more streamlined travel and therefore a substantial energy saving.

#### First successful flight for the Link & Fly

In 2019, a 1/13-scale prototype of AKKA's multimodal aircraft, the Link & Fly, was unveiled for aeronautical sector experts and the general public at the International Paris Air Show (SIAE) at Paris-Le Bourget. The result of years of research and investment in the aeronautical technologies of the future, the innovative design of this aircraft and its detachable cabin (Pod) structure necessitated the involvement of experts in digital technologies from across many sectors in France, Germany, Italy and the

Czech Republic. By reducing aircraft turnaround time from 50 to 20 minutes, the Link & Fly reduces congestion at airports, which are expected to reach their saturation point by 2030 based on the current rate of growth of air traffic. Through the use of electric propulsion when taxiing, AKKA is striving to achieve simpler and more eco-friendly air transport of goods and people, by reducing emissions.



#### Partner for the "e-AB" from Gaussin, awarded for its environmental performance

In June 2019, the engineering company Gaussin called on AKKA's expertise to design and integrate the Autonomous Driving System into its new driver-less, 100% electric 'e-AB' bus so that it could take part in the challenge launched as part of the World Congress for Self-Driving Transport held by the Dubai Road Transport Authority (RTA) on 15 October 2019. AKKA's experts developed a robust steering system that made it through all the selection tests under actual conditions (detection of obstacles, emergency braking, overtaking of vehicles, drop-offs at bus stops, etc.). On 15 October 2019, after three months of hard work, the new "e-AB" bus was awarded the prize for Best Energy and Environmental Sustainability.

#### An App to optimize the performance of electric bicycles

AKKA's German teams have developed an Android and iOS application for one of their customers that controls several functions of electric bicycles via a Bluetooth connection. Christened "Mission Control", this application allows users to manage the bicycle's battery charge. A smart control algorithm developed by AKKA also automatically adjusts the engine power as required. Using a sophisticated on-board navigation system and interactive route planner, the cyclist can access an overview of the data relating to their route, thus optimizing their journeys.

### 2.2. Designing innovative products that consume less energy and are more environmentally friendly

As an innovation partner for manufacturers in the automobile, aeronautical and rail sectors, AKKA's goal is to co-develop products that are more responsible throughout their entire life cycles. These projects are undertaken to support AKKA's customers and to propose and contribute to the development of solutions and technologies that are more energy efficient.

#### Putting an end to the reams of paper on board commercial flights

AKKA's teams in Spain have worked to reduce paper in the cockpits of commercial flights, focusing on digitization of operating manuals and other voluminous items of documentation that are mandatory for operation of a flight (aircraft manual, navigation and weather maps, airport information, etc.). By digitizing a significant volume of paper on tablets, AKKA is contributing to making the aeronautical sector more eco-responsible.

#### Smart Bertone: reconciling speed and ecology



In 2019, AKKA boosted the acceleration and braking of the Smart Bertone, a car designed for urban and semi-urban settings. In doing so, the Group has increased the vehicle's performance to 117 hp (from 11 to 5 seconds to reach 100 km/h), without emitting even the tiniest particle. Chock full of innovations developed by AKKA, the car uses a system for recovering the kinetic energy (KERS (Kinetic Energy Recovery System)) generated in the braking phase so that it can be restored during the acceleration phase. The Group's German, French and Italian teams worked on this project in partnership with Elaphe, a Slovenian hub-motor manufacturer, and KW Suspensions, manufacturers of suspensions.

#### Cooperation project with Volkswagen on batteries

AKKA is working closely with the Volkswagen Group in its campaign on electric batteries, a key market for the e-mobility of the future. From 2021, AKKA will be running a research center for the automobile giant focused on charging processes, and in particular communication and tests. This collaboration center will be located in Wolfsburg in Germany and will be able to call upon the extensive expertise of the 400 AKKA employees at

its Braunschweig and Wolfsburg sites, which have been specializing in electric mobility for the past 10 years.

#### Participation in an electric vehicle battery project with Daimler

In January 2019, Daimler, the parent company of Mercedes-Benz, opened a plant to manufacture batteries for electric cars at its Jawor site in Poland (initially intended for the construction of four-cylinder engines for internal combustion and hybrid vehicles). AKKA's mission covers the development of a project management infrastructure, project management itself, and an advisory service.

#### Eco-responsible refurbishment of a Parisian regional train (RER A)

AKKA is involved in the operations to upgrade and refurbish the rolling stock for Line A of the Paris RER (Level-2 Interconnection Equipment). In 2019, the Group provided its expertise in order to identify the areas for improvement that would, among other things, reduce the environmental impacts of each of the stages in the life cycle of the equipment; provide data and indicators as a starting point to enable an annual comparison of environmental, social and economic performance; contribute to generating increased awareness and mobilization among employees and internal committees in relation to sustainable development; ensure compliance with the legal requirements laid down concerning the environment; and be proactive in terms of regulatory changes.

#### AKKA is investing in hydrogen

In 2019, AKKA began work on a hybrid renewable energy system based on hydrogen for an industrial site. AKKA's innovation is focused on equipment and then on propulsion. A new test bed for hydrogen-based technology in partnership with the ESIEE Paris graduate school of engineering has also opened in the Paris region. The concrete applications for this project are intended to benefit AKKA's strategic customers such as Airbus, Daimler, Renault, BMW, Alstom and others, and help them meet their requirements (zero emission, etc.).



### 2.3. Innovating to support humankind

In line with its digital focus, the Group is working to promote more human technologies sin order to facilitate the lives of all of us, not only in our daily tasks but also in our access to mobility.

#### Facilitated access to in-flight telemedicine



In June 2019, AKKA and the Turkish start-up Sun4tech signed an agreement to provide a technological solution for airline staff and other private air operators enabling them to make an on-board diagnosis and provide preliminary medical recommendations. Sun4Tech must finalise the development of a prototype while AKKA is working on the strategy for integration of the solution.

#### Lightening the load of Airbus operators using augmented reality



Since 2017, AKKA has been working on the development of tools and support for users for the final inspection of aircraft on the final assembly line for the A350-XWB, Airbus's latest creation. The work of operators is now being facilitated through the use of HOLOLENS mixed reality smart glasses, which have enabled the deployment of all major final inspections on green aircraft and the implementation of autonomous inspection teams on workstations.

#### Support for the future production of artificial organs for a major player in the medical sector

In 2019, AKKA worked on the final elements of development of an artificial organ and preparation for industrial series production. The AKKA teams have been involved since the launch of this project several years ago: from product design to consultation with suppliers and clinical trials.

## 3. ATTRACTING PEOPLE WHO ARE PASSIONATE ABOUT TECHNOLOGIES AND INNOVATION

### Talents driving the corporate project

Like all service companies, AKKA's wealth relies on its human capital. In a market where there is a talent war in the digital field, the Group faces a number of challenges in terms of human resources, beginning with the recruitment of new employees and, in particular, of "digital natives" who are passionate about technology and motivated by a spirit of innovation.

To attract these young talents, the Group has introduced an ambitious, proactive human resources policy to meet the challenges of attracting and retaining talented people. This is focused primarily on the value of the projects involved, AKKA's international presence, and its expertise in key industrial sectors.

- Being more in touch with students and young graduates to attract "digital natives"
- Investing in the development of employees and driving their careers forward
- Cultivating a diverse, inclusive work environment, fostering a healthy work-life balance

### 3.1. Being in touch with students and young graduates

To recruit the best professionals, the Group has rolled out a number of initiatives over the last few years to attract students and young graduates, in particular by getting involved in the eco-system of higher educational establishments to enhance the Group's visibility and reputation. This is demonstrated by the development of relationships with graduate engineering schools, which provides an opportunity to illustrate the scope and variety of possible careers.

#### Promoting the technological opportunities offered by AKKA to as many people as possible

To meet the challenges of digital transformation, the Group believes that it must create opportunities for students to learn about careers in technology before they begin their studies, in order to guide them towards these study options and especially into engineering schools. To do so, a large number of projects were once again carried out in 2019 in secondary schools and sixth form colleges.

AKKA has also developed partnerships with schools and universities in the countries where it operates, to attract students and persuade them to turn towards engineering and technology. The Group is involved also in the design of training programs, participates in teaching or on examination boards, and takes part in careers forums or recruitment activities organized on campus. In 2019, a large number of Group agencies and sites opened their doors to visits from students.

### Building partnerships with schools of excellence throughout Europe

Wherever it is present, AKKA also shares its know-how and expertise with future engineers by supporting educational projects and activities within student associations. The strengthening of historic partnerships with the Grandes Écoles and universities continued to be a priority in 2019.

In Belgium, AKKA sponsors KU Leuven, one of the most famous Belgian universities, as part of a partnership with the Government in the development of a project to create energy for agrivoltaic cultivation.

In France, the Group renewed its support for educational projects designed by students, sponsoring Robotics Cups developed by student associations in engineering schools: the Ecole Nationale Supérieure d'Electronique de Bordeaux (ENSEIRB) and the Institut Supérieur de l'Aéronautique-SUPAERO.

In the Czech Republic, the Group's activities in 2019 included its continued partnership (for the fourth consecutive year) with the team "Engineers Prague", which is currently leading the Czech university ice hockey league. In addition to sports sponsorships, this partnership has seen numerous highlights and networking opportunities over the year, strengthening the ties between engineering students and AKKA.

**Number of partnerships with schools by country:**

**France: 17 (of which 10 under contract)**

**Spain: 11**

**Belgium: 6**

**Germany: 4**

**Czech Republic: 2**

**INTERVIEW WITH ALES PRIHODA,  
PRESIDENT OF “ENGINEERS PRAGUE”**

**How does the partnership between the Prague Engineering Students Club and AKKA work?**

We are very glad to be able to count on this partnership, which started with the beginning of our association in 2015 and is helping us to develop careers as students and athletes. We share a state of mind with AKKA, focused around excelling in what we do and striving for the best possible performance, for the collective good.



**What are the benefits for the students?**

The most obvious benefit is that we can create strong links with a company that offers internships and job opportunities in new innovative technical domains. AKKA is an international leader in tech and so it is a real springboard for our careers. So, we are really proud that three of our players have already been employed there and others are regularly offered opportunities to join the company.

**How has this improved your perception of AKKA and its activities?**

We now know each other very well and we consider AKKA to be a member of our family of sporting/engineering students. At the beginning, it was more about marketing, then human resources. It's a very serious partnership, which has continued to grow and develop over the years.

**The AKKADEMY Digital: gateway for excellence for careers in digital transformation`**

Buoyed by the success of the AKKADEMY program<sup>(4)</sup> since 2017, AKKA introduced a new concept in 2019: The AKKADEMY Digital. Based in Leipzig, Germany, the goal of this new AKKADEMY is to attract and train the best digital talents in the region for its center of digital excellence in Magdeburg. The AKKADEMY Digital will thus focus on recruiting the best young engineering graduates in the region so as to find the best response to the digital transformation expectations of the main customers of the AKKA Germany business unit, and especially the automobile industry. .

**HACKATHON FOR SUSTAINABLE MOBILITY**

On 27 June 2019, The AKKADEMY in Geneva co-organized a Hackathon for sustainable mobility in partnership with Open Geneva, a non-profit association working to promote and simulate open innovation in the Greater Geneva area. In the space of 24 hours, professionals and students were able to work together on concrete problems and seek solutions to support the transition of Greater Geneva towards more sustainable mobility. At this event, the participants in the AKKADEMY program and engineers and developers from throughout Europe were asked to respond to six challenges, each one corresponding to a different mobility domain and focused on real concerns expressed by the stakeholders of Geneva and its region. These challenges included: How can we reduce the carbon footprint of corporate vehicle fleets in Geneva? How can we integrate the Belt Compass, a navigation system for the blind, into Handiroad, a system designed for disabled individuals? How can we reuse the energy used for braking with an electric car?

**3.2. Investing in the development of employees**

AKKA employees are the focus of the Group's corporate project and their development represents a key factor for success in an increasingly competitive, changing environment. Apart from attracting new talented people, one of the major challenges for the Group is to retain the best. To do this, the Group has developed a range of solutions following on from its transformation plan (“ON TRACK”), in order to develop both the “hard skills” and “soft skills” of these employees. The challenge for AKKA is to secure the loyalty of employees and thus increase staff retention by giving them the means to grow professionally and to expand their development prospects. The Group's policy in this area makes it possible to quickly identify employees with potential and establish a personalized career plan to help them develop.

**The AKKcelarators: not just an employer brand but a state of mind**



In May 2019, AKKA revealed its new employer brand intended to develop the visibility of the Group with applicants and increase the feeling of belonging. Christened “The AKKcelarators”, it is based around three major values for AKKA: respect, ambition and courage. By joining AKKA, new recruits have the promise of options to accelerate their careers, working on exciting, diverse and innovative projects for the main players in the global industry. More information about AKKA's positioning within its commercial environment is available in the Strategy section of the report.

**Fair Company 2020 (Germany)**

In December 2019, AKKA was awarded the Fair Company 2020 seal. This prize is awarded to companies that offer “fair” working conditions for interns and is based on comments and assessments passed on by interns themselves to the Fair Company Organisation at the end of their internships. The entity studied the Group on the basis of three main criteria: quality of tasks assigned and integration within the company, support during the internship, and career opportunities.

**Top Employer 2019 (France and Belgium)**

In February 2019, AKKA was delighted to receive Top Employer certification for the fourth consecutive year in France, in recognition of the quality of its Human Resources policy. AKKA was also awarded certification for the first time for its activities in Belgium, thus becoming the only company within the engineering sector to be certified in that country.

The Top Employers Institute is an independent body that looks at the HR practices of employers throughout the world. This label identifies the best employers world-wide, applying the highest possible criteria of excellence in terms of employment conditions, remuneration practices, social benefits and employment conditions, training and professional development, development and management of talents, and managerial practices.

AKKA was also awarded a high score for the development of leadership among its managers. The implementation of the career management process for its talents was also mentioned in the certification.

**Clickpath: matching projects to individual skills and aspirations**

AKKA believes that a culture of transparency and openness fosters professional motivation and a feeling of belonging to its global network, and thus launched an international digital application in 2019 called “Clickpath”, designed to expand the range of opportunities available to its consultants and their career prospects.



Clickpath combines a matching algorithm and a simple user interface to help employees find projects that enable them to express their potential, and managers to find appropriate profiles for their projects. Clickpath was rolled out in Belgium and France in 2019 and has been widely adopted by the AKKA employees from those entities. In Belgium, where the tool went live in May 2019, 80% of consultants signed up and more than 50% filled it in completely. The tool has already enabled the “staffing” of 200 projects.

After a successful release online in France and Belgium, the tool is currently being rolled out in the United Kingdom and should be extended to cover all countries in the AKKA Technologies Group in 2020-2021.

<sup>(4)</sup> Launched in Switzerland in 2017, The AKKADEMY is an international training programm for young graduates from universities and engineering schools in the European Union. The idea behind the program is based on the Group's need to create an AKKA culture and train the leaders of tomorrow, in technical, commercial and managerial domains



### 3.3. Cultivating an inclusive, diverse and enjoyable work environment



AKKA believes that diversity and multiculturalism are significant factors for innovation and ensures that its teams fully embody these inclusive values. This is achieved through efforts to increase gender diversity in its workforce, despite the majority being male, and ensuring that there is no discrimination. Disability and gender equality are also a core focus for the Group. AKKA is a signatory of the Diversity Charter and also actively promotes an overall policy of diversity.

#### Eight years

of partnership between AKKA and “Nos Quartiers ont du Talent” to support young people in disadvantaged areas through the sponsoring of professionals (France). .

#### Leaders in diversity

In November 2019, AKKA was named by the Financial Times in the ranking of Leaders in Diversity in 2020.



The ranking established by the Financial Times assesses companies in the promotion of all types of diversity, such as gender equality, openness to all forms of sexual orientation, and an ethnic and social mix that reflects wider society. This ranking was established through an independent survey conducted on employees of 10,000 companies employing more than 250 persons in ten European countries: Austria, Belgium, France, Germany, Italy, Luxembourg, Netherlands, Sweden, Switzerland and the United Kingdom. The opinions of human resources and recruitment specialists were also taken into consideration so as to refine the analysis.

The participants in the survey were required to indicate to what extent, in their view, their employer fosters diversity on the basis of a series of statements relating to age, gender, equality, ethnic origin, disabilities and sexual orientation (LGBT+). Participants were also asked to assess other major employers in their respective sectors in terms of diversity. The 700 companies with the best scores were designated 2020 Leaders in Diversity.

#### Ten years of commitment to the inclusion of disabled individuals

In 2019, AKKA celebrated ten years of its Mission Handicap in France. Set up in 2009, this project is designed to foster the inclusion of company employees with disabilities, whether they are already employed or merely seeking employment. It was further developed in 2014 with the signature of an initial agreement making it possible to expand the scope of the actions undertaken. To celebrate this ten-year milestone, a series of videos has been developed and released to all French employees to raise their awareness about recognizing and integrating individuals with disabilities, especially those that are invisible.

*“Quite apart from our legal obligations, we are aware that in a sector like ours, human capital is absolutely crucial. Issues of inclusion and diversity must therefore be a central focus of our social concerns. The policies that have been applied in this context in relation to recruitment, awareness and integration of special needs into the management or work organization are a major source of inspiration and an experience-based tool essential to the deployment of a diversity policy. Now, the logic must be reversed. Mission Handicap must no longer be a free agent within the company. It has therefore now been integrated into the diversity and CSR department”.* Sigrid Sauron, CSR and Diversity Manager, AKKA France

**More than 160**  
disabled applicants have been hired since 2014 (France).

#### Promoting women in engineering careers

The Group is well aware that, if it wishes to include more women in its workforce, it must focus on engaging women with the sector, starting with the engineering schools and the leading technology universities. AKKA therefore regularly organizes projects in partner schools to promote engineering careers to the students and to raise awareness of the career opportunities in its lines of business. At local level, the Group's BUs organize and participate in open days dedicated to this subject, such as International Women's Day, Girl's Day in Germany and Ingénieure au Féminin in France. In 2019, AKKA also took part in the Women in Tech conference (Benelux), which was held in Amsterdam. In France, the agreement on gender equality signed in 2018 to reinforce the Group's positioning and support the inclusion of more women in its workforce achieved its first concrete effects in 2019. The number of women in AKKA's French workforce thus increased from 24% in 2018 to 25.3% in 2019.

**88:**  
gender equality index in France  
This is the score obtained by AKKA in 2019  
(French average: 83/100)

#### Promoting the well-being of teams: the AKKAttitude as a leitmotiv

The AKKAttitude offers a working environment that fosters well-being and considers the good health of employees. How? Afterwork activities, team participation in internal or external sporting events, listening, dialogue, sponsoring employee projects. There are also numerous initiatives to promote a healthy work-life balance, a factor that is becoming increasingly important for new generations joining the workforce, when choosing a company to work for.



In Germany, the company introduced a long-term sabbatical leave program in 2019 to enable employees to spend time on personal projects. AKKA is aware that it is often difficult to find a balance between work life and family life, and the German BU has thus opened an internal recreation center to provide activities for the children of its employees during school holidays.



#### Move@Work: encouraging employees to get involved in sports

In 2019, the company organized the third incarnation of its “Move@Work” challenge, which promotes sports and team spirit, with 14 AKKA countries getting on board: Belgium, Netherlands, Canada, China, Czech Republic, UEA, France, Germany, Italy, Morocco, Romania, Russia, Spain and the United States. From 9 to 30 September 2019, some 1,390 participants in teams were required to collect as many points as possible by walking, running, cycling, swimming, etc. A total of 165,250 km was covered, with the proceeds going to the association Reforest'Action.





## 4. CARING FOR OUR ENVIRONMENT

### 4.1. Disciplined management of greenhouse gases

For more than nine years, AKKA has been a member of the United Nations' Global Compact. To be proactively involved in its environment, any business must address the environmental risks it faces and develop sustainable solutions.

In accordance with Principles 7, 8 and 9 of the Global Compact, the Group has undertaken to make ongoing improvements to reduce the impact of its activities. Although its direct impact on the environment is limited, AKKA believes that this should not be minimized or ignored. The Group's environmental policy is cascaded to all of its sites though third-party certifications and through the introduction of dedicated programs to enable employees to contribute collectively to resolving environmental challenges.

#### Scaled-up management of environmental performance

AKKA aims to improve its environmental performance within all entities. The Group's sites in Belgium, Switzerland, Italy, the United Kingdom and Spain have now signed up to report on key energy performance indicators, which promotes more careful monitoring of energy consumption and emissions, especially for property assets. The Group is now endeavoring to instill the need to apply this monitoring in local teams, standardize definitions of environmental indicators and set

specific targets so as to reduce the company's carbon footprint. The objective in the various countries is at least to maintain stable energy consumption.

To manage the carbon footprint of its activities, AKKA has also focused on a range of internal actions. Monitoring of the environmental impact of buildings, such as electricity consumption, has been introduced at ten German sites and in France, achieving ISO 14001 certification. Energy consumption audits have been introduced at all of the Group's sites in Germany to ensure the application of a strategy based on the efficiency of their activities.

As part of the Group's drive to reduce its electricity consumption and associated GHG emissions, all AKKA sites have switched from fluorescent bulbs to LED lights, resulting in a reduction in energy consumption at French and German sites and a significant fall in GHG emissions.

Given the extended reporting scope in 2019, consumption by entities in the United Kingdom, Italy, Spain, Switzerland and Belgium will be refined through the integration of additional procedures. The 2019 statement therefore only provides estimates of consumption of electricity – the most relevant energy given the office automation activities of these entities. The resulting CO2e emission level has therefore not yet been applied.

#### Energy consumption for 2019 and 2018 - Electricity in the property portfolio For France and Germany, scopes 1 and 2 are undifferentiated.

|                | Power Consumption (KWh) |           | CO2 Emission (kgCO2e) |           |
|----------------|-------------------------|-----------|-----------------------|-----------|
|                | 2019                    | 2018      | 2019                  | 2018      |
| France         | 5,654,151               | 6,557,672 | 339,249               | 393,460   |
| Germany        | 13,282,843              | 8,114,132 | 7,000,058             | 4,276,147 |
| Czech Republic | 761,926                 | 900,770   | 315,941               | 435,973   |

|             | Power Consumption (KWh) |  |
|-------------|-------------------------|--|
|             | 2019                    |  |
| UK          | 160,000                 |  |
| Italy       | 206,153                 |  |
| Spain       | 139,567                 |  |
| Switzerland | 75,873                  |  |
| Belgium     | 92,282                  |  |

#### Total Energy consumption and CO2e emissions in 2019 and 2018 (scope limited to France/Germany/Czech Republic).

|                | Power Consumption (KWh) |            | CO2 Emission (kgCO2e) |            |
|----------------|-------------------------|------------|-----------------------|------------|
|                | 2019                    | 2018       | 2019                  | 2018       |
| France         | 5,654,151               | 6,675,709  | 5,995,587             | 7,235,737  |
| Allemagne      | 21,379,804              | 23,142,939 | 11,689,541            | 12,102,983 |
| Czech Republic | 3,049,763               | 3,045,570  | 1,883,079             | 1,714,315  |

#### CO2e emissions – Business travel – SCOPE 3 (scope limited to France/Czech Republic)

The scope 3 emission level for Germany is not available for this year because of a modification to the tools used internally to record this indicator.

|                       | CO2 Emission (kgCO2e) |           |                    |        |
|-----------------------|-----------------------|-----------|--------------------|--------|
|                       | France                |           | République Tchèque |        |
|                       | 2019                  | 2018      | 2019               | 2018   |
| Air                   | 4,035,116             | 5,388,300 | 72,055             | 45,043 |
| Train                 | 15,711                | 19,572    | n/a                | n/a    |
| Rental car (diesel)   | 94,972                | 169,876   | 20,146             | 5,249  |
| Rental car (gasoline) | 117,510               | 115,610   | n/a                | n/a    |
| Subtotal              | 4,263,308             | 5,693,358 | 92,201             | 50,292 |

#### Taking action on a small and large scale

Local and global initiatives have been introduced to enable AKKA employees to learn more about environmental challenges and to get involved in overcoming them. Several programs offering mobility solutions specific to employees have been rolled out.

#### Clean Mobility in the United Kingdom

Some AKKA employees in the United Kingdom have agreed to sign up to the Clean Mobility program benefiting the Government's Cyclescheme. This system provides an opportunity for employees to use a portion of their salary to purchase a bicycle, in exchange for a tax rebate. This program has been beneficial above all for employees who do not live far away from their workplace.

#### Prix Management de la Mobilité (Gold category) in France

In France, AKKA was awarded the Prix Management de la Mobilité (Gold category) by Tisséo Collectivités, for the quality of its Employer Mobility Plan. This prize forms part of the European COMMUTE project. One of the major actions of the COMMUTE project is the development of an inter-employer mobility plan enabling the implementation of common solutions and covering as many employees as possible.

AKKA has focused on several initiatives, such as the introduction of a kilometer allowance for employees travelling to and from work by bicycle, and the installation of charging points for electric vehicles.

Facilitating eco-responsible mobility for employees also involves action by employers. To foster the use of public transport, reimbursement of costs for public transport was increased from 60% to 70% in 2019. Teleworking has also been introduced, along with access to local car sharing platforms.

#### Move@Work - a movement for biodiversity

Employees were able to combine health and environmental action through the Move@Work challenge, which provided an opportunity to protect forests and biodiversity, a process in which we all have a part to play. For one month (from 9 to 30 September), a collective challenge was therefore proposed: walking, running, cycling or swimming to encourage collective movement to fund the planting of 1,100 trees in the Amazon Rainforest through the association Reforest'Action. These actions have made it possible to reforest damaged environments, to develop income for the most disadvantaged populations and to promote the fight to protect our biodiversity. The benefits in just a few figures:

- Climate: 165 tons of CO2 stored
- Biodiversity: Creation of 3,300 trees for animals
- Health: 4,400 months' oxygen production
- Jobs: 1,100 work hours created

#### Energy consumption and CO2e emissions – corporate vehicles (scope limited to France/Germany/Czech Republic)

| Mobile sources (Company cars) | France          |         |                       |           | Germany         |         |                       |           | Czech Republic |         |                       |         |
|-------------------------------|-----------------|---------|-----------------------|-----------|-----------------|---------|-----------------------|-----------|----------------|---------|-----------------------|---------|
|                               | Consumption (L) |         | CO2 Emission (kgCO2e) |           | Consumption (L) |         | CO2 Emission (kgCO2e) |           | Czech Republic |         | CO2 Emission (kgCO2e) |         |
|                               | 2019            | 2018    | 2019                  | 2018      | 2019            | 2018    | 2019                  | 2018      | 2019           | 2018    | 2019                  | 2018    |
| Diesel                        | 498,972         | 448,143 | 1,252,421             | 1,124,839 | 437,683         | 643,446 | 1,273,658             | 1,872,428 | 202,881        | 208,322 | 528,586.28            | 546,151 |
| Gasoline                      | 61,671          |         | 140,609               |           | 191,379         | 35,248  | 58,701                | 94,817    | 6,120          | 4,720   | 14,210.52             | 10,949  |

## 4.2. Setting an example for customers and employees

The CLEAR 2022 strategy also aims to maintain the Group's position as a "trusted advisor" for customers and personnel. The certifications obtained have made it possible to demonstrate AKKA's compliance to our customers.

### Business ethics

Although the risk of corruption or conflict of interests is assessed as low, the Group has nevertheless introduced an action plan on this matter and is monitoring the development of this risk. More information about the Group's risks is available in the corresponding section of the management report.

The Group's key values and its commitment to fighting for human rights are stated in the Group Code of Conduct - available from the akka-technologies.com website - and cascaded to all commercial partners.

To shape its actions, the Group adopted a new anti-corruption policy in 2019, supplementing the Code of Conduct. This policy will be supported in 2020 by a campaign to increase awareness among all employees. The Group's anti-corruption policy is a monitoring tool in the prevention of corruption and unfair competition and is intended to meet the expectations of our employees and customers, to guarantee the excellence of our supplier chain and also to create a culture of ethics in the conduct of business by our employees. This new policy references the rules to be applied by all employees in relationships between the AKKA Group and its partners.

The Group has dealings with numerous stakeholders and supports the principle of a responsible attitude in business, applying this principle in concrete terms by systematically stating these rules in the Group's general terms of purchase and sale. In France, the Code of Conduct has been distributed since 2016 to all French subcontractors and suppliers of industrial purchases. In Germany, it is an integral part of the legal framework managing the relationship between the parties. The Code of Conduct is available from the Group's website.

The Group has also decided to adopt a more dynamic, proactive attitude in relation to regulatory compliance, and made 2019 a year of experimentation for various IT solutions, still with the aim of increasing awareness among its employees, in particular in respect of the processing of personal data and online fraud (in partnership with the Security Department).

### Prioritizing cybersecurity

The security of data and information systems is a priority for the Group in terms of winning over the trust of its customers. In 2019, all data management officers were provided with specific training on this subject. Furthermore, AKKA complies fully with the European GDPR, which entered into force in May 2018. This regulation governs how companies and their employees provide protection for personal data when these data are used by businesses and other organizations. All AKKA employees, suppliers and customers are required to document all processes and protect personal data during the processing and sharing of such data.

Data security is a priority in the performance of our operations and was highlighted in 2019 by the definition and distribution of guidelines in relation to Group-wide security measures and the use of social networks. AKKA focuses on two aspects: Group data, protection against cyber-attacks, and establishing links with customer security requirements. The company has therefore extended its insurance plan to provide better coverage of cyber risks and to meet the needs of its customers on this matter.

AKKA obtained ISO 27001 certification (international standard governing security of information systems) in September 2019 for all support services provided by the French and German IT teams to all AKKA operational entities throughout the world.

Following on from this certification, a Group program to develop understanding about cybersecurity, made up of various online modules, has been made available to all employees.

AKKA's expertise is reflected by a score of 98 out of 100 following an analysis by Security Score Card. Maintaining this high score is a priority in making cybersecurity an integral part of AKKA's business, both internally and externally.

### METHODOLOGICAL NOTE

The AKKA Group's non-financial statement provides information established in accordance with the nature of the Company's activities, the associated social, societal and environmental impacts, and its commitment to the United Nations' Global Compact.

In 2019, the Group undertook a materiality analysis, which identified the major CSR strategic areas to be looked at more closely.

To measure the progress achieved, the Group assesses its efforts on the basis of the GRI standards: essential compliance option.

No external auditing is being used at present. However, AKKA does undergo regular assessments on the ECOVADIS platform. The Group was awarded a silver medal for its CSR actions during the most recent assessment in January 2019.

### SCOPE OF NON-FINANCIAL REPORTING

The CSR report is prepared in accordance with the financial reporting and quantitative data extracted from the internal information system. The data make reference to the following scopes: Group: The scope referred to as "Group" covers the consolidated data for the AKKA TECHNOLOGIES SE Group.

France: The scope referred to as "France" covers all non-financial data relating to the following entities: Aéroconseil, AKKA I&S, AKKA Informatique et Systèmes, AKKA Ingénierie Produit, AKKA Life Sciences, AKKA Research, AKKA Services, EKIS France, Real Fusio, OPERANTIS and MATIS Hightech.

Germany: The scope referred to as "Germany" covers CSR data relating to the following entities: AKKA Co. GmbH KGaA; AKKA Management Services GmbH; AKKA DNO GmbH; AKKA DSW GmbH; AKKA EMC GmbH, AKKA DSO GmbH; AKKA Deutschland GmbH, Proceda GmbH and ATP Automotive Testing Paperung.

Czech Republic: The scope referred to as "Czech Republic" covers CSR data relating to the entity MBTech Bohemia.

Italy: the scope referred to as "Italy" covers CSR data relating to the entities AKKA Italia, AKKA Energy SRL and CTP System.

Spain: the scope referred to as "Spain" covers CSR data relating to the entity AKKA TECHNOLOGIES SPAIN.

Benelux: the scope referred to as "Benelux" covers CSR data relating to the entity AKKA BELIGUM.

Switzerland: the scope referred to as "Switzerland" covers CSR data relating to the entities AKKA SWITZERLAND, The AKKADEMY, EDELWAY AG and Leora Human Capital SA.

United Kingdom: the scope referred to as "United Kingdom" covers CSR data relating to the entity AKKA DEVELOPMENT UK.

### DEFINITION OF INDICATORS:

The AKKA Group operates in numerous countries where legislation and cultures differ. Hence, some indicators relating to non-financial reporting have been subject to adjustment in terms of definition.

#### Workforce

All types of contracts are taken into account in the workforce (permanent contracts, fixed-term contracts and apprenticeship contracts) with the exception of suspended contracts (parental leave and sabbaticals).

#### Employee turnover

Intra-group movements are not reported in employee turnover.

#### Absenteeism

The types of absences taken into account in the absenteeism rate are sick leave and workplace accidents.

The rate is calculated by dividing the number of days of absence by the theoretical number of days worked over the period.

#### Workplace accidents

Number of workplace accidents with lost time: the accidents considered are those recognized by the official authorities.

Number of hours worked: actual work time within the contractual definition of the term (paid leave and holiday leave excluded).

Number of working days lost: days lost due to workplace accidents are counted in calendar days.

Frequency rate: number of accidents with lost time per year/ hours worked x 1,000,000.

Severity rate: number of working days lost per year due to workplace accidents in that year or following a relapse/hours worked x 1,000

#### Training

Training is represented in hours. If detailed information is not available, 1 day equals 7 hours (France) or 8 hours (Germany) of training.

All types of internal and external training are included for all types of contracts.

Exclusions in France: Individual Training Leave (CIF), any training given to interns and employees on apprenticeship contracts.

Exclusions in Germany: coaching sessions and on-the-job training.

Exclusions in the United Kingdom: data still not available.

#### Employment of disabled persons

The % of employees with disabilities out of the total workforce.

#### Energy consumption

Reported energy consumption covers: buildings (offices, workshops), service vehicles and industrial processes.

#### Greenhouse gas emissions

Greenhouse gas emissions under Scope 1: direct emissions from fixed or mobile installations located inside the organizational perimeter (except for leaks of refrigerants for which data are not available), Scope 2: indirect emissions related to electricity consumption/heating networks and a part of Scope 3: emissions associated with business travel.

This information has been established in accordance with the nature of AKKA's activities and the associated social, environmental and societal impacts. The following information required by law is less relevant to the services of the AKKA Group, performed primarily in offices:

- Elimination of forced or compulsory labor and the effective abolition of child labor;
- Provisions and guarantees for environmental risks;
- Measures to reduce waste or remedy discharges into the air, water and soil that have a serious adverse impact on the environment;
- Noise and other forms of pollution specific to an activity;
- Combatting food waste;
- Water consumption and supply in relation to local constraints;
- Land use;
- Adaptation to the consequences of climate change.

Moreover, given their links with projects conducted by the Group on behalf of its customers, the following subject matters cannot be addressed. The Group is nevertheless aware of the impact that its projects may have on the environment.

- Consumption of raw materials and measures taken to improve efficiency in their use;
- Measures taken for the health and safety of consumer.

| KPI               |  | SCOPE OF REPORTING |        |        |        |           |        |         |        |      |             |        |                |        |
|-------------------|--|--------------------|--------|--------|--------|-----------|--------|---------|--------|------|-------------|--------|----------------|--------|
|                   |  | Group              |        | France |        | Allemagne |        | Benelux | Italy  | UK   | Switzerland | Spain  | Czech Republic |        |
|                   |  | 2019               | 2018   | 2019   | 2018   | 2019      | 2018   | 2019    | 2019   | 2019 | 2019        | 2019   | 2019           | 2018   |
| 1                 | Total workforce of own employee 31/12/2019       | 17,267             | 17,228 | 7,714  | 7,795  | 4,952     | 4,984  | 721     | 785    | 128  | 365         | 560    | 579            | 546    |
|                   | Breakdown by type of contracts for own employees |                    |        |        |        |           |        |         |        |      |             |        |                |        |
|                   | permanent  | 15,265             | 16,307 | 7,514  | 7,463  | 4,811     | 4,852  | 720     | 739    | 127  | 340         | 513    | 437            | 400    |
|                   | incl. women                                      | 3,750              | 3,808  | 1,877  | 1,827  | 1,098     | 1,086  | 169     | 198    | 22   | 71          | 150    | 80             | 44     |
|                   | temporary  | 2,002              | 921    | 200    | 332    | 141       | 132    | 1       | 46     | 1    | 25          | 47     | 142            | 146    |
|                   | incl. women                                      | 492                | 214    | 76     | 102    | 17        | 37     | 0       | 16     | 1    | 6           | 13     | 26             | 21     |
|                   | Breakdown by employment type for own employee    |                    |        |        |        |           |        |         |        |      |             |        |                |        |
|                   | Full-time  | n/a                | n/a    | 7,481  | 7,230  | 4,279     | 4,437  | 708     | 766    | 127  | 352         | 556    | 538            | 507    |
|                   | incl. women                                      | n/a                | n/a    | 1,790  | 1,658  | 779       | 813    | 162     | 239    | 22   | 70          | 162    | 87             | 56     |
|                   | Part-time  | n/a                | n/a    | 233    | 233    | 673       | 415    | 13      | 19     | 1    | 13          | 4      | 41             | 39     |
|                   | incl. women                                      | n/a                | n/a    | 163    | 169    | 336       | 354    | 9       | 17     | 1    | 7           | 1      | 19             | 13     |
|                   | Breakdown by gender for own employee             |                    |        |        |        |           |        |         |        |      |             |        |                |        |
|                   | number of Men                                    | 13,025             | 13,203 | 5,761  | 5,924  | 3,837     | 3,888  | 552     | 571    | 106  | 288         | 397    | 473            | 475    |
|                   | number of women                                  | 4,242              | 4,022  | 1,953  | 1,871  | 1,115     | 1,096  | 169     | 214    | 22   | 77          | 163    | 106            | 71     |
|                   | Breakdown by age group for own employee          |                    |        |        |        |           |        |         |        |      |             |        |                |        |
|                   | <25  | 1,118              | 1,163  | 583    | 478    | 228       | 242    | 28      | 28     | 9    | 54          | 30     | 27             | 32     |
|                   | between 25 and 30                                | 4,583              | 4,630  | 2,145  | 1,956  | 1105      | 1181   | 243     | 204    | 38   | 168         | 186    | 144            | 142    |
| between 30 and 40 | 6,232  | 6,238              | 2,538  | 2,936  | 1940   | 1926      | 310    | 315     | 51     | 83   | 231         | 230    | 218            |        |
| Between 40 and 50 | 3,251  | 3,226              | 1,519  | 1,576  | 964    | 957       | 92     | 164     | 16     | 38   | 92          | 133    | 117            |        |
| Between 50 and 55 | 1,024  | 976                | 492    | 442    | 347    | 352       | 26     | 35      | 4      | 9    | 17          | 22     | 15             |        |
| > 55              | 1,059  | 992                | 437    | 407    | 368    | 326       | 22     | 39      | 10     | 13   | 4           | 23     | 22             |        |
| 2                 | Absenteeism                                      | n/a                | n/a    | 3.5%   | 3.14%  | 4.98%     | 4.67%  | 3.0%    | 3.1%   | 1%   | 0.5%        | 4.5%   | 3.9%           | 3.40%  |
| 3                 | Total Work accidents                             |                    |        |        |        |           |        |         |        |      |             |        |                |        |
|                   | Including number of work accidents with stoppage | n/a                | n/a    | 30     | 35     | 48        | 76     | 2       | 10     | 0    | 0           | 5      | 0              | 3      |
|                   | Lost time injury rate                            | n/a                | n/a    | 2.58   | 3.04   | 6.04      | 9.41   | 1.59    | 7      | 0    | 0           | 3.17%  | 0              | 0.3    |
|                   | Lost time severity rate                          | n/a                | n/a    | 0.01   | 0.11   | 0,05      | 0.11   | 0,04    | 0.06   | 0    | 0           | 0,03%  | 0              | 0.38   |
| 4                 | Total training hours                             | n/a                | n/a    | 57,080 | 41,900 | 48,384    | 60,897 | 6,810   | 24,590 | n/a  | 67,500      | 2166,5 | 37,308         | 31,624 |
| 5                 | People with disabilities ( % )                   | n/a                | n/a    | 2.66%  | 2.62%  | 1.09%     | 0.87%  | 0%      | 2%     | 0%   | 0.27        | 0.36%  | 1%             | 1%     |



Table de correspondance des indicateurs de performances non-financières au 31 décembre 2019

|                                       | UN Sustainable Development Goals<br>(referentiel) | Engagements Global<br>Compact     | Global Reporting Initiative (GRI) | Indicators used                                  | Referencing  |
|---------------------------------------|---|-----------------------------------|-----------------------------------|--|--|
| General information about the Company |   |                                   |                                   |  |  |
|                                       |   |                                   | GRI 101                           | General reporting principles                     | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       |   |                                   | GRI 102                           | General information about the structure          | 2019 annual report - Chapter 1. Presentation of the Group      |
|                                       |   |                                   | GRI 102 - 1 à 102-13              | Profile of the structure                         | 2019 annual report - Chapter 1. Presentation of the Group      |
|                                       |   |                                   | GRI 102-14                        | Strategy   | 2019 annual report - Chapter 1. Presentation of the Group      |
|                                       |   |                                   | GRI 102-16                        | Ethics and integrity                             | 2019 Annual report - Chapter 4. Corporate governance statement |
|                                       |   |                                   | GRI 102-18                        | Governance                                       | 2019 Annual report - Chapter 4. Corporate governance statement |
|                                       |   |                                   | GRI 102-40 à 102-44               | Stakeholders                                     | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       |   |                                   | GRI 102-45 à 102-56               | Reporting practices                              | 2019 Annual report - chapter 5. Non-financial Statement        |
| Governance                            |   |                                   |                                   |  |  |
|                                       |   |                                   | GRI 102 - 18; 22; 32              | Composition and role of governance structures    | 2019 Annual report - Chapter 4. Corporate governance statement |
| Remuneration                          |   |                                   |                                   |  |  |
|                                       |   |                                   | GRI 102 - 35; 36                  | Remuneration policy                              | 2019 Annual report - Chapter 4. Corporate governance statement |
| People & Talents                      |   |                                   |                                   |  |  |
|                                       |   |                                   | GRI 401 - 1                       | Total employees                                  | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       |   |                                   | GRI 401 - 1                       | Total employees by type of job                   | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       |   |                                   | GRI 401 - 1                       | Total employees by type of contract              | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       |   |                                   | GRI 405-1b.                       | Total employees by age group                     | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       | 5 - gender equality                               |                                   | GRI 405-1b.                       | Total employees by gender                        | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       |   |                                   | GRI 404                           | Employee training: policy and hours of training  | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       | 5 - gender equality                               | 4- Combatting discrimination      |                                   | Anti-discrimination and diversity policy         | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       | 8 - inclusive growth and decent work for all      | 4- Combatting discrimination      |                                   | Recruitment and integration of disabled persons  | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       | 8 - inclusive growth and decent work for all      |                                   | GRI 404-3                         | Performance reviews and internal mobility        | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       | 8 - inclusive growth and decent work for all      | 3. Freedom of association         |                                   | Compliance with collective bargaining agreements | AKKA Code of Conduct   |
| Health & Safety at Work               |   |                                   |                                   |  |  |
|                                       | 3- promotion of health and well-being             |                                   | GRI 403                           | Workplace accidents                              | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       | 3- promotion of health and well-being             |                                   |                                   | Absenteeism                                      | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       | 3- promotion of health and well-being             |                                   | GRI 403-6                         | Quality and well-being at work                   | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       | 3- promotion of health and well-being             |                                   | GRI 404 - 1                       | Training policy and hours of training            | 2019 Annual report - chapter 5. Non-financial Statement        |
| Climate, Energy and Environment       |   |                                   |                                   |  |  |
|                                       | 7 - Sustainable and modern energy                 | 9- Encouraging green technologies |                                   | Innovation in clean mobility                     | see 2019 annual report - section on R&D and chapter on CSR     |
|                                       | 7 - Sustainable and modern energy                 | 9- Encouraging green technologies |                                   | Eco-design and recycling solutions               | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       |   | 7- Environmental responsibility   | GRI 302 -1                        | Energy consumption                               | 2019 Annual report - chapter 5. Non-financial Statement        |
|                                       |   | 7- Environmental responsibility   | GRI 305 - 1                       | Greenhouse gases (scope 1)                       | 2019 Annual report - chapter 5. Non-financial Statement        |

|   |  |  |             |  |   |
|---|--|--|-------------|--|---|
|   |  | 7- Environmental responsibility  | GRI 305 - 2 | Greenhouse gases (scope 2)   | "2019 Annual report - chapter 5. Non-financial Statement<br>For internal referencing reasons, scopes 1 and 2 are undifferentiated for France and Germany"   |
|   |  | 7- Environmental responsibility  | GRI 305 - 3 | Greenhouse gases (scope 3)   | 2019 Annual report - chapter 5. Non-financial Statement   |
|   |  | 7- Environmental responsibility  |             | Waste; management of water and food waste                                    | Given its business model, the AKKA Group does not consider this point strategic.  |
|   |  | 7- Environmental responsibility  |             | Prevention and remedying of emissions into the air, water and soil           | Given its economic activities and business model, the AKKA Group does not consider this point strategic.  |
|   |  | 7- Environmental responsibility  |             | Protection of biodiversity   | Given its economic activities and business model, the AKKA Group does not consider this point strategic.  |
| Business Ethics, Data protection and certifications |  |  |             |  |   |
|   | 16- Accountable institutions and justice | 10- Combatting corruption  | GRI 205     | Anti-corruption - managerial approach and targets for 2020                   | 2019 Annual report - chapter 5. Non-financial Statement   |
|   |  |  | GRI 204     | Purchasing practices   | Reinforcement of the current purchasing policy  |
|   |  |  | GRI 414     | Supply chain management and supplier monitoring (social and environmental)   | Because of the nature of its activities and its business model, the AKKA Group does not consider this point strategic.  |
|   |  |  | GRI 206     | Anticompetitive behaviour  | see 2019 annual report - Chapter 3. Managment Report - section on risks   |
|   | 16- Accountable institutions and justice | "1- Compliance with international human rights laws<br>2- Monitoring of human rights violations" |             | Compliance with human rights and prevention of forced labour                 | The AKKA Group is committed to combatting all forms of human exploitation. However, because of the nature of its economic activities and its business model, AKKA does not consider the risk of human rights violations strategic within the Group. See Group Code of Conduct on the website. |
|   | 16- Accountable institutions and justice |  |             | Declaration of commitment to promote the 10 principles of the Global Compact | 2019 annual report and AKKA Group Code of Conduct. The AKKA Group's 2019 Global Compact Report is the CSR Report ( <a href="http://www.unglobalcompact.org">www.unglobalcompact.org</a> )   |
|   |  |  | GRI 418     | Confidentiality of customer data   | no complaints have been recorded  |
|   |  |  |             | Certification and protection of sensitive data and cybersecurity             | 2019 Annual report - chapter 5. Non-financial Statement   |

# CONSOLIDATED FINANCIAL STATEMENTS

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## COMPTE DE RESULTAT CONSOLIDE

| INCOME STATEMENT<br>in milliers d'euros                                   | Note no.   | 31 Dec. 2019     | 31 Dec. 2018    |
|---|------------|------------------|-----------------|
| <b>REVENUE</b>  | <b>3.1</b> | <b>1,801,486</b> | <b>1505 326</b> |
| External expenses   | 3.2        | (388,924)        | (386,076)       |
| Taxes and duties  |            | (12,714)         | (12,262)        |
| Personnel expenses  | 3.3        | (1,222,589)      | (995,519)       |
| Net depreciation and provisions   | 3.4        | (57,177)         | (20,350)        |
| Other current expenses  |            | (10,025)         | (3,479)         |
| Other current income  |            | 12,504           | 10,375          |
| Income from equity affiliates   | 4.5        | 2,487            | 1,828           |
| Free shares and stock options   | 4.11       | (3,824)          | (9,779)         |
| <b>OPERATING PROFIT</b>   |            | <b>121,223</b>   | <b>90,065</b>   |
| Income from cash and cash equivalents                                     | 3.5        | 528              | 174             |
| Cost of gross financial debt  | 3.5        | (16,692)         | (14,894)        |
| <b>COST OF NET FINANCIAL DEBT</b>   |            | <b>(16,164)</b>  | <b>(14,720)</b> |
| Other financial income and expenses                                       | 3.5        | (1,343)          | (2,395)         |
| <b>PROFIT BEFORE TAX</b>  |            | <b>103,716</b>   | <b>72,950</b>   |
| Tax expense   | 3.6        | (30,447)         | (19,891)        |
| <b>CONSOLIDATED NET INCOME</b>  |            | <b>73,270</b>    | <b>53,058</b>   |
| Non-controlling interests   |            | (229)            | (2,914)         |
| <b>GROUP SHARE OF NET PROFIT</b>  |            | <b>73,041</b>    | <b>50,145</b>   |
| Earnings per share  |            | 3.64 €           | 2.55 €          |
| Diluted earnings per share  |            | 3.61 €           | 2.50 €          |
| Weighted average number of ordinary shares outstanding                    |            | 19,937,521       | 19,641,030      |
| Weighted average number of ordinary shares plus potential dilutive shares |            | 20,254,054       | 20,071,917      |

NB: in the 2018 income statement, the items in "Other Non-Current Income and Expenses" have been reclassified by nature under the headings from which they originate (see note 1.7.8)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME<br>in thousands of euros        | 31 Dec. 2019  | 31 Dec. 2018  |
|--|---------------|---------------|
| <b>CONSOLIDATED NET INCOME</b>   | <b>73,270</b> | <b>53,058</b> |
| Actuarial gains and losses on pension obligations                              | (1,087)       | 563           |
| Tax effect of items not to be recycled to profit or loss in subsequent periods | 332           | (160)         |
| <b>Items not to be recycled to profit or loss in subsequent periods</b>        | <b>(755)</b>  | <b>403</b>    |
| Gains and losses on hedging instruments  | 533           | 308           |
| Change in translation adjustments  | 1,514         | (281)         |
| Tax effect of items to be recycled to profit or loss in subsequent periods     | (149)         | (94)          |
| <b>Items to be recycled to profit or loss in subsequent periods</b>            | <b>1,897</b>  | <b>(67)</b>   |
| <b>CONSOLIDATED COMPREHENSIVE INCOME</b>                                       | <b>74,412</b> | <b>53,395</b> |
| Non-controlling interests  | 229           | 2,611         |
| Group share  | 74,183        | 50,784        |

## CONSOLIDATED BALANCE SHEET

| ASSETS<br>in thousands of euros                       | Note no. | 31 Dec. 2019     | 31 Dec. 2018     |
|---|----------|------------------|------------------|
| Goodwill  | 4.1      | 367,689          | 360,847          |
| Intangible assets                                     | 4.3      | 24,729           | 19,990           |
| Tangible assets                                       | 4.3      | 91,946           | 91,160           |
| Rights of use (IFRS 16)                               | 4.4      | 149,704          | -                |
| Non-current financial assets                          | 4.6      | 44,880           | 40,340           |
| Securities of affiliated companies and joint ventures | 4.5      | 47,901           | 46,230           |
| Other non-current assets                              | 4.7      | 27,246           | 31,109           |
| Deferred tax assets                                   | 3.6.3    | 32,811           | 34,092           |
| <b>Non-current assets</b>                             |          | <b>786,907</b>   | <b>623,767</b>   |
| Inventories and work in progress                      |          | 9,502            | 12,716           |
| Trade receivables and related accounts                | 4.8      | 224,806          | 261,908          |
| Other receivables                                     | 4.9      | 114,852          | 86,112           |
| Cash and cash equivalents                             | 4.11     | 469,231          | 271,785          |
| <b>Current assets</b>                                 |          | <b>818,391</b>   | <b>632,520</b>   |
| <b>TOTAL ASSETS</b>                                   |          | <b>1,605,299</b> | <b>1,256,289</b> |

| LIABILITIES<br>in thousands of euros                     | Note no.      | 31 Dec. 2019     | 31 Dec. 2018     |
|--|---------------|------------------|------------------|
| Share capital  | 4.12          | 31,047           | 31,047           |
| Share premiums   | 4.12          | 656              | 656              |
| Consolidation reserves                                   | 4.12          | 199,941          | 176,520          |
| Equity instruments (1)                                   | 4.12 and 2.13 | 172,911          | -                |
| Group share of net profit                                |               | 73,041           | 50,145           |
| <b>Group share of equity</b>                             |               | <b>477,597</b>   | <b>258,368</b>   |
| Non-controlling interests                                |               | 641              | 305              |
| <b>Shareholders' equity</b>                              |               | <b>478,237</b>   | <b>258,673</b>   |
| Non-current provisions                                   | 4.13          | 28,972           | 26,689           |
| Non-current financial liabilities                        | 4.14          | 467,712          | 479,860          |
| Non-current IFRS 16 lease liabilities                    | 4.14          | 123,415          | -                |
| Deferred tax liabilities                                 | 3.6.3         | 12,935           | 13,667           |
| <b>Non-current liabilities</b>                           |               | <b>633,035</b>   | <b>520,215</b>   |
| Current provisions                                       | 4.13          | 2,519            | 4,307            |
| Current financial liabilities                            | 4.14          | 74,769           | 71,155           |
| Current IFRS 16 lease liabilities                        | 4.14          | 29,721           | -                |
| Trade payables   |               | 114,560          | 118,055          |
| State - income taxes                                     |               | 11,145           | 7,822            |
| Tax and social security liabilities excluding income tax | 4.15          | 217,507          | 212,806          |
| Other liabilities  | 4.16          | 43,805           | 63,255           |
| <b>Current liabilities</b>                               |               | <b>494,026</b>   | <b>477,401</b>   |
| <b>TOTAL LIABILITIES</b>                                 |               | <b>1,605,299</b> | <b>1,256,289</b> |

(1) ODIRNANE bonds net of issuance costs

## CONSOLIDATED STATEMENT OF CASH FLOWS

| STATEMENT OF CASH FLOWS<br>in thousands of euros  | Section     | 31 Dec. 2019    | 31 Dec. 2018     |
|---|-------------|-----------------|------------------|
| Consolidated net income   |             | 73,270          | 53,058           |
| Add-backs (+) or deductions (-) for depreciation and impairment (excluding working capital) |             | 42,234          | 21,837           |
| Deduction of income from equity affiliates  | 4.5         | (2,487)         | (1,828)          |
| Dividends received by equity affiliates   | 4.5         | 816             | 1,428            |
| Add-backs (+) or deductions (-) for tax   |             | 29,208          | 18,374           |
| Add-backs (+) or deductions (-) calculated under IFRS (1)                                   |             | 2,517           | 6,192            |
| Add-backs (+) or deductions (-) for net disposals   |             | 1,159           | (2,605)          |
| Add-backs (+) or deductions (-) for net financial debt                                      | 3.5         | 16,164          | 14,720           |
| <b>Cash flow before net interest borrowing costs and tax</b>                                |             | <b>162,881</b>  | <b>111,176</b>   |
| Tax paid  |             | (20,968)        | (12,144)         |
| Change in net working capital   | 5.2         | 19,131          | 30,450           |
| <b>Net cash flow from operating activities</b>  |             | <b>161,044</b>  | <b>129,482</b>   |
| Acquisitions of fixed assets  | 4.1 and 4.3 | (32,230)        | (35,708)         |
| Disposals of fixed assets   |             | 1,905           | 6,159            |
| Change in financial assets  |             | (5,332)         | (9,736)          |
| Impact of changes in the scope of consolidation   | 5.3         | (20,577)        | (126,240)        |
| <b>Net cash flow from investment activities</b>   |             | <b>(56,235)</b> | <b>(165,526)</b> |
| Dividends paid to shareholders of the parent company  | 5.4         | (14,026)        | (13768)          |
| Issuance of equity instruments (2)  | 2.13        | 172,458         | -                |
| Purchase of treasury shares   |             | (15,330)        | -                |
| Proceeds from new borrowings  | 4.14        | 57,606          | 15,460           |
| Repayment of loans  | 4.14        | (66,072)        | (107,975)        |
| Repayment of IFRS 16 lease liabilities  | 4.14        | (28,615)        | -                |
| Net interest received   |             | 528             | 174              |
| Net interest paid   |             | (16,634)        | (16,824)         |
| <b>Net cash flow from financing activities</b>  |             | <b>89,914</b>   | <b>(122,934)</b> |
| Impact of changes in foreign currency exchange rates  |             | 2,722           | (129)            |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>  |             | <b>197,446</b>  | <b>(159,106)</b> |
| Cash, cash equivalents and bank overdrafts at the start of the year                         | 5.1         | 271,785         | 430,892          |
| Cash, cash equivalents and bank overdrafts at year end                                      | 5.1         | 469,231         | 271,785          |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>  |             | <b>197,446</b>  | <b>(159,106)</b> |

(1) Expenses calculated on the basis of IFRS consist of the valuation of stock options and free shares (IFRS2), and the impact of the integration of borrowing costs into the EIR.

(2) ODIRNANE bonds net of issuance costs

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

| Amounts in<br>thousands<br>of euros                      | Number of shares                  |                    |                   | Share<br>capital | Share<br>premiums | Consolidated<br>reserves | Income<br>for the<br>period | Translation<br>adjust-<br>ments | Group share<br>of equity | Non-<br>controlling<br>interests | Consolidated<br>shareholders'<br>equity |
|--|-----------------------------------|--------------------|-------------------|------------------|-------------------|--------------------------|-----------------------------|---------------------------------|--------------------------|----------------------------------|---|
|  | Making up<br>the share<br>capital | Treasury<br>shares | Outstanding       |                  |                   |                          |                             |                                 |                          |                                  |   |
| <b>Shareholders'<br/>equity as of 1<br/>January 2018</b> | <b>20,291,990</b>                 | <b>626,263</b>     | <b>19,665,728</b> | <b>31,047</b>    | <b>-</b>          | <b>162,394</b>           | <b>39,253</b>               | <b>(938)</b>                    | <b>231,757</b>           | <b>34,502</b>                    | <b>266,259</b>                          |
| Income for the period                                    | -                                 | -                  | -                 | -                | -                 | -                        | 50,145                      | -                               | 50,145                   | 2,914                            | 53,058                                  |
| Other comprehensive income                               | -                                 | -                  | -                 | -                | -                 | 628                      | -                           | 12                              | 639                      | (303)                            | 336                                     |
| <b>Consolidated comprehensive income</b>                 | <b>-</b>                          | <b>-</b>           | <b>-</b>          | <b>-</b>         | <b>-</b>          | <b>628</b>               | <b>50,145</b>               | <b>12</b>                       | <b>50,784</b>            | <b>2,611</b>                     | <b>53,395</b>                           |
| Change in the share capital of the parent company        | -                                 | -                  | -                 | -                | -                 | -                        | -                           | -                               | -                        | -                                | -                                       |
| Change in the scope of consolidation                     | -                                 | -                  | -                 | -                | -                 | (17,797)                 | -                           | (828)                           | (18,626)                 | (36,808)                         | (55,434)                                |
| Appropriation of earnings                                | -                                 | -                  | -                 | -                | -                 | 39,253                   | (39,253)                    | -                               | -                        | -                                | -                                       |
| Dividends  | -                                 | -                  | -                 | -                | -                 | (13,768)                 | -                           | -                               | (13,768)                 | -                                | (13,768)                                |
| Impact of free shares and stock options                  | -                                 | -                  | -                 | -                | -                 | 8,207                    | -                           | -                               | 8,207                    | -                                | 8,207                                   |
| Other changes  | -                                 | 24,697             | (24,697)          | -                | 656               | (642)                    | -                           | -                               | 14                       | (0)                              | 14                                      |
| <b>Shareholders' equity as of 31 December 2018</b>       | <b>20,291,990</b>                 | <b>650,960</b>     | <b>19,641,031</b> | <b>31,047</b>    | <b>656</b>        | <b>178,275</b>           | <b>50,145</b>               | <b>(1,755)</b>                  | <b>258,368</b>           | <b>305</b>                       | <b>258,673</b>                          |
| <b>Shareholders' equity as of 1 January 2019</b>         | <b>20,291,990</b>                 | <b>650,960</b>     | <b>19,641,031</b> | <b>31,047</b>    | <b>656</b>        | <b>178,275</b>           | <b>50,145</b>               | <b>(1,755)</b>                  | <b>258,368</b>           | <b>305</b>                       | <b>258,673</b>                          |
| Income for the period                                    | -                                 | -                  | -                 | -                | -                 | -                        | 73,041                      | -                               | 73,041                   | 229                              | 73,270                                  |
| Other comprehensive income (1)                           | -                                 | -                  | -                 | -                | -                 | (372)                    | -                           | 1,514                           | 1,142                    | -                                | 1,142                                   |
| <b>Consolidated comprehensive income</b>                 | <b>-</b>                          | <b>-</b>           | <b>-</b>          | <b>-</b>         | <b>-</b>          | <b>(372)</b>             | <b>73,041</b>               | <b>1,514</b>                    | <b>74,183</b>            | <b>229</b>                       | <b>74,412</b>                           |
| Change in the share capital of the parent company        | -                                 | -                  | -                 | -                | -                 | -                        | -                           | -                               | -                        | -                                | -                                       |
| Repurchase of own shares                                 | -                                 | 255,555            | (255,555)         | -                | -                 | (15,278)                 | -                           | -                               | (15,278)                 | -                                | (15,278)                                |
| Change in the scope of consolidation                     | -                                 | -                  | -                 | -                | -                 | (352)                    | -                           | -                               | (352)                    | 352                              | (0)                                     |
| Appropriation of earnings                                | -                                 | -                  | -                 | -                | -                 | 50,145                   | (50,145)                    | -                               | 0                        | -                                | 0                                       |
| Dividends (2)  | -                                 | -                  | -                 | -                | -                 | (14,026)                 | -                           | -                               | (14,026)                 | -                                | (14,026)                                |
| Impact of free shares and stock options                  | -                                 | (424,049)          | 424,049           | -                | -                 | 2,032                    | -                           | -                               | 2,032                    | -                                | 2,032                                   |
| Equity instruments (3)                                   | -                                 | -                  | -                 | -                | -                 | 172,911                  | -                           | -                               | 172,911                  | -                                | 172,911                                 |
| Other changes  | -                                 | (38,942)           | 38,942            | -                | -                 | (241)                    | -                           | -                               | (241)                    | (245)                            | (486)                                   |
| <b>Shareholders' equity as of 31 December 2019</b>       | <b>20,291,990</b>                 | <b>443,524</b>     | <b>19,848,466</b> | <b>31,047</b>    | <b>656</b>        | <b>373,093</b>           | <b>73,041</b>               | <b>(241)</b>                    | <b>477,597</b>           | <b>641</b>                       | <b>478,239</b>                          |

1) As of 31 December 2019, the amount of actuarial gains and losses was € (3,601) thousand, and that of hedging reserves was €(145) thousand.

2) The amount of dividends in respect of 2019 payable in 2020 is disclosed in note 5.4.

(3) ODIRNANE: the Group issued a bond with a par value of €175 million. In compliance with IFRS 9, the issue amount offset by the issue costs has been recorded as equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These notes contain additional information regarding the consolidated balance sheet, the total of which is €1,605,299 thousand, and the consolidated income statement which shows the Group share of comprehensive income at €74,183 thousand.

Such information is only included when its importance is material.

Unless otherwise stated, all figures are expressed in thousands of euros.

The Board of Directors of the AKKA Technologies Group approved the financial statements at its meeting of 10 March 2020.

Business operations:

AKKA ranks as the European leader in engineering consulting and R&D services in the mobility sector. AKKA supports leading industry players in the automotive, aerospace, rail and life sciences sectors throughout the lifecycle of their products. A dynamic force in innovation for its clients, AKKA offers them all the benefits of its expertise in state-of-the-art digital technologies (AI, ADAS, IoT, Big Data, robotics, embedded computing, machine learning, etc.).

Founded in 1984, AKKA has a strong entrepreneurial culture and is pursuing its fast-paced growth and international development in line with its CLEAR 2022 strategic plan. With 21,000 employees who are passionate about technology and dedicated to advancing the future of industry, the Group recorded revenues of €1.8 billion in 2019.

The company's registered office is located at 235 avenue Louise, 1050 Brussels, Belgium.

AKKA Technologies is listed on Euronext Paris and Brussels – Segment A – ISIN code: FR0004180537.

Material events and transactions in 2019:

- Initial public offering on Euronext Brussels: on 27 November 2019, AKKA successfully listed its shares on the Brussels stock exchange (dual listing) which will enable it to diversify and broaden the Group's shareholder base and therefore increase the overall liquidity of its shares.
- Restructuring of the Group's debt: on 4 December 2019, AKKA Technologies implemented an issuance of perpetual subordinated unsecured bonds redeemable in cash and/or convertible into new shares and/or existing shares of the Issuer (ODIRNANE bonds), without preferential subscription rights, for an aggregate principal amount of €175 million, at a fixed rate of 3.5% per annum until 1 January 2025. The amount raised is recognized as equity.
- This transaction completes the €370 million credit facility arranged during the third quarter to finance the Group's external growth.
- Success of the friendly takeover bid to acquire DATA RESPONS: following the announcement of the bid on 19 December 2019, AKKA acquired 72.89% of Data Respons' share capital on 20 February 2020 against a settlement in cash of NOK 48 per share; the success of this transaction means that the Group now has Europe's largest and most comprehensive digital solutions portfolio for the fast-growing mobility market. With its absolute majority, AKKA will continue to invest in the development of this portfolio of offers and the two companies will immediately start working together to implement the strong commercial and operational synergies.

1. SCOPE AND CONSOLIDATION METHODS

1.1. Reporting standards

The consolidated financial statements of the AKKA Technologies Group are prepared in accordance with IFRS standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union as of the reporting date.

These standards are available on the European Commission website at the following address: [https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting\\_en](https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en)

1.2. New IFRS standards and interpretations

1.2.1. IFRS 16 - Leases

IFRS 16 "Leases", issued by the IASB in 2016 and adopted by the European Union in November 2017, is applicable for financial years beginning on, or after, 1 January 2019.

Before that date, each lease was classified as either an operating lease or a finance lease, with a specific accounting treatment for each category.

Under IFRS 16, for leases not subject to an exemption under the standard, lessees are now required to recognize as:

- Assets, a depreciable Right of Use;
- Liabilities, a Lease Liability which corresponds to the present value of future payments.

The lease term is defined on a contract-by-contract basis and corresponds to the firm period of the commitment, taking into account any optional periods that are reasonably certain to be exercised.

Lease payments for low-value assets (less than USD 5,000) or a short-term lease (less than 12 months) were recognized directly as expenses.

In addition, the following simplification measures were applied at the transition date:

- Leases with a residual term of less than 12 months as of 1 January 2019, are not recognized as an asset and a liability;
- The discount rates applied at the transition date are based on the Group's marginal borrowing rate. These discount rates were determined with respect to the remaining terms of leases from the date of first-time application, namely 1 January 2019, and also to the geographical area:

Europe

- < 3 years: 1.00%
- 3 to 6 years: 1.50%
- 6 to 9 years: 2.00%
- > 9 years: 2.60%

North America

- 0 to 6 years: 3.90%
- > 6 years: 4.10%

1.2.2. Impacts of IFRS 16 and comparability of financial statements at opening

The Group rents its offices in most of the cities where it operates. The leases that come under the scope of IFRS 16 also apply to vehicles and certain computer equipment.

| ASSETS<br>in thousands of euros                       | 1 Jan. 2019      | First-time<br>application of IFRS 16 | 31 Dec. 2018     |
|---|------------------|--------------------------------------|------------------|
| Goodwill  | 360,847          | -                                    | 360,847          |
| Intangible assets                                     | 19,990           | -                                    | 19,990           |
| Tangible assets                                       | 91,160           | -                                    | 91,160           |
| Rights of use (IFRS 16)                               | 166,113          | 166,113                              | -                |
| Non-current financial assets                          | 40,340           | -                                    | 40,340           |
| Securities of affiliated companies and joint ventures | 46,230           | -                                    | 46,230           |
| Other non-current assets                              | 31,109           | -                                    | 31,109           |
| Deferred tax assets                                   | 34,092           | -                                    | 34,092           |
| <b>Non-current assets</b>                             | <b>789,880</b>   | <b>166,113</b>                       | <b>623,767</b>   |
| Inventories and work in progress                      | 12,716           | -                                    | 12,716           |
| Trade receivables                                     | 261,908          | -                                    | 261,908          |
| Other receivables                                     | 86,112           | -                                    | 86,112           |
| Cash and cash equivalents                             | 271,785          | -                                    | 271,785          |
| <b>Current assets</b>                                 | <b>632,520</b>   | <b>-</b>                             | <b>632,520</b>   |
| <b>TOTAL ASSETS</b>                                   | <b>1,422,401</b> | <b>166,113</b>                       | <b>1,256,289</b> |



| LIABILITIES<br>in thousands of euros                     | 01/01/2019       | Première application<br>d'IFRS 16 | 31 déc. 2018     |
|--|------------------|-----------------------------------|------------------|
| Share capital  | 31,047           | -                                 | 31,047           |
| Share premiums   | 656              | -                                 | 656              |
| Consolidation reserves                                   | 176,520          | -                                 | 176,520          |
| Group share of net profit                                | 50,145           | -                                 | 50,145           |
| <b>Group share of equity</b>                             | <b>258,368</b>   | <b>-</b>                          | <b>258,368</b>   |
| Non-controlling interests                                | 305              | -                                 | 305              |
| <b>Shareholders' equity</b>                              | <b>258,673</b>   | <b>-</b>                          | <b>258,673</b>   |
| Non-current provisions                                   | 26,689           | -                                 | 26,689           |
| Non-current financial liabilities                        | 479,860          | -                                 | 479,860          |
| Non-current IFRS 16 lease liabilities                    | 139,344          | 139,344                           | -                |
| Deferred tax liabilities                                 | 13,667           | -                                 | 13,667           |
| <b>Non-current liabilities</b>                           | <b>659,559</b>   | <b>139,344</b>                    | <b>520,215</b>   |
| Current provisions                                       | 4,307            | -                                 | 4,307            |
| Current financial liabilities                            | 71,155           | -                                 | 71,155           |
| Current IFRS 16 lease liabilities                        | 26,769           | 26,769                            | -                |
| Trade payables   | 118,055          | -                                 | 118,055          |
| State - income taxes                                     | 7,822            | -                                 | 7,822            |
| Tax and social security liabilities excluding income tax | 212,806          | -                                 | 212,806          |
| Other liabilities  | 63,255           | -                                 | 63,255           |
| <b>Current liabilities</b>                               | <b>504,170</b>   | <b>26,769</b>                     | <b>477,401</b>   |
| <b>TOTAL LIABILITIES</b>                                 | <b>1,422,401</b> | <b>166,113</b>                    | <b>1,256,289</b> |

Rental expenses for leases that come under the scope of IFRS 16 are now replaced by depreciation expenses and financial expenses; other contracts are still recognized as external expenses as previously.

The expenses published in note 9.2 of the 2018 consolidated financial statements are reconciled with the new accounting treatment as follows:

| in thousands of euros                            | 31 Dec. 2018    |
|--|-----------------|
| <b>Lease expenses 31 December 2018</b>           | <b>(55,550)</b> |
| <b>Lease expenses adjusted under IFRS 16:</b>    |                 |
| 2018 lease payments                              | (32,682)        |
| <b>Lease expenses not adjusted under IFRS16:</b> |                 |
| IT and software leases                           | (9,370)         |
| Real estate lease expenses                       | (4,819)         |
| Vehicles - commitment < 12 months                | (4,721)         |
| Real estate - commitment < 12 months             | (2,586)         |
| Others   | (1,372)         |

The impact on the main income statement aggregates at 31 December 2019 is as follows:

| in thousands of euros           | 31 Dec. 2019      |               |           |
|---------------------------------|-------------------|---------------|-----------|
|                                 | Excluding IFRS 16 | Impact IFRS16 | Published |
| Net depreciation and provisions | (25,581)          | (31,596)      | (57,177)  |
| Operating profit                | 121,362           | (139)         | 121,223   |
| Financial profit or loss        | (14,215)          | (3,292)       | (17,507)  |
| GROUP SHARE OF NET PROFIT       | 76,471            | (3,430)       | 73,041    |

### 1.2.3. Other IFRS standards and interpretations

The IFRIC 23 interpretation “Uncertainty over Income Tax Treatments”, published by the IASB in June 2017, is applicable for financial years beginning on, or after, 1 January 2019.

This interpretation of IAS 12 “Income Taxes” clarifies the treatment of any situation of uncertainty regarding the acceptability of a tax treatment relating to income tax. The first-time application of this standard had no material impact on the Group’s financial statements.

The other standards applicable from 1 January 2019 had no material impact on the Group’s financial statements:

- Amendments to IFRS 9 “Prepayment Features with Negative Compensation”
- Amendments to IAS 28 “Long-Term Interests in Associates and Joint Ventures”
- Annual improvements to IFRS standards, 2015-2017 cycle
  - Amendments to IFRS 3 “Business Combinations” & IFRS 11 “Joint Arrangements”
  - Amendments to IAS 12 “Income Taxes”
  - Amendments to IAS 23 “Borrowing Costs”
- Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”

The Group has elected not to early-adopt the standards, interpretations and amendments adopted by the European Union before 31 December 2019, for which early application would have been possible, but which become effective after that date. This relates primarily to the following standards:

- IFRS 17 “Insurance Contracts”
- Amendments to IFRS 3 “Change in Definition of a Business”
- Amendments to IAS 1 and IAS 8: “Change in Definition of ‘Material’”
- Interest rate benchmark reform: amendments to IFRS 9, IAS 39 and IFRS 7
- Amendment to IAS1 “Classification of Liabilities as Current or Non-Current”

### 1.3. Management estimates

The preparation of consolidated financial statements under IFRS requires the use of estimates and assumptions that have an impact on the financial statements. These estimates and assumptions are based on information available when they are drawn up. Estimates may be revised in the event of a change in the circumstances on which they were based. Actual results may therefore differ from the initial estimate.

The consolidated financial statements for the year were prepared taking into account the prevailing macroeconomic environment and the financial market parameters available as of the reporting date, in particular for the estimates below.

The use of estimates impacts the following information in particular:

- the assumptions used for asset impairment testing (notes 2.9 and 4.2),
- the calculation of deferred tax assets (notes 2.4 and 3.6.3),
- the assessment of earnings based on the state of progress of contracts (notes 2.1 and 3.1),
- the measurement of provisions and pension commitments (notes 2.15 and 4.13),
- the measurement of expenses related to the allocation of free and performance shares (note 4.12),
- the estimate of projects eligible for research tax credits (notes 2.19 and 3.3).

### 1.4. Consolidation methods

The companies over which the Group directly or indirectly exercises exclusive control are consolidated by the full consolidation method.

Exclusive control is assessed in accordance with the criteria set out in IFRS 10 (power over the relevant activities, exposure to variable returns and ability to use power to affect the amount of returns). This is presumed to be the case in companies in which the Group directly or indirectly holds at least 50% of voting rights. Immediately exercisable potential voting rights, including those held by another entity, are taken into account in assessing control.

The analysis of joint arrangements pursuant to the criteria set out in IFRS 11 has resulted in the identification of joint ventures, but no joint activities. Joint ventures are consolidated by the equity method. Goodwill in companies consolidated by the equity method is tested only if an indication of impairment is identified; this was not the case as of 31 December 2019.

As of 31 December 2019, similarly to 31 December 2018, only one company was consolidated by the equity method (notes 1.6 and 4.5).

### 1.5. Date of the financial statements

All financial statements of the companies included in the scope of consolidation are prepared for the year ending 31 December 2019.

## 1.6. Scope of consolidation

| Companies                             | % control | % interest | Consolidation methods (1) | Country in which the company is based |
|---------------------------------------|-----------|------------|---------------------------|---------------------------------------|
| AKKA TECHNOLOGIES SE                  | -         | -          | SC                        | Belgium                               |
| AEROCONSEIL SASU                      | 100%      | 100%       | IG                        | France                                |
| AKKA DIGITAL SOLUTION SAS             | 100%      | 100%       | IG                        | France                                |
| GLOBAL SUPPORT SUPPLIER SAS           | 72%       | 72%        | IG                        | France                                |
| AKKA I&S SASU                         | 100%      | 100%       | IG                        | France                                |
| AKKA INFORMATIQUE ET SYSTÈMES SASU    | 100%      | 100%       | IG                        | France                                |
| AKKA INGÉNIERIE PRODUIT SAS           | 100%      | 100%       | IG                        | France                                |
| AKKA LIFE SCIENCES SASU               | 100%      | 100%       | IG                        | France                                |
| AKKA MANAGER SARL                     | 100%      | 100%       | IG                        | France                                |
| AKKA RESEARCH SASU                    | 100%      | 100%       | IG                        | France                                |
| AKKA SERVICES SASU                    | 100%      | 100%       | IG                        | France                                |
| EKIS FRANCE SASU                      | 100%      | 100%       | IG                        | France                                |
| EKIS SASU                             | 100%      | 100%       | IG                        | France                                |
| ELRON CONSULTING EURL                 | 100%      | 100%       | IG                        | France                                |
| ERDIMAT SAS                           | 100%      | 100%       | IG                        | France                                |
| AKKA HIGH TECH SAS                    | 100%      | 100%       | IG                        | France                                |
| MATIS SAS                             | 100%      | 100%       | IG                        | France                                |
| OPERANTIS SASU                        | 100%      | 100%       | IG                        | France                                |
| OPERANTIS-SI EURL                     | 100%      | 100%       | IG                        | France                                |
| REAL FUSIO FRANCE SASU                | 100%      | 100%       | IG                        | France                                |
| SOLIAANTIS EURL                       | 100%      | 100%       | IG                        | France                                |
| AKKA DEUTSCHLAND GmbH                 | 100%      | 100%       | IG                        | Germany                               |
| AKKA EMV GmbH                         | 100%      | 100%       | IG                        | Germany                               |
| AKKA GERMANY GmbH                     | 100%      | 100%       | IG                        | Germany                               |
| AKKA SERVICES GmbH                    | 100%      | 100%       | IG                        | Germany                               |
| ATP AUTOMOTIVE TESTING PAPENBURG GmbH | 100%      | 100%       | IG                        | Germany                               |
| ELEKTRONISCHE FAHRWERKSYSTEME GmbH    | 51%       | 51%        | ME                        | Germany                               |
| AKKA MANAGEMENT SERVICES GmbH         | 100%      | 100%       | IG                        | Germany                               |
| AKKA DNO GmbH                         | 100%      | 100%       | IG                        | Germany                               |
| AKKA DSO GmbH                         | 100%      | 100%       | IG                        | Germany                               |
| AKKA DSW GmbH                         | 100%      | 100%       | IG                        | Germany                               |
| AKKA Consulting GmbH                  | 100%      | 100%       | IG                        | Germany                               |
| AKKA EMC GmbH                         | 100%      | 100%       | IG                        | Germany                               |
| AKKA GmbH & Co. KGaA                  | 100%      | 100%       | IG                        | Germany                               |
| AKKA Verwaltungs GmbH                 | 100%      | 100%       | IG                        | Germany                               |
| AKKA CONCEPT GmbH (ex-PROCEDA GmbH)   | 100%      | 100%       | IG                        | Germany                               |
| AKKA DCE GmbH (Ex-Akka Edwy GmbH)     | 100%      | 100%       | IG                        | Germany                               |

| Companies  | % control | % interest | Consolidation methods (1) | Country in which the company is based |
|--|-----------|------------|---------------------------|---------------------------------------|
| AKKA Austria GmbH  | 100%      | 100%       | IG                        | Autriche                              |
| AKKA BELGIUM SA  | 100%      | 100%       | IG                        | Belgique                              |
| AKKA FINANCE SPRL  | 100%      | 100%       | IG                        | Belgique                              |
| AKKA INTERNATIONAL SA  | 100%      | 100%       | IG                        | Belgique                              |
| AKKA GROUPE AMÉRIQUE DU NORD INC                                 | 100%      | 100%       | IG                        | Canada                                |
| AKKA TECHNOLOGIES BEIJING Ltd                                    | 100%      | 100%       | IG                        | Chine                                 |
| ERLKONIG MANAGEMENT CONSULTING BEIJING Ltd                       | 100%      | 100%       | IG                        | Chine                                 |
| MB SIM TECHNOLOGY Ltd  | 100%      | 100%       | IG                        | Chine                                 |
| AKKA CONGO SA  | 70%       | 70%        | IG                        | Congo                                 |
| AKKA MIDDLE EAST DMCC  | 100%      | 100%       | IG                        | Dubai                                 |
| AKKA MIDDLE EAST LLC   | 100%      | 100%       | IG                        | Qatar                                 |
| AKKA TECHNOLOGIES SPAIN SL                                       | 100%      | 100%       | IG                        | Espagne                               |
| ALL ENERGY CORIALIS WEST AFRICA SL                               | 51%       | 51%        | IG                        | Espagne                               |
| CORIALIS ANGOLA SL   | 100%      | 100%       | IG                        | Espagne                               |
| EDELWAY SPAIN SL   | 100%      | 100%       | IG                        | Espagne                               |
| AKKA DEVELOPMENT UK LTD  | 100%      | 100%       | IG                        | Grande Bretagne                       |
| MBTECH HUNGARY ENGINEERING AND CONSULTING LLC                    | 100%      | 100%       | IG                        | Hongrie                               |
| BERTONE DIGITAL MOBILITY SRL                                     | 100%      | 100%       | IG                        | Italie                                |
| AKKA ENERGY ITALY SRL  | 100%      | 100%       | IG                        | Italie                                |
| AKKA ITALIA SRL  | 100%      | 100%       | IG                        | Italie                                |
| CTP SYSTEM SRL   | 100%      | 100%       | IG                        | Italie                                |
| AKKA JAPAN K.K   | 100%      | 100%       | IG                        | Japon                                 |
| AKKA DEVELOPMENT SARL  | 100%      | 100%       | IG                        | Luxembourg                            |
| AKKA NETHERLANDS BV  | 100%      | 100%       | IG                        | Pays-Bas                              |
| AEROCONSEIL PACIFIC SAS  | 100%      | 100%       | IG                        | Polynésie Française                   |
| AKKA Czech Republic s.r.o (Ex-Mbtech Bohemia s.r.o)              | 100%      | 100%       | IG                        | République Tchèque                    |
| AKKA ROMSERV SRL   | 100%      | 100%       | IG                        | Roumanie                              |
| AKKA TECHNOLOGIES SINGAPORE LTD                                  | 100%      | 100%       | IG                        | Singapour                             |
| AKKA GEC SINGAPORE PTE Ltd                                       | 100%      | 100%       | IG                        | Singapour                             |
| AKKA SLOVAKIA Sro  | 100%      | 100%       | IG                        | Slovaquie                             |
| AKKA SWITZERLAND SA  | 100%      | 100%       | IG                        | Suisse                                |
| EDELWAY AG   | 100%      | 100%       | IG                        | Suisse                                |
| THE AKKADEMY SWITZERLAND SA                                      | 100%      | 100%       | IG                        | Suisse                                |
| AKKA DIGITAL SWISS AG  | 100%      | 100%       | IG                        | Suisse                                |
| LEORA HUMAN CAPITAL SA   | 100%      | 100%       | IG                        | Suisse                                |
| AKKA TECHNOLOGIES MUHENDISLIK VE DANISMANLIK Limited Sirketi LLC | 100%      | 100%       | IG                        | Turquie                               |
| MBTECH MUHENDISLIK VE DANISMANLIK Limited Sirketi LLC            | 100%      | 100%       | IG                        | Turquie                               |
| AKKA DEV US INC  | 100%      | 100%       | IG                        | USA                                   |
| AKKA GROUP NORTH AMERICA Inc                                     | 100%      | 100%       | IG                        | USA                                   |
| AKKA GROUP USA Inc (Ex-MBTECH North America iNC)                 | 100%      | 100%       | IG                        | USA                                   |
| AKKA USA LLC (Ex-MB-TECHNOLOGY NA LLC)                           | 100%      | 100%       | IG                        | USA                                   |
| PDS TECH Inc   | 100%      | 100%       | IG                        | USA                                   |

(1) CE = Consolidating Entity; FC = Full Consolidation; EM = Equity Method

## 1.7. Comparability of accounts

### 1.7.1. First-time consolidation in 2019

There was no material change in the scope of consolidation during the 2019 financial year.

### 1.7.2. First-time consolidation in 2018

The Group acquired all of the shares in PDS Tech. Founded in 1977, PDS Tech was fully consolidated on 1 November 2018.

Its contribution to the consolidated revenue since 2018 (2 months) amounted to €47.6 million.

### 1.7.3. Acquisition prices of companies consolidated for the first time in 2018 and 2019

The acquisition prices paid out in 2019 amounted to €19,760 thousand as against €137,079 thousand in 2018; €2,314 thousand is yet to be paid out for acquisitions post-2019. Details of goodwill and earn-out payments are given in note 4.1.

#### 1.7.4. Changes in percentage interests

There was no change in percentage interests held in significant companies during the 2019 financial year.

#### 1.7.5. Exit from the scope of consolidation

There were no material exits from the scope of consolidation in 2019.

#### 1.7.6. Other events affecting the scope of consolidation

Streamlining the number of legal entities will continue in 2020, notably with mergers in France, Italy, Spain and Switzerland. These operations will not have any impact on the consolidated data.

The shares of non-consolidated companies are recognized in “Non-current financial assets”; their contribution to the consolidated accounts was deemed immaterial.

#### 1.7.7. Proforma information

In the absence of any material impact from acquisitions, proforma information is not provided for the periods presented.

#### 1.7.8. Changes in the presentation of the consolidated income statement

The Group has decided to eliminate the “Other Non-Current Income and Expenses” intermediate income aggregate and, consequently, the “Operating Profit from Ordinary Activities” and “Recurring Operating Profit” intermediate income aggregates.

According to the provisions and clarifications of regulators in Europe, and in particular the ESMA, the use of such intermediate aggregates should only be considered in rare circumstances. In addition, as the Group’s registered office has been transferred to Brussels with dual listing in Paris and Brussels since 2019, Belgian listed companies do not tend to use such aggregates.

Consequently, the “Operating Profit” aggregate becomes the only operating performance aggregate in the Consolidated Income Statement. The calculation of this aggregate remains unchanged between 2018 and 2019.

In order to present the 2018 income statement according to principles comparable to 2019, the items in “Other Non-Current Income and Expenses” have been reclassified by nature under the headings from which they originate, as follows:

| Amounts in thousands of euros         | published in 2018 | Reassignments | Reclassified in 2018 |
|---------------------------------------|-------------------|---------------|----------------------|
| <b>Revenue</b>                        | <b>1,505,326</b>  | -             | <b>1,505,326</b>     |
| External expenses                     | (378,884)         | (7,192)       | (386,076)            |
| Taxes and duties                      | (12,262)          | -             | (12,262)             |
| Personnel expenses                    | (982,359)         | (13,160)      | (995,519)            |
| Net depreciation and provisions       | (20,350)          | -             | (20,350)             |
| Other current expenses                | (3,479)           | -             | (3,479)              |
| Other current income                  | 8,254             | 2,121         | 10,375               |
| Income from equity affiliates         | 1,828             | -             | 1,828                |
| Free shares and stock options         | (9,779)           | -             | (9,779)              |
| Other non-current income and expenses | (18,231)          | 18,231        | -                    |
| <b>OPERATING PROFIT</b>               | <b>90,065</b>     | -             | <b>90,065</b>        |

### 1.8. Translation of the financial statements of subsidiaries

The Group’s functional currency is the euro.

The financial statements of subsidiaries have been translated into euros using the closing rate for balance sheet items other than equity, the average rate for the year for the income statement and the historical rates for components of equity other than retained earnings.

The differences arising from the translation of the financial statements of subsidiaries are recorded in a separate section of the statement of changes in equity, under “translation adjustments”. Movements during the year are presented on a separate line, in other comprehensive income.

### 1.9. Intra-Group transactions

Transactions between Group companies (purchases, sales, dividends, receivables, payables, provisions, results of internal transfers, etc.) are fully eliminated for fully consolidated companies.

## 2. ACCOUNTING METHODOLOGY

### 2.1. Method of recognition of profit from contracts

The consolidated revenue is recognized in accordance with the provisions set forth in standard IFRS 15.

Revenue from the majority of contracts is recorded as a unique performance obligation, the transfer of control of which takes place as the contract progresses.

For all types of contract (cost-plus, fixed-price or cost per unit of work), the revenue and the margin are recognized based on the progress of each contract. For fixed-price contracts, the services are recognized on the basis of the cost of work completed, taking into account an estimate of the remaining works required to complete the contract.

Whenever the customer requests works to be carried out not included in the initial order on fixed-price contracts, the Group conducts an analysis of such transactions in order to modify the contract appropriately. If the Group is certain to receive payment prior to the customer’s formal agreement, unbilled work is recognized on the basis of the work completed, provided that the customer acknowledges that the works have indeed been performed outside of the initial contractual framework. In such cases, revenue is to be recorded on a cost price basis.

Fixed-price contracts represent a significant portion of revenue and margin. For fixed-price contracts, where the work completed plus what remains to be done to fulfil the contract exceeds the total revenue from the contract, the excess

amount is recognized as “provision for losses on completion” in liabilities, under the heading “current provisions”.

Should a third party be involved in supplying a particular good or service, the Group determines whether it should obtain control of said good or service prior to transfer to the customer. When control is obtained prior to transfer to the customer, the Group records the gross amount it expects to collect from the customer in revenue. On the other hand, when control is not obtained, the Group considers that it is acting as an agent in the given transaction and only records the amount corresponding to its net remuneration in revenue.

For all types of contract, where work completed exceeds the amount billed, the difference is recognized as “unbilled work” in assets, under the heading “trade receivables”. By contrast, where the work billed exceeds the amount of work actually completed, the difference is recognized in “Deferred income” in liabilities, under the heading “Other liabilities”.

Within the Group, contract assets correspond to unbilled work, advances paid to subcontractors, and holdbacks.

In accordance with the requirements of standard IFRS 9, contract assets are analyzed to assess the potential risk of uncollectability. Contract liabilities primarily consist of advances received and deferred income.

|   | Note | 2019           | 2018           |
|---|------|----------------|----------------|
| Unbilled work                           | 4.8  | 119,851        | 139,100        |
| Advances paid to subcontractors         | 4.9  | 2,264          | 1,728          |
| <b>Contract assets</b>                  |      | <b>122,115</b> | <b>140,829</b> |
| Customer advances and deposits received | 4.16 | 9,948          | 8,872          |
| Deferred income                         | 4.16 | 23,734         | 31,698         |
| <b>Contract liabilities</b>             |      | <b>33,682</b>  | <b>40,569</b>  |

### 2.2. Research and development expenses

Research expenses are recognized as expenses.

Under IAS 38, development costs can only be recognized as assets if projects meet the following conditions:

- the project is clearly identified, and the project costs can be measured reliably,
- the project’s technical feasibility has been demonstrated,
- the Group intends to complete the project and to use or sell the resulting solutions,
- the financial and technical resources needed to complete the development and to use or sell the asset are available,
- it is likely that the future economic advantages will benefit the Group.

### 2.3. Share-based payments

IFRS 2 defines the methods for measuring and recognizing share-based payments. Stock option and free share plans are regarded as benefits granted by the Group to the beneficiaries. As such, the benefit is measured based on the fair value of the equity instruments granted at the grant date. It gives rise to the declaration of an expense spread over the vesting period in exchange for an increase in shareholders’ equity, taking the initial probabilities into account.

On expiry of the vesting period, the amount of cumulative benefits recognized is maintained in equity for the part actually vested, whether or not the options are actually exercised.

The fair value of stock option plans is measured using the Black & Scholes model; no stock options were granted for the financial year.



Free shares granted are subject to certain restrictions on their sale or transfer and to the employee's presence in the Group at the end of the vesting period. The fair value of the benefit granted takes into account various parameters such as Group turnover and the non-transferability of shares during the vesting period.

The corresponding expense is shown on the line assigned to free shares and stock options from the income statement.

## 2.4. Tax expense

### 2.4.1. Income tax

Current tax expense represents the amounts paid or payable to the tax authorities for the year, based on the rules and rates applicable in the various countries.

Deferred tax is recognized for the differences between the carrying amounts of assets and liabilities and their tax basis in accordance with IAS 12, except for differences related to goodwill and investments in subsidiaries. They accordingly result primarily from the following:

- time lag between the recognition and tax deductibility of certain expenses,
- adjustment of tax-related provisions,
- adjustments made between the financial statements prepared in local GAAP and financial statements prepared in accordance with IFRS (e.g. adjustment of goods subject to fixed or movable property finance leases).

In accordance with IAS 12, deferred taxes are calculated using tax rates that were enacted or substantively enacted as of the reporting date. Changes in deferred tax rates and tax bases are recognized in profit or loss when they affect an item recognized in profit or loss, in other comprehensive income or in reserves, depending on the accounting treatment of the item on which the tax is levied.

Deferred tax assets are recognized only when their recovery is deemed likely. To assess its ability to recover deferred tax assets, the Group takes into account the following:

- future earnings forecasts as determined from multi-year budgets used for goodwill impairment testing;
- the probability of use of tax losses arising before and after tax consolidation;
- the specific treatment of tax losses under local tax rules.

Deferred taxes are not discounted.

### 2.4.2. Corporate Value-Added Contribution

According to the Group's analysis, the corporate value-added contribution (cotisation sur la valeur ajoutée des entreprises – CVAE), a French business tax based on the value added in the parent company's financial statements, has features that meet the definition of an income tax within the meaning of IAS 12.2 ("taxes based on taxable profits"). It is therefore recognized under "income tax expense" in the income statement.

## 2.5. Earnings per share

In accordance with IAS 33, basic earnings per share is calculated by dividing the "Group share of net profit" by the weighted average number of shares outstanding less treasury shares.

Diluted earnings per share is calculated by dividing the "Group share of net profit", adjusted for the financial cost of dilutive instruments, by the weighted average number of shares outstanding after the conversion into ordinary shares of dilutive instruments outstanding convertible into AKKA Technologies shares.

## 2.6. Goodwill

The revised standard IFRS 3R on business combinations was applied prospectively to business combinations formed on or after 1 January 2010.

The principles presented below are those laid down in revised standard IFRS 3R.

When taking control of a new company, the identifiable assets and liabilities of the acquired subsidiary are recognized in the consolidated balance sheet at their fair value at that date. These assets and liabilities follow the rules for balance sheet items to which they are assigned.

The residual difference between the acquisition cost and the share of interest in the net fair value of contingent assets and liabilities is included in assets under "goodwill". Analysis of the allocation of the acquisition cost is only finalized following a 12-month period after the date of acquisition.

The acquisition cost is the amount of cash or cash equivalents and contingent considerations measured at fair value, excluding the acquisition costs of securities. Acquisition expenses are recognized as expenses in the period.

The Group recognizes non-controlling interest in a takeover, either at fair value (full goodwill method) or on the basis of their share in the net assets of the acquired company (partial goodwill method). A decision is taken for each acquisition.

The impact of buyouts of non-controlling interests after a takeover is recognized directly in consolidated reserves. The treatment is the same in case of transfer without loss of control.

For acquisitions made on or after 1 January 2010, in accordance with IFRS 3R, changes in earn-out payments are recognized in profit or loss after the acquisition date. When the impact is material, contingent considerations are discounted. The impact of the accretion is recognized in profit or loss.

Negative goodwill is recognized immediately in profit or loss.

Goodwill is allocated to a cash-generating unit or a group of CGUs based on synergies expected by the Group. In practice, goodwill is allocated to geographical areas, as described in note 4.1.

Goodwill is not amortized. It is subject to impairment testing as defined in note 2.9, whenever there is an indication of impairment and at least once a year.

## 2.7. Intangible and tangible assets

The basic method adopted for the recognition and measurement of fixed assets is the historical cost method. The Group has opted not to remeasure fixed assets other than business combinations.

Among property, plant and equipment, land is the only asset with an indefinite life.

In accordance with IAS 16, buildings are measured using a component approach.

Buildings are broken down into four homogeneous components based on estimates and quotes made at the time:

- building shell,
- façade and sealing,
- general fittings and plant,
- fixtures.

Depreciation is generally calculated on a straight-line basis over the useful life of the asset. Accelerated depreciation may however be used when it appears more appropriate to the conditions of use of the equipment in question.

The main useful lives of the various categories of property, plant and equipment and intangible assets are:

|   | Method              | Number of years |
|---|---------------------|-----------------|
| Software  | Straight-line basis | 1 to 3 years    |
| Operational software (unit value less than €23 thousand)    | Straight-line basis | 2 years         |
| Operational software (unit value greater than €23 thousand) | Straight-line basis | 3 years         |
| Building shell  | Straight-line basis | 50 years        |
| Facades and sealing   | Straight-line basis | 30 years        |
| General fittings and plant                                  | Straight-line basis | 4 to 20 years   |
| Fixtures  | Straight-line basis | 10 years        |
| Plant, equipment and tooling                                | Straight-line basis | 4 years         |
| General facilities, fixtures and fittings                   | Straight-line basis | 4 to 10 years   |
| Transport equipment   | Straight-line basis | 4 years         |
| Office equipment  | Straight-line basis | 4 years         |
| Computer equipment  | Straight-line basis | 3 years         |
| Furniture   | Straight-line basis | 7 years         |

## 2.8. Leases

### 2.8.1. Finance leases

The following are considered to be finance leases:

- agreements that transfer ownership of the asset at the end of the term,
- agreements containing a purchase option at a preferential price,
- leases covering the major part of the useful life of the asset,
- agreements for which the present value of the minimum lease payments is equal to substantially all of the fair value of the asset leased,
- agreements relating to very specific assets.
- In addition, the following situations may individually or jointly result in a lease being classified as a finance lease:
  - if the lessee is entitled to cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee,
  - gains or losses resulting from fluctuations in the fair value of the residual value are borne by the lessee,
  - the lessee has the option of extending the lease for a second term at a rent that is substantially lower than market rent.

Finance leases are recognized in fixed assets and financial liabilities. Lease payments are broken down into interest expense and depreciation. The Group acts as lessee.

### 2.8.2. Operating leases

Leases are recognized on the balance sheet at the inception of the lease at the present value of future payments. These leases are recognized under "Lease liability (IFRS 16)" on the liabilities side, offset by "Rights-of-use IFRS 16" on the assets side. They are amortized over the lease term, which is typically the fixed period of the lease unless there is a stated intention to renew or terminate.

In the Income Statement, depreciation and amortization expenses are recognized in the operating result and interest expenses in the financial income. The tax effect of this consolidation adjustment is accounted for through the recognition of deferred taxes. Leases of low-value assets (less than €5,000) or short-term leases (less than 12 months) are recognized directly as expenses.

## 2.9. Impairment of non-financial assets

Periodically, once a year (for goodwill and other intangible assets with indefinite useful lives) and whenever an indication of impairment is identified (for other non-financial assets), impairment testing is performed to ensure that the recoverable amount of non-financial assets is at least equal to the carrying amount. If necessary, an impairment loss is recognized to align the carrying amount of these assets with their recoverable amount.

As recommended by IAS 36, the recoverable amount of an asset is the greater of its net fair value (fair value less costs of disposal) and its value in use, which corresponds to the present value of the estimated future flows of the relevant cash-generating unit (CGU) or group of CGUs. CGUs are defined as the smallest identifiable groups of assets that generate independent cash inflows (see note 2.7).

Impairment testing is performed by CGU or group of CGUs based on a five-year projection of net cash flows from operations (operating cash flow, cash flows related to working capital and investment) plus, if applicable, corresponding R&D subsidies. This projection is determined using the budget data of the CGU or group of CGUs, taking into account past experience and forecasts. Beyond this horizon, the Group calculates a terminal value of the CGU corresponding to the present value of cash flows from operations discounted to infinity.

The discount rate is determined in accordance with IFRS, without taking into account the level of debt. The discount rate is after tax, and is applied to cash flow after tax. Its use results in determining recoverable amounts identical to those obtained by applying pre-tax rates to pre-tax cash flows, as required by IAS 36. The discount rate is calculated using a risk free rate, an equity-market risk premium and a sector beta. Depending on the location of the CGU or groups of CGUs with goodwill, a country risk premium is also factored into the discount rate.

Projected cash flows do not include cash flows resulting from growth investments or cash flows from restructuring not yet begun.

Impairment losses recognized on a CGU or group of CGUs are allocated first to goodwill. Impairment losses recognized on the goodwill of fully consolidated companies cannot be reversed.

## 2.10. Trade receivables, related accounts and other receivables

Trade and other receivables are current assets initially measured at fair value, which generally corresponds to their nominal value, unless the effect of discounting is material.

At each reporting date, receivables are measured at fair value, taking into account where necessary any impairment to reflect the potential risks of non-recovery.

An impairment loss is recognized when there are objective indications that the Group will not be able to collect all amounts due under the terms of the original transaction. Bankruptcies, creditor protection processes, notorious insolvency or disappearance of the debtor and significant payment arrears are considered indicators that a trade receivable is impaired.

## 2.11. Factoring and financing tools

The working capital of the main French companies is funded mainly by the sale of receivables (factoring, Daily, etc.). Analysis of the derecognition of assigned receivables is made on the basis of the decision tree provided by IFRS 9.

The conditions enjoyed by the Group lead us to record the cash obtained from such assignments under "cash and cash equivalents" and holdbacks under "financial assets". The assigned receivables are derecognized from assets on the balance sheet. Information on the amount of receivables assigned and derecognized is disclosed in note 4.8.

This method of recognition results notably from the following criteria:

- upon assignment, the rights to the cash flows of the asset have not expired,
- the rights to receive cash flows from the asset are transferred to the assignee,
- the risks and rewards are substantially transferred to the assignee,
- the Group does not retain control of the receivable.

## 2.12. Cash and cash equivalents

This item includes current bank accounts (debit and credit), the amounts made available by the factor but not used, and cash equivalents.

Short-term investments (cash equivalents) are measured and recognized at fair value by reference to the most recent year-end price. Changes in fair value are recognized in profit or loss.

## 2.13. Perpetual subordinated unsecured bonds redeemable in cash and/or convertible into new shares and/or existing shares (ODIRNANE bonds) and financial liabilities

An ODIRNANE bond is a perpetual instrument without a maturity date, given that its holders do not have a redemption option. The instruments are redeemable in the event that the Company is liquidated, in which case payment would include accrued coupons and any deferred coupons. Payment of the coupons is at AKKA's discretion and may be deferred until AKKA decides on a dividend distribution. If coupons are not paid, they remain due and take the form of arrears on which interest is paid at the rate applied for the purpose of calculating the bond coupons.

### INTEREST

- Until 1 January 2025, the Bonds will bear interest at a fixed rate of 3.5% per annum, payable semi-annually in arrears on 1 July and 1 January each year, commencing on 1 July 2020 and ending on 1 January 2025, subject to the Optional Interest Deferral (as defined below).
- From 1 January 2025, the Bonds will bear interest at a rate equal to the six-month Euribor rate plus a margin of 900 basis points, payable semi-annually in arrears on each Interest Payment Date and for the first time on 1 July 2025, subject to the Optional Interest Deferral.
- In the event of a change of control, the interest rate will be increased by 500 basis points per annum as from the next Interest Payment Date.
- On any Interest Payment Date, the Issuer may decide, subject to certain conditions, to defer payment of interest in respect of the Bonds for the relevant interest period, subject to having notified the Bondholders at least 15 days prior to the relevant Interest Payment Date, (an "Optional Interest Deferral"). All interest in respect of the Bonds that is not paid at an Interest Payment Date will constitute "Deferred Interest".
- Any amount of Deferred Interest will bear interest at an annual rate equal to the applicable fixed or variable rate, depending on the case. The amount of interest accrued in this way (the "Additional Interest") in respect of the Deferred Interest will become due and payable in the same manner as the Deferred Interest.
- Deferred Interest and Additional Interest may be paid in whole or in part at any time, at the Issuer's option, but all Deferred Interest and Additional Interest in respect of all the Bonds will become payable under certain circumstances, as described in the terms and conditions of the Bonds.

## REDEMPTION OF BONDS

The Bonds are perpetual, subject to early redemption at the Issuer's option.

- The Issuer may, at its option, elect to redeem all of the Bonds early at par plus accrued interest, plus any Deferred Interest and Additional Interest (the "Early Redemption Price"):
  - for the first time on 1 January 2025, and then on each Interest Payment Date thereafter;
  - in the event of a change of control;
  - from 25 January 2023 to 1 January 2025, if the Parity Value of the Bond on each of at least 20 dealing days in any period of 40 consecutive dealing days preceding the publication of the early redemption notice is greater than or equal to €130,000; and
  - if less than 15% of the Bonds originally issued remains outstanding.
- The Issuer undertakes to convene a Shareholders' meeting to be held no later than 30 June 2020 (the "Long Stop Date"), to submit a proposal for the shareholders to approve change of control resolutions (approving the change of control conversion price adjustment and change of control step-up). If the resolutions are not approved and the Issuer has not given an early redemption notice by the date falling two business days following the Long Stop Date for the redemption of the Bonds at the greater of 102% of the principal amount and 102% of the fair Bond value, in each case together with interest accrued and Deferred Interest and Additional Interest (if any), then the fixed interest rate will be increased by an additional 500 basis points as from the interest period commencing on 1 January 2021.

## CONVERSION RIGHTS

Bondholders may exercise their conversion right at any time from the issue date (inclusive) until the seventh day (inclusive) preceding 1 January 2025, or the date set for any early redemption.

- Upon exercise of their conversion right, Bondholders will receive, at the option of the Issuer, shares, cash, or a combination of shares and cash.
  - The conversion price may be subject to customary adjustments, as described in the terms and conditions of the Bonds. The conversion price will, in particular, be adjusted downward in the event of a cash distribution paid or made in respect of a financial year of the Issuer.
  - ACCOUNTING TREATMENT
- The characteristics of the ODIRNANE bond led the Group to recognize it as an equity instrument:
- There is no contractual obligation to repay the nominal amount except in the event of the issuer's liquidation. IAS 32 stipulates that a repayment obligation in the event of liquidation does not call into question the classification as an equity instrument;
  - The payment of coupons to Bondholders:
    - either depends on the Issuer's liquidation, As indicated above, an obligation for the issuer to make a payment in the event of liquidation does not constitute a liability within the meaning of IAS 32,
    - or is under the control of the issuer (payment of dividends, repurchase of own shares or equivalent, early redemption by the issuer, decision to pay the next coupon on the bonds, etc.).

The long history of dividend payments on ordinary shares automatically triggering the payment of remuneration on account of the instrument does not call into question the absence of a contractual obligation in accordance with IAS 32.

Finally, the "step-up" clause which leads to a significant increase in the amount of coupons beyond a certain date, if the instrument has not been previously redeemed by the issuer, and the interest on arrears clause (capitalized and bearing the same rate as the bonds) constitute economic constraints and not contractual obligations in application of IAS 32 and its current interpretations.

Consequently, in view of the characteristics of the instruments and the elements mentioned above, AKKA has no contractual obligation to pay remuneration on the perpetual debt instrument.

Lastly, the various options mentioned above do not call into question the classification of equity instruments.

## 2.14. Foreign currency transactions

Transactions in foreign currencies are recorded at their equivalent value on the date of the transaction. Trade payables and receivables are recorded at their equivalent value based on the year-end exchange rate. The corresponding translation adjustments are recognized in profit or loss.

## 2.15. Employee benefits

Post-employment benefits (see note 4.13)

Post-employment employee benefits comprise commitments in respect of retirement bonuses, and are the subject of a provision in non-current liabilities.

The calculation of such commitments takes into account:

- rights acquired, including social security contributions, for each employee using the projected unit credit method based on pay at retirement,
- the mortality table,
- the staff turnover rate,
- wage growth of 1% in France (1% in 2018) and 3% in Germany (3% in 2018).

This calculation was discounted at a rate of 0.77% in 2019, compared with 1.57% in 2018 (iBoxx AA10+).

The service cost and interest expense are recognized in profit or loss. Actuarial gains and losses are recognized in other comprehensive income; they are not recycled to profit or loss.

There is no deferred cost of past services, nor is there any change in regime in the years presented. The Group does not outsource the funding of its liabilities.

## 2.16. Provisions

Obligations to third parties resulting from past generating events, whether legal, regulatory, contractual or constructive, are subject to a provision as soon as the Group has a present obligation, legal or constructive, arising from past events existing independently of future actions by the Group and it is probable that it will result in an outflow of resources.

Contingent assets are disclosed in the notes when their realization is deemed probable and the amount is material. Contingent liabilities are disclosed in the notes when the amount is material.

The components comprising provisions (commercial disputes, industrial tribunal disputes, restructuring, etc.) are reviewed regularly to allow any necessary adjustments to be made.

When the effect is material, provisions are discounted.

## 2.17. Financial liabilities

Financial liabilities include loans from credit institutions (banks and leasing companies and bonds). Financial liabilities are recorded at amortized cost based on the effective interest rate method.

The portion due within one year is classified under "current financial liabilities"; that due in more than one year is classified under "non-current financial liabilities".

## 2.18. Derivatives

The Group uses financial instruments to hedge its exposure to fluctuations in interest rates. Derivatives are initially measured at fair value on the date of inception and are subsequently remeasured at fair value at each reporting date. In accordance with IAS 39, the recognition of changes in fair value depends on the classification of the derivative as a fair value or cash flow hedge.

Fair value hedges are intended to hedge exposure to changes in the fair value of an asset or liability recognized in the financial statements or of an identified component of such assets or liabilities or a commitment to purchase or sell an asset at a predetermined price, which is attributable to a specific risk and which could affect the profit presented. Any gain or loss resulting from the remeasurement of the hedging instrument is recognized in profit or loss.

The Group had no such contracts in the years presented.

Cash flow hedges are intended to hedge exposure to changes in cash flows attributable to a specific risk associated with an asset or liability recognized in the financial statements or to an intended transaction that could affect profit. Changes in fair value as of the year-end are broken down into an effective portion recognized in "other items of comprehensive income" and an ineffective portion recycled to profit or loss.

The effective portion is recognized in profit or loss for the period at the maturities of the hedging instrument. If the hedging instrument expires or is sold, terminated or exercised, the gain or loss initially recognized in other items of comprehensive income must be maintained separately in other comprehensive income until the intended transaction takes place. If it is no longer expected that the commitment or the transaction will materialise, any impact previously recognized in other items of comprehensive income is recycled in profit or loss.

## 2.19. Subsidies

In accordance with IAS 20, subsidies (including the research, and competitiveness and employment tax credits) are deducted from the expense to which they relate.

The amount recognized as of 31 December 2019 is calculated based on the eligible expenses.



## 2.20. Other information on financial assets and liabilities

Treasury shares and related impacts (gain or loss on disposal, impairment, if any) are deducted from consolidated reserves.

Financial assets and liabilities are recognized under several headings in the balance sheet (non-current financial assets, trade receivables, other current assets, trade payables, other current liabilities, borrowings, cash and cash equivalents).

Financial instruments are allocated to five categories that do not correspond to identified balance sheet headings, bearing in mind that their allocation determines the applicable recognition and measurement rules.

The five categories are as follows:

- Assets held to maturity: not applicable in the Group in the years presented,
  - Financial assets and liabilities at fair value through profit or loss: this item mainly includes cash equivalents. Changes in the fair value of the items allocated to this category are recognized in profit or loss at each-year end,
  - Loans, receivables and payables: items under this heading are recognized “at cost” or “at amortized cost” as appropriate,
- Assets and liabilities carried “at cost” are mainly trade receivables and payables, and non-current financial assets (e.g. deposits and guarantees). These items are initially recognized at fair value, which for the Group corresponds to their nominal value (short maturities). In the event of loss of value, these items are subject to impairment,

- Assets and liabilities carried “at amortized cost” relate mainly to borrowings. The amortized cost of these items is the initial value of the asset or liability less repayments of principal, adjusted if necessary using the effective interest rate method and for possible impairment,

- Assets held for sale: this only applies to non-consolidated investments, at cost, with the performance of impairment testing,
- Derivatives: see note 2.18.

Under IFRS 13, applicable from 2013, financial instruments are presented in three categories (see note 4.17), according to a hierarchy of methods for determining fair value:

- Level 1: fair value determined by reference to unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: fair value determined by reference to observable prices for similar assets or liabilities in active markets, either directly (adjusted level 1 quoted prices) or indirectly (derived from prices);
- Level 3: fair value determined by reference to unobservable market data.

## 3. NOTES TO THE INCOME STATEMENT

### 3.1. Segment information

Segment information is provided pursuant to IFRS 8. The information provided in the segment breakdown is based on the internal reporting used by the chief operating decision-maker (Group Executive Committee) to assess the performance of the various segments.

As of the end of December 2019, the Group had identified four segments within the meaning of IFRS 8 on segment reporting, representing geographic regions, namely France, Germany, North America and International (excluding Germany and North America).

With the exception of France, Germany and the USA, no country has reached the threshold of 10% of revenue (in terms of revenue, profit and assets) cited in IFRS 8.

| December 2019 - in thousands of euros | France        | Germany       | North America | International | Others          | TOTAL          |
|---------------------------------------|---------------|---------------|---------------|---------------|-----------------|----------------|
| <b>INCOME STATEMENT</b>               |               |               |               |               |                 |                |
| External revenue                      | 661,349       | 519,290       | 304,967       | 315,880       | 0               | 1,801,486      |
| % of revenue                          | 36.7%         | 28.8%         | 16.9%         | 17.5%         | 0.0%            | 100.0%         |
| Inter-segment revenue                 | 18,647        | 10,576        | 1,579         | 23,546        | 50,310          | 104,658        |
| Revenue                               | 679,996       | 529,866       | 306,546       | 339,425       | 50,310          | 1,906,144      |
| Operating income and expenses         | (607,240)     | (482,427)     | (293,196)     | (281,259)     | (12,317)        | (1,676,439)    |
| Free shares and stock options         | -             | -             | -             | -             | (3,824)         | (3,824)        |
| <b>Operating profit</b>               | <b>54,109</b> | <b>36,863</b> | <b>11,771</b> | <b>34,621</b> | <b>(16,141)</b> | <b>121,224</b> |
| Cost of net financial debt            | -             | -             | -             | -             | -               | (16,164)       |
| Other financial income and expenses   | -             | -             | -             | -             | -               | (1,343)        |
| Tax expense                           | -             | -             | -             | -             | -               | (30,447)       |
| Net income                            | -             | -             | -             | -             | -               | 73,270         |

| December 2018 - in thousands of euros | France        | Germany       | North America | International | Others          | TOTAL         |
|---------------------------------------|---------------|---------------|---------------|---------------|-----------------|---------------|
| <b>INCOME STATEMENT</b>               |               |               |               |               |                 |               |
| External revenue                      | 625,375       | 510,982       | 70,541        | 298,342       | 87              | 1,505,326     |
| % of revenue                          | 41.59%        | 33.99%        | 4.79%         | 19.89%        | 0.09%           | 100.09%       |
| Inter-segment revenue                 | 21,618        | 9,230         | 2,524         | 19,289        | 51,899          | 104,559       |
| Revenue                               | 646,993       | 520,212       | 73,065        | 317,631       | 51,986          | 1,609,886     |
| Operating income and expenses         | (577,732)     | (474,747)     | (69,349)      | (267,646)     | (16,008)        | (1,405,482)   |
| Free shares and stock options         | -             | -             | -             | -             | (9,779)         | (9,779)       |
| <b>Operating profit</b>               | <b>47,643</b> | <b>36,235</b> | <b>1,192</b>  | <b>30,696</b> | <b>(25,701)</b> | <b>90,065</b> |
| Cost of net financial debt            | -             | -             | -             | -             | -               | (14,720)      |
| Other financial income and expenses   | -             | -             | -             | -             | -               | (2,395)       |
| Tax expense                           | -             | -             | -             | -             | -               | (19,891)      |
| Net income                            | -             | -             | -             | -             | -               | 53,059        |

| December 2019 - in thousands of euros | France         | Germany        | North America  | International  | Others   | TOTAL            |
|---------------------------------------|----------------|----------------|----------------|----------------|----------|------------------|
| <b>REVENUE BY ACTIVITY</b>            |                |                |                |                |          |                  |
| Mobility                              | 495,783        | 494,813        | 272,627        | 180,576        | -        | 1,443,799        |
| Others                                | 165,576        | 24,477         | 32,340         | 135,304        | -        | 357,697          |
| <b>External revenue</b>               | <b>661,359</b> | <b>519,290</b> | <b>304,967</b> | <b>315,880</b> | <b>-</b> | <b>1,801,496</b> |

| December 2018 - in thousands of euros | France         | Germany        | North America | International  | Others    | TOTAL            |
|---------------------------------------|----------------|----------------|---------------|----------------|-----------|------------------|
| <b>REVENUE BY ACTIVITY</b>            |                |                |               |                |           |                  |
| Mobility                              | 471,630        | 481,620        | 63,867        | 166,476        | -         | 1,183,593        |
| Others                                | 153,745        | 29,362         | 6,674         | 131,866        | 86        | 321,733          |
| <b>External revenue</b>               | <b>625,375</b> | <b>510,982</b> | <b>70,541</b> | <b>298,342</b> | <b>86</b> | <b>1,505,326</b> |

| December 2019 - in thousands of euros        | France  | Germany | North America | International | Others  | TOTAL   |
|--|---------|---------|---------------|---------------|---------|---------|
| <b>BALANCE SHEET</b>                         |         |         |               |               |         |         |
| Segment assets (1)                           | 217,428 | 282,072 | 77,154        | 96,617        | 32,344  | 705,615 |
| Segment financial liabilities (2)            | 58,277  | 73,450  | 12,836        | 17,025        | 534,030 | 695,617 |
| <b>December 2018 - in thousands of euros</b> |         |         |               |               |         |         |
| <b>BALANCE SHEET</b>                         |         |         |               |               |         |         |
| Segment assets (1)                           | 151,281 | 214,146 | 71,454        | 80,322        | 32,204  | 549,406 |
| Segment financial liabilities (2)            | 259     | 4,927   | 18,476        | 2,659         | 524,694 | 551,015 |

(1) Goodwill, intangible assets and property, plant and equipment, other non-current assets

(2) Financial liabilities

The biggest customer of each operating segment represents 23.7% of revenue in France, 46.5% in Germany, 24.9% in North America and 12.3% in International. The five biggest customers in each operating segment represent 52.3% of revenue in France, 81.3% in Germany, 61.5% in North America and 28.0% in International.

## 3.2. External expenses

| Amounts in thousands of euros | 31 Dec. 2019     | 31 Dec. 2018     |
|-------------------------------|------------------|------------------|
| Sub-contracting               | (165,417)        | (158,113)        |
| Other external expenses*      | (223,507)        | (227,963)        |
| <b>External expenses</b>      | <b>(388,924)</b> | <b>(386,076)</b> |

\*including the adjusted IFRS 16 lease expense of €31,450 thousand in 2019

## 3.3. Personnel

### 3.3.1. Average workforce of consolidated companies

|               | Workforce at end of period |               | Average workforce |               |
|---------------|----------------------------|---------------|-------------------|---------------|
|               | 31 Dec. 2019               | 31 Dec. 2018  | 31 Dec. 2019      | 31 Dec. 2018  |
| France        | 7,805                      | 7,779         | 7,752             | 7,590         |
| Germany       | 5,030                      | 4,987         | 5,029             | 4,942         |
| International | 3,934                      | 3,990         | 3,989             | 3,887         |
| North America | 4,059                      | 4,179         | 3,991             | 776           |
| Others        | 102                        | 84            | 97                | 86            |
| <b>TOTAL</b>  | <b>20,930</b>              | <b>21,019</b> | <b>20,858</b>     | <b>17,281</b> |

### 3.3.2. Personnel expenses

| Amounts in thousands of euros | 31 Dec. 2019       | 31 Dec. 2018     |
|-------------------------------|--------------------|------------------|
| Wages and salaries            | (979,697)          | (774,221)        |
| Social security contributions | (242,495)          | (219,939)        |
| Employee profit sharing       | (398)              | (1,359)          |
| <b>Personnel expenses</b>     | <b>(1,222,589)</b> | <b>(995,519)</b> |

Subsidies (see note 2.19) were deducted from personnel expenses in the amount of €26,830 thousand in the year ending 31 December 2019, compared with €32,971 thousand in the year ending 31 December 2018.

This lower amount is as a result of changes to the French tax credit for competitiveness and employment (CICE) reducing social security contributions from 1 January 2019.

## 3.4. Depreciation and provisions

| Amounts in thousands of euros  | 31 Dec. 2019    | 31 Dec. 2018    |
|--|-----------------|-----------------|
| Net depreciation, amortisation and impairment of assets              | (24,801)        | (21,692)        |
| Depreciation, amortisation and impairment of rights of use - IFRS 16 | (31,596)        | -               |
| Net impairment of current assets                                     | (1,611)         | 713             |
| Provisions for risks and expenses                                    | 831             | 629             |
| <b>Net depreciation and provisions</b>                               | <b>(57,177)</b> | <b>(20,350)</b> |

## 3.5. Financial profit or loss

### 3.5.1. Cost of financial debt

| Montants in thousands of euros               | 31 Dec. 2019    | 31 Dec. 2018    |
|--|-----------------|-----------------|
| <b>Income from cash and cash equivalents</b> | <b>528</b>      | <b>174</b>      |
| Interest expenses                            | (13,418)        | (14,894)        |
| Interest expenses - IFRS 16                  | (3,274)         | -               |
| <b>Cost of gross financial debt</b>          | <b>(16,692)</b> | <b>(14,894)</b> |
| <b>COST OF NET DEBT</b>                      | <b>(16,164)</b> | <b>(14,720)</b> |

### 3.5.2. Other financial income and expenses

| Amounts in thousands of euros       | 31 Dec. 2019 | 31 Dec. 2018 |
|-------------------------------------|--------------|--------------|
| Other financial income and expenses | (1,343)      | (2,395)      |

## 3.6. Income tax

### 3.6.1. Breakdown of tax expense

| Amounts in thousands of euros                        | 31 Dec. 2019    | 31 Dec. 2018    |
|--|-----------------|-----------------|
| Current tax  | (20,758)        | (10,732)        |
| CVAE   | (8,611)         | (7,962)         |
| Deferred tax   | (10,777)        | (1,198)         |
| <b>Total corporation tax in the income statement</b> | <b>(30,447)</b> | <b>(19,891)</b> |

### 3.6.2. Tax proof

| Amounts in thousands of euros   | 31 Dec. 2019    | 31 Dec. 2018    |
|---|-----------------|-----------------|
| <b>Consolidated net income</b>  | <b>73,270</b>   | <b>53,058</b>   |
| Tax expense   | 30,447          | 19,891          |
| <b>Consolidated profit before corporation tax</b>                     | <b>103,716</b>  | <b>103,716</b>  |
| Tax rate applicable to the parent company                             | 29.58%          | 29.58%          |
| <b>Theoretical tax expense</b>  | <b>(30,679)</b> | <b>(21,578)</b> |
| Impact of permanent differences                                       | 8,040           | 9,035           |
| Impact of unrecognized tax losses or previously subject to limitation | (609)           | 328             |
| CVAE  | (8,611)         | (7,962)         |
| Impact of the rate differential on foreign companies                  | <b>1,582</b>    | <b>973</b>      |
| <b>Other differences</b>  | <b>(169)</b>    | <b>(687)</b>    |
| <b>Income tax expense recognized</b>                                  | <b>(30,447)</b> | <b>(19,891)</b> |

The tax rate applicable to the parent company is 29.58% in 2019, as in 2018.

3.6.3. Nature of deferred taxes

| Montants in thousands of euros                  | 31 déc. 2019  | Variation    | 31 déc. 2018  | Variation       | "Variations périmètre" | 01 janv. 2018 |
|---|---------------|--------------|---------------|-----------------|------------------------|---------------|
| Adjustments of financial leases                 | 834           | 1,065        | (231)         | -               | -                      | (231)         |
| Deferred taxes on current account provisions    | 4             | -            | 4             | -               | -                      | 4             |
| Deferred taxes resulting from local tax regimes | 3,589         | 1,633        | 1,956         | (13,661)        | 8,127                  | 7,490         |
| Deferred taxes on tax losses                    | 25,313        | (2,842)      | 28,155        | (2,007)         | -                      | 30,162        |
| IFRS adjustments                                | (6,718)       | (20)         | (6,698)       | (112)           | -                      | (6,586)       |
| Other adjustments                               | (3,146)       | (383)        | (2,761)       | (1,918)         | -                      | (841)         |
| <b>Net deferred taxes</b>                       | <b>19,876</b> | <b>(547)</b> | <b>20,425</b> | <b>(17,698)</b> | <b>8,127</b>           | <b>29,998</b> |
| Of which deferred tax assets                    | 32,811        | (1,281)      | 34,092        | (372)           | -                      | 34,464        |
| Of which deferred tax liabilities               | (12,935)      | 732          | (13,667)      | (9201)          | -                      | (4,466)       |
| <b>Net deferred taxes</b>                       | <b>19,876</b> | <b>(549)</b> | <b>20,425</b> | <b>(9573)</b>   | <b>-</b>               | <b>29,998</b> |

As indicated in note 2.4, the deferred tax assets of French and international subsidiaries are not recognized when the probability of charging them against future taxable profits is low.

4. NOTES TO THE BALANCE SHEET

4.1. Goodwill

Breakdown by CGU

| Cash-generating unit      | 31 Dec. 2019   | Changes in the scope of consolidation | Purchase of goodwill | Translation adjustments | Other changes | 31 Dec. 2018   |
|---------------------------|----------------|---------------------------------------|----------------------|-------------------------|---------------|----------------|
| France                    | 136,669        | 5,378                                 | -                    | -                       | -             | 131,291        |
| Germany                   | 97,515         | -                                     | 60                   | -                       | -             | 97,455         |
| USA                       | 71,432         | -                                     | -                    | 1,348                   | -             | 70,085         |
| Italy                     | 32,011         | -                                     | -                    | -                       | -             | 32,011         |
| Benelux                   | 14,117         | -                                     | -                    | -                       | -             | 14,117         |
| Spain                     | 10,610         | -                                     | -                    | -                       | -             | 10,610         |
| Switzerland               | 5,235          | -                                     | -                    | 59                      | -             | 5,176          |
| Romania                   | 99             | -                                     | -                    | (3)                     | -             | 102            |
| <b>Amount of goodwill</b> | <b>367,689</b> | <b>5,378</b>                          | <b>60</b>            | <b>1,404</b>            | <b>-</b>      | <b>360,847</b> |

The implementation of the procedures defined in note 2.9 did not result in the recognition of any impairment in the financial statements for the year ending 31 December 2019, as was the case in the year ending 31 December 2018.

The change in goodwill for CGU France corresponds to the acquisition of an additional percentage in Global Support Supplier.

The goodwill of entities acquired in 2018 varied in the amount of €+1,348 thousand in 2019, due to the USD/EUR conversion effect only. In accordance with IFRS, the AKKA Technologies Group has a period of one year to measure the fair value of assets acquired and liabilities assumed, and to determine goodwill, namely the difference between the acquisition price and the Group's share in the fair value of such assets and liabilities.

The amount of goodwill related to earn-out payments and associated holdbacks amounted to €2,314 thousand, offsetting a debt to the vendors recorded on the "other liabilities" line in the balance sheet in the same amount.

4.2 Impairment of assets

Impairment testing was performed on 31 December 2018 and 31 December 2019, with research tax credit included in each year's cash flow.

These tests were conducted by discounting projected cash flows after tax, using, in 2019, a weighted average cost of capital after tax described in detail for each CGU below:

| Cash-generating unit | Weighted average cost of capital 31/12/2019 | Weighted average cost of capital 31/12/2018 |
|----------------------|---|---|
| France               | 8.70%                                       | 10.57%                                      |
| Germany              | 8.29%                                       | 10.01%                                      |
| USA                  | 8.29%                                       | 10.01%                                      |
| Italy                | 10.13%                                      | 12.49%                                      |
| Benelux              | 8.80%                                       | 10.69%                                      |
| Spain                | 9.63%                                       | 11.81%                                      |
| Switzerland          | 8.29%                                       | 10.01%                                      |
| Romania              | 10.13%                                      | 12.49%                                      |

The terminal value of the CGU or group of CGUs corresponds to the five-year net cash flows from operations discounted to perpetuity, assuming a growth rate of 1.5% (as was the case in 2018).

The AKKA Technologies Group was divided into 15 CGUs as of 31 December 2019.

Only 8 CGUs or groups of CGUs have non-depreciable assets (8 in 2018). Impairment testing did not reveal any impairment to be recognized in the financial statements as of 31 December 2019 or 31 December 2018.

Sensitivity testing to a variation within a range of +/- 1 percentage points on the discount rate and the perpetual growth rate did not reveal any risks of impairment. The Group has not identified any probable scenarios liable to result in the recognition of impairment.



### 4.3. Intangible and tangible assets

| Amounts in thousands of euros         | Gross intangible assets | Amortisation of intangible assets | Total         |
|---------------------------------------|-------------------------|-----------------------------------|---------------|
| <b>1 January 2018</b>                 | <b>60,819</b>           | <b>(43,451)</b>                   | <b>17,368</b> |
| Changes in the scope of consolidation | 1,450                   | (950)                             | 500           |
| Acquisitions                          | 5,707                   | -                                 | 5,707         |
| Disposals                             | (1,126)                 | 1,091                             | (35)          |
| Depreciation and amortisation         | -                       | (5,149)                           | (5,149)       |
| Translation adjustments               | (38)                    | 29                                | (9)           |
| Other changes                         | 1,618                   | (11)                              | 1,607         |
| <b>31 December 2018</b>               | <b>68,430</b>           | <b>(48,440)</b>                   | <b>19,990</b> |
| Changes in the scope of consolidation | 1                       | (2)                               | (1)           |
| Acquisitions                          | 10,444                  | -                                 | 10,444        |
| Disposals                             | (1,736)                 | 1,687                             | (49)          |
| Depreciation and amortisation         | -                       | (6,721)                           | (6,721)       |
| Translation adjustments               | 52                      | (40)                              | 12            |
| Other changes                         | 596                     | 459                               | 1,055         |
| <b>31 December 2019</b>               | <b>77,786</b>           | <b>(53,057)</b>                   | <b>24,729</b> |

| Amounts in thousands of euros         | Gross tangible assets | Depreciation of property, plant and equipment | Total         |
|---------------------------------------|-----------------------|---|---------------|
| <b>1 January 2018</b>                 | <b>201,236</b>        | <b>(118,309)</b>                              | <b>82,927</b> |
| Changes in the scope of consolidation | 11,737                | (9,094)                                       | 2,643         |
| Acquisitions                          | 29,286                | -   | 29,286        |
| Disposals                             | (27,583)              | 22,060  | (5,524)       |
| Depreciation and amortisation         | -                     | (16,532)                                      | (16,532)      |
| Translation adjustments               | (326)                 | 174   | (152)         |
| Other changes                         | (1,637)               | 148   | (1,489)       |
| <b>31 December 2018</b>               | <b>212,713</b>        | <b>(121,553)</b>                              | <b>91,160</b> |
| Changes in the scope of consolidation | 49                    | (47)  | 2             |
| Acquisitions                          | 21,726                | -   | 21,726        |
| Disposals                             | (7,623)               | 5,572   | (2,051)       |
| Depreciation and amortisation         | -                     | (18,054)                                      | (18,054)      |
| Translation adjustments               | 504                   | (314)   | 190           |
| Other changes                         | (1,071)               | 45  | (1,026)       |
| <b>31 December 2019</b>               | <b>226,298</b>        | <b>(134,351)</b>                              | <b>91,946</b> |

Investments in intangible assets mainly include acquisitions of licences, rights and developments on information systems

to new building developments in France and Germany, and to technical equipment related to projects in Germany.

Changes in property, plant and equipment correspond mainly

### 4.4. Rights of use (IFRS 16)

#### Analysis of rights of use per category of underlying assets:

| Amounts in thousands of euros     | Real estate rights of use | Vehicle rights of use | Other assets rights of use | Total          |
|-----------------------------------|---------------------------|-----------------------|----------------------------|----------------|
| <b>31 December 2018</b>           | <b>-</b>                  | <b>-</b>              | <b>-</b>                   | <b>-</b>       |
| First-time application of IFRS 16 | 154,858                   | 10,647                | 608                        | 166,113        |
| Acquisitions                      | 11,430                    | 4,915                 | 7                          | 16,352         |
| Depreciation and amortisation     | (26,198)                  | (5,131)               | (266)                      | (31,595)       |
| Translation adjustments           | 62                        | 4                     | (0)                        | 66             |
| Other changes                     | (394)                     | (868)                 | 31                         | (1,231)        |
| <b>31 December 2019</b>           | <b>139,759</b>            | <b>9,566</b>          | <b>379</b>                 | <b>149,704</b> |

### 4.5. Investments in associates

Elektronische Fahrwerksysteme GmbH (EFS) is jointly owned by AKKA DSO GmbH (51%) and AEV GmbH (subsidiary of the Audi Group) (49%); it has been accounted for by the equity method at 51% since 1 January 2017.

| Amounts in thousands of euros                    | EFS           |               |
|--|---------------|---------------|
| Percentage interest in equity associates         | <b>51%</b>    |               |
|  | <b>2019</b>   | <b>2018</b>   |
| <b>1er janvier</b>                               | <b>46,230</b> | <b>45,830</b> |
| Share of net income of equity associates         | 2,487         | 1,828         |
| Dividends received from associates               | (816)         | (1,428)       |
| <b>31 December</b>                               | <b>47,901</b> | <b>46,230</b> |
| <i>of which goodwill allocated to associates</i> | <i>37,651</i> | <i>37,651</i> |

### 4.6. Non-current financial assets

#### Gross amounts:

| Amounts in thousands of euros         | Assets held for sale | Other financial assets | Total financial assets |
|---------------------------------------|----------------------|------------------------|------------------------|
| <b>1 January 2018</b>                 | <b>5,827</b>         | <b>32140</b>           | <b>37,967</b>          |
| Changes in the scope of consolidation | (442)                | 535                    | 93                     |
| Increase                              | 602                  | 10,057                 | 10,659                 |
| Decrease                              | (4)                  | (1,003)                | (1,007)                |
| <b>Other</b>                          | <b>(4,313)</b>       | <b>-</b>               | <b>(4,313)</b>         |
| 31 December 2018                      | 1,670                | 41,730                 | 43,400                 |
| Changes in the scope of consolidation | 51                   | 258                    | 309                    |
| Increase                              | 5                    | 6,712                  | 6,717                  |
| Decrease                              | (932)                | (1,305)                | (2,237)                |
| <b>Other</b>                          | <b>(275)</b>         | <b>-</b>               | <b>(275)</b>           |
| <b>31 December 2019</b>               | <b>519</b>           | <b>47,395</b>          | <b>47,914</b>          |

Other financial assets mainly consist of holdbacks by the factor (€23,015 thousand in 2019 and €18,144 thousand in 2018), participation in the construction effort and guarantee deposits.

Provisions in respect of non-current financial assets amounted to €3,034 thousand as of 31 December 2019 and €3,060 thousand as of 31 December 2018.

#### 4.7. Other non-current assets

This item includes receivables in respect of R&D subsidies in a net amount of €27,246 thousand in 2019, compared with €31,109 thousand in 2018.

#### 4.8. Trade receivables and related accounts

| Amounts in thousands of euros  | 31 Dec. 2019   | 31 Dec. 2018   |
|--------------------------------|----------------|----------------|
| Work in progress for customers | 114,068        | 131,696        |
| Unbilled work                  | 119,851        | 139,100        |
| <b>Gross trade receivables</b> | <b>233,919</b> | <b>270,796</b> |
| Provisions                     | (9,113)        | (8,888)        |
| <b>Net trade receivables</b>   | <b>224,806</b> | <b>261,908</b> |

Unmatured receivables assigned to the factor and derecognized totaled €273,047 thousand as of 31 December 2019 compared with €208,775 thousand as of 31 December 2018. They represent the total amount of not past-due receivables assigned to the factor and not yet settled by customers, and are recorded as credit in the trade receivables account.

The breakdown of net trade receivables as required by IFRS 7 is as follows:

| Amounts in thousands of euros | Total   | Not due and due < 6 months | Due 6 to 12 months | Due > 1 year |
|-------------------------------|---------|----------------------------|--------------------|--------------|
| 31 December 2019              | 224,806 | 204,655                    | 15,755             | 4,396        |
| 31 December 2018              | 261,908 | 247,624                    | 7,347              | 6,937        |

#### 4.9. Other receivables

Other net receivables amounted to €114,852 thousand as of 31 December 2019; this item relates mainly to Claims on the Treasury in the amount of €81,032 thousand.

In 2018, other net receivables amounted to €86,112 thousand; they relate mainly to Claims on the Treasury in the amount of €56,055 thousand.

In 2019, as in 2018, following the analysis of the maturity of other receivables, the portion due in more than one year has been reclassified in “Other non-current assets” (see note 4.7). In view of the very low rates, no discounting was performed.

#### 4.10. Provisions for current assets

| Amounts in thousands of euros                          | Inventories  | Trade receivables | Other receivables | Total         |
|--|--------------|-------------------|-------------------|---------------|
| <b>1 January 2018</b>                                  | <b>300</b>   | <b>10,276</b>     | <b>4,817</b>      | <b>15,394</b> |
| Changes in the scope of consolidation                  | -            | 140               | -                 | 140           |
| Allowances included in net depreciation and provisions | -            | 3,016             | -                 | 3,016         |
| Reversals included in net depreciation and provisions  | (7)          | (4,546)           | (36)              | (4,588)       |
| Others   | -            | -                 | -                 | -             |
| Translation adjustments                                | (1)          | 3                 | -                 | 2             |
| <b>31 December 2018</b>                                | <b>293</b>   | <b>8,888</b>      | <b>4,780</b>      | <b>13,962</b> |
| Changes in the scope of consolidation                  | -            | -                 | -                 | -             |
| Allowances included in depreciation and net provisions | 1,483        | 3,766             | -                 | 5,249         |
| Reversals included in depreciation and net provisions  | (54)         | (3,555)           | -                 | (3,609)       |
| Others   | -            | (1)               | -                 | (1)           |
| Translation adjustments                                | 1            | 15                | -                 | 16            |
| <b>31 December 2019</b>                                | <b>1,723</b> | <b>9,113</b>      | <b>4,780</b>      | <b>15,617</b> |

#### 4.11. Cash and cash equivalents

This item breaks down into cash in the amount of €467,955 thousand in 2019, compared with €271,542 thousand in 2018, and cash equivalents in the net amount of €1,276 thousand in 2019, compared with €243 thousand in 2018.

Cash includes funds made available by the factor but not used, in the amount of €50,264 thousand as of 31 December 2019 and €91,924 thousand as of 31 December 2018.

#### 4.12. Share capital, share premium and ODIRNANE bonds

As of 31 December 2019, the share capital of AKKA Technologies comprised 20,291,990 shares with a par value of €1.53 each, i.e. a total of €31,047 thousand, and the share premium was €656 thousand. These items varied as follows in the 2018 and 2019 financial years:

|                         | Number of shares  | Par value   | Amount of share capital | Share premium | Comments             |
|-------------------------|-------------------|-------------|-------------------------|---------------|----------------------|
| <b>31 December 2017</b> | <b>20,291,990</b> | <b>1.53</b> | <b>31,047</b>           | <b>-</b>      |                      |
| Capital increase        | -                 | 1.53        | -                       | 656           | Contribution premium |
| <b>31 December 2018</b> | <b>20,291,990</b> | <b>1.53</b> | <b>31,047</b>           | <b>656</b>    |                      |
| Capital increase        | -                 | 1.53        | -                       | -             | -                    |
| <b>31 December 2019</b> | <b>20,291,990</b> | <b>1.53</b> | <b>31,047</b>           | <b>656</b>    |                      |

As of 31 December 2019 and 31 December 2018, all potentially dilutive instruments were included in the calculation of diluted earnings per share.

#### Voting rights:

|                                  | 31 Dec. 2019      | 31 Dec. 2018      |
|----------------------------------|-------------------|-------------------|
| Shares with single voting rights | 19,848,466        | 19,641,030        |
| Treasury shares (1)              | 443,524           | 650,960           |
| <b>Total number of shares</b>    | <b>20,291,990</b> | <b>20,291,990</b> |
| <b>Profit shares (2)</b>         | <b>7,927,487</b>  | <b>7,927,487</b>  |

(1) Non-voting shares

(2) Shares not representing the capital carrying one voting right per share

#### Potentially dilutive instruments:

As part of the performance share plan introduced by the Combined Shareholders' Meeting of 16 June 2016, and put in place by AKKA Technologies SE's Board of Directors in 2016 and 2017, 395,488 shares were transferred to 248 beneficiaries in April 2019. This volume corresponds to an allocation of 117% of the initial objectives, based on performance criteria (operational profitability and cash generation).

Moreover, on 20 March 2018, the Board of Directors approved the allocation of 2 tranches of 10,000 shares to former shareholders of recently acquired companies in order to streamline integration into the Group. This allocation is subject to the condition of continued presence within the Group until 31 December 2019 for the 2nd tranche.

On 6 December 2018, the Board of Directors also approved the allocation of 20,000 shares to an employee, to be allocated in 2022 subject to cumulative conditions of continued presence in the workforce and the achievement of performance criteria, with a cap set at 200%.

| Issuer  | AKKA Technologies         | AKKA Technologies                |
|---|---------------------------|----------------------------------|
| Decision of the Board of Directors  | 20/03/2018                | 06/12/2018                       |
| Type of plan  | Allocation of free shares | Allocation of performance shares |
| Maximum number of shares that can be allocated                                  | 10,000                    | 40,000                           |
| Number of shares to be allocated in the event of objectives being fully reached | 2,645                     | 20,000                           |
| Estimated number of shares to be allocated                                      | 2,645                     | 20,000                           |
| Means of settlement   | Existing shares           | Existing shares                  |
| End of the vesting period   | 31/12/19                  | 31/03/22                         |
| Conditions for beneficiaries leaving the Group's service                        | loss                      | loss                             |
| Share price on allocation (EUR)   | 46.30                     | 49.10                            |
| Shares forfeited as of 31.12.19   | -                         | -                                |
| Lock-up period  | None                      | None                             |

On 15 June 2017, the Shareholders' Meeting approved the principle of stock option plans in a decision confirmed by the Shareholders' Meeting held on 22 February 2018; as such, three plans are being drawn up as of 31 December 2019:

|   | Purchase options |               | Stock options  |
|---|------------------|---------------|----------------|
| Date allocated by the Board               | 19 nov. 2018     | 7 Dec. 2018   | 24 Sept. 2019  |
| Number of remaining options               | 20,000           | 6,000         | 100,000        |
| Potential number of corresponding shares  | 20,000           | 6,000         | 100,000        |
| First date it can be exercised            | 1 Jan. 2022      | 1 Jan. 2022   | 1 Jan. 2023    |
| Last date it can be exercised             | 30 June 2023     | 30 June 2023  | 30 June 2024   |
| First possible disposal date              | 1 Jan. 2022      | 1 Jan. 2022   | 1 Jan. 2023    |
| <b>Strike price in euros (per option)</b> | <b>€62.40</b>    | <b>€58.70</b> | <b>€ 60.10</b> |

#### ODIRNANE bonds

On 4 December 2019, the Group implemented an issuance of perpetual subordinated unsecured bonds redeemable in cash and/or convertible into new shares and/or existing shares (ODIRNANE bonds). The basis of reporting for the instrument and its main characteristics are set out in note 2.13. The table below describes the instrument's main financial characteristics:

|                 | Amount issued       | Quantity issued | Original maturity | Annual nominal coupon from 04/12/2019 to 31/12/2024 | Annual nominal coupon from 01/01/2025 | Issue expenses attributable to the instrument | Value recognized in consolidated reserves |
|-----------------|---------------------|-----------------|-------------------|---|---------------------------------------|---|---|
| <b>ODIRNANE</b> | <b>€175 million</b> | <b>1750</b>     | <b>Perpetual</b>  | <b>3.5%</b>   | <b>Euribor 6 months + 9%</b>          | <b>€2,089 thousand</b>                        | <b>€172,911 thousand</b>                  |

The Group has no specific management policy in respect of share capital. The choice between funding through debt or capital increase is made depending on the prospective transaction. Shareholders' equity monitored by the Group contains the same components as consolidated equity.

Dilutive instruments represented 1.59% of share capital as of 31 December 2019 compared with 2.19% as of 31 December 2018.

#### Earnings per share:

|  | 31 Dec. 2019      | 31 Dec. 2018      |
|--|-------------------|-------------------|
| <b>Group share of net profit (in thousands of euros)</b>   | <b>73,041</b>     | <b>50,145</b>     |
| ODIRNANE coupons   | (453)             | -                 |
| <b>Adjusted basic earnings (in thousands of euros)</b>   | <b>72,588</b>     | <b>50,145</b>     |
| <b>ODIRNANE conversion</b>   | <b>453</b>        | <b>-</b>          |
| Diluted earnings (in thousands of euros)   | 73,041            | 50,145            |
| Number of shares outstanding as of 1 January   | 20,291,990        | 20,291,990        |
| <b>Impact of treasury shares</b>   | <b>(354,469)</b>  | <b>(650,960)</b>  |
| Weighted average number of shares as of 31 December  | 19,937,521        | 19,641,030        |
| Impact of stock options with a dilutive effect as of 31 December   | 126,000           | 26,000            |
| <b>Pro-rata temporis effect on the weighted average number of shares relating to the issue of ODIRNANE bonds</b> | <b>167,558</b>    | <b>-</b>          |
| <b>Impact of dilutive free shares as of 31 December</b>  | <b>22,975</b>     | <b>384,887</b>    |
| <b>Weighted average number of shares as of 31 December after dilution</b>  | <b>20,254,054</b> | <b>20,051,917</b> |
| <b>Earnings per share (in €)</b>   | <b>3.64</b>       | <b>2.55</b>       |
| <b>Diluted earnings per share (in €)</b>   | <b>3.61</b>       | <b>2.50</b>       |

#### 4.13. Current and non-current provisions

| Amounts in thousands of euros        | Current             |                     | Non-current         |                     |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Maturity</b>                      | <b>31 Dec. 2019</b> | <b>31 Dec. 2018</b> | <b>31 Dec. 2019</b> | <b>31 Dec. 2018</b> |
| Provisions for litigations and risks | 2,005               | 3,264               | 8,505               | 7,471               |
| Provisions for pensions              | -                   | -                   | 19,622              | 17,268              |
| Provisions for taxes                 | -                   | -                   | (13)                | 1,099               |
| Provisions for other expenses        | 514                 | 1,043               | 858                 | 851                 |
| <b>Total</b>                         | <b>2,519</b>        | <b>4,307</b>        | <b>28,972</b>       | <b>26,689</b>       |

#### Change in provisions

| Amounts in thousands of euros         | Litigations and risks | Pensions      | Taxes        | Other provisions | Total         |
|---------------------------------------|-----------------------|---------------|--------------|------------------|---------------|
| <b>1 January 2018</b>                 | <b>11,539</b>         | <b>16,850</b> | <b>1,099</b> | <b>1,968</b>     | <b>31,457</b> |
| Changes in the scope of consolidation | -                     | -             | -            | -                | -             |
| Allowances                            | 1,628                 | 1,291         | -            | 251              | 3,170         |
| Reversals of used provisions          | (2,275)               | (167)         | -            | (313)            | (2,755)       |
| Reversals of unused provisions        | (169)                 | (143)         | -            | (11)             | (323)         |
| Translation adjustments               | (1)                   | -             | -            | (1)              | (3)           |
| Actuarial gains (losses)              | -                     | (563)         | -            | -                | (563)         |
| Reclassifications and other           | 13                    | -             | -            | -                | 13            |
| <b>31 December 2018</b>               | <b>10,735</b>         | <b>17,268</b> | <b>1,099</b> | <b>1,894</b>     | <b>30,996</b> |
| Changes in the scope of consolidation | -                     | -             | -            | -                | -             |
| Allowances                            | 944                   | 1,768         | -            | 298              | 3,010         |
| Reversals of used provisions          | (2,224)               | (477)         | -            | (643)            | (3,344)       |
| Reversals of unused provisions        | (236)                 | (23)          | -            | (177)            | (436)         |
| Translation adjustments               | 4                     | -             | -            | -                | 4             |
| Actuarial gains (losses)              | -                     | 1,086         | -            | -                | 1,086         |
| Reclassifications and other           | 1,287                 | -             | (1,112)      | -                | 175           |
| <b>31 December 2019</b>               | <b>10,511</b>         | <b>19,622</b> | <b>(13)</b>  | <b>1,372</b>     | <b>31,492</b> |

Sensitivity analysis was determined based on the balance of retirement bonuses as of 31 December 2019. The Group has elected to present sensitivity analysis to the discount rate based on a variation of the yield curve of +/- 0.5 percentage points compared with the rate as of the closing date. An

increase of 0.5 percentage points would have an impact of €(1,041) thousand on pension obligations. A decrease of 0.5 percentage points would have an impact of €1,242 thousand on pension obligations.



#### 4.14. Current and non-current financial liabilities

The current and non-current financial liabilities shown below exclude the debt resulting from acquisitions described in note 4.16.

| Amounts in thousands of euros | Borrowings and other financial liabilities |                | Leases       |              | IFRS 16 lease liabilities |              | Total financial liabilities |                |
|-------------------------------|--|----------------|--------------|--------------|---------------------------|--------------|-----------------------------|----------------|
| Maturity                      | 31 Dec. 2019                               | 31 Dec. 2018   | 31 Dec. 2019 | 31 Dec. 2018 | 31 Dec. 2019              | 31 Dec. 2018 | 31 Dec. 2019                | 31 Dec. 2018   |
| Current (less than one year)  | 74,162                                     | 70,299         | 607          | 856          | 29,721                    | -            | 104,490                     | 71,155         |
| 1 to 5 years                  | 458,468                                    | 343,493        | 2,280        | 1,490        | 73,632                    | -            | 534,380                     | 344,983        |
| More than 5 years             | 5,000                                      | 132,500        | 1,964        | 2,377        | 49,783                    | -            | 56,747                      | 134,877        |
| <b>Total</b>                  | <b>537,631</b>                             | <b>546,292</b> | <b>4,851</b> | <b>4,723</b> | <b>153,136</b>            | <b>-</b>     | <b>695,617</b>              | <b>551,015</b> |

##### Change in financial liabilities breaks down as follows:

| Amounts in thousands of euros                     | Cash variations  |               |                  | Non-cash variations                   |                         |                      |                  |                           | 31 Dec. 2019     |
|---|------------------|---------------|------------------|---------------------------------------|-------------------------|----------------------|------------------|---------------------------|------------------|
|   | 01 Jan. 2019     | Increases     | Reductions       | Changes in the scope of consolidation | Translation adjustments | Change in fair value | Change in method | Other non-cash variations |                  |
| Loans from credit institutions                    | 545,624          | 57,000        | (64,695)         | -                                     | 401                     | (533)                | -                | 688                       | 53,8485          |
| Adjustment of leasing contracts                   | 4,723            | 965           | (837)            | -                                     | -                       | -                    | -                | -                         | 4,851            |
| Bonds   | -                | (1,661)       | -                | -                                     | -                       | -                    | -                | 140                       | (1,521)          |
| Other borrowings                                  | 668              | 4             | (541)            | -                                     | 1                       | -                    | -                | (50)                      | 82               |
| Bank overdrafts                                   | -                | 584           | -                | -                                     | -                       | -                    | -                | -                         | 584              |
| <b>Financial liabilities</b>                      | <b>551,015</b>   | <b>56,892</b> | <b>(66,073)</b>  | <b>-</b>                              | <b>402</b>              | <b>(533)</b>         | <b>-</b>         | <b>778</b>                | <b>542,481</b>   |
| Cash equivalents                                  | (243)            | -             | (1,033)          | -                                     | -                       | -                    | -                | -                         | (1,276)          |
| Cash  | (271,542)        | -             | (196,413)        | -                                     | -                       | -                    | -                | -                         | (467,955)        |
| <b>Cash and cash equivalents</b>                  | <b>(271,785)</b> | <b>-</b>      | <b>(197,446)</b> | <b>-</b>                              | <b>-</b>                | <b>-</b>             | <b>-</b>         | <b>-</b>                  | <b>(469,231)</b> |
| <b>Net debt excluding IFRS 16 lease liability</b> | <b>279,230</b>   | <b>56,892</b> | <b>(263,519)</b> | <b>-</b>                              | <b>402</b>              | <b>(533)</b>         | <b>-</b>         | <b>778</b>                | <b>73,250</b>    |
| <b>IFRS 16 lease liabilities</b>                  | <b>-</b>         | <b>-</b>      | <b>(27,494)</b>  | <b>-</b>                              | <b>85</b>               | <b>(725)</b>         | <b>166,113</b>   | <b>15,157</b>             | <b>153,136</b>   |
| <b>Net debt</b>                                   | <b>279,230</b>   | <b>56,892</b> | <b>(291,013)</b> | <b>-</b>                              | <b>487</b>              | <b>(1,258)</b>       | <b>166,113</b>   | <b>15,935</b>             | <b>226,386</b>   |

| Amounts in thousands of euros                               | Cash variations  |               |                  | Non-cash variations                   |                         |                      |                  |                           | 31 Dec. 2018     |
|---|------------------|---------------|------------------|---------------------------------------|-------------------------|----------------------|------------------|---------------------------|------------------|
|   | 01 Jan. 2018     | Increases     | Reductions       | Changes in the scope of consolidation | Translation adjustments | Change in fair value | Change in method | Other non-cash variations |                  |
| Loans from credit institutions                              | 515,385          | 15,460        | (7,068)          | 21,983                                | (343)                   | (391)                | -                | 598                       | 545,624          |
| Restatement of leasing contracts                            | 5,628            | 28            | (885)            | -                                     | -                       | -                    | -                | (48)                      | 4,723            |
| Bonds   | 102,073          | -             | (100,000)        | -                                     | -                       | -                    | -                | (2,073)                   | -                |
| Other borrowings  | 2,838            | 23            | (2,198)          | -                                     | 4                       | -                    | -                | -                         | 668              |
| Bank overdrafts   | -                | -             | -                | -                                     | -                       | -                    | -                | -                         | -                |
| <b>Financial liabilities</b>                                | <b>625,924</b>   | <b>15,566</b> | <b>(110,169)</b> | <b>21,983</b>                         | <b>(339)</b>            | <b>(391)</b>         | <b>-</b>         | <b>(1,559)</b>            | <b>551,015</b>   |
| Cash equivalents  | (137)            | -             | (106)            | -                                     | -                       | -                    | -                | -                         | (243)            |
| Cash  | (430,755)        | -             | 159,213          | -                                     | -                       | -                    | -                | -                         | (271,542)        |
| <b>Cash and cash equivalents</b>                            | <b>(430,892)</b> | <b>-</b>      | <b>159,107</b>   | <b>-</b>                              | <b>-</b>                | <b>-</b>             | <b>-</b>         | <b>-</b>                  | <b>(271,785)</b> |
| <b>Net debt (less net cash) excluding restructured debt</b> | <b>195,033</b>   | <b>15,566</b> | <b>48,938</b>    | <b>21,983</b>                         | <b>(339)</b>            | <b>(391)</b>         | <b>-</b>         | <b>(1,559)</b>            | <b>279,230</b>   |

Note that on 30 October 2014, the Group further restructured its medium-term financing by placing a “Schuldschein” loan (placement subject to German law). The €140 million placement matures in five to seven years. It includes a fixed tranche and a variable tranche, fully hedged by a swap contract. At the end of December 2017, partial payments were made for all variable parts, i.e. €67.0 million for the 5-year tranche and €13.5 million for the 7-year tranche.

On 31 October 2017, the Group issued a further Schuldschein loan for an amount of €450 million, comprising 5 fixed and variable tranches of 5-, 7- and 10-year maturities, with an average cost of financing slightly below 1.5%.

With regard to short-term financing:

- On 30 June 2016, AKKA Technologies signed a five-year €200 million revolving credit facility, replacing the 2012 contract;
- AKKA Technologies also implemented a €300 million NEU CP (Negotiable European Commercial Paper) program at the close of the first quarter of 2017;
- On 1 August 2019, AKKA Technologies signed an additional five-year €370 million revolving credit facility.

On 31 December 2019, the only short-term draw-down of this funding amounted to €72 million using the NEU CP program.

Pledges and guarantees amounted to €0 as of 31 December 2019, compared with €110,002 thousand as of 31 December 2018.

- In the context of acquisitions, no vendor guarantees nor any collateral clauses covering assets and liabilities through sureties are in force as of 31 December 2019;
- With the application of IFRS 16, off-balance sheet commitments related to real estate lease guarantees are no longer required since these commitments are included in liabilities on the balance sheet.

As of 31 December 2019, the “covenants” negotiated with the Group’s banks were as follows:

- with regard to the two Schuldschein loans:
  - Leverage Ratio (definition excluding the effects of IFRS 16): Net Debt/EBITDA < 3.5x as of 31 December each year;
  - Gearing Ratio (definition excluding the effects of IFRS 16): Net Debt/Equity < 1.5 x as of 31 December each year.
- with regard to the revolving credit facility:
  - Leverage Ratio (IFRS definition): Consolidated Net Debt/ Consolidated EBITDA < 4.5x as of 30 June and 31 December each year.

The Group was in compliance with these ratios as of 31 December 2019.

##### 4.14.1. Interest rate risk

On 30 October 2014, the Group signed an interest rate hedging contract on the Schuldschein loan to protect itself against a possible increase in 6-month Euribor.

The derivative financial instrument is a swap contract with the following characteristics:

- SWAP at a fixed rate of 0.710% (matures on 30 October 2021) for an amount of €13.5 million.

This hedging instrument meets the definition of a cash flow hedge; the hedging qualification was maintained given that the variable rate tranche of the new Schuldschein loan has the same underlying characteristics and the same interest payment dates as the previous one, with higher notional amounts. Its fair value was recorded in the amount of €533 thousand in other comprehensive income as of 31 December 2019.

Consolidated gross debt excluding IFRS 16 was €542,481 thousand as of 31 December 2019, of which €74,769 thousand was due within a year.

| Characteristics of borrowings (amounts in thousands of euros) | Company carrying the loan | Initial amount | Currency   | Total amount of loans as of 31 Dec. 2019 | Due dates |
|---|---------------------------|----------------|------------|--|-----------|
| 2014 SSD loan   | Akka Technologies         | 21,000         | Euros      | 7,500                                    | oct.-21   |
| 2017 SSD loan   | Akka Technologies         | 317,500        | Euros      | 317,500                                  | oct.-22   |
| 2017 SSD loan   | Akka Technologies         | 127,500        | Euros      | 127,500                                  | oct.-24   |
| 2017 SSD loan   | Akka Technologies         | 5,000          | Euros      | 5,000                                    | oct.-27   |
| Citibank loan   | PDS Tech                  | n.a.           | US Dollars | 8,011                                    | -         |
| NEU CP (short term)   | Akka Technologies         | n.a.           | Euros      | 72,000                                   | -         |
| Finance leases - real estate                                  | AKKA Management Services  | 6,500          | Euros      | 4,244                                    | March-29  |
| Finance leases - other  | AKKA Management Services  | 2,462          | Euros      | 607                                      | -         |
| Other non-material loans                                      | -                         | -              | -          | 119                                      | -         |
| <b>TOTAL DEBT AS OF 31 DECEMBER 2019</b>                      | <b>-</b>                  | <b>-</b>       | <b>-</b>   | <b>542,481</b>                           | <b>-</b>  |

Sensitivity analysis was conducted on the basis of the balance of interest-bearing financial liabilities at floating rates as of 31 December 2019, taking into account the hedging instruments implemented in respect of the bonds. The tests were conducted on the basis of a variation of the yield curve of +/-1 percentage points compared with the rate as of the closing date. This

#### 4.14.2. Liquidity risk

| Amounts in thousands of euros                         | 31 Dec. 2019   | 31 Dec. 2018   |
|---|----------------|----------------|
| Non-current financial liabilities                     | 467,712        | 479,860        |
| Current financial liabilities                         | 74,769         | 71,155         |
| <b>Consolidated gross debt excluding IFRS 16 debt</b> | <b>542,481</b> | <b>551,015</b> |
| Cash and cash equivalents                             | (469,231)      | (271,785)      |
| <b>Consolidated net debt</b>                          | <b>73,250</b>  | <b>279,231</b> |

As of 31 December 2019, the AKKA Technologies Group had gross cash and cash equivalents of €469,231 thousand, breaking down as €467,955 thousand in cash and €1,276 thousand in cash equivalents.

To ensure the Company's development and liquidity, the Group issued ODIRNANE bonds for 175 million euros during the 2019 financial year.

The company has conducted a specific review of its liquidity risk and considers itself able to meet its future payments.

Current assets were substantially greater than current liabilities as of 31 December 2019. No detailed disclosures are provided in respect of maturities of less than one year.

#### 4.14.3. Exchange rate risk

Outside the euro area, the Group has operations in the United Kingdom, Switzerland, Romania, Turkey, the Czech Republic, Morocco, China, Japan, Singapore, Dubai, Qatar, the United States and Canada. These operations accounted for approximately 24.8% of consolidated revenue in 2019, compared with 13.5% in 2018.

Flows of purchases and revenue in local currency are more or less balanced, with the exception of operations in the Czech Republic, where services are invoiced in euros but expenses incurred in local currency.

change would have no impact on net profit.

The issue of ODIRNANE bonds does not expose the Group to any additional interest rate risks since there is a fixed coupon of 3.5% until 1 January 2025.

Investments undertaken in currencies other than the euro accounted for 4.8% of consolidated capital expenditure in 2019, compared with 13.7% in 2018.

AKKA Technologies has implemented the necessary hedges on its foreign exchange risks.

#### 4.14.4. Investment and counterparty risk

Cash equivalents in the financial statements as of 31 December 2019 represent 0.08% of total consolidated assets (compared with 0.02% in 2018).

There is no counterparty risk as the investments are confined to front-ranking financial institutions.

Owing to its position as a service provider and to the factoring agreement, the AKKA Technologies Group's cash management policy does not include the acquisition of cash equivalents by the operating subsidiaries.

AKKA Technologies is therefore not exposed to investment risk at this time.

### 4.15. Tax and social security liabilities excluding income tax

| Amounts in thousands of euros                    | 31 Dec. 2019   | 31 Dec. 2018   |
|--|----------------|----------------|
| Social security liabilities                      | 109,231        | 126,730        |
| Tax liabilities                                  | 108,277        | 86,076         |
| <b>Total tax and social security liabilities</b> | <b>217,507</b> | <b>212,806</b> |

All such liabilities are due in less than one year.

### 4.16. Other liabilities

| Amounts in thousands of euros                 | 31 Dec. 2019  | 31 Dec. 2018  |
|---|---------------|---------------|
| Other liabilities related to acquisitions (I) | 2,314         | 17,510        |
| Deferred income                               | 23,734        | 31,698        |
| Other items                                   | 17,757        | 14,047        |
| <b>Total other liabilities</b>                | <b>43,805</b> | <b>63,255</b> |

(I) see section 4.1 of these notes

#### 4.17. Financial instruments

| Amounts in thousands of euros                            | 31 December 2019                     |                | Breakdown of the carrying amount by category of instrument |                                      |             |  |
|--|--------------------------------------|----------------|--|--------------------------------------|-------------|--|
|  | Carrying amount on the balance sheet | Fair value     | Fair value through profit or loss                          | Assets and liabilities held for sale | Derivatives | Loans, receivables and liabilities at amortized cost |
| Securities held for sale                                 | 366                                  | 366            | -  | 366                                  | -           | -  |
| Other non-current assets                                 | 44,513                               | 44,513         | -  | -                                    | -           | 44,513   |
| Trade receivables  | 224,806                              | 224,806        | -  | -                                    | -           | 224,806  |
| Other current assets related to operating activities     | 28,078                               | 28,078         | -  | -                                    | -           | 28,078   |
| Marketable securities and other current financial assets | 1,276                                | 1,276          | 1,276  | -                                    | -           | -  |
| Cash and cash equivalents                                | 467,955                              | 467,955        | 467,955  | -                                    | -           | -  |
| <b>ASSETS</b>  | <b>766,994</b>                       | <b>766,994</b> | <b>469,231</b>   | <b>366</b>                           | <b>-</b>    | <b>297,396</b>                                       |
| Non-current borrowings and derivatives                   | 467,712                              | 467,712        | -  | -                                    | -           | 467,712  |
| Debts on non-current finance leases                      | -                                    | -              | -  | -                                    | -           | -  |
| Current borrowings and derivatives                       | 74,769                               | 74,769         | -  | -                                    | -           | 74,769   |
| Debts on current finance leases                          | -                                    | -              | -  | -                                    | -           | -  |
| Trade payable and other liabilities                      | 114,560                              | 114,560        | -  | -                                    | -           | 114,560  |
| Other current liabilities                                | 43,805                               | 43,805         | -  | -                                    | -           | 43,805   |
| <b>LIABILITIES</b>                                       | <b>700,846</b>                       | <b>700,846</b> | <b>-</b>   | <b>-</b>                             | <b>-</b>    | <b>700,846</b>                                       |

| Amounts in thousands of euros                            | 31 December 2019                     |                | Breakdown of the carrying amount by category of instrument |                                      |             |  |
|--|--------------------------------------|----------------|--|--------------------------------------|-------------|--|
|  | Carrying amount on the balance sheet | Fair value     | Fair value through profit or loss                          | Assets and liabilities held for sale | Derivatives | Loans, receivables and liabilities at amortized cost |
| Securities held for sale                                 | 1,517                                | 1,517          | -  | 1,517                                | -           | -  |
| Other non-current assets                                 | 38,822                               | 38,822         | -  | -                                    | -           | 38,822   |
| Trade receivables  | 261,908                              | 261,908        | -  | -                                    | -           | 261,908  |
| Other current assets related to operating activities     | 25,480                               | 25,480         | -  | -                                    | -           | 25,480   |
| Marketable securities and other current financial assets | 243                                  | 243            | 243  | -                                    | -           | -  |
| Cash and cash equivalents                                | 271,542                              | 271,542        | 271,542  | -                                    | -           | -  |
| <b>ASSETS</b>  | <b>599,512</b>                       | <b>599,512</b> | <b>271,785</b>   | <b>1,517</b>                         | <b>-</b>    | <b>326,210</b>                                       |
| Non-current borrowings and derivatives                   | 475,659                              | 475,659        | -  | -                                    | -           | 475,659  |
| Debts on non-current finance leases                      | 4,201                                | 4,201          | -  | -                                    | -           | 4,201  |
| Current borrowings and derivatives                       | 70,633                               | 70,633         | -  | -                                    | -           | 70,633   |
| Debts on current finance leases                          | 522                                  | 522            | -  | -                                    | -           | 522  |
| Trade payable and other liabilities                      | 118,055                              | 118,055        | -  | -                                    | -           | 118,055  |
| Other current liabilities                                | 63,255                               | 63,255         | -  | -                                    | -           | 63,255   |
| <b>LIABILITIES</b>                                       | <b>732,325</b>                       | <b>732,325</b> | <b>-</b>   | <b>-</b>                             | <b>-</b>    | <b>732,325</b>                                       |

The Group mainly has level 1 and level 2 assets (marketable securities and term deposits) (prices quoted in an active market). Level 2 (fair value determined by reference to observable data) relates to derivative contracts. Level 3 (fair value determined

by reference to unobservable market data) is not applicable in the periods presented.

## 5. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### 5.1. Components constituting net cash at year-end

| Amounts in thousands of euros | 31 Dec. 2019   | 31 Dec. 2018   |
|-------------------------------|----------------|----------------|
| Cash                          | 467,955        | 271,542        |
| Cash equivalents              | 1,276          | 243            |
| <b>Net cash at year-end</b>   | <b>469,231</b> | <b>271,785</b> |

### 5.2. Change in net working capital

| Amounts in thousands of euros  | 31 Dec. 2019  | 31 Dec. 2018  |
|--|---------------|---------------|
| Inventories  | 3,214         | (6,341)       |
| Trade receivables  | 46,429        | (2,042)       |
| Other receivables  | (14,991)      | 8,101         |
| Other non-current assets   | 13,307        | (13,213)      |
| Trade payables   | (10,860)      | 23,519        |
| Tax and social security liabilities  | (20,364)      | 19,116        |
| Other liabilities (excluding debt related to acquisitions of fixed assets) | 2,395         | 1,310         |
| <b>Change in net working capital</b>                                       | <b>19,131</b> | <b>30,450</b> |

### 5.3. Impact of changes in the scope of consolidation

The impact of changes in the scope of consolidation corresponds to earn-out and purchase price payments net of cash contributed by the acquired companies.

### 5.4. Dividends paid to shareholders of the parent company

| Pre-tax amounts in thousands of euros           | 2019   | 2018   |
|---|--------|--------|
| Amount of dividend paid (in thousands of euros) | 14,026 | 13,768 |
| Dividend per share (in euros)                   | 0.70   | 0.70   |
| Adjusted dividend per share (in euros) (*)      | 0.70   | 0.70   |

\* après prise en compte de l'attribution d'une action gratuite pour 10 après distribution

Due to the COVID-19 pandemic, the Board of Directors has decided that no dividend be paid for the 2019 financial year. The Group's resources are indeed fully devoted to protecting employees' jobs and to concentrating all of AKKA's investment

capacity on managing this crisis, so that the Group will continue to support its customers when they once again ramp up their investments in R&D.



## 6. FEES PAID TO AUDITORS

The following table provides information about the fees paid by AKKA Technologies SE, its wholly-owned subsidiaries and its joint activities to each of the statutory auditors tasked with auditing the AKKA Group's annual and consolidated financial statements.

| Pre-tax amounts in thousands of euros | 2019         | 2018       |
|---------------------------------------|--------------|------------|
|                                       | EY           | EY         |
| <b>Statutory audit</b>                |              |            |
| Issuer (AKKA Technologies SE)         | 97           | 92         |
| Fully consolidated subsidiaries       | 498          | 451        |
| <b>Statutory audit - Total</b>        | <b>595</b>   | <b>543</b> |
| % of total fees                       | 54.2%        | 62.2%      |
| <b>Other work</b>                     | <b>502</b>   | <b>330</b> |
| % of total fees                       | 45.8%        | 37.8%      |
| <b>TOTAL FEES</b>                     | <b>1,097</b> | <b>873</b> |
| % of total fees                       | 100.0%       | 100.0%     |

## 7. SUBSEQUENT EVENTS

### DATA RESPONS acquisition

As part of the launch of Phase II of CLEAR 2022, on 19 December 2019, AKKA launched a cash takeover bid to acquire all of Data Respons' share capital against a settlement in cash of 48 NOK per share, representing NOK 3.7 billion (i.e. €377.7 million at the hedged rate of 9.9765 NOK/EUR).

On completion of this friendly takeover bid, AKKA held today more than 90% of Data Respons' share capital; the success of this operation means that the Group now has a large digital solutions portfolio in Europe to address the fast-growing mobility market. With its absolute majority, AKKA will continue

to invest in the development of this portfolio of offers and the two companies will immediately start working together to implement the strong commercial and operational synergies.

The 2019 IFRS financial statements published by Data Respons present the following condensed data:

(Full version: [www.datarespons.com/investors/financial-reports-and-presentations](http://www.datarespons.com/investors/financial-reports-and-presentations))

| INCOME STATEMENT - DATA RESPONS<br>in thousands of euros | 31 Dec. 2019 |
|--|--------------|
| Revenue  | 189.5        |
| Operating profit   | 19.2         |
| Financial income/(expense)                               | 0.7          |
| Tax expense  | (5.0)        |
| Consolidated net income                                  | 14.8         |
| Group share of net profit                                | 13.9         |
| Non-controlling interests                                | 0.9          |

| BALANCE SHEET - DATA RESPONS<br>in thousands of euros | 31 déc. 2019 |
|---|--------------|
| Non-current assets                                    | 148.3        |
| <i>of which goodwill</i>                              | 111.4        |
| <b>Current assets</b>                                 | <b>62.8</b>  |
| Shareholders' equity                                  | 107.1        |
| Non-current liabilities                               | 49.4         |
| <b>Current liabilities</b>                            | <b>54.6</b>  |

The purchase price allocation process has not yet begun, but the IFRS data as of 31 December 2019 suggests a provisional goodwill amount of around €380 million. The final goodwill amount will be calculated based on the full goodwill method.

The Group's financial statements will include Data Respons' contribution from 1 March 2020.

### The COVID-19 crisis management

The world is having to deal with an unprecedented situation that is affecting all businesses across all sectors, and it is AKKA's responsibility to ensure the safety of its employees and their jobs, while the Company continues to support its customers wherever possible. At the time of writing, lockdown is still in force. The Group has quickly implemented teleworking measures and is doing everything possible to ensure that its consultants can continue to support customer projects safely.

Task forces within each BU are ensuring that all measures necessary - such as teleworking, reduced working hours, optimization of paid leave, training plans, etc. - are made available while preparing for our activities to resume.

In anticipation of a crisis with a scope and effect that are difficult to discern, the Board of Directors has decided that no dividend be paid for the 2019 financial year. The objective is to focus all of the Group's resources on protecting its employees'

jobs and to concentrate all of its investment capacity on managing this crisis, and then on its ability to support our customers when they once again ramp up their investments in R&D.

This responsible approach, which shows respect for the future of AKKA's men and women, and robust, healthy balance sheet management are part of the Group's DNA. Following the deduction of the acquisition of Data Respons and the integration of undrawn liquidity facilities, AKKA has a cash-flow of €1 billion which will enable the Group to get through the COVID-19 crisis.

The Company remains confident of the fundamentals of the markets in which it operates, and it is preparing to harness the growth in those markets when it resumes.

## 8. INFORMATION ABOUT RELATED PARTIES

### 8.1. Purchases and sales of goods and services

The following companies meet the definition of related parties within the meaning of IAS 24:

- déactive Events (event organisation);
- Saône Valley, Andromède Valley, Ralosa (property leasing);

- BMC Management & Investment, HR Management & Investment, Valvest Management (professional assistance and consulting services).
- As transactions with these three companies are not considered material, they are not disclosed in these notes.

### 8.2. Compensation paid to members of the executive and management bodies

| Amounts in thousands of euros    | 2019         | 2018         |
|----------------------------------|--------------|--------------|
| Fixed remuneration*              | 5,545        | 3,807        |
| Variable remuneration            | -            | -            |
| Directors' fees                  | 145          | 120          |
| Benefits in kind                 | -            | -            |
| Supplementary pension plans      | None         | None         |
| <b>TOTAL COST TO THE COMPANY</b> | <b>5,690</b> | <b>3,927</b> |

In 2019 and in 2018, no free shares were granted to members of AKKA Technologies' executive and management bodies, and no options were exercised as part of a stock option plan.

## 9. OTHER INFORMATION

### 9.1. Financial instruments

As of 31 December 2019, there was no reclassification between the various categories of financial instruments.

### 9.2. Information relating to risk management

In the course of their operations, companies within the Group are subject to audit by tax authorities and social security bodies. The Group is subject to regular audits of all of its accounting, tax (income tax, subsidies, research tax credits, VAT, etc.) and social security (social security contributions and taxes levied on wages) reporting obligations, for subsidiaries operating both in France and internationally.

Ongoing disputes with the tax administration relate chiefly to research tax credits ("CIR") and, in particular, to the manner in which expenses incurred by approved sub-contracting companies for the determination of their own Research Tax Credit are taken into account.

Litigation filed with the Administrative Court and Court of Appeal continued in 2019. In this context, in December 2019, the Paris Court of Appeal ruled partly in favour of AKKA in respect of the 2008 and 2009 financial years, which led the Group to increase the amount of research tax credit receivables by around €10 million.

After taking into account the opinions of our independent legal and tax advisors, no material changes were made to the risk estimation during the year.

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07

# AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS



This report is a free translation of the French original

## INDEPENDENT AUDITOR'S REPORT TO THE GENERAL MEETING OF AKKA TECHNOLOGIES SE FOR THE YEAR ENDED 31 DECEMBER 2019

As required by law and the Company's articles of association, we report to you as statutory auditor of AKKA Technologies SE (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated balance sheet as at 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the statement of changes in consolidated equity for the year ended 31 December 2019 and the notes (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders' meeting of 3 May 2018, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2020. We performed the audit of the Consolidated Financial Statements of the Group during 2 consecutive years.

### Report on the audit of the Consolidated Financial Statements

#### Unqualified opinion

We have audited the Consolidated Financial Statements of AKKA Technologies SE, that comprise of the consolidated balance sheet as at 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the statement of changes in consolidated equity of the year and the disclosures, which show a consolidated balance sheet total of € 1.605.299 thousand and of which the consolidated income statement shows a profit for the year of € 73.270 thousand.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2019, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

#### Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter – Covid-19

We draw your attention to note 7 of the Consolidated Financial Statements with regards to the consequences of the measures taken relating to the Covid-19 virus on the Company. The situation changes on a daily basis and inherently gives

rise to uncertainty. The impact of these developments on the Company is disclosed in section 7 of the Board of Directors' report and in note 7 of the Consolidated Financial Statements. Our opinion is not modified in respect of this matter.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

#### Revenue recognition on fixed-price contracts

##### Description of the key audit matter

The Groupe executes amongst others fixed-price contracts and the contribution of those contracts to the total consolidated revenues for the year ended 31 December 2019 is significant.

As indicated in note 2.1 of the Consolidated Financial Statements, the revenues and the margins of such contracts are recognized based on the basis of work completed.

For fixed-price contracts, the services are recognised on the basis of work completed, taking into account an estimate of the amount remaining to complete the contract. For fixed-price contracts, where the work completed plus what remains to be done to fulfil the contract exceeds the total revenue from the contract, the excess amount is recognised as "provision for losses on completion" in liabilities, under the heading "current provisions".

The recognition of the revenues and margin of fixed-price contracts was considered to be a key audit matter due to their volume and significance on the Consolidated Financial Statements and due to the inherently judgmental estimations used on the determination of the progress et the expected costs to complete the contract, as indicated in note 1.3 of the Consolidated Financial Statements.

#### Summary of the procedures performed

- We have examined the internal control system, including management review controls, relating to the process of contract follow up, the revenue and margin recognition, and, when applicable, the provisions for losses on completion. We have performed tests, on a sample basis, on the key internal controls implemented in the main companies of the Group.
- We have tested, on a sample basis, the consistency between the accounting data and the analytical and management data on which contract management and follow-up are performed.
- For a selection of contracts, we have determined on the basis of multiple criteria deemed relevant in relation to the risks incurred, corroborated the main assumptions used for their recognition at the reporting date (percentage of completion, costs already incurred and costs yet to be incurred) with the information obtained during interviews with the teams in charge of contract management and follow-up, as well as with the information and the technical and commercial documentation collected.
- We have also assessed the adequacy and completeness of the information disclosed in notes 2.1, 1.3 et 3.1 of the Consolidated Financial Statements.

#### Impairment test on goodwill

##### Description of the key audit matter

Goodwill resulting from the Group's acquisition policy was recognised as an asset in the consolidated balance sheet for a total amount of €367,7 million, or 22,9% of total assets as of 31 December 2019.

It is allocated to 15 cash-generating units (CGU) corresponding to geographical areas. In conformity with IAS 36 "Impairment of Assets", the Group carries out impairment tests at least once a year, in accordance with the methods described in notes 2.9 and 4.2 of the Consolidated Financial Statements.

These tests are performed by CGU or group of CGUs, based on a 5 year projection of free cash flows related to the activity. This projection is determined using the CGU's budget data and taking into account past experience and future prospects.

Their determination of the recoverable amount of the CGUs is based on material estimates or assumptions made by management, including the discount rate, the perpetual growth rate and the 5 year plan, to which the valuation is sensitive.

These various factors led us to consider the valuation of goodwill as a key audit matter.

#### Summary of the procedures performed

- We examined the internal control environment and the compliance with prevailing accounting standards of the methods used by management to measure goodwill.
- We have compared the cash flow projections with the budgets and medium-term plans drawn up by management, and analysed their consistency with the Group's past performance and the economic environment in which it operates;

- We have critically examined the methods and parameters used to determine the discount rates applied to projected cash flows, by recalculating them, comparing them with those used by leading financial analysts and comparing them with our internal databases, with the support of our valuation specialists;
- We have assessed the relevance of the sensitivity scenarios used by management and the relative information presented in the note 4.2 of the Consolidated Financial Statements.
- We also have assessed the adequacy and completeness of the information included in notes 2.9, 4.1 et 4.2 of the Consolidated Financial Statements.

#### Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

#### Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements and the non-financial information attached to the Board of Directors' report.

### Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, as well as to report on these matters.

### Aspects relating to Board of Directors' report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report contains any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported. In addition, we do not provide any assurance regarding the Board of Directors' report.

The non-financial information required by article 3:32, § 2, of the Code of companies and associations has been included in the Board of Directors' report on the Consolidated Financial Statements. The Company has prepared this non-financial information based on Global Reporting Initiative. However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with Global Reporting Initiative. We do not express any form of assurance regarding the individual elements included in this non-financial information.

### Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

### Other communications

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Diegem, 22 April 2020

EY Bedrijfsrevisoren BV  
Statutory auditor  
Represented by



Eric Van Hoof \*  
Partner  
\*Acting on behalf of a BV/SRL

20EVH0114

CHAIRMAN'S  
STATEMENT

I undersigned, Mauro Ricci, Chairman of the Board and Chief Executive Officer, hereby declare that, to the best of my knowledge:

a) The financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), give a true and fair view of the assets, liabilities, financial position, and earnings of the issuer and the entities included in the consolidation;

b) The management report includes an accurate review of the business developments, earnings, and financial position of the issuer and of the entities included in the consolidation, as well as a description of the main risks and uncertainties that these entities face.

22 April 2020,



M. Mauro RICCI  
Président et Directeur Général



AKKA

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