



Annual Report 2018

tessi



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tessi

Message from the

Chairwoman of the Management Board

2018 has been a very rich year. With the support of our 9,473 employees around the world, we have launched major modernisation programmes for our activities. With the strategic acquisition of Owlance in France and Todo En Cloud in Spain, and the sale of CPOR Devises, we have refocused on our core activity of Business Process Outsourcing.

In 2019, we will undertake a second stage in our transformation: developing from Business Process Outsourcing to Business Process Services.

We have a driving ambition to be one of the biggest players in Business Process Services (BPS) by offering the market a combination of services and technologies. By integrating to an ever greater extent an approach of partial or total delegation of management, we are present at every stage of the client experience, thanks to a global offering that combines:

- consultancy,
- outsourced services,
- customer relations,
- technologies,
- cyber security,
- hosting.

The world is changing and digital technology is playing an increasing role in all communication.

More than ever, our clients must reinvent themselves as they face a triple challenge: finding ways to grow, becoming more competitive, and finally modernising relations with their customers. Collecting, analysing and processing the huge volumes of data generated are key issues in our business sector.

We meet these challenges by naturally connecting technology, content and data.

Our knowledge of our clients, our expertise and the talent of our employees allow us to guide our clients through this transformation.



Through our R&D centres, Tessi lab, CETIA and the European start-up incubator and accelerator Pépites Shaker, we have chosen to put innovation at the heart of our strategy. The convergence of front and back office activities, driven by the digitising of processes, allows our Group to move higher on our customers' value chain.

In 2019 we must:

- Continue to climb up the value chain
- Be innovative
- Be audacious
- Increase our presence in Europe

Our employees, who work to meet these challenges every day, are a major asset for our success.

We will continue to promote well-being at work, training and developing expertise to support their commitment.

In 2019, we must become a partner for companies, in France and abroad, by being a major player in Business Process Services in Europe.

Claire Fistarol

Chairwoman of the Management Board



Message from the

Chairman of the Supervisory Board

During 2018, a year that was marked by a 10% increase in activity (5% on a comparable scope), several strategies were successfully deployed by Tessi, in its conquering of leadership, in France and in Europe, on the Business Process Outsourcing market.

The current drive is aimed at concentrating the company on its core business, managing data flows and outsourcing services with added value, to continue to enrich its offerings and thereby support its growth.

In 2018, Tessi undertook two transactions that directly follow its strategy of refocussing its activity. On the one hand the Group disposed of CPoR, specialist in trading physical gold products and currency in France, and on the other hand it acquired the company Owlance. This acquisition allows Tessi to expand its field of expertise, to the personal protection insurance sector, by becoming a major player in outsourced management in this field.



Tessi also increased its financial room for manoeuvre in 2018, by renegotiating its senior debt and obtaining more favourable borrowing conditions, in terms of cost and flexibility, thanks to increased maturity and lighter financial covenants.

Finally, to accompany the efforts that the company has made to accelerate its growth, the Supervisory Board supported the launch of a simplified public tender offering, initiated by HLDI, controlled by the holding DENTRESSANGLE and HLD Europe, the majority shareholders in Tessi, combined in the holding PIXEL.

This is a strong signal to Tessi's employees, managing directors, clients and partners, who can count on sound and committed shareholders for the company's long-term success.

Vincent Ménez

Chairman of the Supervisory Board



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Tessi, a major player in Business Process Services

Our customer commitment

For more than 45 years, we have been reinventing ourselves every day to help manage the digital transformation of companies.

To offer the best support for optimising our clients' processes, Tessi's teams have the objective of finding and combining the most suitable technological and operational solutions to overcome the challenges of the user journey. Our approach is always part of an innovative strategy focussed on **excellence**.

Thanks to its 9,473 employees and presence in 11 countries, Tessi has a global and adaptable offering. It combines consultancy, outsourced services, customer relations, technology and innovation.

Our vision of Business Process Services, **is focussed on the client**.

We always associate service with technology, with one ambition: smoothing the user journey and the associated processes.

As a true **trusted third party**, Tessi offers full or partial outsourcing services.

For many years, we have felt it is important to offer our clients a full management service that optimises costs, responsiveness, security and service quality. We are ready to be there at every stage of the user experience and act as a facilitator.

When they place their trust in Tessi our clients know they can focus on the essential: their core business. By perfectly understanding their issues, we then become an essential outsourced partner.

By focussing on the daily operation, Tessi is ready for tomorrow's challenges.

New technologies, new expectations, new uses. Our **bold innovation** teams are closely involved in our activities.

€427.8 million
in turnover

€44.6 million
in current operating income

1971
Tessi is founded

2001
listed on the stock exchange

2011
signature of the United Nations
Global Compact

9,473
employees around the world

11
countries

68
offers of services
& technologies

Therefore, we are ready to guide companies with the specific outlook for their business sector.

To build a high performance business model with our clients, we focus all our energy on creating a unique alliance between human expertise and technology.

This alliance makes Tessi one of the few players in Business Process Services (BPS) in Europe.

A strategy for growth in Europe

Tessi is a service company that guides companies through their digital transformation. We operate in 11 countries in Europe and Latin America as an international player in Business Process Services.

A major player
in France
& in Spain

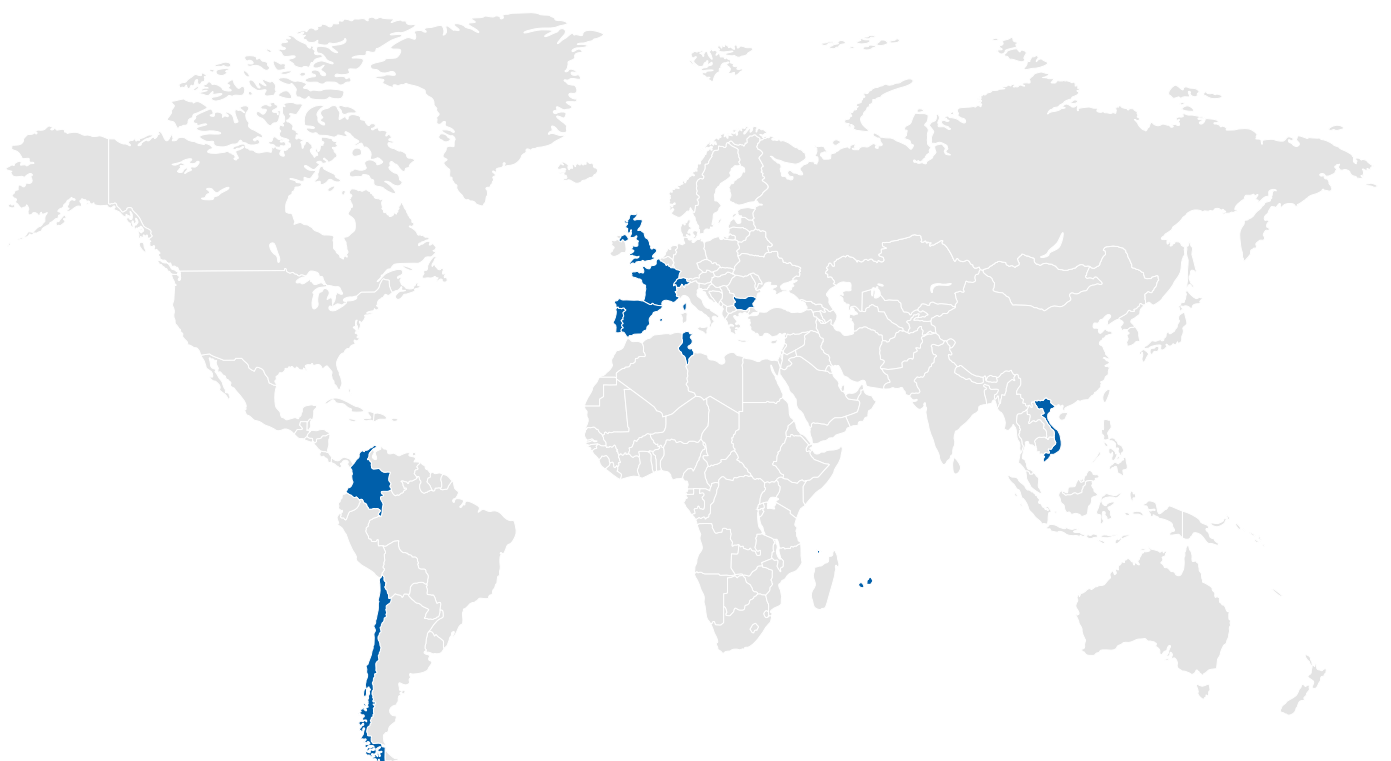
**1 European
accelerator
programme**
for start-ups

Over 1,000
clients

**1 centre of excellence for
intelligent automation
(CETIA)**

9 R&D centres
(7 in France and 2 in Spain)

1 lab *(research into
content extraction)*





**“We have developed our expertise and
grown with our clients”**

Tessi solutions

Tessi is a service company that guides companies through their digital transformation. As a major player in Business Process Services, Tessi offers its clients and partners a large catalogue of services and technologies.

A culture of service

Tessi is close to its customers on a technical and geographical level, our services are available everywhere in Europe and Latin America, with more than 9,500 employees sharing the same culture of service.

We focus our offer on customer relations and the digital pathway, from first contact to managing processes and making the payment. In this way, Tessi's offering allows its clients to provide a high quality service, whilst focussing on their core business.

Over the last 45 years, we have developed our expertise and grown with our customers by providing them solutions that suit their specific needs.

Our expertise is built around 3 major lines:

- **services:** for outsourced and bespoke industrial scale solutions
- **technologies:** for innovative solutions that offer the best of the digital world
- **innovation:** to offer an alternative approach

that combines all of Tessi's technological and production capacities: digitising documentary processes, back-office functions, marketing and customer relations, consultancy & integration, software publishing, and hosting & cloud computing.

Strategy & vision

An industrial and digital answer to a changing market.

At a time when companies are undergoing digital transformation, Tessi is positioning itself for its clients by offering services that are focussed on the customer pathway.

By combining customer marketing, digitising processes, integration and advice, we have consolidated our range of services.

Therefore, to meet companies' new requirements as closely as possible, Tessi has a four point strategy:

- **knowing our clients' business**, so we can offer outsourced services with high added value and they can focus on their core business,
- **innovating** thanks to a disruptive approach that combines research/development and integrating new technologies,
- **maintaining a flexible and responsive organisation**, which can always adapt to our clients' requirements,
- **preparing the future** by diversifying our offering through external growth in Europe with strong added value.

We create new offerings for the market that are differentiating, innovative or quite simply essential to better process the flows that our clients assign to us.

Our driving ambition is to broaden our field of application to better meet the needs of the market.

Insurance division (France)

Owliance, the leading French group in outsourced administration for the insurance market, joined the Tessi Group in June 2018.

In a booming market driven by growth in the health and personal protection insurance sector and increased use of outsourcing, Owliance is an independent pure player in outsourced insurance policy administration.

It is organised around three core activities:



- **full policy administration**
- **partial policy administration**
- and **software publishing**



Owliance offers a range of solutions tailored to the requirements of all players operating in the health and personal protection insurance market: insurance companies, banks providing insurance, brokers, mutual companies and personal protection providers.

After 6 months of integration, Owliance is becoming the Insurance Division of Tessi France, in April 2019.

8

management centres

2.6 million

people protected

More than 100

clients in France

1,800

dedicated expert employees

“A service company that guides companies through their digital transformation”

Cyber security (Europe)

Dhimyotis is a trusted third party that is specialised in cyber security. It publishes authentication, cryptography, SSL encryption, electronic signature and timestamping solutions.

With its certifications and references, the CERTIGNA suite from Dhimyotis makes it the most trusted service provider in France:

- it is the leading French Trust Service Provider (TSP) with ETSI European certification for authentication of electronic signatures,
- certification Authority and Operator, CERTIGNA offers certified digital certificates and manages its clients certification authorities,
- all of the certificates issued by CERTIGNA are recognised as “Qualified” under the European eIDAS regulation for which it is certified, as well as being qualified for RGS and ETSI certified.

The CERTIGNA suite is complimented by an offering for the authentication and verification of origin for documents such as invoices, payslips, insurance certificates, bank account details or business cards.

Private Cloud (France/Spain)

With the acquisition of Todo En Cloud, Spain, in 2018, we have increased our data hosting offering.

Tessi already had three hosting platforms in France based in Bordeaux and Lille.

With the acquisition of our fourth centre in Madrid, we have enhanced our architecture.

Tessi now offers its clients a secure and connected European network that integrates a perfect mastery of hybrid public/private environments.

All of these new service offerings serve to enrich the Tessi Group strategy.

“Converging the information required for data management at a unique and digitised processing point”



Digitising documentary processes

Using digital technology, Tessi is simplifying the user journey and creating value for customers

New Artificial Intelligence technologies and the favourable context of regulations that encourage the digitisation of information flows is making both documentation and financial exchanges increasingly paperless. What does this mean for our clients? Users are evermore demanding and do not accept any lack of responsiveness or a failure to reply.

To meet the major challenge posed by this transformation in customer relations, Tessi offers a full range of digitising solutions for documentary processes that make it possible to capture, centralise and archive all the information quickly and with absolute security. This allows our clients to address all the channels of user interactions by converging the information required for data management at a unique and digitised processing point.

This means: smooth processes, a highly-qualified customer service and the ultimate in professional efficiency. Customer subscriptions and files, HR processes, invoices and financial flows, etc. Our technological platforms and teams of experts help to make the most of what digital technology has to offer. With one obsession always in mind: offering the best service to our clients and their teams in full compliance!



Back office functions

Our clients can focus on their core business with absolute peace of mind

In a highly competitive environment, our clients need to be able to concentrate on their core business whilst offering high quality support functions.

Tessi offers professional back office solutions that simplify and outsource processes.

As a services operator, we are convinced that our added value goes beyond traditional Business Process Outsourcing (BPO) and comes from the combination of human expertise and a mastery of the most suitable technological tools for our clients' activities.

That is what we call Business Process Services (BPS): an all-encompassing solution that only Tessi and a handful of companies in Europe are able to provide. By assigning part or all of the administration of their business processes to us, our clients win at every level: they get better operating results, faster and at less cost.



Marketing & customer relations

Maximising the potential of a brand and improving customer relations

Truly put the user at the heart of your customer strategy.

Thanks to its dual expertise in marketing and customer relations, Tessi can finally fulfil this ambition.

In terms of customer marketing, Tessi helps brands to design and implement activation and loyalty building campaigns. What is our strongest belief? The most efficient strategy will always be customer focussed and steered by data. What makes us different? We have the capacity to provide a fully integrated solution from strategic consultancy to providing the solutions and technologies, and then the operational deployment of campaigns.

By entrusting their customer relations to Tessi, our clients improve their daily interactions with their consumers. Thanks to the expertise and technology in our contact centres, they get a multi-channel solution that combines all of the communication channels employed by their users (telephone, email, mobile applications, chatbots, etc.).

Building on the growth in the countries where we operate, we have chosen to emphasise quality, with centres that are entirely based in Europe (France and Spain), and an ambitious training policy. By offering their users an irreproachable experience every day, we allow our clients to build sustainable and profitable relationships.



Consultancy and integration

Accelerating digital transformation

As a true digital services company, Tessi assists its clients all across Europe through its 130 consultants in 4 countries (England, Switzerland, France and Spain).

Our consultants meet the needs of audit departments, project owners, for project management and integrating software in the fields of Customer Communication Management (CCM), Enterprise Content Management (ECM), Electronic Transactions and Payment Systems, and GDPR compliance. Tessi's expertise in these four fields is combined on a case by case basis for each client to form a range of bespoke services. The aim of this service is to use regulatory constraints as a business lever and to optimise the customer pathway. This process often involves the technological renovation of front office tools, the seamless integration of multi-channel tools with existing information systems, and helping to guide companies to a new organisation of processes.

Tessi's profile as a highly specialised, international player allows it to assist key accounts across Western Europe with ambitious transformation projects. Mobile teams of experts working with multilingual service centres are a long-term competitive asset.

At the same time, in order to supplement its operations outside Europe, Tessi continues to develop and maintain a network of partner distributors and integrators, who can relay its technological solutions for processing documents and/or means of payment.

“Our Customer Relations Department works with you every day to ensure your satisfaction and that contractual indicators are adhered to”



Software publishing

Boost your digital transformation with the latest, compliant technologies

For many years, Tessi has chosen to develop its own technological solutions and to perfectly integrate tools to increase productivity.

We publish software platforms to automate the management of flows and exchanges, and to ensure the right conditions to build digital trust. These platforms are modular and widely deployed through licensing or in SaaS mode to meet companies' key needs: document management, CRM and marketing automation, security and digital trust, and business management.



Data centre services & cloud computing

Infrastructures that are designed to meet data security needs

As an expert in designing and implementing turnkey cloud architectures, Tessi offers solutions to meet its clients' needs for services for infrastructures, platforms or Software as a Service. We provide companies with solutions that simultaneously include hiring computing resources and providing architecture, engineering and administration services that are specialised in cloud-based solutions. Tessi offers different levels of services for allocating resources for processing, storage, networks and security. This expertise stands out by offering private, on-demand storage environments and a highly secured interconnection with the public infrastructures available on the market.

According to the particularities of our clients' activities and the pace of their growth, Tessi's experts offer advice on the most appropriate methods for hosting, implement them and ensure the performance.

Our private clouds are based in Europe and ISO 27001 and Health data host certified.

Innovation at the heart of our system

Tessi has made the strategic choice of being the owner of most of the technologies we offer to our clients. To this end, we have invested in teams for developing and publishing software in Europe.

We have also put looking to the future at the heart of our technology strategy and chosen to launch three programmes focussed on innovation: Tessi lab, CETIA and Pépites Shaker.

To offer the best support to our partner companies, we have therefore put innovation at the heart of our development, at the meeting point between marketing and digital transformation.

Tessi lab

creating the technological alternatives for tomorrow

Through this research centre, we are financing research by future graduates into the innovations of tomorrow. Tessi Lab is particularly interested in signal processing, extracting content, Artificial Intelligence or bulk data processing of open data.

CETIA

thinking about production automation

At CETIA, Tessi's Centre of Excellence for Intelligent Automation, we are developing highly practical projects for our clients in all the fields related to operational AI: task automation, chatbots, and Robot Process Automation (RPA).

Pépites Shaker

guiding disruptive start-ups

With Pépites Shaker, our European programme that was launched in early 2018, we are promoting a dynamic ecosystem for over thirty start-ups. What are they focussed on? Virtual reality, artificial intelligence, blockchain, open data or even linguistic algorithms.

“Structures designed to think about the companies of the future”

A commitment to data security and digital trust

As a responsible market leader, Tessi is continuing its commitment to making data exchanges secure whilst complying with the General Data Protection Regulation (GDPR).

Protecting personal data is one of the key concerns for Tessi and is a key issue for transformation.

In this dynamic context, Tessi is committed to protecting the data entrusted by its clients in the context of its activities and complying with the applicable laws and regulations in terms of processing personal data.

For its own activities, the Tessi Group has a system of governance in terms of personal data protection at a Group level that is approved by the Executive Management. It is managed by the Group DPO (Data Protection Officer), who is tasked with building, updating and managing the global system for the personal data protection programme.

Tessi has also implemented a systematic approach for every new service that makes it possible to:

1. deploy appropriate data protection measures according to the sensitivity of the data, based on a bespoke privacy approach or the Group's default approach to protect data against any accidental or deliberate loss, theft or misuse,
2. an audit and inspection system that is intended to regularly test, analyse and assess the effectiveness of the technical and organisational measures taken to ensure security, and to provide proof at first request by a client or the data protection authority,
3. help clients to respect human rights: right to information, right of access, correction, deletion and portability,
4. help clients to carry out and, where applicable, carrying out impact studies ("DPIA: Data Privacy Impact Assessment") regarding data protection for processing that may entail a risk for personal rights and freedoms,
5. provide clients with the information required to carry out a notification of any breaches of personal data with the data control authority and the clients in question.



Commitment to permanent inspections

Tessi places great importance in maintaining the procedures and certifications that demonstrate our quality, compliance and secure environment for providing outsourced core services.

More than 60% of the Group's subsidiaries activities are subject to certification under ISO 9001 (France & Spain), OHSAS 18 001 (Spain) or ISO 14 001 (Spain).

**“Offering
the best
technology
and complying
with the
standards
in force”**

Traceability and digital trust

From true copies to archiving for legal purposes including eIDAS qualification.

Because switching to becoming fully digital requires companies to adapt their archiving policy, since 2016 Tessi has begun an approach for certifying its processing chains.

As a member of opinion leader associations or contributing to the drafting of the standards ISO 14-641, NF 461 or NF Z42-026 marks, Tessi France, is greatly committed in every area related to digital trust.

Tessi France offers certified archiving for legal purposes (NF461) that establishes a chain of trust from the digitisation platform to archiving and storage. Sealing, time stamping, traces, electronic signatures, managing certificates and the traceability of flows ensure a secure chain.

In 2018, Tessi France obtained eIDAS qualification for its Electronic Registered Mail (ERM) offering.

And finally, Tessi France is ISO 18 295-1 certified for all the call centres in the Metz, Lyon and Paris region.

A responsible company

“We encourage a diverse range of talents, equal opportunities and gender equality”

At Tessi, we combine technological development, economic growth and promoting human values. We have therefore based our corporate culture on three levels of responsibility: to our employees, our suppliers and the environment.

Social responsibilities

In all of our entities, the quality and well-being of our teams are our prime asset. This is why we are striving to make it so that each employee can fulfil their potential and grow within Tessi through advantageous training policies, psychological and social risk prevention, taking hardship into account, fostering a social dialogue and preventing discrimination. In this way, we encourage a diverse range of talents, equal opportunities and gender equality. As part of this same philosophy, we have adopted an ambitious policy for integrating disabled employees at every level of our organisation.

An ethical commitment

Our Moral and Ethical Charter obliges us to comply with local and international regulations (French Sapin 2 Act, GDPR, etc.). Through our data protection and digital trust systems we are able to contribute, at our level, to preventing corruption and enhancing business security, in cooperation with the competent authorities. We have also inscribed our code of ethics in our internal regulations to involve all of our employees in this essential approach.

Protecting the world that is our home

We are seeking to reduce the environmental footprint of our activities (CO² emissions, etc.) by optimising the management of natural resources. After an audit of our processes, we have begun a proactive approach to reduce waste (paper and industrial) and for recycling our computer hardware. We are also striving to optimise the operation of our data centres and servers to reduce our electrical consumption. Our teams and suppliers are also made aware of sustainable development approaches.

Working together towards sustainability

The story of Tessi's approach to CSR



Tessi began its sustainable development approach more than ten years ago.

To take its commitment further, since the start of 2011, Tessi has adhered to the United Nations Global Compact and published its first sustainable development report including its Sustainable Development Charter, its approach and the progress made in this field.

Since 2012, Tessi has published a CSR Report in which the Group redefined its indicators to take into account the requirements of article R. 225-105-1 of French Decree 2012-557 of 24 April 2012.

At the same time, with the advantage of a sustained and controlled policy for external growth, Tessi offers its services internationally via specialised subsidiaries. The solutions and services it provides focus as closely as possible on local particularities and regulations, allowing it to offer innovative solutions that create value in every country.

In 2017, Tessi transformed its Ethical Charter into a Code of Ethics including amongst other things our Code of Conduct that defines and illustrates the different types of behaviours to be banned, as they may constitute incidences of corruption, influence peddling or discrimination.

In 2018, Tessi signed the Diversity Charter.

Tessi is also publishing its first non-financial information statement that replaces its CSR report—pursuant to the European CSR Directive (2014/95/EU), which was transposed into French law by the publication of the Decree of 14 September 2018.

Assessment of the Group's CSR performance

ECOVADIS RATING

For several years, Tessi has carried out an EcoVadis rating in order to have an overview of our CSR performance and draw up a list of priorities for improvement. This approach also makes it possible to answer the increasingly frequent requests from our clients about the environmental, ethical and social performances of their suppliers, using a unique communication tool.

The EcoVadis assessment aims to measure the quality of the CSR management system in the companies assessed. More than 35,000 companies from around the world are assessed by EcoVadis in more than 150 different business sectors and more than 100 countries.

EcoVadis bases its methodological framework on guidelines from ISO 26000, organised around four themes: the environment, fair labour & human rights, ethics, and sustainable procurement.

This report placed us in the top 4% of the best company performances assessed by EcoVadis.



GOLD Status for Tessi in March 2018 with a rating of 64/100, which puts us in the category of suppliers with a mature and established CSR management approach.

GAIA, ETHIFINANCE

Gaia Rating, Ethifinance's ESG rating agency, carries out an annual campaign collecting data covering most listed SMEs and mid-tier firms in France. Based on this data, companies are rated according to their level of transparency and performance.



With a score of 73/100, Tessi is 63rd out of the 230 companies assessed and 17th out of 78 companies in the category of companies with €150 - €500 million in turnover.

History

1971

Tessi is founded and the data-entry activity is launched.

1979

Marc Rebouah acquires the business.

1997

Tessi acquires SFDD, French leader in promotional marketing management (renamed Tessi Customer Marketing in 2015).

1998

Télédirect is created (renamed Tessi Contact Center in 2011).

2001

- The cheque-processing activity is strengthened with the acquisition of all the shares in Cirec.
- **The IT activity is developed with the acquisition of Defitech's IT services and engineering division.**
- **The company is listed on the Eurolist C of Euronext Paris.**

2003

- Cheque-processing site created in Bordeaux.
- CETIP Encaissement (receipts processing) acquired.

2004

Accès informatique (document management) acquired.

2005

- Majority shareholding acquired in C2I (payment solutions) (*renamed Tessi Technologies in 2009*).
- Tigre Informatique (*Reunion Island*) acquired (document management and payment solutions).
- STMP acquired (payment solutions).
- 80% holding acquired in CPR Billets (currency exchange and gold trading) (*renamed CPoR Devises in 2009*).

2006

ICSB acquired (payment solutions).

2007

- **Tessi acquires the marketing services activity of desktop publishing company SDI (renamed Tessi Editique in 2011), Docubase (EDMS) and a filing platform (ASP One.fr) from the CEGEDIM Group.**
- **Minority shareholding acquired in C2I ingénierie(49.98%).**

2008

Tessi reorganises its service offering around four business divisions, and launches a new corporate visual identity.

2009

Tessi Transaction Services (*renamed Tessi Conseils in 2017*) created to process all aspects of electronic money flows.

2010

- CPoR Devises acquires the currency exchange activities of Goffin Bank.
- Tessi is reorganised into three business divisions.

2011

- Logidoc Solutions acquired (produces software for dispatching information via multiple channels).
- From 24 January 2011, Tessi shares are quoted on Euronext Paris, Compartment B.
- **Tessi subscribes to the UN Global Compact and thus affirms that its Social and Environmental Responsibility Policy complies with the Compact.**

2014

- Tessi shares are eligible for equity savings plans that invest in SMEs.
- **Spanish company Graddo Grupo Corporativo SL acquired. It is a BPO leader in the Spanish market, particularly for banking.**
- Swiss company Gdoc acquired (document management specialist).
- Tessi lab, an innovation laboratory, launched.

2015

- Spanish company Near Perfection acquired.
- Promotion Marketing Communication (PMC) acquired (consultancy firm specialising in BOGO (Buy One Get One)).
- 87.4% shareholding acquired in the Spanish Diagonal Company and its subsidiaries. The company specialises in BPO and is No. 2 in processing mortgage loans in Spain, Portugal and Chile.

2016

- 100% shareholding acquired in the Swiss company RR Donnelley Document Solutions Switzerland and its Austrian subsidiary.
- 100% shareholding acquired in BPO Solutions, based in Spain.
- Additional shares acquired in ISEM.
- 100% shareholding acquired in IMDEA Asesores, based in Spain.

2017

- **Pixel Holding acquires the Rebouah family's majority shareholding in the capital of Tessi SA.**
- Dhimyotis, a major cyber security player, acquired.
- The Tessi Centre of Excellence for Intelligent Automation (Centre d'Excellence Tessi en Intelligent Automation - CETIA) is launched.

2018

- Pépites Shaker, a start-up accelerator programme, is launched.
- Acquisition of the Todo En Cloud, based in Spain, an expert in designing and implementing Cloud Architectures.
- Acquisition of the Owliance Group, market leader in outsourced health and personal protection insurance policy administration.
- Sale of CPoR Devises.

2019

Launch of the single Tessi brand.

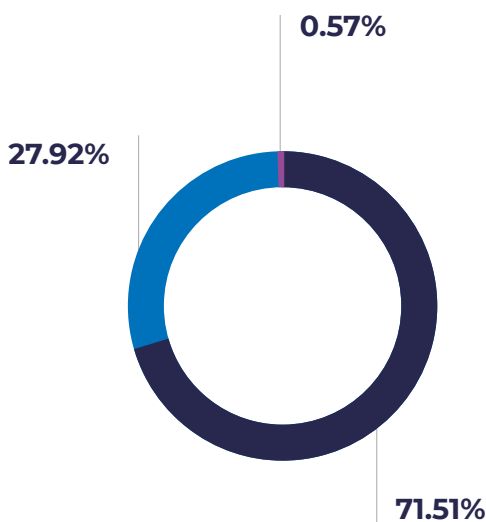


Shareholders' information

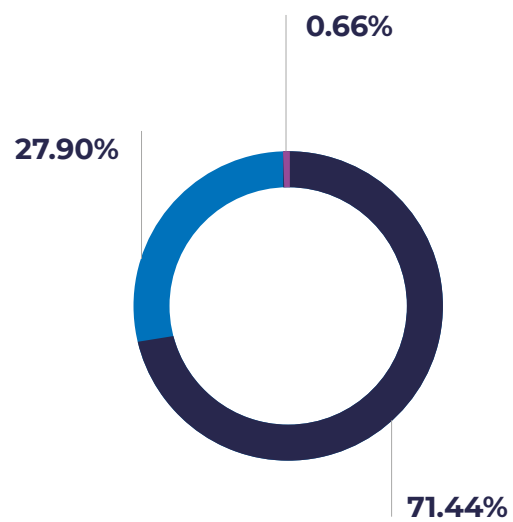
Indicative calendar for publications in 2019

2018 Turnover	7 February 2019
2018 results	10 April 2019
2019 Q1 turnover	7 May 2019
2019 Q2 turnover	6 August 2019
2019 half-year results	12 September 2019
2019 Q3 turnover	6 November 2019
2019 Turnover	6 February 2020

Share capital breakdown as at 31 March 2019

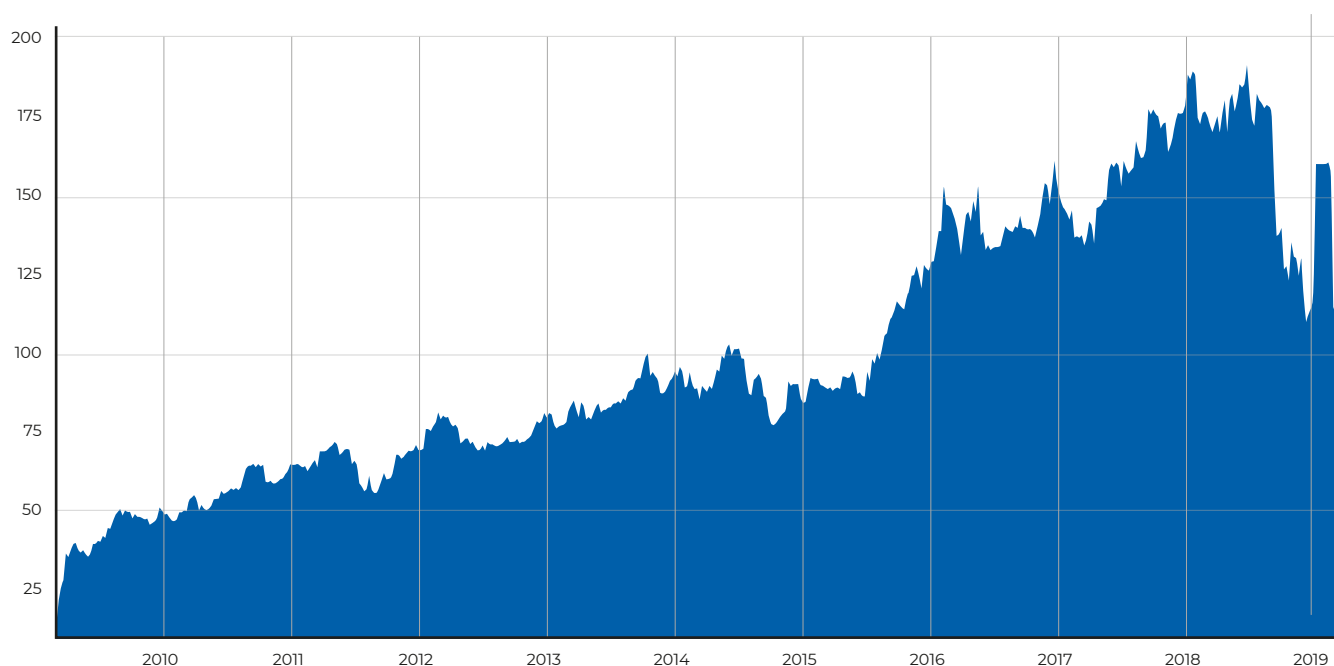


Voting rights breakdown as at 31 March 2019





Share price movement



Shareholder scoreboard

Floated on the Second Market of the Paris stock exchange on 10 July 2001

Listed on Euronext Paris compartment B

ISIN Code: FR 0004529147, Symbol: TES

Reuters: TESI.PA

Bloomberg: TES FP

Shares eligible for SME equity plans

Market maker: KEPLER

Flotation price: €23

2018 high: €195.00

2018 low: €109.50

Corporate Governance

Management Board - Executive Management

Claire FISTAROL Chairwoman of the Management Board

Olivier JOLLAND General Manager - member of the Management Board

Management committee

The Management Committee comprises the Executive Management and members of the Operational Divisions:

Urs BIRRER Chief Executive Officer - Tessi Switzerland

Virginie DEGEORGIS Chief Executive Officer - Tessi France

José LAGOS Chief Executive Officer - Latam

Christos YANNICOPOULOS Chief Executive Officer - Tessi Iberia

Thierry CAYE Director Technology France

Cécile DEVIN Chief Executive Officer Marketing & Customer Relations Division - Tessi France

Jesús GÓMEZ General Manager - Business Process Outsourcing division - Tessi Iberia

Dominique TRICHARD Chief Executive Officer Insurance - France

Massimo VATTERONI General Manager - Legal Process Outsourcing division - Tessi Iberia

Jean-Luc VECCHIO Chief Executive Officer - Tessi Consulting & Integration Division

Executive committee

The Executive Committee comprises members of the Management Committee and:

Benoit BOURG Director of Human Resources

Jean-François DAUMAS Internal Audit Director

Bruno DE KERVENOEL Director External Growth and Partnership

Emmanuelle ERTEL Director of Communication & Digital Innovation

Claire MUTEL Legal Director

Patrick PEILLON Director of Information Systems

SUPERVISORY BOARD

The Board currently has 10 members:

Vincent MÉNEZ Chairman of the Supervisory Board

Jean Louis SAVOYE Vice-Chairman of the Supervisory Board

Michel ANGÉ Member of the Supervisory Board

Daniel AQUABA Member of the Supervisory Board employees representative

Marine DENTRESSANGLE Member of the Supervisory Board

Nathalie GAK Member of the Supervisory Board

Alix GUILLON Member of the Supervisory Board

The company Fondelys Member of the Supervisory Board, represented by Henri DUFER

The company HLD Conseils Member of the Supervisory Board, represented by Jean-Hubert VIAL

The company HLD Europe Member of the Supervisory Board, represented by Anne CANEL





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Management Report of the Management Board

on the financial statements for the year ending 31 December 2018

Dear Shareholders,

We have called you to a Combined General Meeting, pursuant to the Articles of Association and laws governing commercial companies, in order to:

- present the Company and Group's business activities for the year ended 31 December 2018, the results of such activities, and outlook;
- submit for your approval the company financial statements, appropriation of earnings and the consolidated financial statements for the financial year;
- ask you to approve the regulated agreements entered into by the Company, authorised during the financial year, and presented in the Statutory Auditors' special report;
- ask you to ratify the co-option of a Member of the Supervisory Board;
- ask you to renew the appointment of the firm BDO Rhône Alpes as Principal Statutory Auditors;
- ask you to appoint the firm PricewaterhouseCoopers Audit as Principal Statutory Auditors to replace the firm AUDITS & PARTENAIRES;
- ask you to refrain from renewing the appointment of Mr Philippe Astolfi as deputy statutory auditor and not to replace him;
- ask you to refrain from renewing the appointment of the firm BBM & Associés as deputy statutory auditor and not to replace it;
- ask you to approve the principles and criteria for determining, allocating and distributing fixed, variable and exceptional items comprising the total compensation and benefits in kind allocated to the corporate officers;
- ask you to approve the compensation and benefits in kind paid, owed or allocated to Ms Claire Fistarol in respect of the 2018 financial year;
- ask you to approve the compensation and benefits in kind paid, owed or allocated to Mr Olivier Jolland in respect of the 2018 financial year;
- ask you to renew the authorisation granted to the Management Board to enable the Company to buy back its own shares and reduce the share capital via the cancellation of treasury shares;
- ask you to delegate to the Management Board the authority to increase the share capital via the issuance of all securities, with or without preferential subscription rights;
- ask you to delegate to the Management Board the authority to increase the share capital with waiver of preferential subscription rights in the context of an offer as referred to in paragraph II of article L. 411-2 of the French Monetary Code;
- ask you to authorise the Management Board to set the issue price for ordinary shares or any securities granting access to the share capital, in the event that preferential subscription rights are cancelled, up to 10% of the share capital per year;
- ask you to delegate to the Management Board the authority to increase the number of shares to be issued as part of a capital increase, in the event of excess demand for subscriptions, pursuant to the terms and conditions set out in Article L. 225-135-1 of the French Commercial Code;
- ask you to delegate to the Management Board the authority to increase the share capital by the issuing of any marketable securities with waiver of preferential subscription rights to the benefit of categories of persons meeting determined characteristics;
- ask you to delegate to the Management Board the authority to increase the share capital via the issuance of any securities, without preferential subscription rights, in order to compensate share contributions in the event of a public exchange offer (PEO) or contributions in kind;
- ask you to delegate to the Management Board the authority to increase the share capital by way of capitalisation of reserves, profits or share premiums, etc.;
- ask you to set a global limit on such authorisations;

- ask you to grant the Management Board the authority to increase the share capital, pursuant to laws on employee savings plans requiring us to ask the General Meeting to approve a capital increase reserved for Company and Group employees, under the conditions set out in Article L. 3332-18 of the French Employment Code;
- ask you to amend article 21.5 II of the Company's Articles of Association "quorum, vote, number of votes";
- ask you to amend article 21.4 paragraph 3 of the Company's Articles of Association "attendance sheet, committee, minutes".

I | Company and Group economic and financial results

A | Presentation of the company and consolidated financial statements

The Company and consolidated financial statements for the year ending 31 December 2018 hereby submitted for your approval were prepared in accordance with presentation rules and valuation methods set out in applicable regulations.

The Tessi Group's consolidated financial statements as at 31 December 2018 have been prepared in compliance with the International Financial Reporting Standards (IFRS) adopted in the European Union. These standards and interpretations may be consulted on the EU website at:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002_fr

The Group did not opt for early application of any standards or interpretations that were not compulsory in 2018.

The Group's consolidated financial statements are prepared on a historical cost basis except for the following assets and liabilities, which are recognised at fair value: financial derivatives, investments held for trading and investments available for sale. Hedged assets and liabilities are not recognised at fair value, according to the hedged risk.

Current assets consist of assets to be sold or consumed during the normal operating cycle of the Group, assets held for sale within 12 months of the closing date and cash and cash equivalents. All other assets are non-current.

The preparation of the consolidated financial statements in accordance with international accounting standards requires the Group to carry out estimates and apply certain assumptions liable to impact the value of the Group's assets, liabilities, equity and earnings.

These estimates and assumptions mainly relate to the valuation of goodwill and other intangible assets, provisions, pension commitments and deferred tax, and are established on the basis of existing information or positions at the date the financial statements are prepared. However, they may differ from actual figures.

1 | Consolidated Financial Statements

The consolidation methods applied are set out in the notes to the consolidated financial statements.

1.1. Consolidated companies

Companies included in the Tessi Group consolidation scope are listed in the notes to the consolidated financial statements.

During 2018, the consolidation scope changed as follows:

a. The following companies were acquired or created:

- creation and full consolidation of Diagonal Company Gestoría Administrativa on 22 February 2018. The Group's holding in the company amounts to 47.8%;
- additional acquisition, on 23 February 2018 of the company Hipotecarios Atacas. The Group's holding in the company amounts to 97.5%;
- acquisition on 29 May 2018 and full consolidation of all of the company Todo En Cloud SL, based in Spain, a cloud hosting services provider;
- acquisition on 20 June 2018 and full consolidation of all of the company Owliance and its subsidiaries, market leader in outsourced health and personal protection insurance policy administration.

b. Sales over the year 2018

- disposal of the company CPoR Devises on 31 December 2018,
- disposal of the company Tessi Documents Solutions (Austria) GmbH on 13 December 2018.

c. Other changes

- merger-takeover of the company Tessi Chèque Nanterre by the company Tessi Chèque Ile de France on 30 September 2018 with retroactive effect from 1 January 2018 for tax and accounting purposes,
- merger-takeover of the company Tessi Chèque Bordeaux by the company Tessi Chèque Interbancaire on 31 December 2018 with retroactive effect from 1 January 2018 for tax and accounting purposes,
- dissolution and liquidation of the economic interest group Cristal Hipotecario 2009 at 5 December 2018.

1.2. Consolidated results for the financial year ended 31 December 2018

<i>In € thousands</i>	Financial year ended 31/12/2018	Financial year ended 31/12/2017 *	2018/2017 change in %
Net turnover	427,815	389,105	9.9%
Operating income	431,541	395,670	9.1%
Operating expenses	386,970	352,238	9.9%
Current operating income	44,571	43,432	2.6%
Non-recurring operating income and expenses	-3,125	-1,650	89.4%
Net financial income	-14,306	-2,413	492.9%
Income before tax	27,140	39,369	-31.1%
Net income from continuing operations	19,072	29,183	-34.7%
Consolidated net income	49,786	35,839	38.9%
Net income (Group share)	48,760	33,899	43.8%
EPS (in €) for the consolidated group	17.35	12.12	43.2%
EPS (in €) for continuing operations	6.42	10.16	-36.8%

* restated in accordance with IFRS 5 and IFRS 9

a. Cash and cash equivalents, net debt

<i>In € thousands</i>	Financial year ended 31/12/2018	Financial year ended 31/12/2017*
Short-term investments	139	559
Cash and cash equivalents related to commercial activities **	188,915	103,097
Cash and cash equivalents related to CPoR Devises financial activities		129,756
Bank overdrafts	-9,933	-6,975
Cash and cash equivalents	179,120	226,437
Advances received on behalf of promotional operations	-13,777	-16,832
Blocked bank account linked to the acquisition of Diagonal Company and Todo en Cloud	-646	-998
Advances received on behalf of Diagonal Company customers	-32,654	-30,091
Net advances received on behalf of Owliance customers	-24,273	
Liabilities related to CPoR Devises financial activities		-77,432
Cash and cash equivalents net of advances	107,770	101,084
Borrowings	-142,002	-113,685
Net cash including cash dedicated to CPoR Devises activity	-34,232	-12,601
Net cash dedicated to CPoR Devises activity		17,677
Net cash excluding cash dedicated to CPoR Devises activity	-34,232	-30,278

* restated in accordance with IFRS 9

** cash and cash equivalents for December 2017 include €5 million received following a court judgement relating to a dispute. This judgement was appealed by the opposing party.

b. Cash CPoR Devises

<i>In € thousands</i>	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Cash and cash equivalents related to CPoR Devises financial activities, including:		129,756
Customer bank accounts		22,742
Foreign currency holdings		48,290
Gold holdings		24,069
Current accounts on demand		34,655
Liabilities related to CPoR Devises financial activities, including:		-77,432
Customer bank deposits		-34,598
Overnight borrowings		-15,420
Debts in ounces of gold		-24,842
Debts on foreign currency holdings		-2,564
Current accounts payable on demand		-8
Current accounts payable on demand CPoR Devises		34,647
Net cash dedicated to CPoR Devises activity		17,677

c. Borrowings

<i>In € thousands</i>	Financial year ended 31/12/2018	Financial year ended 31/12/2017*
Borrowings due in < 1 yr	4,705	3,283
Borrowings due in 1- 5 yrs	66,980	26,873
Borrowings due in > 5 yrs**	70,317	83,529
Borrowings	142,002	113,685

* restated in accordance with IFRS 9

** including a shareholder loan of €29.4 million at 31 December 2018, and €38.7 million at 31 December 2017

1.3. Inter-company loans granted

No inter-company loans, as defined in Article L. 511-6 of the French Monetary and Financial Code were granted by Group companies during the financial year ended 31 December 2018.

2 | Tessi SA financial statements

Tessi's results for the financial year ending 31 December 2018 were as follows:

<i>In € thousands</i>	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Turnover	22,188	19,592
Operating income	22,376	26,862
Operating expenses	20,765	28,970
Net operating income/expense	1,610	-2,108
Net financial income	75,801	26,663
Net income	77,411	24,555
Non-recurring items	57,387	-1,617
Corporate income tax	1,956	-2,437
Net income/expense	132,843	25,375

The net operating income/expense in 2018 was higher than in 2017, the fall in the operating income of €4,486 (the lack of income from financial transactions in 2018 was in part compensated by the increase in turnover of €2,596,000) and by the fall in operating expenses of €8,205,000 (reduction in fees and commissions on financing spread over the term of loans, and a reduction in salary costs following operational restructuring).

Net financial income amounted to €75,801,000 in 2018 compared with €26,663,000 in 2017, an increase mainly due to the increase in the payment of dividends and reversals of provisions for impairment on investments.

<i>In € thousands</i>	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Net financial income from investments	70,518	26,757
Net gain on sale of marketable securities	17	15
Foreign exchange losses	-	72
Provisions/write-backs on impairment of financial assets	10,438	5,623
Net interest income/expenses and other related expenses	-5,171	-5,804
Total	75,801	26,663

Non-recurring items primarily comprise:

- the gain on the disposal of CPoR Devises shares, for an amount of €61,528,000,
- the net loss on the disposal of shares previously acquired under the Girardin Act of €4,212,000, offset by an impairment reversal posted to financial income,
- the gain on the disposal of Tessi Chèque Nanterre shares for €66,000,
- the gain on the disposal of Tessi Chèque Bordeaux shares for €74,000.

The table of results referred to in Article R. 225-102 of the French Commercial Code is presented in Appendix I to this report.

B | Analysis of business performance, earnings and financial position, including the level of debt, with regard to business volumes and complexity

Tessi Group's turnover for 2018 is up by €38.7 million to reach €427.8 million, against €389.1 million in 2017 (after restating activities held for sale or discontinued operations). At constant consolidation scope (excluding Owlance and Dhimyotis), turnover was up 4.8%.

- Tessi documents services grew by €40.7 million to €403.7 million, up from €363 million in 2017, i.e. an increase of 11.2%. At constant consolidation scope, turnover was up 5.7%,
- Tessi customer marketing reported turnover of €24.1 million compared to €26.1 million in 2017.

The Tessi Group posted 2018 current operating income of €44.6 million (10.4% of turnover), up €1.2 million (or 2.6%) over 2017.

- Tessi customer marketing posted current operating income of €1.5 million, up from €1.1 million in 2017,
- Tessi documents services generated 2018 current operating income of €43 million, up from €42.3 million in 2017, mainly resulting from a good level of business achieved in France.

The Tessi Group's borrowings increased from €113.7 million at 31 December 2017 to €142 million at 31 December 2018. The acquisition of the company Owlance required additional financing, and the debt refinancing transaction of 26 February 2019 led to a revaluation of the existing debts to take into account the early reimbursements in the calculation of the future cash flows updated with the original effective interest rate.

Furthermore, the net cash position recorded a debt of €34.2 million at 31 December 2018, compared to a net cash position excluding cash dedicated to CPoR Devises of €30.3 million in 2017.

C | Financial risk analysis

1 | Interest rate risk

As part of its financing, Tessi takes out bank loans at variable and fixed rates.

The loans may be covered by interest rate hedges:

- either through an interest rate swap to cap the variable interest rate,
- or through an interest rate swap to lock in the variable interest rate.

At 31 December 2018, this hedge covered a residual notional amount of bank debt of €40.4 million.

At 31 December 2017, this hedge covered an initial nominal amount of bank debt, i.e. €45.1 million.

2 | Risks relating to borrowings

Tessi is subject to certain financial covenants. The Group must comply with financial ratios, calculated quarterly and based on consolidated data, for the term of the corresponding loan. Failure to comply with these ratios may give rise to early repayment of the loan.

Taking into account the early repayment of 12 January 2017, due to the refinancing of debt on 26 February 2019, these covenants will be calculated at 31 December 2018, based on the new borrowings.

3 | Risk of price change

The Company is not significantly exposed to price fluctuations.

4 | Risks related to the economic environment

At 31 December 2018, the Group is active on the French market through its two Business Units (Tessi documents services and Tessi customer marketing) and offers technological services and solutions to clients in many sectors of the economy.

Although the Group's business has shown strong resistance to different economic cycles and, in particular, a large volume of recurring business thanks to multi-year contracts, it may be sensitive to the overall economic and financial situation, and more specifically to the financial situation of the financial service sector, particularly banks. This sector of the economy remains affected by international economic and political uncertainties. This could have created tensions among the Group's customers, leading to a reduction in their business levels and a weakening of relations with their suppliers and service providers.

These tensions have the potential to put pressure on prices or lead to the cancelling or postponement of projects, including the Tessi documents services activity.

This activity includes the cheques and cashless payment division of the Group, in which the Group supports the majority of banks in the management of their paper payment processing system. In this respect, the Group would also be affected by a unilateral decision which would call into question free cheque accounts in France, or its very existence as a means of payment.

On the other hand, the Tessi customer marketing business can be extremely sensitive to investment budgets for marketing and promotional campaigns prepared by advertisers. These budgets are themselves very sensitive to the economic environment and business sentiment.

Lastly, the Group currently only carries on significant business in the French, Spanish, Swiss and Chilean markets. Its business volumes are therefore sensitive to economic trends in these countries.

Adverse changes in the economic and financial conditions affecting the markets in which the Group operates could have a material adverse impact on its activity, financial position, earnings or outlook.

5 | Risks related to the competitive environment

In its day-to-day operations, and specifically the Tessi documents services business, the Group faces a number of new players and intensifying competition. Business is being driven by the growth of a market trending towards outsourcing, as well as the development of paperless solutions and total digitisation. Growth potential on these markets can appear attractive to new arrivals or players currently positioned in a single part of the value chain, software publishers, correspondence processing machine and printer manufacturers, physical archivers or IT services firms. These players may have larger financial capacities or different profitability deadlines, enabling them to adopt aggressive price policies. Such a situation is likely to have an impact on the Group's growth, business, market share, margins and earnings, and may therefore have a negative effect on its outlook.

6 | Technology and IT risks

As part of its operations, the Group uses a certain number of IT applications and systems.

The Group has implemented specific programmes and procedures intended to ensure proper management of IT risks, which include security and back-up systems. The IT production sites and data centres are subject to administrative and technical monitoring and back-up procedures, covering physical access to the centres and IT systems, black-outs or electricity disruptions, fires, the regulation of extreme temperatures, data storage and back-up, emergency plans and recovery plans following an incident. The Group cannot however guarantee that the IT systems directly or indirectly used by the Group will not fall out of service. These faults may have negative impacts for its customers and may therefore disrupt operations.

7 | Risks associated with external growth

The Group's growth strategy is primarily based on the acquisition of companies providing access to new markets and/or synergies with existing businesses. The Group may not be able to identify suitable targets, perform acquisitions under satisfactory conditions (including pricing), or effectively integrate newly acquired companies or businesses while also achieving savings and expected synergies.

The Group may also face difficulties and/or delays in the integration of companies acquired, particularly due to a loss of clients, potential incompatibility with their systems and procedures or their company policies and culture, less attention paid by Management to daily management operations, the departure of employees (specifically executive directors), or liabilities or costs incurred, in particular regarding major, uninsured litigation.

Lastly, the Group's competitors and investors, specifically investment funds, may acquire companies or assets that constitute potential targets for the Group, or may make the Group's targeted acquisitions more difficult or costly.

Should the Group fail to maintain a dynamic and competitive acquisition and investment policy compared to other market players, this may impact its ability to achieve its growth targets and develop or maintain its market share. In turn, this could have a significant impact on its business performance, financial position, earnings and outlook.

8 | Risks related to regulations and regulatory changes

The Group operates in a highly regulated environment, both at the national and European level, particularly in relation to data processing and work-flow for its Tessa Documents Services activity. In addition, a significant portion of the Group's customers are subject to the strict regulations of the financial sector.

Regulations applicable to the Group's activities or its customers are susceptible to changes that may be favourable or unfavourable to the Group. The strengthening or implementation of regulations, in some cases offering new development opportunities, is likely to give rise to new conditions for conducting Group activities, which may increase its operating expenses, limit the scope of its activities or more generally curb the Group's development.

In more general terms, the Group cannot guarantee that rapid or major changes in applicable regulations will not have a material adverse impact on its revenues, financial position, earnings or outlook in the future.

9 | Reputation and image risks

The Group's ongoing success relies on its ability to maintain its sterling reputation, professionalism and integrity. The Group is committed to maintaining the quality of its services. However, it cannot guarantee that it will be able to avoid a potential accident, disaster, conflict of interest or dispute having a negative impact on its reputation.

Media reporting of potential difficulties may impact the Group's image and credibility in the eyes of its existing and prospective customers, and may undermine its ability to maintain or develop certain business activities. Its business performance, financial position, earnings or outlook may be affected.

10 | Risks relating to the hiring of qualified staff

The Group's future net operating income will depend in part on its ability to retain and attract highly qualified employees. On certain markets, particularly the IT services market, companies are still reliant on the skills, experience and performance of their staff members.

Furthermore, the Group's success largely depends on the quality and experience of its management team.

The Group's future success therefore partly relies on fostering loyalty amongst its executives and other key employees, as well as its ability to continue attracting, motivating and retaining highly qualified staff. Should the Group fail to retain its key employees, this may have a significant negative impact on its business performance, financial position, earnings and outlook.

11 | Risks relating to internationalisation

The Group intends to deploy a development strategy involving the internationalisation of its business. This global approach is liable to impact the Group's sales, in particular due to a number of external factors:

- economic and political instability, as well as the risk of terrorism and war,
- exchange rate fluctuations and currency devaluations,
- restrictions imposed on capital transfers,
- inflation, recessions and financial market volatility.

The Group cannot guarantee that it will be able to develop and apply procedures, policies and practices enabling it to anticipate and mitigate all of these risks or ensure efficient management thereof. Should it fail to do so, its sales, financial position, earnings and outlook may be negatively affected.

12 | Risks associated with CPOr Devises activities

The risks associated with the activities of the company CPOr Devises that was sold at the end of December 2018 are no longer referred to in this report, but may be consulted in the annual financial report for 2017.

D | Information on customer and supplier payment deadlines as set out in article D. 441-4 of the French Commercial Code

Information for the financial year ended 31 December 2018

In thousands of euros	Invoices received, overdue but not paid at the closing date					Invoices issued, overdue but not paid at the closing date						
	1-30 days	31-60 days	61-90 days	91+ days	Total 1+ days	0 days	1-30 days	31-60 days	61-90 days	91+ days	Total 1+ days	Total des 12 et +
(A) LATE PAYMENT BREAKDOWN												
Number of invoices in question												
	9					21	1					1
Total amount of invoices concerned, incl. VAT												
	140	43	17	0	0	62						
Percentage of the amount of purchases incl. VAT												
	0.5%	0.2%	0.1%	0%	0%	0.2%						
Percentage of the amount of sales incl. VAT												
							0%					0%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNISED RECEIVABLES AND PAYABLES												
Number of invoices excluded												
						NA						
Total amount of invoices excluded, incl. VAT												
						NA						
(C) REFERENCE PAYMENT DEADLINES												
Payment terms applied for the calculation of late payments												
	Statutory payment terms					Statutory payment terms						

II | Company and Group activities

A | Tessi SA's business activities

Tessi SA operates as a holding company. Accordingly, it manages equity investments it holds in other companies.

B | The Group's business

For more than 45 years, Tessi has helped companies manage their critical processes, including document based processes, payment systems, gold and currency transactions and customer marketing.

Tessi's activities and know-how are now organised around two business units:

- Tessi documents services, specialising in document processes and payment systems,
- Tessi customer marketing, specialising in promotions, digital solutions and customer marketing.

In France and abroad (Spain, Portugal, Switzerland, Austria, the UK and Chile), Tessi documents services is a preferred supplier to banks, companies and public bodies, optimising and digitising their document process management and payment systems.

In view of the shift towards entirely digital communications, Tessi documents services is currently adapting its offer in accordance with the needs of organisations and systems, offering them customised solutions in which outsourcing, innovation and automation are combined to ensure streamlined management of paperless communications.

- outsourcing the management of their document process and payment systems in full compliance via the provision of high added value Business Process Outsourcing (BPO) services tailored to their specific functional requirements,
- innovation based on secure, cutting-edge technological solutions designed to manage business processes increasingly relying on electronic transfer of management documents,
- automation of outgoing communications, thanks to automated desktop publishing services and the integration of modern, multi-channel solutions, resulting in greater impact and increased profitability.

French leader in the management of promotional marketing-campaigns, Tessi customer marketing today offers unique and fully integrated solutions that meet the demands of its marketing customers. Tessi customer marketing helps companies define and implement their strategic vision through the use of digital and cross-channel solutions.

Tessi customer marketing is structured around three business units:

- advisory services
 - shopper advice and retail marketing
 - CRM programme support and integration
- solutions
 - digital and multi-channel platform
 - experiential marketing
- operations
 - promotions
 - direct marketing and B2C logistics

In 2018, Tessi continued to pursue the internationalisation of its business, launched in 2014, strengthening its foothold on the Spanish market and setting up operations in Latin America with Diagonal Company, on the Spanish market with BPO Solutions and on the Swiss and Austrian markets with Tessi documents solutions Switzerland, all of which have boosted Tessi document services' business.

C | Breakdown of Group results

Changes in turnover and current operating income are presented in section 1.

<i>In € thousands</i>	31/12/2018	31/12/2017*	Change (%)
Turnover	427,815	389,105	9.9%
Other operating income	3,726	6,565	-43.2%
Purchases consumed	-37,323	-29,544	26.3%
Personnel costs	-255,196	-231,369	10.3%
Other operating expenses	-71,931	-72,131	-0.3%
Taxes and duties	-10,543	-8,287	27.2%
Depreciation, amortisation and provisions	-11,977	-10,907	9.8%
Current operating income	44,571	43,432	2.6%

* restated in accordance with IFRS 5 and IFRS 9

Other operating income fell from €6,565,000 to €3,726,000, due in particular to a decrease in recruitment aid.

Purchases consumed increased 26.3% (up €7.8 million) primarily driven by an increase in the trading business (purchase/sale) and the integration of the Owlance Group.

Personnel costs for 2018 amounted to €255,196,000 compared with €231,369,000 in 2017. This €23,827,000 increase breaks down as follows:

<i>In € thousands</i>	31/12/2018	31/12/2017*
Wages and salaries	192,268	174,711
Social security charges	59,904	53,758
Employee profit-sharing	2,813	2,599
Share-based payments (bonus share plans)	211	301
Total	255,196	231,369

* restated in accordance with IFRS 5

Wages and salaries increased €17,557,000 (up 10.05%). Excluding acquisitions in 2018, this increase amounts to 6.3%.

Social security contributions increased €6,146,000 (up +11.43%). Excluding acquisitions in 2018, social security contributions increased by €3,939,000 (up 7.3%). The CICE tax credit amounted to €5,005,000 in 2018, compared with €5,743,000 in 2017.

The rate of social security contributions amounted to 31.2% in 2018, compared to 30.8% in 2017.

<i>In € thousands</i>	31/12/2018	31/12/2017*
Other external services	49,460	46,569
Other external expenses	21,801	24,781
Other operating expenses	670	782
Total other operating expenses	71,931	72,131

* restated in accordance with IFRS 5

Other operating expenses fell by €200,000 (down by 0.2%).

Taxes and duties increased by €2,256,000 (27.2%). Excluding acquisitions in 2018, the increase is 18.4%, largely due to the CVAE.

Depreciation, amortisation and provisions increased 9.8%, due to an increase in amortisation and depreciation charges (€1,258,000) and a decrease in provisions (down by €188,000).

Lastly, current operating income increased from €43,432,000 to €44,571,000 (up 2.6%).

<i>In € thousands</i>	31/12/2018	31/12/2017*	Change (%)
Current operating income	44,571	43,432	2.62%
Non-recurring operating income and expenses	-3,125	-1,650	89.39%
Operating income	41,446	41,782	-0.80%
Net cost of debt	-14,358	-2,120	577.27%
Other financial income and expenses	52	-293	-117.68%
Income before tax	27,140	39,369	-31.06%
Income tax	-8,022	-10,189	-21.27%
Net income of consolidated companies	19,119	29,180	-34.48%
Investments in associated companies	-46	3	
Net income from continuing operations	19,072	29,183	-34.65%
Net income/loss from discontinued operations	30,714	6,656	361.45%
Consolidated net income	49,786	35,839	38.92%

* restated in accordance with IFRS 5 and IFRS 9

Non-recurring operating income and expenses went from a net expense of €1,650,000 in 2017 to a net expense of €3,125,000 in 2018.

<i>In € thousands</i>	31/12/2018	31/12/2017*
Capital gains or losses	-644	-9
Restructuring costs	-969	95
Operational and legal reorganisation costs - Pixel	-373	-1,289
Non-recurring operating income and expenses	-1,139	-447
Total other expenses and non-recurring operating income	-3,125	-1650

* restated in accordance with IFRS 5

In 2018, the non-recurring expenses mainly correspond to the costs of strategic studies and expenses for the Group's activities in terms of external growth and the costs of implementing the single brand.

Restructuring costs in 2018 correspond to the transformation plan undertaken at Diagonal since the end of 2017.

2017 non-recurring expenses mainly related to the operational and legal restructuring carried out following Pixel Holding's purchase of the Tessi Group.

Therefore, current operating income went from €41,782,000 in 2017 to €41,446,000 (a decrease of 0.8%).

The cost of debt increased from €2,120,000 to €14,358,000 due to an increase in the interest expense on loans (up €12,132,000). This increase includes an additional expense of €7,586,000 due to the debt refinancing transaction of 26 February 2019, announced by the press release of 7 January 2019.

The latter were also affected by the IFRS 9 standard, for which the application had an impact of €3,574,000 on the financial expenses of 2017.

Other financial expenses and income went from a net expense of €293,000 to net income of €52,000.

After income tax of €8,022,000 in 2018, compared to €10,189,000 in 2017, net income for continuing operations amounted to €19,072,000 in 2018, compared to €29,183,000 in 2017, i.e. a decrease of 34.65%.

Net income from activities held for sale went from €6,656,000 in 2017 to €30,714,000 in 2018, or an increase of €24,058,000 including income of €28,988,000 from the sale of CPOR Devises.

Ultimately, the consolidated net income amounted to €49,786,000 in 2018 compared to €35,839,000 in 2017, i.e. an increase of 38.92%.

III | Research and development

The Company did not carry out any research and development activities.

IV | Significant post-balance sheet events

On 7 January 2019, the Tessi Group announced the following transactions:

- The refinancing of its entire debt with banking partners. On 26 February 2019, Tessi finalised the refinancing arrangements for its entire debt with the implementation of a new senior debt of €165 million.
- The payment of an exceptional dividend and interim dividend of €42.70 per share.

On 8 January 2019 PIXEL Holding filed a Simplified Public Tender Offering (OPAS) regarding the shares in the Company with the French Financial Markets Authority (AMF) (AMF notification No. 219C0051 of 8 January 2019).

On 21 February 2019, the result of said Simplified Public Tender Offering (AMF notification No. 219C0319 of 21 February 2019) indicating that Pixel Holding has acquired, during the period of the offering from 7 to 20 February 2019 inclusive, 257,150 shares in the company on the market.

The General Meeting of 13 February 2019 decided to distribute to the shareholders, as an exceptional dividend, the amount of €54,101,874.75 that was deducted from “Reserves”, equating to a dividend of €19.25 per share with a face value of €2. Said dividend was put for payment on 5 March 2019.

The Management Board meeting of 4 January 2019 decided to distribute to the shareholders an interim dividend of a total amount of €65,905,920.15, or an interim dividend of €23.45 per share with a face value of €2. Said interim dividend was put for payment on 5 March 2019.

Tessi SA also signed a unilateral promise to sell for the buildings it holds (Coulommiers, Le Haillan, Lyon and Nanterre) for an amount of €20 million. The sale was completed on 26 March 2019. In the consolidated financial statements, according to the IFRS 5 standard, assets held for sale are presented separately from other assets on the balance sheet and amongst the current assets.

V | 2019 Outlook

The operations carried out in 2018 confirm Tessi’s strategy of concentrating on its core activity to become a European benchmark for Business Process Services

by offering the market a combination of services and technologies.

VI | Appropriation of earnings

We recommend that you allocate all of the earnings for the year, i.e. €132,842,559.89 as follows:

Income for the year	€132,842,559.89
• Allocation to the special reserve for treasury shares at 31/12/2018	€172,617.20
i.e. A distributable profit of	€132,669,942.69
• Dividends	€65,905,920.15
Including the interim dividend already paid on 05/03/2019	€65,905,920.15
• Balance on the “Other reserves” account	€66,764,022.54

Pursuant to Article 243 bis of the French General Tax Code, we would remind you that the amounts distributed as dividends for the last three years were as follows:

	Dividend per share	Tax allowance for individuals
31/12/2015	€2.00	40%
31/12/2016	-	-
31/12/2017	-	-

We remind you that:

- The General Meeting held on 22 February 2017 decided to distribute an exceptional dividend of €67,647,854.04, €67,128,389.34 of which was deducted from Reserves and €519,464.70 from Share Premiums.
- The General Meeting of 13 February 2019 decided to distribute an exceptional dividend of €54,101,874.75 that was deducted from Reserves.

VII | Non tax-deductible expenses

Pursuant to Article 223 quater and 223 quinquies of the French General Tax Code, the financial statements for the year ended include a €69,887 charge corresponding

to non-tax deductible expenses. Income tax paid at the basic rate amounted to €23,295.

VIII | Agreements referred to in article L. 225-86 et seq. of the French Commercial Code

Our Statutory Auditors will present you with their report, which covers agreements duly authorised by the Board of Directors and by the Supervisory Board in respect of the financial year ended 31 December 2018, relating to:

- the general guarantee authorisation for Group subsidiaries,

This agreement is subject to renewal every year to allow the Company to meet the requests of its subsidiaries and second level subsidiaries to guarantee the granting of bank loans.

- the agreement relating to the accession of subsidiaries to the loan agreement entered into with Pixel Holding.

We remind you that, as a condition for maintaining the financing implemented in January 2017, the loan agreement signed in 2017 with Pixel Holding

provided for the accession as guarantors and the granting of security interests in the Company's new subsidiaries.

This authorisation regards the accession of the Company's subsidiaries during the financial year 2018.

- the services agreement signed with HLDI.

This agreement was established to provide the Company with assistance in the context of the Group's external growth and refinancing transactions with the means to be employed for the work and the expertise of the service provider for studies, the structuring, financing, implementation and integration or said transactions.

IX | Ratification of the co-option of a new Member of the Supervisory Board

We inform you that, during its meeting of 27 March 2019, the Supervisory Board decided in particular to co-opt a new Member of the Supervisory Board, on a temporary basis and subject to ratification at the next General Meeting:

- Ms Alix Guillon, as replacement for Ms Sophie Sauvage, resigning, for the remaining term of office of her predecessor.

Pursuant to the legal and statutory provisions, we ask you to ratify this decision.

X | Terms of office of the Principal and Substitute Statutory Auditors

We inform you that the terms of office of the Principal Statutory Auditors, the firms BDO Rhône Alpes and Audit & Partenaires, and the Substitute Statutory Auditors Mr Philippe Astolfi and the firm BBM & Associés end at the close of the next General Meeting.

We specify to you that pursuant to the provisions of article L. 822-14 of the French Commercial Code, the Principal Statutory Auditors of companies making a public offering may not, in principle, certify the financial statement for more than six consecutive financial periods, unless there is a change in the signatory of the reports.

Therefore, the General Meeting is asked to:

- renew the appointment of the firm BDO Rhône Alpes, selected as Statutory Auditor following a call for tenders and the recommendation of the Audit Committee pursuant to the legal and regulatory provisions, as Principal Statutory Auditor for a new term of six financial periods, that is to say until the

end of the General Meeting called to approve the financial statements of the financial year ending 31 December 2024. Statutory Auditor firms may be renewed on the condition that the signatory of the reports changes,

- appoint the firm PricewaterhouseCoopers Audit, selected as Statutory Auditor following a call for tenders and the recommendation of the Audit Committee pursuant to the legal and regulatory provisions, as Principal Statutory Auditor for a new term of six financial periods, that is to say until the end of the General Meeting called to approve the financial statements of the financial year ending 31 December 2024, as a replacement for the firm Audits & Partenaires,
- not to renewing the appointments of Mr Philippe Astolfi and the firm BBM & Associés as Substitute Statutory Auditors, and not to replace them.

XI | Recommendation to approve the principles and criteria for determining, allocating and distributing fixed, variable and exceptional items comprising total compensation and benefits in kind attributed to the corporate officers

Pursuant to Article L. 225-82-2 of the French Commercial Code, the Supervisory Board has submitted for the approval of the General Meeting the principles and criteria for determining, allocating and distributing the total fixed, variable and exceptional compensation and benefits in kind attributed to the corporate officers in respect of their duties in 2019 and constituting the corporate officer compensation policy.

These principles and criteria, approved by the Supervisory Board, are presented in the report referred to in the aforementioned article. Pursuant to Article L. 225-100 of the French Commercial Code, the amounts determined via the application of these principles and criteria will be submitted to the Shareholders for their approval at the General Meeting called to approve the 2019 financial statements.

We recommend that you approve the principles and criteria as presented in this report.

XII | Recommendation to approve the compensation and benefits in kind paid, owed or allocated to Ms Claire Fistarol and Mr Olivier Jolland in respect of the 2018 financial year

Pursuant to Article L. 225-100 of the French Commercial Code, the Supervisory Board has submitted for the approval of the General Meeting the compensation and benefits in kind paid, owed or allocated to Ms Claire Fistarol and Mr Olivier Jolland in respect of financial year 2018.

We recommend that you approve the amounts presented in the Supervisory Board's corporate governance report.

XIII | Summary of internal control and risk management procedures implemented by the Company during the financial year ended 31 December 2018

Internal control includes all of the processes defined and implemented by the Management Board, Chief Operating Officers, the Group's support divisions and managers.

The purpose of internal controls is to prevent and manage risks resulting from the company's operations and risks of error or fraud, specifically with regard to accounting and financial aspects, and to ensure compliance with applicable laws and regulations.

No internal control system, no matter how effective, can provide an absolute guarantee that these risks will be completely eliminated.

The Group has an Internal audit division that is tasked with identifying the audit strategy to be favoured, conducting audits and monitoring the internal audits conducted by the Operational Top Management.

Tessi SA, which operates as a holding company, and Tessi Services (wholly-owned subsidiary of Tessi SA), in charge of tax, accounting, legal, employee and IT matters, are organised as follows:

A | Summary of accounting organisation and management control

Accounting records at all of the Tessi Group subsidiaries are kept by Tessi Services staff, based in Grenoble, except for companies based abroad.

These departments are led by a Chief Financial Officer and a Group management control officer, reporting to the Tessi Group CEO, who is a member of the Management Board.

1 | Preparation of accounting and tax statements (in accordance with statutory provisions)

The Tessi Group accounting departments are divided into different sub-departments and are required to apply existing written procedures:

1.1. General accounting

Account monitoring, tax returns, closing of accounts, and monthly reports.

1.2. Treasury department

Management of Group cash inflows and outflows, preparation of all bank reconciliations, cash flow statements and cash flow forecasts, administrative management of bank accounts (opening, closing, powers of attorney).

Authorisations to approve cash disbursements are specific and clearly identified, except for particular cases, and are exclusively centralised at Tessi SA and Tessi Services.

1.3. Supplier department

Receipt of supplier invoices for all Group companies, recognition of expenses.

Payment approval procedures are extremely rigorous and are carried out by operational management or the regional departments, depending on the amount and type of expense.

1.4. Dunning/pre-litigation department

Customer receivable payment requests (in writing and by phone), pre-litigation procedures (formal notice, payment order at the Commercial Court, service by bailiff, etc.).

2 | Production du reporting mensuel

2.1. Income Statement

The Tessi Group management control department is responsible for preparing monthly reports. These reports include a detailed operating account, indicating the performance of all Group companies by business line.

The monthly report is intended to:

- identify discrepancies between the current year's achievements and targets set at the beginning of the year,
- track in a detailed and/or overall manner the month-by-month change in profitability.

2.2. Statement of salaries

The payroll and management control departments prepare a monthly statement of salaries including a breakdown of personnel costs, as well as the change in headcount, with the same precision applied when preparing the operating account.

This organisation by operational units enables monitoring at the production centre and subsidiary level, and makes it possible to group units by region and business line. Each operating unit reports to a production centre manager, who in turn reports to a Regional Director (for each business line, where applicable), who reports to the business line CEO. Monthly reporting also helps members of the Management Board coordinate the Group.

3 | Consolidated financial statements

The Tessi Group prepares the consolidated financial statements every six months for half-year and annual approvals.

Consolidation is carried out by a dedicated department trained in consolidation techniques. The department is assisted by an accounting firm, which provides the skills necessary to ensure proper implementation of this process. In order to value pension and long-service leave commitments, the Company enlists the services of an actuary.

4 | Invoicing

Invoicing is the responsibility of the administrative departments of each business line's senior management. Invoicing is subject to monthly controls by the Tessi Group accounting and management control departments.

5 | Business management control

The Company has a Group management control department tasked with analysing the monthly reports. Our business lines also have an operational management control division designed to ensure compliance with internal procedures, proper preparation of invoices and the implementation of all tools required by operational management, thus contributing to the efficient and rigorous monitoring of their operations.

B | Organisation of employee matters and payroll

Tessi Services is also in charge of preparing payslips, social security declarations and maintaining employee files for all Tessi Group employees in France.

The payroll managers work with the subsidiary production managers in order to factor in all variables liable to impact the preparation of payslips. The Payroll Manager reports to the Human Resources Director.

Tessi Services is also responsible for drafting employment contracts for all Group employees, as well as organising meetings with all employee representatives.

The social law department is responsible for all disciplinary aspects at the company level and all dismissal proceedings for France. It also offers support to all the Operational Divisions for matters pertaining to collective social law (staff representative bodies, collective bargaining, etc.).

These departments are under the remit of the Human Resources Director, who reports to the CEO.

C | Organisation of legal affairs

Tessi Services assists the French operational management teams in reviewing sales agreements and managing litigation cases.

In addition, it prepares all legal documentation on behalf of the French subsidiaries, prepares and reviews commercial leases, and monitors Group insurance policies. For foreign subsidiaries, the legal affairs department coordinates relations between Senior Management and local support functions and managers in charge of corporate matters.

The department is led by the Chief Legal Officer, reporting to the CEO.

The organisation of internal control procedures is based on:

- a clear separation of tasks between the Tessi SA and Tessi Services functional departments and operational management,
- a clear separation of roles at Tessi SA and Tessi Services,
- standardised processing of information at all Group subsidiaries, in keeping with each subsidiary's specific requirements.

Such organisation results in an effective control environment.

This control environment determines the level of staff awareness of the need for controls, and constitutes the foundation for all other components of internal control by imposing discipline and organisation.

Standardising procedures helps strengthen the control environment, with clear centralisation to balance the powers granted to operating staff.

XIV | Authorisations and delegations of power granted to the management board by the shareholders' general meeting

A | Renewal of the authorisation granted to the Management Board to purchase its own shares on the stock market

We recommend that you authorise the Management Board, with the option to further delegate, to trade in the Company's shares on the stock market, pursuant to Article L. 225-209 of the French Commercial Code, and subject to compliance with statutory and regulatory provisions in force at the time of the transaction, for the following purposes only, in order of priority:

- to stimulate the secondary market or ensure the liquidity of the Tessi share by an independent investment service provider, under a liquidity contract compliant with the code of ethics, recognised by the French Financial Markets Authority (AMF),
- to cover stock option plans and/or bonus share (or similar) plans in favour of Group employees and/or corporate officers, as well as any share grants under a Company or Group savings (or similar) plan relating to company profit sharing and/or any other form of share allocation to Group employees and/or corporate officers,
- to reduce the Company's share capital via the cancellation of shares, within the statutory limit,
- to retain the shares purchased for subsequent use in exchange or as payment for external growth transactions,
- to implement any market practice permitted or which may be permitted in the future by the market authorities.

This share buyback programme is not intended to be used for any other purposes.

The transactions carried out under the buyback programme will be carried out in accordance with applicable regulations.

An information sheet will be released pursuant to applicable regulations, and will specifically include:

- the maximum number of shares to be purchased: maximum of 10% of the share capital (including shares already held), and 5% of the share capital if shares are acquired by the Company to be held and used in exchange or as payment for an external growth transaction,

- the maximum price per share, subject to adjustments relating to any changes in the Company's share capital, is set at €180 (excluding acquisition costs).

The maximum theoretical amount under this programme is €50,588,766, financed either using its own funds, or by obtaining short and medium-term external financing.

Share purchases may be carried out by any means, including via the acquisition of blocks of shares in one or more instalments, and including during public offering periods.

Authorisation validity: beginning on the date of the Annual General Meeting called to approve the financial statements for the year ended 31 December 2018, until the date of the next General Meeting called to approve the financial statements, within the statutory limit of eighteen months.

Should it adopt this resolution, the Management Board must submit a report each year on how this authorisation has been used.

We would also ask that you grant the Management Board the authority to cancel, with the option to further delegate and for a period of 24 months, at its own discretion and on one or more occasions, within a limit of 10% of the capital calculated on the date of the cancellation decision, less any shares cancelled during the previous 24 months, any shares that the Company holds or may hold following purchases carried out under its share buyback programme, and to reduce the share capital accordingly, pursuant to applicable statutory and regulatory provisions. The Management Board shall therefore have the necessary powers to perform all related formalities.

B | Delegation of authority to be granted to the management board to increase the share capital via the issuance of all securities, with or without preferential subscription rights

We propose that you approve the principle of capital increases with delegation of authority to the Management Board, in order to allow the Company to make subsequent use of financial markets, should the need arise, and to thus take advantage of any growth opportunities.

We therefore propose that you:

1 | grant the Management Board (Resolutions 20 and 21), for a period of 26 months, a delegation of authority to increase the share capital, either via the issuance of ordinary shares or any securities giving access, with or without shareholder preferential subscription rights, to the capital and/or the right to the allocation of debt securities, which are:

- existing or yet to be issued in the Company and/or a company that directly or indirectly holds more than half of its share capital, or in which it directly or indirectly holds more than half of the share capital,
- existing or yet to be issued in the Company and/or a company in which it directly or indirectly holds less than half of the share capital, or of which less than half of the share capital is directly or indirectly held by this company.

Capital increases that may be carried out immediately and/or in the future cannot exceed a total nominal amount of five million six hundred thousand euros (€5,600,000). The amount of capital increases provided for under such delegation shall be deducted from the **Global Cap I** set out below.

The total amount of securities for which the primary security is a debt instrument, in particular a bond, that is likely to be issued in this way cannot exceed a nominal amount of seventy-five million euros (€75,000,000) or the equivalent of this amount in other currencies, which is deducted from the **Global Cap II** set out below.

2 | grant the Management Board (Resolution 22), for a period of 26 months, a delegation of authority to increase the share capital via the issuance of ordinary shares and/or securities giving access to the Company's share capital or granting the right to the allocation of debt securities, without shareholder preferential subscription rights, as part of an offer set out in Article L. 411-2 II of the French Monetary and Financial Code.

Capital increases that may be carried out immediately and/or in the future cannot exceed 20% of the share capital each year on the date the Management Board's decision is taken, and the amount of capital increases provided for under such delegation shall be deducted from the **Global Cap I** set out below.

The total nominal amount of debt securities giving access to the share capital that may be issued shall not exceed seventy-five million euros (€75,000,000) or the equivalent of this amount in other currencies, on the date the issuance decision is taken, this amount being deducted from the **Global Cap II** set out below.

3 | to authorise the Management Board (Resolution 23), subject to the adoption of delegations set out above and up to a limit of 10% per year of the existing share capital on the date said delegations are implemented by the Management Board, to set the issue price in accordance with any of the following procedures:

- issue price equal to the average closing price recorded over a period of at least 20 and no more than 100 consecutive trading days during the six months prior to the issue,
- issue price equal to the weighted average price on the last trading day prior to the issue, with a maximum discount of 5%.

4 | to grant the Management Board (Resolution 24), for a period of 26 months, the authority to increase the number of shares to be issued as part of the capital increases set out above, in the event of excess demand for subscriptions, under the conditions set out in Article L. 225-135-1 of the French Commercial Code, and within the limit of **Global Cap I** and **Global Cap II** set out below.

5 | to grant the Management Board (Resolution 25), for a period of 18 months, the authority to decide to issue any marketable securities with a waiver of preferential subscription rights to the benefit of categories of persons meeting determined characteristics pursuant to article L. 225-138 of the French Commercial Code:

Capital increases that may be carried out immediately and/or in the future under the terms of this authorisation cannot exceed a total nominal amount of five million six hundred thousand euros (€5,600,000). The amount of capital increases provided for under said delegation shall be deducted from the **Global Cap I** set out below.

The total amount of securities created for which the primary security is a debt instrument, in particular a bond, that is likely to be issued in this way cannot exceed a nominal amount of seventy-five million euros (€75,000,000). The amount of capital increases provided for under said delegation shall be deducted from the **Global Cap II** set out below.

The shareholders' preferential subscription right for shares or securities subject to this operation will be waived and subscription right will be restricted to a category of persons defined as follows: "natural or

legal persons, including industrial or commercial companies, or investment companies or investment funds under French or foreign law, investing or having invested over the preceding five years in the Business Process Outsourcing sector, or to French or foreign investment service providers, or any foreign institution with an equivalent status, which may guarantee the completion of such a transaction and, in this context, which may subscribe to the part of the issue that has not been subscribed to by the aforementioned persons”.

6 | to grant the Management Board (Resolution 26), for a period of 26 months, the authority to issue ordinary shares in the Company or securities giving access, by any means, immediately or in the future, to the Company’s share capital, without shareholder subscription rights, in order to:

6.1. up to a limit of 50% of its share capital (existing on the date the delegation is implemented by the Management Board), remunerate shares contributed to the Company under the Public Exchange Offer procedure carried out pursuant to the provisions of Article L. 225-148 of the French Commercial Code,

6.2. up to a limit of 10% of its share capital (existing on the date the delegation is implemented by the Management Board), remunerate the contributions in kind granted to the Company and comprising shares or securities giving access to the capital, when the provisions of Article L. 225-148 do not apply.

The total nominal amount of capital increases carried out under such delegation shall be deducted from the **Global Cap I** set out below.

7 | authority to carry out one or more capital increases, of any amount and whenever it sees fit, via the successive or simultaneous capitalisation of share premiums, reserves, profits, etc., as permitted by law and the Articles of Association, and in the form of the granting of bonus shares or an increase in the nominal value of existing shares or both of these procedures at the same time.

Capital increases that may be carried out immediately and/or in the future cannot exceed a total nominal amount of five million six hundred thousand euros (€5,600,000), it being specified that this amount shall not be deducted from the **Global Cap I** set out below.

8 | to decide (Resolution 28):

- that the nominal amount of capital increases that may be carried out immediately and/or in the future, under the delegations granted to the Management Board (Resolutions 20, 21, 22, 23, 24, 25 and 26) at the next General Meeting, cannot exceed five million six hundred thousand euros (€5,600,000) (“**Global Cap I**”),
- that the total nominal amount of debt securities giving access, immediately or in the future, by any means, to the share capital, issued under the delegations granted to the Management Board (Resolutions 20, 21, 22, 23, 24, 25 and 26) at the next General Meeting cannot exceed a nominal amount of seventy-five million euros (€75,000,000) or the equivalent value of this amount in other currencies, on the date the issuance decision is made (“**Global Cap II**”).

The nominal value of shares to be issued in order to maintain, in accordance with the law and any contractual provisions providing for other adjustments, the rights of holders of securities giving access to the Company’s share capital, and/or issued by a Subsidiary and/or parent company under the delegations of authority granted to the Management Board, shall be added to these caps.

9 | to grant the Management Board (Resolutions 29 and 30), for a period of 26 months, the authority to increase the capital reserved for the employees of the Company and Group companies, and to cancel shareholder preferential subscription rights in favour of the employees.

The total nominal amount of capital increases thus carried out cannot exceed one hundred and fifty thousand euros (€150,000).

XV | Amendment to article 21.5 II of the Company's Articles of Association "Quorum, vote, number of votes"

We propose to reduce the period for the awarding of a double-voting right to Shareholders whose shares are registered in their name from four years to two years, it being specified that the period of two years will be counted from the date on which shares are registered.

Article 21.5 II of the Articles of Association would then be drafted as follows:

"Article 21 – General Meetings.

(...)

5 - Quorum, vote, number of votes

(...)

II. Voting rights attached to shares are proportional to the capital they represent. Each capital or dividend share of the same by value gives the right to one vote.

Any holder of fully paid shares that are proven to be registered in their name for at least two years, is entitled to the double voting right provided for by law. Furthermore, in the event of an increase in capital by incorporation of the reserves, profits or issue premiums, the double voting right shall be conferred, from the date of issue, to any registered shares granted freely to a shareholder with regard to new shares, for which they benefit from this right.

Any share converted to a bearer share or the ownership of which is transferred loses the double voting right. Nevertheless, transfer by inheritance, liquidation of shared property between spouses or assignments to a spouse, or relative entitled to inherit does not entail the loss of the acquired right and does not interrupt the period of two years provided for in this article."

XVI | Amendment to article 21.4 paragraph 3 of the Company's Articles of Association "attendance sheet, committee, minutes"

We propose to amend paragraph 3 of article 21.4 of the Articles of Association as follows:

"Article 21 – General Meetings.

(...)

4 - Attendance sheet, committee, minutes

(...)

General Meetings are chaired by the Chairperson of the Supervisory Board or, in their absence, by the Vice-Chairperson of the Supervisory Board or, in their absence, by a person elected by the General Meeting."

XVII | Subsidiaries and interests

We have presented the subsidiaries' business activities in our report on the Group's business.

The table of subsidiaries and interests is attached to this report (Appendix II).

During the financial year ended, the Company acquired or increased its interests in the capital and voting rights* of the following companies, which have their registered offices in France:

Company name	Share of capital held prior to changes in the capital and voting rights		Share of capital held after changes in the capital and voting rights	
	capital	voting rights	capital	voting rights
Owliance			100%	100%
Mutua			100%	100%
Mutua Gestion			100%	100%
Owliance Services Informatiques			100%	100%
Synergie Gestion et Optimisation			50%	50%

* More than 1/20, 1/10, 1/5, 1/3, 1/2, 2/3 and 18/20 of the capital or voting rights.

XVIII | Companies controlled

A | Directly, by business sector

1 | Tessi documents services

- Accès Informatiques
- ATIA
- A.T.I.P.
- BIPIO
- BPO Solutions
- Diagonal Company Services & Solutions
- Dhimyotis
- Gdoc Holding SA
- GIP-Tessi
- I.C.S.B.
- ISEM
- Logidoc Solutions
- Owliance
- Perfo Service
- Processure Company Limited
- Prochèque Nord
- RIB Informatique Drôme
- RIP-Tessi
- SATC
- SDIP-Tessi
- SEDI
- SMIP-Tessi
- Synercam
- Synergie Gestion et Optimisation
- T.D.C. Tessi
- T.D.I.
- TESCA (company under liquidation)
- Tessi 2M
- Tessi Business Services
- Tessi Digital Services
- Tessi Chèque Interbancaire
- Tessi Consulting
- Tessi Ouest
- Tessi Chèque Rennes
- Tessi Chèque Île de France
- Tessi Contact Center
- Tessi Documents Services
- Tessi Documents Services Centre de Relations Clients Avignon
- Tessi Documents Services Centre de Relations Clients Lyon
- Tessi Documents Services Centre de Relations Clients Metz
- Tessi Document Solutions (Switzerland)
- Tessi Encaissements

- Tessi Informatique
- Tessi lab
- Tessi Paiements Services
- Tessi Technologies
- Tessi Technology Tunis
- Tessi-T.G.D
- T.I.G.R.E.
- Todo En Cloud
- TSI Action Informatique
- Tunis Data Services
- XWZ 32

2 | CPoR Devises

- CPoR Devises

3 | Tessi customer marketing

- Promotion Marketing Communication PMC
- Soft Promo (now Tessi Print)
- Tessi TMS

4 | Others unallocated

- Tessi Services

B | Indirectly, by business sector

1 | Tessi documents services

- ASP One.fr by XWZ 32
- Atelier Pré Saint Gervais by XWZ 32
- BIP-Tessi by Tessi Documents Services
- C2I Production by Tessi Technologies
- CIAT by Tessi Technologies
- Diagonal Gest Chile by Diagonal Company Services & Solutions
- Diagonal Company Gestoría Administrativa by Diagonal Company Services & Solutions
- Docuplus by Gdoc Holding SA
- Gdoc Lasercom SA by Gdoc Holding SA
- Gdoc Lasercom France by Gdoc Holding SA
- Gdoc España by Gdoc Holding SA
- Gesanco Gestión by Diagonal Company Services & Solutions
- Gestiona Agencia Habitacional by Gestión Externa
- Gestiona Procesos Chile by Gestión Externa
- Gestión Externa by Diagonal Gest Chile
- Gestión Externa Colombia by Diagonal Company Services & Solutions
- Grabación de Datos y Documentos by Tessi Business Services
- Gi-Qualitas by Gestión Externa
- Graddo II by Tessi Business Services
- Hipotecarios Atacas by Diagonal Company Services & Solutions
- Insynergy Consulting España by Diagonal Company Services & Solutions
- Mapreuve by Dhimyotis
- Mutua by Owlance
- Mutua Gestion by Mutua
- Owlance Bulgaria SA. by Owlance
- Owlance Services Informatiques by Mutua
- Owlance Tunisie by Owlance
- Servicios Externos Gestiona by Diagonal Gest Chile
- SIP-Tessi by Tessi Documents Services
- Tessi Document Solutions (Germany) by Tessi Document Solutions (Switzerland)
- Tessi Éditique by XWZ 32
- Tessi GED by XWZ 32
- Tessi Gestiona by Gestión Externa
- Tessi Insurance Spain (previously Near Perfection) by Tessi Business Services
- Valdeolmillos Gestores by Diagonal Company Services & Solutions

2 | Tessi customer marketing

- Tessi MD by XWZ 32

XIX | Stock-options

In accordance with Article L. 225-184 of the French Commercial Code, the Annual General Meeting is made aware, via a special report, of the stock option plans in place.

There are no longer any stock option plans in place at the Company.

XX | Allocation of Bonus Shares

In accordance with Article L. 225-197-4, paragraph 1 of the French Commercial Code, the General Meeting is informed, via a special report, of any bonus share allocations carried out during the year.

XXI | Report on transactions carried out

Pursuant to Article L. 225-211, paragraph 2 of the French Commercial Code, and in accordance with the authorisation granted by the Combined General Meeting of 28 June 2018, we hereby inform you that the Company made the following transactions during the financial year ended 31 December 2018:

• number of shares bought during the year	2,595
• number of shares sold during the year	1,012
• average purchase price	€140.93
• average sale price	€134.67
• trading fees	NA
• number of shares registered in the Company's name at 31 December 2018 (liquidity contract)	1,721
• share valuation based on purchase price	€236,272.97
• par value of shares	€2

Breakdown of share purchase transactions carried out, by purpose, set out in the share buyback programme approved by the Combined General Meeting on 28 June 2018:

Purposes	Number of shares held at 31/12/2018	Average purchase price in €	Volume of shares used	Reallocations
Liquidity contract	1,721	137.28	-	-

Please note Tessi's opening share price was €176 on 2 January 2018 and the closing price was €116 at 31 December 2018

Details on the average liquidity of the share:

• average price	€143.53
• average volume	1,121 shares
• average trading day	€117,897

XXII | Information on share capital and voting rights

Pursuant to Article L. 233-13 of the French Commercial Code and in light of the information and disclosures we have received pursuant to Articles L. 233-7 and L. 233-12 of the same Code, we hereby inform you of the following items:

a. As of the end of the 2018 financial year, the following shareholders held more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital or voting rights:

- Pixel Holding held 54.09% of the share capital and 53.97% of the voting rights,

- the company Moneta Asset Management, acting on behalf of funds that it manages, declared that it had exceeded the threshold of 5% of the voting rights on 13 January 2017 (AMF notification No. 217C0291 dated 27 January 2017),
- FMR LLC, a US company, held 9.99% of the share capital and 6.50% of the voting rights (AMF notification No. 215C0791 dated 10 June 2015),
- Amiral Gestion held 5.11% of the share capital and 5.10% of the voting rights (AMF notification No. 218C1961 dated 11 December 2018),

- the company Sycomore Asset Management, acting on behalf of funds that it manages, held 5.06% of the share capital and 5.05% of the voting rights (AMF notification No. 218C1697 dated 18 October 2018).

b. Notification of exceeded thresholds communicated to the company from 1 January 2018 until the day of the publication of this report:

- the company Amiral Gestion, acting on behalf of funds that it manages, stated that it had crossed below the thresholds of 5% of the share capital and voting rights on 18 September 2018 (AMF notification No. 218C1572 dated 20 September 2018),
- the company Moneta Asset Management stated to the Company that on 5 October 2018 it had exceeded the threshold of 7.5% of the share capital and voting rights.

- the company Sycomore Asset Management, acting on behalf of funds that it manages, stated that it had exceeded the thresholds of 5% of the share capital and voting rights on 16 October 2018 (AMF notification No. 218C6197 dated 18 October 2018),
- the company Amiral Gestion, acting on behalf of funds that it manages, stated that it had exceeded the thresholds of 5% of the share capital and voting rights on 10 December 2018 (AMF notification No. 218C1961 dated 11 December 2018),
- the company Pixel Holding stated that it had exceeded the thresholds of 2/3 of the share capital and voting rights on 19 February 2019 (AMF notification No. 219C0320 dated 21 February 2019),
- the company Moneta Asset Management stated to the Company that on 19 February 2019 it had exceeded the threshold of 7.5% of the share capital and voting rights.

XXIII | Share transactions performed by executives or closely related persons

Pursuant to statutory and regulatory provisions, below we have presented a summary of the transactions carried out on the Company's shares in 2018 by executives or closely related persons, based on information provided to us:

- number of shares sold None
- number of shares acquired None
- number of shares subscribed None
- number of shares traded None

XXIV | Employee shareholders

Pursuant to Article L. 225-102 of the French Commercial Code, we have reported the proportion of the share capital held by Company employees at 31 December 2018, and by employees of related companies as defined in Article L. 225-180 of the French Commercial Code:

- as part of a company savings plan, a company investment fund,
- and/or directly, via a profit-sharing scheme, but only for the statutory lock-up period.

The percentage of shares held amounted to 0%.

Furthermore, the proportion of employee shareholdings at the balance sheet date, with respect to registered shares allocated to employees under Article L. 225-197-1 of the French Commercial Code, was 0.23%.

XXV | Non-financial information statement

Pursuant to articles L. 225-102-1, R. 225-105, R. 225-105-1 and R. 225-105-2 of the French Commercial Code, we are including a non-financial information statement in this report presenting the manner in which the Company takes into account the social and environmental consequences of its activity and including in particular information about the consequences of the Company's activity with regard to climate change and the use of the goods and services that it offers, its commitments in terms of sustainable

development, the circular economy, preventing the waste of food, preventing food insecurity, respect for animal well being and responsible, fair and sustainable food choices, the collective bargaining agreements reached in the Company and their impacts on its economic performance and the employees' working conditions, and actions taken to prevent discrimination and promote diversity.

XXVI | Statutory Audit

We will present to you the reports of the Statutory Auditors relating to:

- the company financial statements,
- the consolidated financial statements,
- the agreements referred to in Articles L. 225-86 et seq. of the French Commercial Code,
- the cancellation of shares acquired as part of the Company share buyback programme,
- the delegations granted to the Management Board to issue any securities, with or without preferential subscription rights,
- the cancellation of shareholder preferential subscription rights in favour of Company or Group employees, as defined in Article L. 225-180 of the French Commercial Code.

We hope that all of the resolutions presented will be met with your approval.

The Management Board

Appendix I

earnings and other company characteristics over the last five years

Indicators (€)	2018	2017	2016	2015	2014
Closing capital					
Share capital	5,620,974	5,595,356	5,595,356	5,595,356	5,593,356
Number of existing ordinary shares	2,810,487	2,797,678	2,797,678	2,797,678	2,796,678
Turnover	22,187,601	19,592,039	17,994,091	16,084,196	14,025,789
Earnings before tax, employee profit sharing and amortisation, depreciation and provisions	126,032,098	18,517,044	21,350,375	12,358,291	15,463,246
Income tax	1,955,660	-2,437,349	-2,377,426	2,331,895	-1,835,368
Earnings after tax, employee profit sharing and amortisation, depreciation and provisions	132,842,560	25,375,480	29,712,334	14,042,860	13,838,959
Distributed earnings	-	67,647,854	-	5,595,356	5,611,262
Earnings per share					
Earnings after tax, employee profit sharing, but before amortisation, depreciation and provisions	44.15	7.49	8.48	3.58	6.19
Earnings after tax, employee profit sharing and amortisation, depreciation and provisions	47.27	9.07	10.62	5.02	4.95
Dividend per share	-	24.18	-	2	2
Staff					
Average headcount during the year	3	3	6	6	7
Total payroll for the year	1,486,497	2,659,512	2,542,661	2,162,577	2,051,795
Amount paid in benefits (social security, fringe benefits)	551,996	886,217	861,878	897,265	849,006

Appendix II

subsidiaries and interests

Companies (in € thousands)	Ownership interest (%)	Equity (excluding net income)	Earnings for the financial year ended	Value of shares held		Loans and advances granted by the company, not yet repaid	Dividends received during the year ended	Turnover for the year ended	Comments/ provisions for current account impairment
				Gross	Net				
Accès Informatiques	100.00	165	921	1,354	1,354		1,800	8,554	
ATIA	60.00	140	112	45	45		74	923	
A.T.I.P.	80.00	79	119				240	614	
BIPIO	91.50	983	192	100	100			2,204	
BIP-Tessi	1.00	80	1,338				34	9,561	
BPO Solutions	100.00	1,826	831	6,054	6,054		1,000	8,563	
Dhimyotis	100.00	10	-994	10,110	9,116	1,734		2,017	
Diagonal Company	97.53	12,104	-1,392	57,056	57,056	2,020		49,547	
Gdoc Holding SA	100.00	1,811	-52	6,861	6,861	283		374	
GIP-Tessi	99.00	-42	-4	8		50			46
I.C.S.B.	100.00	1,049	311	3,853	3,853		900	4,380	
ISEM	100.00	296	-183	1,565	1,565	92	700	1,934	
Logidoc Solutions	100.00	198	715	10,003	5,128		1,200	7,702	
OWLIANCE	100.00	2,378	-660	52,900	52,900	1,351		24,232	
Perfo Service	100.00	38	264	187	187	691	500	2,288	
PMC	100.00	582	257	5,917	5,917		1,210	4,763	
Processure Company Limited	50.00	105	17	11	11			247	
Prochèque Nord	99.82	-835	1,940	257	257		5,490	15,194	
RIB Informatique Drôme	100.00	11	75	8	8		300	773	
RIP-Tessi	99.00	-429	1,075	8	8	399	2,713	12,564	
SATC	99.80	39	30	8	8	253	299	991	
SDIP-Tessi	99.00	40	84	8	8		248	1,358	
SEDI	100.00	-342	1,382	8	8		6,130	32,286	
SIP-Tessi	1.00	17	125					2,895	
SMIP-Tessi	99.00	47	199	8	8		446	1,414	
Synercam	100.00	529	69	1,220	1,220		200	637	
T.D.C. Tessi	99.80	77	180	8	8	8	898	3,428	
T.D.I.	100.00	84	-12	50	50			144	
TESCA (société en liquidation)	51.00	54	-3	19	19				
Tessi Business Services	100.00	1,830	2,683	19,224	19,224		3,000	458	
Tessi Chèque Île de France	99.00	107	163	10	10	356	1,986	4,972	
Tessi Chèque Interbancaire	100.00	825	517	727	727		2,200	4,148	
Tessi Chèque Rennes	100.00	49	233	619	619	156	1,400	4,281	

Companies (in € thousands)	Ownership interest (%)	Equity (excluding net income)	Earnings for the financial year ended	Value of shares held		Loans and advances granted by the company, not yet repaid	Dividends received during the year ended	Turnover for the year ended	Comments/ provisions for current account impairment
				Gross	Net				
Tessi Consulting	100.00	-78	126	550	48			2,154	
Tessi Contact Center	100.00	517	70	421	421		1,200	4,491	
Tessi Digital Services	99.80	12	102	694	694	1,480	349	7,656	
Tessi Documents Services	100.00	-348	6,304	16	16	29,767*	8,500	125,476	
Tessi Document Solutions Switzerland	100.00	3,022	758	15,292	15,292	887	1,733	15,972	
Tessi Documents Services Centre de Relations Clients Avignon	100.00	34	11	10	10			313	
Tessi Documents Services Centre de Relations Clients Lyon	100.00	66	300	10	10	675		5,179	
Tessi Documents Services Centre de Relations Clients Metz	100.00	111	291	10	10	1,413	600	6,872	
Tessi Encaissements	100.00	2,872	894	500	500		3,350	11,356	
Tessi Informatique	100.00	664	589	2,365	2,365	912	1,800	7,282	
Tessi lab	100.00	35	-1,173	10		1,531		93	1,138
Tessi Ouest	99.93	152	355	108	108		749	2,906	
Tessi Paiements Services	100.00	436	1,760	5,785	5,785	3,025	3,100	35,442	
Tessi Print	100.00	94	-2	37	37				
Tessi Services	100.00	120	396	37	37	797	600	12,364	
Tessi Technologies	100.00	1,438	2,923	10,252	10,252	521	8,300	26,370	
Tessi Techology Tunis	99.50	7	-15	7	7	1		165	
Tessi-T.G.D	100.00	-185	1,254	1,457	1,457		4,000	13,633	
Tessi TMS	100.00	1,908	1,011	4,635	4,635	5,110		18,427	
Tessi 2M	100.00	34	1,006	37	37			3,284	
Todo En Cloud	100.00	45	26	451	451	471		483	
T.I.G.R.E.	100.00	792	488	2,950	2,950		1,600	3,608	
TSI Action Informatique	99.00	105	495	8	8		990	3,678	
Tunis Data Services	99.90	150	788	100	100		653	1,917	
XWZ 32	100.00	3,612	7,555	12,250	11,167	11,840			
24h00	7.50			790					
Totaux				236,984	228,723		70,491		

* receivable offset by a €38,160,000 payable

Non-financial information statement 2018

Message from the Chairwoman of the Management Board

2018 has been a very rich year.

With the support of our 9,473 employees around the world, we have launched major modernisation programmes for our activities. With the strategic acquisition of Owlance in France and Todo En Cloud in Spain, and the sale of CPOR Devises, we have refocussed on our core activity of Business Process Outsourcing.

In 2019, we will undertake a second stage in our transformation: developing from Business Process Outsourcing to Business Process Services.

We have a driving ambition to be one of the biggest players in Business Process Services (BPS) by offering the market a combination of services and technologies.

By integrating to an ever greater extent an approach of partial or total delegation of management, we are present at every stage of the client experience, thanks to a global offering that combines:

- consultancy,
- outsourced services,
- customer relations,
- technologies,
- cyber security,
- hosting.

The world is changing and digital technology is playing an increasing role in all communication.

More than ever, our clients must reinvent themselves as they face a triple challenge: finding ways to grow, becoming more competitive, and finally modernising relations with their customers. Collecting, analysing and processing the huge volumes of data generated are key issues in our business sector.

We meet these challenges by naturally connecting technology, content and data.

Our knowledge of our clients, our expertise and the talent of our employees allow us to guide our clients through this transformation.

Through our R&D centres, Tessi lab, CETIA and the European start-up incubator and accelerator

Pépites Shaker, we have chosen to put innovation at the heart of our strategy. The convergence of front and back office activities, driven by the digitising of processes, allows our Group to move higher on our customers' value chain.

In 2019 we must:

- Continue to climb up the value chain
- Be innovative
- Be audacious
- Increase our presence in Europe

Our employees, who work to meet these challenges every day, are a major asset for our success.

We will continue to promote well-being at work, training and developing expertise to support their commitment.

Since 2011, the Tessi Group has been a member of the United Nations Global Compact. For us this represents a major commitment regarding respecting human rights and working standards, preserving the environment, and preventing corruption. This year, we are once again confirming our intention to contribute. We strive to implement these universal principles through concrete actions, and to promote them with our employees and partners.

In 2019, we must become a partner for companies, in France and abroad, by being a major player in Business Process Services in Europe.

Claire Fistarol

Chairwoman of the Management Board

I | Business model

A | Key figures

€427.8 million
in turnover

€44.6 million
in current operating
income

1971
Tessi is founded

2001
listed on the stock exchange

2011
signature of the United Nations
Global Compact

9,473
employees around
the world

11
countries

68
offers of services
& technologies

B | Tessi, a major player in Business Process Services

Our customer commitment

For more than 45 years, we have been reinventing ourselves every day to help manage the digital transformation of companies.

To offer the best support for optimising our clients' processes, Tessi's teams have the objective of finding and combining the most suitable technological and operational solutions to overcome the challenges of the user journey. Our approach is always part of an innovative strategy focussed on **excellence**.

Thanks to its 9,473 employees and presence in 11 countries, Tessi has a global and adaptable offering. It combines consultancy, outsourced services, customer relations, technology and innovation.

Our vision of Business Process Services, **is focussed on the client**.

We always associate service with technology, with one ambition: smoothing the user journey and the associated processes.

As a true **trusted third party**, Tessi offers full or partial outsourcing services.

We always associate service with technology, with one ambition: smoothing the user journey and the associated processes.

As a true **trusted third party**, Tessi offers full or partial outsourcing services.

For many years, we have felt it is important to offer our clients a full management service that optimises costs, responsiveness, security and service quality. We are ready to be there at every stage of the user experience and act as a facilitator.

When they place their trust in Tessi our clients know they can focus on the essential: their core business. By perfectly understanding their issues, we then become an essential outsourced partner.

By focussing on the daily operation, Tessi is ready for tomorrow's challenges.

New technologies, new expectations, new uses. Our **bold innovation** teams are closely involved in our activities.

Therefore, we are ready to guide companies with the specific outlook for their business sector.

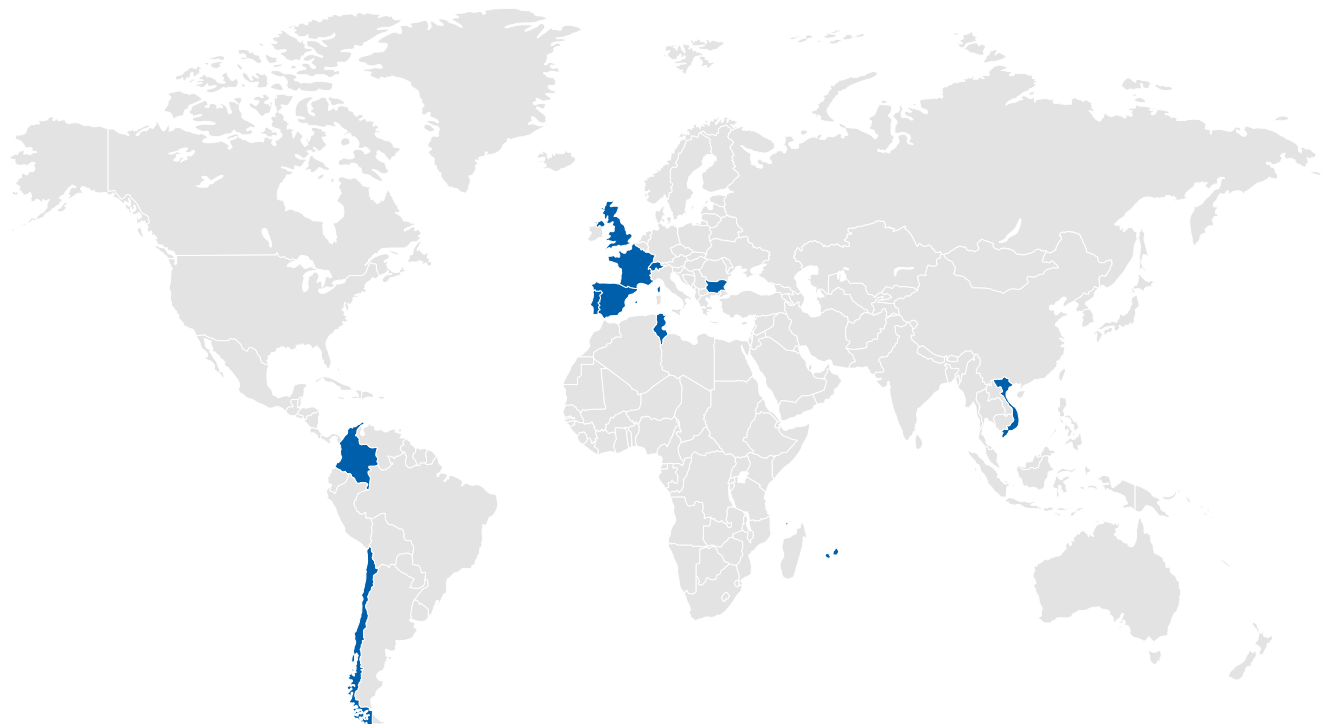
To build a high performance business model with our clients, we focus all our energy on creating a unique alliance between human expertise and technology.

This alliance makes Tessi one of the few players in Business Process Services (BPS) in Europe.

C | A strategy for growth in Europe

Tessi is a service company that guides companies through their digital transformation. We operate in 11 countries in Europe and Latin America as an international player in Business Process Services.

- A major player** in France & in Spain
- 1 European accelerator programme** for start-ups
- Over 1,000** clients
- 1 centre of excellence for intelligent automation (CETIA)**
- 9 R&D centres** (7 in France and 2 in Spain)
- 1 lab** (research into content extraction)



D | History

1971

Tessi is founded and the data-entry activity is launched.

1979

Marc Rebouah acquires the business.

1997

Tessi acquires SFDD, French leader in promotional marketing management (*renamed Tessi Customer Marketing in 2015*).

1998

Télédirect is created (*renamed Tessi Contact Center in 2011*).

2001

- The cheque-processing activity is strengthened with the acquisition of all the shares in Cirec.
- The IT activity is developed with the acquisition of Defitech's IT services and engineering division.
- **The company is listed on the Eurolist C of Euronext Paris.**

2003

- Cheque-processing site created in Bordeaux.
- CETIP Encaissement (receipts processing) acquired.

2004

Accès informatique (document management) acquired.

2005

- Majority shareholding acquired in C2I (payment solutions) (*renamed Tessi Technologies in 2009*).
- Tigre Informatique (Reunion Island) acquired (document management and payment solutions).
- STMP acquired (payment solutions).
- 80% holding acquired in CPR Billets (currency exchange and gold trading) (*renamed CPoR Devises in 2009*).

2006

ICSB acquired (payment solutions).

2007

- **Tessi acquires the marketing services activity of desktop publishing company SDI (*renamed Tessi Editique in 2011*), Docubase (EDMS) and a filing platform (ASP One.fr) from the CEGEDIM Group.**
- **Minority shareholding acquired in C2I ingénierie (49.98%).**

2008

Tessi reorganises its service offering around four business divisions, and launches a new corporate visual identity.

2009

Tessi Transaction Services (*renamed Tessi Conseils in 2017*) created to process all aspects of electronic money flows.

2010

- CPoR Devises acquires the currency exchange activities of Goffin Bank.
- Tessi is reorganised into three business divisions.

2011

- Logidoc Solutions acquired (produces software for dispatching information via multiple channels).
- From 24 January 2011, Tessi shares are quoted on Euronext Paris, Compartment B.
- **Tessi subscribes to the UN Global Compact and thus affirms that its Social and Environmental Responsibility Policy complies with the Compact.**

2014

- Tessi shares are eligible for equity savings plans that invest in SMEs.
- **Spanish company Graddo Grupo Corporativo SL acquired. It is a BPO leader in the Spanish market, particularly for banking.**
- Swiss company Gdoc acquired (document management specialist).
- Tessi lab, an innovation laboratory, launched.

2015

- Spanish company Near Perfection acquired.
- Promotion Marketing Communication (PMC) acquired - consultancy firm specialising in BOGO (Buy One Get One).
- 87.4% shareholding acquired in the Spanish Diagonal Company and its subsidiaries. The company specialises in BPO and is No. 2 in processing mortgage loans in Spain, Portugal and Chile.

2016

- 100% shareholding acquired in the Swiss company RR Donnelley Document Solutions Switzerland and its Austrian subsidiary.
- 100% shareholding acquired in BPO Solutions, based in Spain.
- Additional shares acquired in ISEM.
- 100% shareholding acquired in IMDEA Asesores, based in Spain.

2017

- **Pixel Holding acquires the Rebouah family's majority shareholding in the capital of Tessi SA.**
- Dhimyotis, a major cyber security player, acquired.
- The Tessi Centre of Excellence for Intelligent Automation (Centre d'Excellence Tessi en Intelligent Automation - CETIA) is launched.

2018

- Pépites Shaker, a start-up accelerator programme, is launched.
- Acquisition of the Todo En Cloud, based in Spain, an expert in designing and implementing Cloud Architectures.
- Acquisition of the Owlance Group, market leader in outsourced health and personal protection insurance policy administration.
- Sale of CPoR Devises.

2019

Launch of the single Tessi brand.

E | Tessi solutions

Tessi is a service company that guides companies through their digital transformation. As a major player in Business Process Services, Tessi offers its clients and partners a large catalogue of services and technologies.

1 | A culture of service

Tessi is close to its customers on a technical and geographical level, our services are available everywhere in Europe and Latin America, with more than 9,500 employees sharing the same culture of service.

We focus our offer on customer relations and the digital pathway, from first contact to managing processes and making the payment. In this way, Tessi's offering allows its clients to provide a high quality service, whilst focussing on their core business.

Over the last 45 years, we have developed our expertise and grown with our customers by providing them solutions that suit their specific needs.

Our expertise is built around 3 major lines:

- **services:** for outsourced and bespoke industrial scale solutions
- **technologies:** for innovative solutions that offer the best of the digital world
- **innovation:** to offer an alternative approach that combines all of Tessi's technological and production capacities: digitising documentary processes, back-office functions, marketing and customer relations, consultancy & integration, software publishing, and hosting & cloud computing.

2 | Strategy & vision

An industrial and digital answer to a changing market.

At a time when companies are undergoing digital transformation, Tessi is positioning itself for its clients by offering services that are focussed on the customer pathway.

By combining customer marketing, digitising processes, integration and advice, we have consolidated our range of services.

Therefore, to meet companies' new requirements as closely as possible, Tessi has a four point strategy:

- **knowing our clients' business**, so we can offer outsourced services with high added value and they can focus on their core business,
- **innovating** thanks to a disruptive approach that combines research/development and integrating new technologies,
- **maintaining a flexible and responsive organisation**, which can always adapt to our clients' requirements,
- **preparing the future** by diversifying our offering through external growth in Europe with strong added value.

We create new offerings for the market that are differentiating, innovative or quite simply essential to better process the flows that our clients assign to us.

Our driving ambition is to broaden our field of application to better meet the needs of the market.

3 | Insurance division (France)

Owliance, the leading French group in outsourced administration for the insurance market, joined the Tessi Group in June 2018.

In a booming market driven by growth in the health and personal protection insurance sector and increased use of outsourcing, Owliance is an independent pure player in outsourced insurance policy administration.

It is organised around three core activities:

- **full policy administration**
- **partial policy administration**
- and **software publishing**

Owliance offers a range of solutions tailored to the requirements of all players operating in the health and personal protection insurance market: insurance companies, banks providing insurance, brokers, mutual companies and personal protection providers.

After 6 months of integration, Owliance is becoming the Insurance Division of Tessi France, in April 2019.

4 | Cyber security (Europe)

Dhimyotis is a trusted third party that is specialised in cyber security. It publishes authentication, cryptography, SSL encryption, electronic signature and timestamping solutions.

With its certifications and references, the CERTIGNA suite from Dhimyotis makes it the most trusted service provider in France:

- It is the leading French Trust Service Provider (TSP) with ETSI European certification for authentication of electronic signatures.
- Certification Authority and Operator, CERTIGNA offers certified digital certificates and manages its clients certification authorities.
- All of the certificates issued by CERTIGNA are recognised as "Qualified" under the European eIDAS regulation for which it is certified, as well as being qualified for RGS and ETSI certified.

The CERTIGNA suite is complimented by an offering for the authentication and verification of origin for documents such as invoices, payslips, insurance certificates, bank account details or business cards.

5 | Private Cloud (France/Spain)

With the acquisition of Todo En Cloud, Spain, in 2018, we have increased our data hosting offering.

Tessi already had three hosting platforms in France based in Bordeaux and Lille.

With the acquisition of our fourth centre in Madrid, we have enhanced our architecture.

Tessi now offers its clients a secure and connected European network that integrates a perfect mastery of hybrid public/private environments.

All of these new service offerings serve to enrich the Tessi Group strategy.

F | Digitising documentary processes

1 | Digitising documentary processes

Using digital technology, Tessi is simplifying the user journey and creating value for customers

New Artificial Intelligence technologies and the favourable context of regulations that encourage the digitisation of information flows is making both documentation and financial exchanges increasingly paperless. What does this mean for our clients? Users are evermore demanding and do not accept any lack of responsiveness or a failure to reply.

To meet the major challenge posed by this transformation in customer relations, Tessi offers a full range of digitising solutions for documentary processes that make it possible to capture, centralise and archive all the information quickly and with absolute security. This allows our clients to address all the channels of user interactions by converging the information required for data management at a unique and digitised processing point.

This means: smooth processes, a highly-qualified customer service and the ultimate in professional efficiency. Customer subscriptions and files, HR processes, invoices and financial flows, etc. Our technological platforms and teams of experts help to make the most of what digital technology has to offer. With one obsession always in mind: offering the best service to our clients and their teams in full compliance!

2 | Back office functions

Our clients can focus on their core business with absolute peace of mind

In a highly competitive environment, our clients need to be able to concentrate on their core business whilst offering high quality support functions.

Tessi offers professional back office solutions that simplify and outsource processes.

As a services operator, we are convinced that our added value goes beyond traditional Business Process Outsourcing (BPO) and comes from the combination of human expertise and a mastery of the most suitable technological tools for our clients' activities.

That is what we call Business Process Services (BPS): an all-encompassing solution that only Tessi and a handful of companies in Europe are able to provide. By assigning part or all of the administration of their business processes to us, our clients win at every level: they get better operating results, faster and at less cost.

3 | Marketing & customer relations

Maximising the potential of a brand and improving customer relations

Truly put the user at the heart of your customer strategy.

Thanks to its dual expertise in marketing and customer relations, Tessi can finally fulfil this ambition.

In terms of customer marketing, Tessi helps brands to design and implement activation and loyalty building campaigns. What is our strongest belief? The most efficient strategy will always be customer focussed and steered by data. What makes us different? We have the capacity to provide a fully integrated solution from strategic consultancy to providing the solutions and technologies, and then the operational deployment of campaigns.

By entrusting their customer relations to Tessi, our clients improve their daily interactions with their consumers. Thanks to the expertise and technology in our contact centres, they get a multi-channel solution that combines all of the communication channels employed by their users (telephone, email, mobile applications, chatbots, etc.).

Building on the growth in the countries where we operate, we have chosen to emphasise quality, with centres that are entirely based in Europe (France and Spain), and an ambitious training policy.

By offering their users an irreproachable experience every day, we allow our clients to build sustainable and profitable relationships.

4 | Consultancy and integration

Accelerating digital transformation

As a true digital services company, Tessi assists its clients all across Europe through its 130 consultants in 4 countries (England, Switzerland, France and Spain).

Our consultants meet the needs of audit departments, project owners, for project management and integrating software in the fields of Customer Communication Management (CCM), Enterprise Content Management (ECM), Electronic Transactions and Payment Systems, and GDPR compliance.

Tessi's expertise in these four fields is combined on a case by case basis for each client to form a range of bespoke services. The aim of this service is to use regulatory constraints as a business lever and to optimise the customer pathway. This process often involves the technological renovation of front office tools, the seamless integration of multi-channel tools with existing information systems, and helping to guide companies to a new organisation of processes.

Tessi's profile as a highly specialised, international player allows it to assist key accounts across Western Europe with ambitious transformation projects. Mobile teams of experts working with multilingual service centres are a long-term competitive asset.

At the same time, in order to supplement its operations outside Europe, Tessi continues to develop and maintain a network of partner distributors and integrators, who can relay its technological solutions for processing documents and/or means of payment.

5 | Software publishing

Boost your digital transformation with the latest, compliant technologies

For many years, Tessi has chosen to develop its own technological solutions and to perfectly integrate tools to increase productivity.

We publish software platforms to automate the management of flows and exchanges, and to ensure the right conditions to build digital trust. These platforms are modular and widely deployed through licensing or in SaaS mode to meet companies' key needs: document management, CRM and marketing automation, security and digital trust, and business management.

6 | Data centre services & cloud computing

Infrastructures that are designed to meet data security needs

As an expert in designing and implementing turnkey cloud architectures, Tessi offers solutions to meet its clients' needs for services for infrastructures, platforms or Software as a Service. We provide companies with solutions that simultaneously include hiring computing resources and providing architecture, engineering and administration services that are specialised in cloud-based solutions. Tessi offers different levels of services for allocating resources for processing, storage, networks and security. This expertise stands out by offering private, on-demand storage environments and a highly secured interconnection with the public infrastructures available on the market.

According to the particularities of our clients' activities and the pace of their growth, Tessi's experts offer advice on the most appropriate methods for hosting, implement them and ensure the performance.

Our private clouds are based in Europe and ISO 27001 and Health data host certified.

7 | Innovation at the heart of our system

Tessi has made the strategic choice of being the owner of most of the technologies we offer to our clients. To this end, we have invested in teams for developing and publishing software in Europe.

We have also put looking to the future at the heart of our technology strategy and chosen to launch three programmes focussed on innovation: Tessi lab, CETIA and Pépites Shaker.

To offer the best support to our partner companies, we have therefore put innovation at the heart of our development, at the meeting point between marketing and digital transformation.

► **Tessi lab** **creating the technological alternatives for tomorrow**

Through this research centre, we are financing research by future graduates into the innovations of tomorrow. Tessi Lab is particularly interested in signal processing, extracting content, Artificial Intelligence or bulk data processing of open data.

► **Le CETIA** **thinking about production automation**

At CETIA, Tessi's Centre of Excellence for Intelligent Automation, we are developing highly practical projects for our clients in all the fields related to operational AI: task automation, chatbots, and Robot Process Automation (RPA).

► **Pépites Shaker** **guiding disruptive start-ups**

With Pépites Shaker, our European programme that was launched in early 2018, we are promoting a dynamic ecosystem for over thirty start-ups. What are they focussed on? Virtual reality, artificial intelligence, blockchain, open data or even linguistic algorithms.

G | How we create value

As a service provider, Tessi works in a partnership with all of its stakeholders, each of which has very specific expectations, which represent challenges for the other party.

► Creating shared values



OUR ACTIVITIES



VALUES CREATED

FINANCE

- €427.4 million in turnover (excluding CPoR Devises)
- €49.8 million in net income (excluding CPoR Devises)

SOCIAL

- A signatory of the United Nations Global Compact since 2011
- Tessi has been an ambassador of the Global Compact France, since December 2018
- An active commitment to ensuring respect for human rights in all of its subsidiaries
- Ecovadis rating: GOLD status in March 2018 with a score of 64/100
- Gaia Rating (Ethifinance's ESG rating agency): with a score of 73/100, Tessi is 63rd out of the 230 companies assessed

ENVIRONMENTAL

- More than 9 kWh consumed, or an average of 1,224 kWh/employee/year (Europe)
- In France, 12,386 tonnes of CO² were emitted, which is the equivalent to flying around the world in a plane 1,400 times
- More than 1,700 tonnes of waste (NHIW and WEEE) recycled (Europe)
- More than 4,500 units of consumables recycled (Europe)

HUMAN

- €255.2 million global Group payroll (excluding CPoR devises)
- 9,473 employees around the world, of which 8,097 in Europe
- 31,820 hours of training provided in Europe over the year

MANUFACTURER

- Operating in 11 countries
- 122 establishments around the world, including 43 in France and 46 in Spain
- 9 R&D centres (7 in France and 2 in Spain)
- 22 ISO 9001 certified sites around the world, or more than 50% of the Group's subsidiaries

INTELLECTUAL

- 13th in the Frenchweb.fr FW500 ranking of French Tech companies
- European data centres that are ISO 27001 certified and authorised to host personal health data
- An Electronic Registered Mail offering that is ANSSI qualified
- An electronic archiving for legal purposes service that is NF 461 certified
- One of the European digital certification authorities with the most certifications
- 40 start-ups monitored as part of a European acceleration programme: Pépites Shaker
- 1 Centre of Excellence for Intelligent Automation (Centre d'Excellence Tessi en Intelligent Automation - CETIA)
- 1 LAB (research into content extraction)

II | The story of Tessi's approach to CSR

Tessi began its sustainable development more than ten years ago.

To take its commitment further, since the start of 2011, Tessi has adhered to the United Nations Global Compact and published its first sustainable development report including its Sustainable Development Charter, its approach and the progress made in this field.

Since 2012, Tessi has published a CSR Report in which the Group redefined its indicators to take into account the requirements of article R. 225-105-1 of French Decree 2012-557 of 24 April 2012.

At the same time, with the advantage of a sustained and controlled policy for external growth, Tessi offers its services internationally via specialized subsidiaries. The solutions and services it provides focus as closely as possible on local particularities and regulations, allowing it to offer innovative solutions that create value in every country.

In 2017, Tessi transformed its Ethical Charter into a Code of Ethics including amongst other things our Code of Conduct that defines and illustrates the different types of behaviours to be banned, as they may constitute incidences of corruption, influence peddling or discrimination.

On 2018, Tessi signed the Diversity Charter.

Tessi also publishing its first non-financial information statement that replaces its CSR report—pursuant to the European CSR Directive (2014/95/EU), which was transposed into French law by the publication of the Decree of 14 September 2018.

III | Group Commitments

Tessi is publishing its first non-financial information statement that replaces its CSR report—pursuant to the European CSR Directive (2014/95/EU), which was transposed into French law by the publication of the Decree of 14 September 2018.

A | A strong commitment to the United Nations

► Tessi has been committed to the UN's 10 principles since January 2011.



Human Rights



International Labour Standards



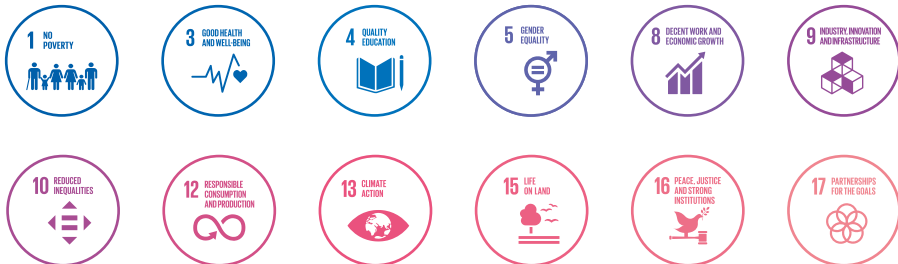
Environment



Preventing corruption

In 2015, the United Nations adopted a new sustainable development programme founded on 17 targets to be achieved by 2030. As a member of the Global Compact, Tessi wanted to be involved in this unique approach that aims to eradicate poverty, protect the planet and ensure prosperity for all by 2030.

Tessi has identified 12 fields, related to its roadmap, in which the company already participates, at its level, in collective efforts.



B | Tessi, a signatory to the Diversity Charter

As of this year, Tessi is a signatory to the Diversity Charter. Diversity is a key value that is natural and spontaneous for Tessi.

By making a commitment along with the 3,800 company signatories to this charter, Tessi intends to confirm its commitment to preventing discrimination and continuing to promote diversity in the Group.



C | Tessi's Sustainable Development Charter

Tessi intends to build its growth on a set of values and principles applied by its managers and employees. The Group clearly confirms the company's ethical and environmental commitment and its responsible attitude in all its fields of activity.

Tessi therefore initiated a sustainable development policy and formalised its commitments through a charter based on the notion of Responsibility.

<https://www.tessi.eu/tessis-commitments/>

D | A Code of Ethics that is deployed internationally

This code was created as a common framework, which helps every employee to adopt behaviour in line with Company values on a daily basis. It falls within the Group's CSR policy, and was revised in 2017 in order to reflect the Group's anti-fraud and anti-corruption policy.

It applies to all the employees of Tessi's subsidiaries around the world, and is intended to help them to take the right decisions, everywhere and in every situation.

Once it has been presented to each staff representative body, it is appended to the internal regulations and displayed at each Group subsidiary.

For foreign subsidiaries, the Code of Ethics is made mandatory by applying local statutory provisions.

Regardless of the level of responsibility, each employee must read the Code, understand it and undertake to comply with it.

It includes an internal alert procedure enabling any employee to report a breach of the code.

IV | CSR Performance

A | Assessment of the Group's CSR performance

ECOVADIS rating

For several years, Tessi has carried out an EcoVadis rating in order to have an overview of our CSR performance and draw up a list of priorities for improvement. This approach also makes it possible to answer the increasingly frequent requests from our clients about the environmental, ethical and social performances of their suppliers, using a unique communication tool.

The EcoVadis assessment aims to measure the quality of the CSR management system in the companies assessed.

More than 35,000 companies from around the world are assessed by EcoVadis in more than 150 different business sectors and more than 100 countries.

EcoVadis bases its methodological framework on guidelines from ISO 26000, organised around four themes: the environment, fair labour & human rights, ethics, and sustainable procurement.

This report placed us in the top 4% of the best company performances assessed by EcoVadis.



GOLD Status for Tessi in March 2018 with a rating of 64/100, which puts us in the category of suppliers with a mature and established CSR management approach.

GAIA, Ethifinance

Gaia Rating, Ethifinance's ESG rating agency, carries out an annual campaign collecting data covering most listed SMEs and mid-tier firms in France. Based on this data, companies are rated according to their level of transparency and performance.



With a score of 73/100, Tessi is 63rd out of the 230 companies assessed and 17th out of 78 companies in the category of companies with €150 - €500 million in turnover.

B | Dialogue with stakeholders

Tessi has identified a panel of economic and social players that are essential to its activity.

Stakeholders	Main challenges	Main expectations with regard to Tessi	Forms of dialogue
Investors rating agencies shareholders	Valuation, durability and values	<ul style="list-style-type: none"> Return on investment Identification, management and anticipation of risks Governance Business ethics 	<ul style="list-style-type: none"> Supervisory Board Committees Conferences and investor meetings Answers to ratings questionnaires
Government authorities and local communities	Regulatory framework Social acceptability	<ul style="list-style-type: none"> General interest Regulatory compliance Information Local economic support Transparency Circular economy Health and safety 	<ul style="list-style-type: none"> Meetings with local authorities Meetings with professional associations
Employees	Fostering involvement and loyalty	<ul style="list-style-type: none"> Need for recognition Appeal Skills development Corporate culture Health and Safety in the Workplace Diversity Well-being at work Raising awareness Corporate responsibility 	<ul style="list-style-type: none"> Internal communication: intranews, company social network, in-house challenges Dialogue with social partners Customer satisfaction surveys and polls Interviews E-learning platform Employment and internships forum Appearances at specialist conferences University challenges and trophies
Clients	Commitment, partnership, loyalty building	<ul style="list-style-type: none"> Innovation and adaptability Quality of products and services Responsiveness Compliance with contractual requirements and regulations Protection of the environment, energy management Open dialogue Security and data protection Business ethics 	<ul style="list-style-type: none"> Working in partnership: helping to define needs, regular dialogue through the customer care department. Customer satisfaction surveys Newsletters Answers to supplier ratings (Ecovadis) Web seminars, Digital transformation showcase, morning sessions covering business and sectoral subjects (Banking, Insurance, etc.) White paper on the digital transformation of companies Open days at the Lab and CETIA (Centre of Excellence for Intelligent Automation) Launch of "Tessi Insights", a blog on the digital transformation of company processes
Suppliers/subcontractors	Quality, costs, timeframes, ethical compliance	<ul style="list-style-type: none"> Sustainable partnership Profitability Business ethics Loyalty building 	<ul style="list-style-type: none"> Contractual negotiations and relations Supplier surveys Tessi's Sustainable Development Charter
Media & associations international organisations	Image and reputation	<ul style="list-style-type: none"> Transparency Information CSR commitments 	<ul style="list-style-type: none"> Specialist press accounts Press releases Annual Communication on Progress (COP) - GC Advanced level

C | Materiality analysis

In 2017, in preparation for the European Directive, Tessi conducted a materiality study that enabled it to document the main challenges of its CSR approach.

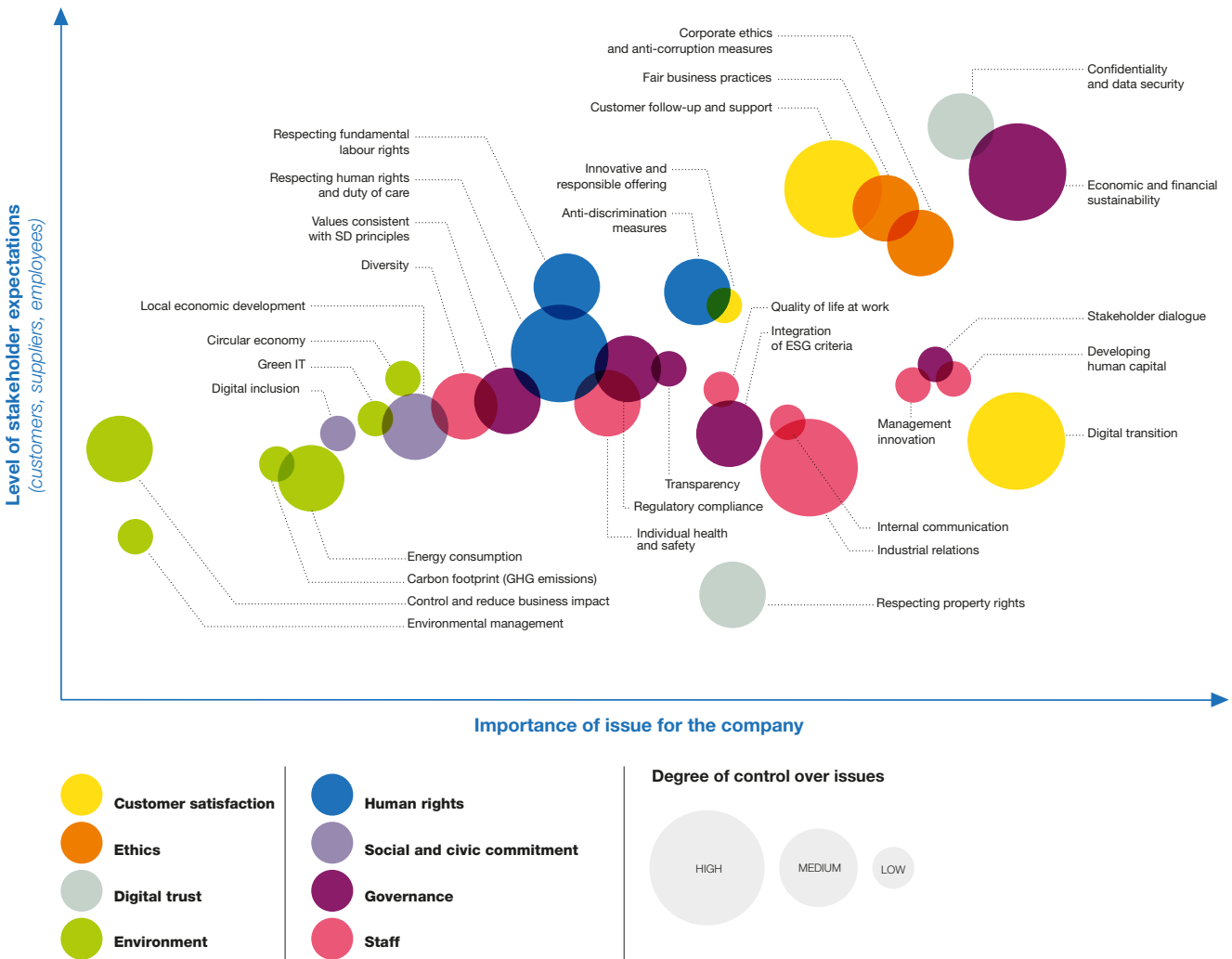
A qualitative method was adopted for this analysis, making it possible to assess the importance of certain issues for Tessi's main stakeholders. It took into account both internal and external expectations, with identical and common assessment criteria for the main stakeholders: suppliers, customers, staff representative bodies, employees (chosen at random), cross-functional divisions and governance.

The study was conducted in five key stages in order to ensure robust implementation: identification of preliminary issues, definition of assessment criteria

and relevant stakeholder questionnaires, and finally an analysis of the study, in order to define development priorities for the Group's CSR approach.

The matrix thus obtained made it possible to identify and classify Tessi's challenges, whether economic, environmental, corporate, civic, social or ethical in nature, or relating to customer satisfaction, human rights or responsible procurement.

At the same time, work was carried out in internal workshops in order to determine Tessi's **current level of control** over each of these challenges.



Beyond the dialogue that is in place with each of its stakeholders (individual telephone interviews), the aims of this study are mainly to recognise the expectations of each of them, anticipate the risks and identify potential opportunities for development.

The analysis of the priorities highlights the convergence between the main requirements of the different stakeholders and Tessi Group's short and medium term strategic vision.

The main strategic priorities identified:

- **Customer satisfaction:**
Solid partnerships, listening to and anticipating customer needs, ongoing dialogue, continuous improvement of services, compliance with contractual service levels,
- **Digital trust:**
Information security, data confidentiality, GDPR, innovative offering and digitisation,
- **Ethics:**
Fair commercial practices and combating fraud and corruption: French Sapin 2 Act and duty to perform due diligence,
- **Developing human capital:**
Skills management, attracting and retaining talent: quality of life at work, employer brand, mobility plan, managerial innovation,
- **Improving internal communications:**
Identifying new communication opportunities and making use of new channels.

V | Assessing non-financial risks

Tessi offers its clients a global, scalable offering that combines consultancy, outsourced services, customer relations, cutting-edge technology and innovation. As a player in BPS, the Group, like its competitors, is subject to risks of all kinds that can have an impact on its activities, reputation, profitability and its aims.

To counter this, the Group applies a coherent risk management system that covers all of its divisions.

Since 2018, this system is controlled by the Group's Internal Audit Director and is now based on a Group Internal Audit Policy that entered into force in January 2019.

Provisions implemented at every level in the Group:

- A first line of defence, which includes operational checks, is integrated into processes and performed in a structured, diligent, regular, coherent and appropriate manner.
- A second line of defence includes auditing roles (for example compliance, quality, security, inspection) for which the guidelines are compatible with the underlying standards and policies.
- The third and final line of defence, assumed by the Group Internal Audit Department, is responsible for assessing how well operations are controlled, offering advice for improvements, and contributing to creating added value.

In 2018, the Tessi Group revised its process for mapping the risks to which it is exposed, be they operational or strategic, or related to image, compliance or finance. Each risk factor was addressed by an assessment check-list based on two criteria: the probability of occurrence and the impact.

Following this, the financial and non-financial risks were assessed by the Group Internal Audit Director, further to an assessment of certain specific risks by the CSR team.

These assessments were carried out through interviews with the different departments and operational divisions (HR, Finance, IT, Production, etc.), and through documentation produced by the different subsidiaries.

After these assessments, the following non-financial risks affecting different parts of the Group that were identified and deemed to be significant:

► Recruiting qualified staff:

As it is up against well-known players, Tessi is faced with a permanent challenge to retain highly qualified staff, particularly in technological activities and consulting in a competitive job market.

► Retaining talent:

In this context, Tessi must take care to value and ensure the loyalty of the expertise and talents already in place in the Group.

► Maintaining customer satisfaction:

Tessi's success is built on strong partnerships, and listening to and anticipating customer needs. The Group is therefore at risk of allowing this privileged relationship to deteriorate and a fall in the level of customer satisfaction.

► Digital trust:

As the Tessi Group plays a role in guiding its customers in the digitisation of their processes, it must have a data confidentiality policy that meets the level of trust that its customers place in it.

► Preventing fraud, tax evasion and corruption:

Although the Group is not faced with major risks with regard to unfair trading practices and corruption in the course of its business, due to the vulnerability of some of its banking and insurance customers, it is important that Group is reassuring and proactive.

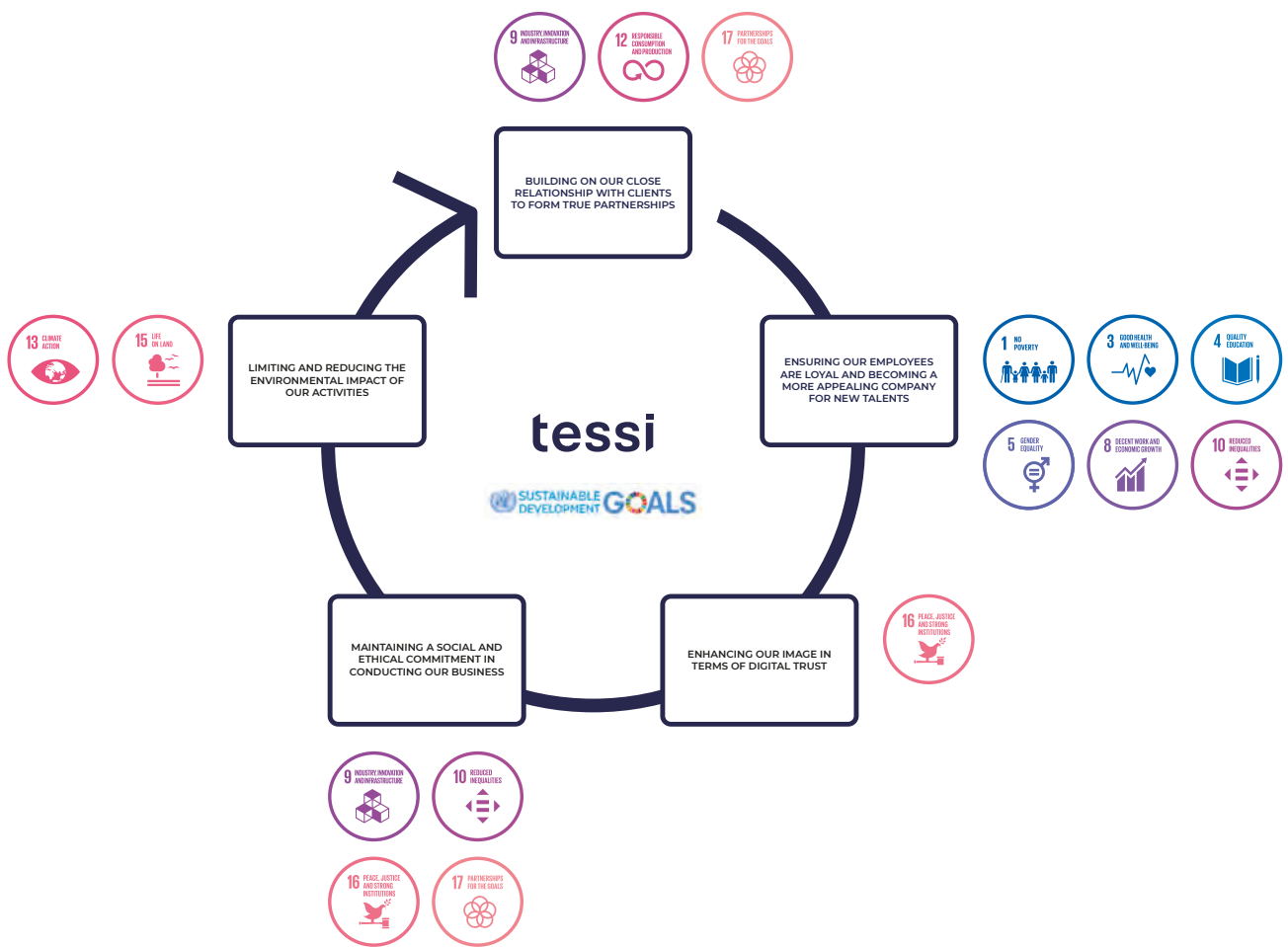
VI | Group CSR Policy

The objectives of the 2018-2021 CSR Roadmap were set, in dialogue with stakeholders, based on the materiality matrix, the non-financial risks and opportunities assessment for our activities, and the United Nation's Sustainable Development Goals.

The new roadmap, which is designed as a tool for steering the Group's CSR policy, defines the priorities to which the Tessi Group is committed over the next three years in the international scope of its activity.

Tessi intends to continue to improve in the following areas:

- building on our close relationship with clients to form true partnerships,
- ensuring our employees are loyal and becoming a more appealing company for new talents,
- enhancing our image in terms of digital trust,
- maintaining a social and ethical commitment in conducting our business,
- limiting and reducing the environmental impact of our activities.



The CSR Department is responsible for managing this approach and the challenges that it represents for the Group. It is also responsible for communication with the United Nations.

The department ensures the implementation, application and continuous improvement of this policy, including the environmental, social and ethical issues and involving all the personnel and represent the top management in relations with clients.

It works with Tessi's employees—through the International Executive Management, local HR departments, Regional Production Directors, Information Systems Department, Quality Directors and Infrastructures Department—to ensure that the commitments are implemented and continued by all of the Business Units (BU). It verifies the accuracy and exhaustiveness of the data published in the report.

It manages relations with auditors specialised in this field.

It formalises and drafts the non-financial information statement and ensures the consistency of the CSR data that is published.

Indicators that can be used to monitor these goals are combined in a table at the end of the non-financial information statement.

VII | Ensuring our employees are loyal and becoming a more appealing company for new talents

To meet its social challenges, the Group's HR priorities, which were embodied by the creation of a Group Human Resources Director in 2018 are as follows:

► STANDARDISING OUR RECRUITMENT METHODS

Making all of the opportunities that exist within the Group immediately visible.

► PROMOTING DIVERSITY

Diversity is a key value that is natural and spontaneous for Tessi.

Tessi intends to confirm its commitment to preventing discrimination and continuing to promote diversity in the Group. This is why the Group signed the Diversity Charter in 2018.

► OPTIMISING CAREER PATHS

Firstly, by improving and enhancing our recruitment processes, then by developing the expertise of our employees throughout their careers.

Expert training helps everybody to keep pace with developments in their profession and enhance the interest of the career path.

► MONITORING THE QUALITY OF LIFE IN THE WORKPLACE

A company's performance depends on the well-being of its employees.

This particularly involves stress factors and assisting employees in their daily lives.

A | Tessi: a jobs creator

At 31/12/2018, the total workforce was 9,473 employees (4,785 in France and 4,688 abroad).

The total end-of-year workforce is the only indicator in the non-financial information statement that takes into account data from all Tessi Group subsidiaries, including those acquired during 2018.

In Europe, the total number of employees is 8,097.

70% of employees are women and 11% are executives and managers.

All of the following data in this report are now developed at a European level excluding Owliance, Tessi Insurance Spain and Todo En Cloud.

At a European level, 615 permanent jobs were created in the Tessi Group in 2018.

B | Attracting new talents

As it is up against well-known players, Tessi is faced with a permanent challenge to retain highly qualified staff, particularly in technological activities and consulting in a competitive job market.

1 | Standardising recruitment methods

In 2018, Tessi therefore centralised its recruitment on a unique corporate platform to increase the visibility of its activities and current affairs.

This platform will be operational when the corporate website goes online, scheduled for April 2019. It will make it possible to pool the positions available in the

Group, offering better visibility of the opportunities available in the Group for potential applicants.

This platform will also offer an opportunity to manage internal mobility as all available positions will be communicated to all employees.

At the same time, the work undertaken in 2018 will lead to the creation of a shared tool for all external job applications in 2019. With more than 20,000 applications received every year at the Group level, the tools deployed will make it possible to optimise the potential resources.

2 | Promoting diversity

The Group's history and business lines mean that most of the personnel is made up of women.

In Europe, nearly 70% of the Group's employees are women.

Tessi is taking all necessary measures to avoid any discrimination in terms of equal opportunities:

- at the governance level, 4 of the 9 members of the Tessi SA Supervisory Board are women,
- The Group Executive Committee includes **31% of women**,
- in Europe, **45% of management positions are held by women**,
- and, **40% of management and executive staff are women**.

In terms of diversity, Tessi intends to go further and in coming years it will emphasise an area where there is room for improvement: direct employment of disabled people.

In 2017, the Group had 221 disabled employees in France (or 2.6% direct employment full-time position equivalents in Tessi France).

In 2018 this number is maintained at 239. To this can be added the workforce related to the use of services provided by the protected sector. All together, this accounts for 3% of the full-time position equivalents in Tessi France.

To improve, Tessi intends to implement over the three next years a Disability Actions Plan, based on the following Disability Policy:

► Tessi Group Disability Policy:

Our main strategies are based on: raising awareness, recruiting, training and assisting current and future employees with a disability.

Tessi intends to make commitments on the following principles:

- no employee can be discriminated against due to a disability, either for their professional development or access to training,
- all of the positions in the Group are open to disabled workers, provided that the work restrictions issued by the occupational health doctor are compatible with the requirements of the available position,
- every effort will be made to assist and retain an employee who is acknowledged as having a disability, or that is awaiting acknowledgement, who is in a difficult professional position for health reasons following an accident in the workplace, during the journey to work, a professional illness, an accident in their personal life, or a debilitating illness,

- all stakeholders will be called to favour the employment of disabled workers: top management, Human Resources teams, disabled workers, colleagues, staff representatives and occupational health doctors,
- every possible form of action will be considered to recruit, integrate and retain disabled employees.

► Socially responsible partnership: 10-year Partnership with Association des Paralysés de France (APF)

In addition to direct employment, Tessi has developed a long lasting partnership with the French association for paralysed people, the APF. This partnership enables Tessi documents services to entrust a portion of its bank cheque input business to APF Entreprise.

In 2017, this partnership received the APF Entreprises award in the Growth category at the fifth "Nuit de la RSE" (CSR award night), recognising the Group's responsible commitment and the development of its business alongside APF Entreprises for nearly 10 years.

With an increased level of outsourcing, in 2018, the turnover generated thanks to this partnership was more than €538,000 ex. tax.

Since the partnership was implemented, it has led to the creation of 27 full-time positions at APF.

3 | Tessi, partner to prestigious schools and universities

The Tessi Group contributes to sustainable development goals by favouring access to high quality education and training for all, and by developing a partnership with some prestigious schools.

► GEM Partnership

Since 2017, Tessi has decided to ramp up its partnership with the Grenoble School of Management (GEM).

Digital solutions have exploded in recent years, with the emergence of new technologies leading to the creation of new professions and processes. For this reason, the Tessi Group has chosen to become directly involved with the research being conducted by the School and its students.

Tessi and GEM developed this comprehensive programme in a partnership:

- The inclusion of the GEM Chair for "Talent and Digital Transformation" in the strategic and scientific committee, in order to promote the addition of new knowledge by PhD students, at the crossroads of human capital and digital transformation.
- Sponsorship of the 2017-2019 Digital Strategy Masters, which takes many forms: workshops, case studies and coaching sessions with around forty students from Europe...

The first part of Tessi's contribution made it possible to launch a new line of research around ergonomics and phygital technology (client perceptions of the synergy between the physical world of a brand and the virtual world).

This major decision fits perfectly in line with the Group's long-standing commitments under its corporate sponsorship programme. Tessi is committed to making a donation of €85,000 per year, over 3 years to support this research chair.

► **In 2018 Tessi gave a "Coup2Boost" to students from the leading French Universities!**

For the second edition of Coup2Boost, Tessi is working with 5 big companies and the Monster recruitment website to combine their forces and encourage students from the leading French Universities with ideas for projects. Tessi is committed to providing financial support to the students with the most promising projects.

The winners of the Coup2Boost awards from the three projects that are ultimately selected will share more than €40,000. This grant will allow them to pursue their initiatives and make their dreams a reality.

4 | Skills sponsorship

In 2016, Tessi partnered with Télémaque by sponsoring a young "Télémaque" student, supporting them in their socio-cultural development, educational journey and first steps into the professional world. Students are selected based on criteria including motivation, potential and their social situation.

Sponsorship takes the form of financial aid, support and equipment: the sponsor is a committed employee volunteer who works directly with the student.

This sponsorship was provided to 3 students in 2018.

C | Making our employees loyal

1 | Skills management

The Group's strategic angles are as follows:

- Preparing for future needs by guiding the Group to acquire new technologies.
- Developing our matrix culture through managerial practices and behaviour.
- Assisting the growth of the Group with the development of international expertise.
- Confirming and stabilising our expertise by developing the skills of our employees, and making them loyal by developments and progress in the Group.

In 2018, in Europe (not including Diagonal) an additional 14% of training hours were provided to the workforce over the period than during the previous year.

Furthermore, 66% of the trainees were women.

► **In addition to the training schemes, Tessi has developed training modules to suit employees in an e-learning format**

To standardise training and improve access, as the Group is spread over different sites, Tessi has developed an e-learning platform.

For Tessi, developing talents means pooling expert professional knowledge by subject area to promote and develop the skills of all employees. For this reason, Tessi has created an e-learning platform that makes fun and bespoke content available, most of which

is created by the training team. It also allows us to better manage the development of our employees' expertise.

Multi-media training modules can take the form of animated content (videos, interactive lessons), games, or even quizzes and discussion forums to help people to understand and contribute to the issues addressed.

The training on offer can cover subjects related to current affairs (the Eckert Act in France, preventing fraud and corruption, personal data protection, etc.), the specific professional procedures for serving a client or raising awareness about the security of information systems, and induction for new intake.

Training campaigns are advertised using different media: sending emails, banners on the platform, an event in the training timetable or communication in the internal newsletter.

Each campaign can result in specific targeting and be individual or collective.

International subsidiaries can benefit from these training courses translated into the appropriate language.

► **Training at the Diagonal subsidiaries in Spain**

The Diagonal subsidiaries have an e-learning platform that they use to provide most of their staff training.

This allows them to provide the same employee with various training courses every year.

The main subjects covered are: induction into the company, psychological and social risks, Group GDPR training, and specific training on the rules for managing their clients.

On average, employees receive five different training courses per year.

2 | Social dialogue

It is important for the Tessi Group to maintain permanent dialogue with all its employees. In the Spanish subsidiaries this has led to the implementation of specific HR contacts to address issues related to working conditions.

In France, new agreements are signed every year in companies with more than 50 employees. In 2018, this corresponded to 1,841 employees, or 44% of the workforce.

Furthermore, at the end of 2018, **92.8% of the employees in the Tessi Group were represented by an employee representative body.**

3 | Right to disconnect

In order to improve overall communication between colleagues and with customers, an email charter was drafted and distributed amongst all of Tessi documents services' French and Spanish subsidiaries.

This charter sets out the 10 best practices for the proper use of email at the Company. It encourages everyone to better understand the use of this tool, aiming to cut down on interruptions, avoid misunderstandings and inappropriate intrusions on personal life, and mitigate the depersonalisation of relationships between colleagues.

It also encourages employees to comply with the "no in-house email Friday", and to limit emails before 8.00 am and after 8.00 pm, as well as on weekends and public holidays.

30% of French subsidiaries have been made aware of this right to disconnect by an e-learning training module.

4 | Performance approach

The Performance approach that was initiated on one site in 2017 was deployed on four new production sites in 2018. New sites will be assisted in 2019.

The approach consists of 3 goals:

- Contributing to the company's financial performances,
- Contributing to customer satisfaction,
- Contributing to employee well-being.

This 3-stage approach, which aims to increase the skills and independence of sites, enables each employee to contribute at their level to achieving their team's targets. We can all help to reduce losses or reduce waste. This means making better use of physical and human resources.

The three goals are closely connected as balancing them allows the company to progress. The implementation of a "5S" type organisation on worksites has also made it possible to review operating methods and adapt work spaces.

The targets set for 2018 were achieved for 3 of the factors:

- Savings of €500,000 were recognised,
- Significant improvements were made in the non-quality levels for some services: going from 30% to a stable level of less than 10%,
- Taking account of and implementing improvement actions based on employee feedback, which was facilitated by the implementation of Short Interval Events (Animation à Intervalle Court—AIC). These events also help to solve daily issues, "the famous stones in our shoes"!

5 | Well-being through sport

The Tessi Group entered various teams in different races and other sports activities over the year.

In this way, Tessi intended to:

- encourage employees to stay fit with regular sport activities,
- encourage synergy in the company, as several entities from the Group took part in activities by creating shared teams.

VIII | Building on our close relationship with clients to form true partnerships

Because customer satisfaction and trust are part of the Tessi Group's DNA, the Group intends to maintain a permanent close relationship with clients by

continuous improvement of service quality, enhancing how we listen to clients, increasingly diverse meetings and constantly measuring customer satisfaction.

A | Controlling the quality of the services offered

A quality approach has been implemented in the Group for several years, and many activities are ISO 9001 certified.

The certified fields are:

- 14 Business Process Services service sites in France: secure processing of documents and payment methods (since 2006),
- Payment collections in France,
- Business Process Services in Spain: Graddo (since 2006), Diagonal Company (since 2018),

- the Group's publishing activity (since 1998),
- SEPA banking EDI and Legal Data Management offerings from Tessi Informatique (since 2004),
- BIPIO activities (since 2009) and TUNIS DATA SERVICES (since 2015).

More than 50% of the Group's subsidiaries are covered by ISO 9001 certified activities.

Tessi France is also ISO 18 295-1 certified for all the call centres in the Metz, Lyon and Paris region.

B | Listening to customers

Since 2015, Tessi Documents Services has organised numerous on- and off-line events for customers covering subjects related to technological and digital innovations as well as the related regulatory obligations, such as archiving for legal purposes, Electronic Registered Mail in the legal framework, electronic signature, KYC, etc.

Through these events, the Group highlights its expertise with its customers and also positions itself as a consultant providing expertise and skills.

In 2018, Tessi deployed various actions to benefit its customers:

- 24 web seminars,
- 1 Showcase of digital transformation,

- 2 morning sessions covering business and sectoral subjects (Banking, Insurance, etc.),
- 1 White paper on the digital transformation of companies,
- 1 Open day at the Lab and CETIA (Centre of Excellence for Intelligent Automation),
- the launch of "Tessi Insights", a blog on the digital transformation of company processes,
- participation in 6 external events (trade fairs, business meetings, Rolland Garros).

C | Permanently measuring customer satisfaction

The French subsidiaries and Graddo in Spain measure their clients' satisfaction level every year to have feedback on how clients see the projects and services provided in 2018.

As is the case every year in the context of ISO 9001 certification monitoring, French and Spanish subsidiaries measured the development of customer satisfaction levels by means of a questionnaire sent to a selected panel of clients.

The response rate was lower in both countries this year, but the French rating stayed the same with average satisfaction level of 7.5/10 and the rating for Spain improved by 5%, with a rating of 8.5/10 (compared with 8.1/10 in 2017).

IX | Enhancing our image in terms of digital trust

Protecting personal data is one of the key concerns of the Tessi Group and is an issue that needs to be mastered given the increasing digital transformation of the Group and its clients. In this context, the Tessi Group undertakes for its own activities and those of its clients, to ensure optimal data protection, and to

comply with the applicable laws and regulations in terms of processing personal data.

As a player in the digital transformation of companies, Tessi also intends to make digital trust a strategic angle for its development.

A | GDPR Data protection

The Tessi Group has a system of governance in terms of personal data protection at a Group level that is approved by the Executive Management. It is managed by the Group DPO (Data Protection Officer), who is tasked with building, updating and managing the global system for the personal data protection programme. This system is in line with the Group's strategy for reducing risks and applies to all its subsidiaries.

The Group's data protection governance is also supported by a DPO network, a Group Personal Data Protection Policy, and departmental reviews and steering committees dedicated to this issue. The Group's compliance with the GDPR is regularly monitored using KPI.

The Tessi Group has also implemented a systematic approach for every new service that makes it possible to:

1. deploy appropriate data protection measures according to the sensitivity of the data, based on a by design/default privacy approach to protect data against any accidental or deliberate loss, theft or misuse,
2. an audit and inspection system that is intended to regularly test, analyse and assess the effectiveness of the technical and organisational measures taken to ensure security, and to provide proof at first request by a Client or the data protection authority,

3. help Tessi's clients to respect human rights: right to information, right of access, correction, deletion and portability,
4. help clients to carry out and, where applicable, carrying out impact studies ("DPIA: Data Privacy Impact Assessment") regarding data protection for processing that may entail a risk for personal rights and freedoms,
5. provide clients with the information required to carry out a notification of any breaches of personal data with the data control authority and the people in question.

At a Group level, Tessi has deployed a general personal data protection policy that is available in 4 languages and 27 GDPR procedures of 30 identified, formalised instructions and registrations, 6 best practice sheets in relation to personal data protection, and 7 Group GDPR audit and compliance grids that cover all the identified needs.

The GDPR accountability rate is therefore 96.7%.

► Raising employee awareness with regard to data protection:

Tessi has implemented a GDPR compliance awareness raising e-learning campaign for all the staff in the Group.

The average level of awareness for Group employees is higher than 80%.

B | Tessi is becoming a major player on the market in terms digital trust

1 | High security data centre

► ISO 27001: Information System Security Undertakings

Because digitisation and paperless solutions require a high level of confidence in the assigned data, in 2018, Tessi France deployed a data security management

system. The scope for the **Provision, operation and support for infrastructures for the secure hosting of sensitive and/or personal data processing solutions** that will be ISO 27001 certified at the start of 2019.

In Spain the subsidiaries Graddo and Diagonal have been ISO 27001 certified for several years.

► **Tessi: Certified health data host**

In 2019, Tessi obtained HDS certification for the Provision, operation and support for infrastructures for the secure hosting of health data processing solutions.

2 | Certified electronic archiving service

In 2016, the French document digitisation platform obtained NF 461 mark, ISO 14 641 certification. With this certification, Tessi has strengthened its excellence in digital transformation and demonstrates the capacity of its platform to offer a secure, multichannel and compliant environment for digitisation and electronic archiving with legal value for a company's sensitive data flows.

3 | CERTIGNA, from the Tessi Group obtains eIDAS certification

Dhimyotis (Tessi Group) is a European Trusted Third Party specialised in cyber security and digital trust. Through the Certigna brand, it offers solutions for securing exchanges and documents.

Certigna was already RGS and eIDAS qualified (European regulation) for its digital security certificates for websites, identification and electronic signature, and in 2018 it obtained certification for time stamping. This makes the company one of the European Certification Authorities for the highest number of standards.

eIDAS certified time stamping is an essential factor for digitisation for legal purposes. Certified time stamping makes it possible to put a date on a digital document (such as an invoice or a pay slip) and for it to have legal value.

Only a Trusted Third Party with ultra-secure hardware connected to a highly accurate time source can issue eIDAS certified time stamping. Unlike time stamping systems (for example using a computer), this time stamping cannot be modified and it also has legal value.

4 | Tessi Post LRE (Electronic Registered Mail) has obtained qualification from the ANSSI (the French national IS security agency) for RM sent to legal entities.

Tessi POST LRE is an innovative solution that allows you to coordinate the production and sending of electronic registered mail.

Since 1 January 2019, regulations governing Electronic Registered Mail have been developing towards greater security. It now imposes all Electronic Registered Mail service providers to obtain authorisation from the ENSSI, a branch of the French Ministry of the Interior.

Tessi thereby confirms that it complies fully as a trusted third party for the distribution of Electronic Registered Mail.

X | Maintaining a social and ethical commitment in conducting our business

A | Policy on respecting human rights

In all of its subsidiaries around the world, Tessi undertakes to adhere to:

- administrative social and fiscal obligations provided for by French legislation or those of the country in which the Group is operating,
- the Universal Declaration of Human Rights,
- the United Nations' convention on the rights of children,
- the International Labour Organisation's conventions to which France, Spain, Portugal, the United Kingdom, Mauritius, Tunisia, Vietnam, Switzerland, Colombia, Chile and Mexico are signatories,
- the OECD directives to which France is a signatory,
- the ten principles of the United Nations' Global Compact.

Tessi undertakes to comply with the following obligations in particular:

- never to use child labour (under 15 years old) or forced labour,
- never to practice discrimination in employment or staff management,
- never to use mental or physical coercion, or corporal punishment for disciplinary purposes,
- the legislation applicable in the matter of managing working hours, compensation, training, trade union rights, and health & safety,
- ensure that its suppliers and subcontractors adhere to the aforementioned obligations.

B | Responsible Purchasing

1 | Integrating the most-affected suppliers and subcontractors into the CSR and quality approach

In addition to the CSR questionnaire sent to strategic French suppliers, Tessi's subsidiaries, including the Spanish subsidiary Graddo, perform an annual analysis of their most-affected suppliers.

The method used by French subsidiaries consists of establishing the list of suppliers to be assessed each year, either due to the critical nature of their activity or the turnover that they generate with Tessi. These suppliers are assessed using ratings given by users and purchasers at Tessi, depending on several aspects: service quality, responsiveness, After Sales Service, price, and environmental criteria, etc. A grid of these criteria is created according to the activities of the subcontractors.

The method applied by Graddo consists of analysing the quality of a supplier during each approval. Graddo also updates the percentage of suppliers who are themselves equipped with an ISO 9001 and 14001 certified QSE management system.

Some key figures for France:

- 765 suppliers assessed (quality assessment including environmental criteria) with an average rating of 3.3 (score from 1 to 4),
- 6 on-site audits for production subcontractors,
- 52 quality-security check-lists sent to our suppliers or production subcontractors,

- 107 GDPR amendments and compliance check-lists sent to our suppliers or subcontractors with access to the personal data of our employees or the end customers or our clients.

In Spain, at the subsidiary Graddo:

- 20 suppliers out of 55 were assessed,
- the average rating obtained by these suppliers is 2.63/3 including criteria of quality, price and compliance,
- no incident deemed as critical was declared with a supplier.

2 | Supplier compliance checks

Whenever an order exceeds €6,000 including taxes or total annual orders reach this amount, the supplier's compliance must be verified.

Indeed, in accordance with the French Labour Code, all suppliers are required to supply a certain number of mandatory documents:

Suppliers that are considered to be essential are also required to provide us with complementary documents every year regarding business continuity and their compliance, quality and sustainable development approach.

To this end, e-attestations, a platform administered by the supplier accounts department is used to ensure that suppliers are compliant before ordering and issuing automatic alerts to suppliers if a file is incomplete throughout the whole contractual relationship.

C | Preventing fraud, corruption and tax evasion

In order to better manage its risks, improve its approach and meet regulatory requirements under the French Sapin 2 Act No. 2016-1691 of 9 December 2016, the Group has implemented an anti-corruption and anti-fraud system (AC/AF).

Tessi has reviewed its Code of Ethics, which is binding on all employees, with the aim of defining and illustrating the types of behaviour to be deemed illegal or contrary to its guidelines.

The deployment of this code falls within the Group's anti-corruption and anti-fraud (AC/AF) system.

The document is presented to and discussed with each subsidiary.

Tessi has also set up an internal alert system that enables users to request ethics advice, and to signal an

alert relating to the existence of behaviour or situations that are contrary to the Code of Ethics.

Alerts can be issued by any employee of a Tessi Group subsidiary or any other stakeholder.

The person expressing their concern must do so in good faith, i.e. without ill will and without seeking personal gain, based on a plausible belief in the truth of the facts reported.

The internal alert system is optional. Accordingly, no sanction nor any other consequence may be imposed on those who choose not to use this system. On the other hand, inappropriate use of the system may expose the person issuing the alert to disciplinary action as well as legal proceedings.

The issuer and subjects of the alert, as well as the information collected, are processed with the strictest confidentiality. Anybody involved in the processing of alerts is bound by a heightened non-disclosure obligation.

Alerts are submitted to the Ethics Committee, which reports to the Group Chief Legal Officer. It is responsible for processing submissions.

This committee is comprised of the following members:

- Group Chief Legal Officer,
- Group HR Director,
- Group CSR Director.

Alerts are also submitted to a representative of the Supervisory Committee.

Tessi has also created an awareness-raising programme intended for all staff members, which has been localised for the French and foreign subsidiaries.

Following a presentation of the Group CSR approach, this programme includes four e-learning modules:

- What is corruption?
- What is fraud?
- What are the risks for the employee or the company in the event of tax evasion?
- What are the risks and consequences of fraud and corruption?
- How can we combat fraud and corruption?

The modules are followed by a quiz to check the overall comprehension of the subject.

At the end of 2018, more than 92% of French employees had taken the module.

It is currently being deployed abroad.

XI | Limiting and reducing the environmental impact of our activities

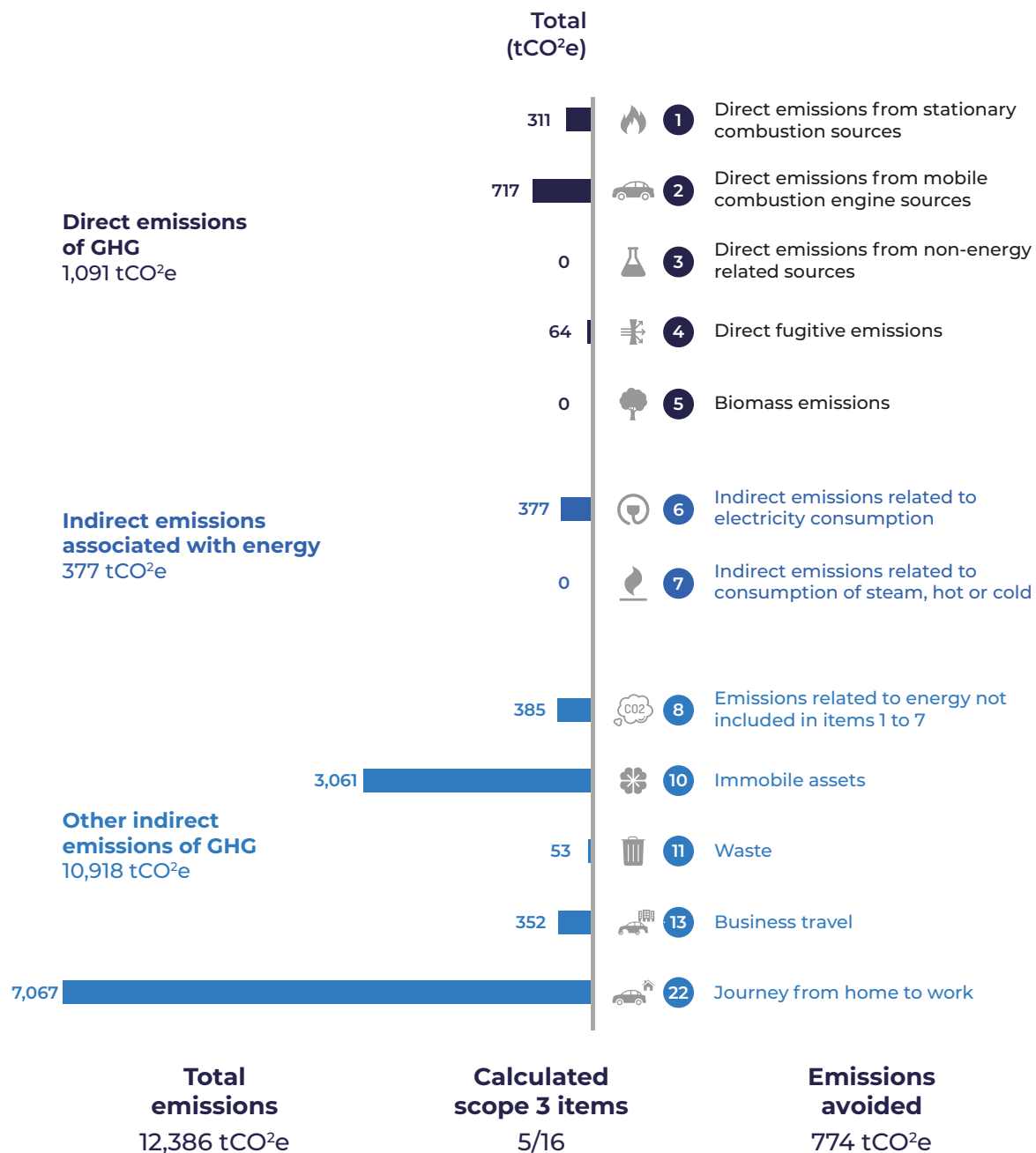
The direct environmental impact of the Group's activity is limited, and at present Tessi is not faced with demands from its stakeholders with regard to environmental matters. However, for several years the Group has intended to implement a simple and efficient environmental policy, based on the most significant environmental aspects of our activity.

Tessi is committed, as a minimum, to complying with French legislation with regard to protecting the environment and preventing pollution.

To this end, Tessi renewed its greenhouse gases review this year, which for the moment only covers operations in France.

Following the previous review in 2014, Tessi wished to increase the scope of its carbon review by also including any indirect CO² emissions from its activities that are deemed to be significant (see below).

A | Review of greenhouse gas emissions for France



Most of the actions taken between 2014 and 2018 involved reducing CO₂ emissions, i.e. consumption of gas, electricity and diesel by company vehicles.

In 4 years, Tessi has reduced its direct CO₂ emissions by 36%.

To build on this success and following the latest carbon review, Tessi is now calling on employees to take action on the three main factors of emissions and environmental targets:

- Reducing the carbon footprint of our travel by optimising the mobility of our employees and their business journeys,
- Optimising and reducing electricity consumption,
- Optimising the recycling and recovery of our waste.

B | Reducing the carbon footprint of our travel

1 | Mobility plan

In 2018, Tessi initiated the implementation of a mobility plan to rationalise travel related to the company's business in all the establishments with over 100 employees. This project, which is part of our sustainable development approach, aims to improve the working conditions of our employees whilst developing alternative modes of transport.

At this time, a cartography of where employees live in relation to the area where they work has been carried out for the establishments in question.

Some establishments have already drafted an action plan in relation to these journeys, the aim is to complete this for the 11 sites identified within 2 years.

► Implementation of a cycling mileage allowance for employees:

After having tested the implementation of a cycling mileage allowance in 2017 at a subsidiary with several sites, the project was expanded and 9% of French subsidiaries had deployed the system by the end of 2018.

2 | The Group Travel Policy

A business travel policy was deployed in all the Group's subsidiaries to minimise the costs incurred due to these journeys and help to reduce our carbon footprint.

This footprint was measured and monitored in the Greenhouse gases review carried out in 2018.

C | Optimising and reducing electricity consumption

For several years, Tessi has initiated a plan to reduce the electricity consumption on its sites. After 2 years, the results are conclusive.

The approach is based on:

► Server virtualisation

Tessi has adopted primarily virtual infrastructures. This type of architecture enables multiple services to be pooled within a single server.

The number of servers, and therefore their electricity consumption, is significantly reduced.

► The creation of low energy consumption production centres

► Increasing employees' awareness of environmentally friendly behaviour

► A Green IT Approach that began in 2018

In France, a national action plan, managed by the local IT Department aims to implement automatic shutdown for workstations and certain production machines outside working hours.

Tessi has also taken part in the first year of the Design4green ecological design awards, finishing in the top 10 of the teams ranked on a project to design an online survey that uses the lowest amount of energy possible.

This gave R&D teams the opportunity to familiarise themselves with new ecological design methods and to discuss these subjects with experts.

In this field, the aim is to reduce the electricity consumption ratio for the French workforce by 5% over three years.

Alongside this, depending on the results obtained, we will deploy the same best practices on the sites in Spain.

D | Optimising the recycling and recovery of our waste

In 2018, 90% of the European staff worked on sites with a recycling branch. The aim is to reach a level of 98% in Europe within 3 years.

For this purpose, every year we are providing all of our sites with individual assistance so that they adhere to the national conventions in place with service providers for NHIW, WEEE and printing consumables.

At this time, although the environmental policy is implemented on all Tessi Group sites, only the Graddo subsidiaries are ISO 14 001 certified.

As the Tessi Group has not reported any major environmental risks in its non-financial risks analysis, Tessi does not deem it useful to have a provision or guarantee for environmental risks.

XII | Social, corporate and environmental indicators

		N-1	N	Change	
Angle 1: Ensuring our employees are loyal and becoming a more appealing company for new talents					
Tessi Group total workforce (including all the subsidiaries belonging to the Tessi Group as at 31/12/2018)					
Total workforce as at 31/12/2018	Total World	8,225	9,473	▲	15%
	Total Europe	7,051	8,097	▲	15%
	of which France	4,319	4,785	▲	11%
	of which Spain	2,588	2,813	▲	9%
Female workforce	Total Europe	NC	5,641		-
	of which France	2,965	3,355	▲	13%
	of which Spain	NC	1,959		-
Male workforce	Total Europe	NC	2,456		-
	of which France	1,354	1,430	▲	6%
	of which Spain	NC	854		-
Managerial staff	Total Europe	NC	856		-
	of which France	607	663	▲	9%
	of which Spain	NC	183		-
Non-managerial staff	Total Europe	NC	7,241		-
	of which France	3,712	4,122	▲	11%
	of which Spain	NC	2,630		-
Diversity Policy					
*Europe (excluding Owlance France and Bulgaria and Spanish subsidiaries Todo En Cloud and Tessi Insurance Spain)					
Workforce as at 31/12/2018	Total Europe	7,051	7,433	▲	5%
	of which France	4,319	4,452	▲	3%
	of which Spain	2,588	2,798	▲	8%
Recruitment in the year for permanent contracts	Total Europe	321	615	▲	92%
	of which France	245	422	▲	72%
	of which Spain	49	178	▲	263%
Percentage of women in the "managerial" population	Total Europe	35%	40%	▲	14%
	of which France	35%	34%	▼	-3%
	of which Spain	33%	60%	▲	82%
Percentage of women in the "Top Management" population	Total Europe	28%	45%	▲	61%
	of which France	32%	33%	▲	3%
	of which Spain	13%	58%	▲	344%
Percentage of women on the Executive Committee	Europe	33%	31%	▼	-7%
Number of disabled workers in the company in the year	Total Europe		271		
	of which France	221	240	▲	9%
	of which Spain	NC	31		-
Number of APF disabled workers employed for Tessi	France	27	27	➤	0%
Amount spent at ESAT	France	€305,606	€198,930	▼	-35%
% of subsidiaries in France subject to the Agefiph contribution that comply with the 6% requirement	France	61%	43%	▼	-30%

		N-1	N	Change	
Talent management					
*Europe (excluding Owlance France and Bulgaria and Spanish subsidiaries Todo En Cloud and Tessi Insurance Spain)					
Number of trainees trained	Total Europe	1,314	1,681	▲	28%
	of which France	940	1,370	▲	46%
	of which Spain (excluding Diagonal)	332	292	▼	-12%
Number of female trainees trained	Total Europe	832	1,102	▲	32%
	of which France	608	889	▲	46%
	of which Spain (excluding Diagonal)	217	209	▼	-4%
Number of male trainees trained	Total Europe	482	579	▲	20%
	of which France	332	481	▲	45%
	of which Spain (excluding Diagonal)	115	83	▼	-28%
Hours of training	Total Europe	25,620	31,820	▲	24%
	of which France	12,262	26,289	▲	114%
	of which Spain (excluding Diagonal)	11,098	5,531	▼	-50%
Average duration of training per employee trained	Total Europe	19	19	▼	-0.37%
	of which France	13	19	▲	47%
	of which Spain (excluding Diagonal)	33	19	▼	-43%
Ratio of hours of training provided to the workforce over the year	Total Europe	4.4	5.0	▲	14%
	of which France	2.8	5.9	▲	108%
	of which Spain (excluding Diagonal)	8.2	3.2	▼	-61%
Quality of Life at Work					
*Europe (excluding Owlance France and Bulgaria and Spanish subsidiaries Todo En Cloud and Tessi Insurance Spain)					
Number of collective bargaining agreements signed	France	45	22	▼	-51%
Proportion of employees represented by a representative body	France	94%	93%	▼	-2%
Number of HSC	France	-	15	-	-
<i>Rate of absenteeism</i>	Total Europe	5.61%	5.24%	▼	-7%
	of which France	6.82%	6.72%	▼	-1%
	of which Spain	3.03%	3.30%	▲	9%
Number of workplace accidents with absence	Total Europe	77	69	▼	-10%
	of which France	65	53	▼	-18%
	of which Spain	10	14	▲	40%
<i>Seriousness rate</i>	Total Europe	0.36	0.29	▼	-19%
	of which France	0.49	0.47	▼	-4%
	of which Spain	NC	0.07	-	-
<i>Frequency rate</i>	Total Europe	8.48	5.91	▼	-30%
	of which France	10.31	8.04	▼	-22%
	of which Spain	NC	2.92	-	-
Annual turnover (permanent contracts) - [(number of departures over the period + number of arrivals over the period) / 2] / workforce at the end of the period N-1 * 100	France	NC	15%	-	-
Rate of distribution of the right to disconnect module in French subsidiaries	France	NC	30%	-	-
Proportion of confirmations for the right to disconnect module	France	NC	96%	-	-

		N-1	N	Change
Angle 2: Building on our close relationship with clients to form true partnerships				
Response rate (%)	France	32%	24%	▼ -25%
	Spain- Graddo subsidiaries only	38%	27%	▼ -29%
Average satisfaction score (/10)	France	7.5	7.5	➤ 0%
	Spain- Graddo subsidiaries only	8.1	8.5	▲ 5%
Angle 3: Enhancing our image in terms of digital trust				
*Europe (excluding Owlance France and Bulgaria and Spanish subsidiaries Todo En Cloud and Tessi Insurance Spain)				
% employees having taken training in data protection and privacy	Europe	NC	80%	-
Accountability rate	Europe	NC	96.70%	-
Angle 4: Maintaining a social and ethical commitment in conducting our business				
*Europe (excluding Owlance France and Bulgaria and Spanish subsidiaries Todo En Cloud and Tessi Insurance Spain)				
Number of subsidiaries having distributed the Code of Ethics	Total Europe	NC	93%	-
	of which France	NC	100%	-
	of which Spain	NC	90%	-
Average rate of confirmation for subsidiaries that have followed the AC/AF e-learning course	France	-	92.30%	-
Amount paid in sponsorship (in €)	Europe	73,680	100,225	▲ 36%
Number of start-ups helped by Tessi in the Pépites Shaker programme	Europe	NC	0	-
Angle 5: Limiting and reducing the environmental impact of our activities				
Direct and indirect emissions of GHG (greenhouse gases)	France	-	12,386	-
GHG emissions review scope 1 (previous review carried out in 2014 - scope 1 and 2)	France	1,714	1,091	▼ -36%
GHG emissions review scope 2 (previous review carried out in 2014 - scope 1 and 2)	France	247	377	
GHG emissions review scope 3	France	-	10,918	-
Total electricity consumed (in kWh)	Total Europe	8,889,203	9,117,869	▲ 3%
	of which France	6,103,503	6,279,378	▲ 3%
	of which Spain	1,256,346	2,326,103	▲ 85%
Ratio of electricity consumed to total workforce	Total Europe	1,261	1,227	▼ -3%
	of which France	1,413	1,410	▼ -0.2%
	of which Spain	485	831	▲ 71.3%
Diesel consumed (in litres)	Total Europe	310,720	296,027	▼ -4.7%
	of which France	268,773	276,845	▲ 3.0%
	of which Spain	14,335	17,428	▲ 21.6%
Petrol consumed (in litres)	Total Europe	-	-	
	of which France	-	10,321	
	of which Spain	-	-	
GHG emissions due to business travel (CO ² equivalent tonnes)	France	455	333	▼ -27%
Share of workforce covered by a recycling branch	Total Europe	-	90%	
	of which France	93%	89%	▼ -4%
	of which Spain	-	98%	
Tonnes of NHIW recycled	Total Europe	1,514	1,704	▲ 13%
	of which France	1,432	1,604	▲ 12%
	of which Spain	59	100	▲ 71%

		N-1	N	Change
Tonnes of WEEE recycled	Total Europe	2.80	3.61	^ 29%
	of which France	5.23	3.25	v -38%
	of which Spain	-	0.36	-
Number of units of consumables recycled	Total Europe	2,247	4,523	^ 101%
	of which France	2,247	3,658	^ 63%
	of which Spain	-	865	-
Refrigerant gas (Air conditioning) (in Kg)	France	-	33.1	-
Proportion of subsidiaries covered by a bike mileage scheme	France	-	9%	-

XIII | Appendix: Methodology and scope of reporting

1 | Reporting period

The reporting period for CSR information is the financial year from 1 January to 31 December 2018.

2 | Methodology and scope

In 2016, Tessi chose to develop an online application that would allow all of its foreign subsidiaries to enter their data for Tessi Group reporting.

The data in question are:

- Social quantitative indicators,
- Environmental quantitative indicators,
- The circular economy and waste management,
- Qualitative information (in the form of a questionnaire).

To facilitate the comprehension by each of the subsidiaries, guidelines were written in French, English and Spanish. These guidelines, which were sent to all of the subsidiaries around the world, cover the general methodological rules for Tessi reporting, the definition of each indicator and how it is to be collected.

In addition to this approach for foreign subsidiaries, Tessi took the opportunity to also appoint a CSR Officer on all of the sites in France and Europe. They are responsible for reporting all the environmental data for its subsidiary and promoting the approach.

► Entities included in the scope of the report

The entities covered by the reporting are all of the legal companies consolidated by total integration by the Finance Department. However, some exceptions are listed in the following paragraph.

► Disposals and acquisitions

Companies acquired during a given year are fully consolidated within CSR reporting in that same year or the year that follows (decision made on a case-by-case basis by the CSR department and Group management), depending on the availability of data.

Companies sold during any given year are excluded from CSR reporting from that year onwards.

In 2018, Tessi fully integrated the Iberian company Diagonal Company into its reporting, along with Dhimyotis that was acquired in 2017.

The companies Owlance and Todo En Cloud that were acquired in 2018 are not integrated in the reporting this year, except for calculating the total workforce and Men/Women.

The same applies for the subsidiary Tessi Insurance Spain (formerly Near perfection) that is not included in reporting as the first recruitment took place in October 2018, and Tessi Technologies Tunis, which was created during the year.

► Consolidation rules for quantitative data

Data is consolidated by the Group's CSR and sustainable development department.

This department oversees the process for preparing quantitative information contained in this document, and its primary tasks include:

- raising awareness of contributors,
- maintaining reporting protocols,
- ensuring compliance with the information collection schedule.

Basic/raw data indicators are consolidated by adding all reported data together (for example the number of workplace accidents is a basic indicator: it is only determined based on workplace accident data reported by contributors).

Calculated/complex indicators are determined based on several types of data. They are prepared in two stages: consolidation of the raw data reported, followed by the calculation of the indicator (the indicator is not calculated for each subsidiary then averaged; it is calculated at Group level).

► **Comparability with the previous year (n-1)**

Tessi provides comparisons with year n-1 for all of its indicators, aiming to present the most comprehensive information on the Group.

► **Verification of data**

One of our Statutory Auditors has issued a certificate of inclusion as well as a substantiated opinion on the fairness of the consolidated corporate, environmental and social information presented in the report in respect of the financial year ended 31 December 2018.

► **Compliance with French Decree 225-102**

As the subjects of waste and food insecurity and animal well-being are not part of the main risks identified for the Tessi Group in the risk analysis performed in 2018, the Group has not included them in this report.

Report on the Consolidated non-financial information statement in the Group Management Report from an Independent Third-Party Body, a member of the BDO network of one of the Statutory Auditors

Financial year ended 31 December 2018

To the Board of Directors,

In our capacity as an independent third-party body (hereafter “ITPB”) in relation to your company (hereafter the “entity”), accredited by COFRAC under the number 3-1101¹, we hereby present to your our report on the consolidated non -financial information statement with regard to the year ended 31 December 2018 (hereafter the “Statement”), as presented in the Group Management Report pursuant to the legal and regulatory provisions of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

1 | Responsibility of the entity

The Board of Directors is responsible for preparing a Statement according to the legal and regulatory provisions, including a presentation of a business model, a description of the main non financial risks, a presentation of the policies applied with regard to these risks and the results of these policies, including the key performance indicators.

The Statement has been prepared according to the entity’s procedures, (hereafter the “Guidelines”) for which the significant factors are presented in the Statement.

2 | Independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code. Furthermore, we have implemented a quality control system that includes documented policies and procedures aimed to ensure compliance with ethical rules, and applicable regulations and legislation.

3 | Responsibility of the ITPB

It is our duty, based on our work, to formulate a substantiated opinion expressing a moderate assurance regarding:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the accuracy of the information provided pursuant to article R. 225 105 I and II 3° of the French Commercial Code, that is to say the results of the policies, including the performance indicators, and the actions regarding the main risks, hereafter the “Information”.

It is not however our role to comment on:

- the entity’s compliance with other legal and regulatory provisions that may apply, in particular with regard to the vigilance plan and preventing corruption and tax evasion;
- the compliance of the products and services with applicable regulations.

4 | Nature and scope of the work

Our work as described hereafter was carried out pursuant to the provisions of articles A. 225 1 et seq. of the French Commercial Code determining the terms under which the independent third party conducts their assignment and according to the professional doctrine of Statutory Auditors regarding this task.

We have carried out work to enable us to assess if the Statement complies with the regulatory provisions and the accuracy of the Information:

- we have studied the activity of all of the companies included in the scope of consolidation, the statement of the main social and environmental risks related to this activity and, where appropriate, its effects with

¹ Of which the scope is available on www.cofrac.fr.

regard to human rights, and preventing corruption and tax evasion, as well as the resulting policies and the results thereof;

- we have assessed the appropriate nature of the Guidelines regarding its relevance, its exhaustiveness, its reliability, its neutrality, and its comprehensiveness, taking into account, where applicable, best practices in the area;
- we have verified that the Statement covers every category of information provided for in article L. 225 102 1 III regarding social and environmental matters and respect for human rights, and preventing corruption and tax evasion;
- we have verified that the Statement includes an explanation of the reasons justifying the absence of information required by paragraph 2 of article L. 225-102-1 III;
- we have verified that the Statement presents the business model and the main risks associated with all of the entities included in the scope of consolidation, including, where relevant and appropriate, the risks created by its business relations, its products or its services and the policies, actions and results, including the key performance indicators;
- we have verified that the Statement presents the information provided for by article R. 225-105 II where appropriate in view of the main risks and the policies presented;
- we have assessed the process for selecting and validating the main risks;
- we have made enquiries regarding the existence of internal control and risk management procedures implemented by the entity;
- we have assessed the coherence of the results and the key performance indicators chosen with regard to the main risks and policies presented;
- we have verified that the Statement covers the consolidated scope, that is to say, all of the companies included in the scope of consolidation pursuant to article L. 233-16 with the limits specified in the Statement;
- we have assessed the collection process implemented by the entity to ensure the comprehensiveness and accuracy of the Information;

- for the key performance indicators and other quantitative results² that we considered as the most significant, we have implemented:
 - analytical procedures consisting of verifying the proper consolidation of the data collected and the consistency of their developments;
 - detailed tests based on sampling, consisting of verifying the proper application of procedures and reconciling the data with supporting documents. This work was carried out with a selection of contributing entities³ and covers 20 to 30% of the consolidated data for the key performance indicators and results selected for these tests;
- we have consulted documentary sources and performed interviews to corroborate the qualitative information (actions and results) that we considered to be the most significant⁴;
- we have assessed the overall coherence of the Statement with regard to our knowledge of all of the companies included in the scope of consolidation.

We consider that the work we have carried out using our professional judgement allows us to formulate a conclusion of moderate assurance; a higher level of assurance would have required more extensive verification work.

5 | Means and resources

Our work employed the expertise of 4 people and took place between November 2018 and April 2019, over a total duration of work of around 3 weeks, during which we carried out more than fifteen interviews with the people responsible for preparing the Statement, representing in particular the Executive Management, Administration and Finance, Human Resources, Internal Audit and CSR departments.

² Share of women in the Group workforce/in the "managerial" population/in the "senior management" population/ on the Supervisory Board/on the Management Board; the number of permanent contracts created; the number of disabled employees; the number of hours of training per employee; the number of trainees trained, and how many of them were women; the average duration of training; staff turnover (permanent contracts) in France; the share of employees having taken the module on the right to disconnect; the percentage of awareness of the GDPR; percentage of participation for the module on preventing fraud and tax evasion

³ SEDI, Tessi – T.G.D., Diagonal and TDS CRC Metz

⁴ Diversity Charter; amount spent at ESAT; turnover generated with the APF; Coup2Boost Competition; European Pépites Shaker Programme including the number of start-ups assisted; right to disconnect email charter; GEM sponsorship; programme for GDPR; eIDAS certification; ANSSI certification; ISO 14 641; ISO 27 001 certification; Code of Ethics

6 | Conclusion

Based on our work, we have not found any significant anomaly of such a nature as to call into question the fact that the Non-financial information statement is in compliance with the applicable regulatory provisions and that the Information regarding the financial period ended on 31 December 2018, as a whole, are presented in an accurate manner, according to the Guidelines.

7 | Comments

Without calling into question the conclusion given above and pursuant to the provisions of article A. 225-3 of the French Commercial Code, we would like to make the following comments:

- The description of the business model could be completed, in particular with regard to the Group's creation of value;
- The policies do not systematically refer to the goals, organisation, resources, responsibilities and the scope;
- The quantitative data including the key performance indicators, and results of the policies implemented, do not systematically make it possible to define the controlling of non-financial risks;
- Improvements to made in the preparing and checking of some information were identified.

Paris, 24 April 2019

The independent third-party body,

BDO France – Léger & associés, represented by

Iris DEKKICHE-CHABROL

Partner

Chartered accountant

CSR Department

Supervisory Boards' corporate governance report

Dear Shareholders,

The information presented in this report includes:

I | conditions for the preparation and organisation of the work of the Board:

- A. Senior Management - Limitation of powers
- B. Membership of the Supervisory Board and application of the principle of equal gender representation on the Board
- C. Conditions for the preparation and organisation of the work of the Supervisory Board
- D. Implementation of the MiddleNext recommendations

II | information on corporate officers:

- A. List of all of the positions held and roles performed in any company by each of the Company's corporate officers during the financial period, established based on information provided by each of the interested parties
- B. Total compensation and benefits in kind attributed by this company during this financial period

III | the principles and criteria for determining, allocating and distributing fixed, variable and exceptional items comprising total compensation and benefits in kind attributed to corporate officers:

- A. Compensation policy for Members of the Management Board
- B. Compensation policy for Members of the Supervisory Board

IV | the compensation and benefits in kind paid, owed or allocated to the corporate officers in respect of the 2018 financial year;

V | observations of the Supervisory Board on the Management Board's management report and on the financial statements for the year;

VI | agreements entered into by an Executive Manager or a major Shareholder and a subsidiary;

VII | capital increase delegations;

VIII | arrangements regarding shareholder participation in General Meetings;

IX | the publication of information regarding the structure of the share capital and factors likely to have an impact in the event of a public tender offer.

In terms of corporate governance, our Company refers to the MiddleNext Code, which provides an alternative to the average values and which it deems more suitable.

This code can be consulted on the MiddleNext website (www.middlenext.com).

Furthermore, in accordance with Article L. 225-235 of the French Commercial Code, the Statutory Auditors have presented, in a special report, their observations concerning information on items likely to have an impact in the event of a public tender offer, as presented in a special report, and stating that said report includes the information required under Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

This report was approved by the Supervisory Board on 10 April 2019.

I | Conditions for the preparation and organisation of the work of the Board

A | Senior Management - Limitation of powers

The Management Board is vested with the broadest powers to act on behalf of the Company in all circumstances, within the limits of the corporate purpose and powers expressly assigned by law to the Supervisory Board and Shareholders' Meetings.

Moreover, without these restrictions being enforceable against third parties, the Members of the Management Board must seek the prior approval of the Supervisory Board for "Important Decisions".

B | Membership of the Supervisory Board and application of the principle of equal gender representation on the Board

The Articles of Association state that the Supervisory Board shall be comprised of between three and eighteen members.

The Supervisory Board currently comprises ten members, two of whom are independent and one member representing the employees.

Every nomination or proposed reappointment of a Supervisory Board member was the subject of a separate resolution, enabling Shareholders to vote freely on the membership of the Company's Supervisory Board.

Information on each Supervisory Board members' experience and skills is provided for the appointment or reappointment of each Member of the Supervisory Board (Recommendation R8 of the MiddleNext Code).

Detailed information on the composition of the Supervisory Board is presented below.

► Vincent MÉNEZ, Member and Chairman of the Supervisory Board:

- appointed as a Member of the Supervisory Board by resolution of the Combined General Meeting of 22 February 2017 and Chairman of the Supervisory Board by resolution of the Supervisory Board on the same date,
- his terms of office are scheduled to expire at the General Meeting called to approve the financial statements for the year ending 31 December 2021.

► Jean-Louis SAVOYE, Member and Vice-Chairman of the Supervisory Board:

- appointed as a Member of the Supervisory Board by resolution of the Combined General Meeting of 22 February 2017 and Vice-Chairman of the Supervisory Board by resolution of the Supervisory Board on 12 April 2017,
- his terms of office are scheduled to expire at the General Meeting called to approve the financial statements for the year ending 31 December 2021.

► Marine DENTRESSANGLE, Member of the Supervisory Board:

- appointed as Member of the Supervisory Board by resolution of the Combined General Meeting of 22 February 2017,
- her term of office is scheduled to expire at the General Meeting called to approve the financial statements for the year ending 31 December 2021.

► HLD Conseils, Member of the Supervisory Board, represented by Jean-Hubert VIAL:

- co-opted as Member of the Supervisory Board by resolution of the Supervisory Board on 12 April 2017,
- his term of office is scheduled to expire at the General Meeting called to approve the financial statements for the year ending 31 December 2021.

► **Nathalie GAK, Member of the Supervisory Board:**

- appointed as Member of the Supervisory Board by resolution of the Combined General Meeting of 22 February 2017,
- her term of office is scheduled to expire at the General Meeting called to approve the financial statements for the year ending 31 December 2021.

► **Sophie SAUVAGE, Member of the Supervisory Board:**

- appointed as Member of the Supervisory Board by resolution of the Combined General Meeting of 22 February 2017,
- her term of office is scheduled to expire at the General Meeting called to approve the financial statements for the year ending 31 December 2021.

Sophie Sauvage resigned from her position on the Supervisory Board with effect from 1 March 2019. On 27 March 2019, the Supervisory Board co-opted Ms Alix GUILLON as a new Member of the Supervisory Board.

► **HLD Europe, Member of the Supervisory Board, represented by Anne CANEL:**

- appointed as Member of the Supervisory Board by resolution of the Combined General Meeting of 22 February 2017,
- her term of office is scheduled to expire at the General Meeting called to approve the financial statements for the year ending 31 December 2021.

► **Michel ANGÉ, Independent Member of the Supervisory Board:**

- appointed as Member of the Supervisory Board by resolution of the Combined General Meeting of 22 February 2017,
- his term of office is scheduled to expire at the General Meeting called to approve the financial statements for the year ending 31 December 2021.

► **Fondelys, Independent Member of the Supervisory Board, represented by Henri DUFER:**

- appointed as Member of the Supervisory Board by resolution of the Combined General Meeting of 22 February 2017,
- his term of office is scheduled to expire at the General Meeting called to approve the financial statements for the year ending 31 December 2021.

► **Daniel AQUABA, Member of the Supervisory Board, employee representative:**

- appointed as a Member of the Supervisory Board to represent employees by the Group Committee during its meeting of 15 November 2018,
- his term of office, which is scheduled to last for 5 years, expires on 14 November 2023.

Terms of office of the Members of the Supervisory Board, as set out in the Articles of Association:

5 years.

Number of Members of the Supervisory Board elected by the employees:

As stated in our previous report, the General Meeting of 28 June 2018 voted on the updating of the Company's Articles of Association in accordance with the provisions of article L. 225-79-2 of the French Commercial Code relating to the appointment of a member of the supervisory board representing the employees, and consequently amended article 16 of the Articles of Association.

The Member of the Supervisory Board representing the employees was appointed by the Group Committee on 15 November 2018.

Minimum number of shares that must be held by a Member of the Supervisory Board:

This requirement has been lifted in accordance with the resolutions of the Combined General Meeting of 18 June 2009.

The Supervisory Board complies with the principle of balanced representation, comprising six men and four women.

The Supervisory Board regularly assesses the composition of the Board and its Committees as well as the different expertise and experiences contributed by each of the Members of the Supervisory Board. The strategies to be adopted to ensure the best possible balance in seeking complementarity between the profiles with regard to diversity, equally in terms of nationality, gender and experiences.

Pursuant to article L. 225-37-4 of the French Commercial Code, the following table describes the diversity policy applied within the Supervisory Board by indicating the criteria taken into account, the objectives set by the Supervisory Board, the methods of implementation and the results obtained over the financial year 2018.

Criteria applied	Objectives	Methods implemented and results obtained over the financial year
Composition of the Board	Balanced representation of men and women on the Board Appointment of a Member of the Supervisory Board to represent employees	Since 15 November 2018, 40% the Board is composed of women Since 15 November 2018, the Board has a Member to represent employees
Independence of the Members of the Board	20% of the Members of the Supervisory Board are independent	20% of the Members of the Board are independent

C | Conditions for the preparation and organisation of the work of the Supervisory Board

1 | Average notice periods for Board meetings

The average notice period for Members of the Supervisory Board in 2018 was around 5 days.

In 2018, the Statutory Auditors were notified of Supervisory Board meetings called to approve the full-year and interim Company and consolidated financial statements by registered letter with acknowledgement of receipt.

2 | Representation of the Members of the Supervisory Board

A Member of the Supervisory Board may represent another Member at Board meetings. In 2018, Members of the Supervisory Board made use of this eight times.

3 | Chair of the Supervisory Board

Supervisory Board meetings are chaired by the Chairman of the Supervisory Board, or in his or her absence, by the Vice-Chairman of the Supervisory Board.

At the 13 meetings of the Supervisory Board held during the financial year 2018, all of the meetings of the Board were chaired by the Chairman of the Supervisory Board, other than for one meeting that was chaired by the Vice-Chairman as the Chairman was absent.

The meeting's documentation is prepared by a law firm specialised in listed company law.

4 | Video conferences

The Articles of Association provide that the Members of the Supervisory Board may vote in resolutions of the Supervisory Board via video conference.

Pursuant to the Articles of Association, internal regulations may provide that those members of the Supervisory Board participating in the meeting by video conference are deemed present for the calculation of the quorum and majority, except for the adoption of the following resolutions: approval of the Company or consolidated financial statements.

5 | Internal regulations

Internal regulations were submitted for the approval of the Supervisory Board on 12 April 2017.

The internal regulations currently in force were updated by the Supervisory Board on 28 June 2018.

6 | Information for the Members of the Supervisory Board

The Chairman provided the Members of the Supervisory Board, in a timely manner, information enabling them to fully perform their duties. Every Member of the Supervisory Board receives and may request any information required for the fulfilment of their duties.

The Chairman ensures that the documents, technical files and information relating to the meeting agenda are sent to the Members of the Supervisory Board by email and/or post, within a reasonable timeframe.

When warranted, the Members of the Supervisory Board are also kept up to date between meetings of any event or information likely to have an impact on the Company's commitments, its financial position and its cash position.

7 | Board guests

During the financial year ended 31 December 2018, the Chairwoman and members of the Management Board were invited to attend all of the Supervisory Board meetings.

8 | Conduct of Supervisory Board members – Conflict of interest

Upon their appointment, every Member of the Supervisory Board is made aware of their responsibilities: they are encouraged to observe the code of conduct relating to their obligations as corporate officers, to comply with statutory rules regarding concurrent appointments, to inform the Supervisory Board of any conflicts of interest arising after their appointment, to attend Supervisory Board meetings and General Meetings, to ensure that they have all of the necessary information regarding Supervisory Board meeting agendas before taking any decisions, and to comply with professional secrecy obligations (Recommendation R1 of the MiddleNext Code).

Board Members make every effort to avoid any conflict that may exist between their moral and material interests and those of the Company. In the event that a conflict of interest cannot be avoided, they shall abstain from the debates and any decision on the matters in question (Recommendation R2 of the MiddleNext Code).

9 | Role, operation and assessment of the Supervisory Board

(Recommendation R5 of the MiddleNext Code)

The Supervisory Board met thirteen times during the financial year ended 31 December 2018.

The average annual attendance rate (present or represented) of members of the Board of Directors for the financial year ended 31 December 2018 was 95.83%.

This report, prepared by the Supervisory Board, enables it to assess the work carried out each year as well as its mode of operation. The Supervisory Board considers that the preparation of this report serves as an assessment of its work, and is consistent with MiddleNext recommendations (Recommendation R11 of the MiddleNext Code).

10 | Creation of committees

(Recommendation R6 of the MiddleNext Code)

Companies whose shares are admitted for trading on a regulated market must set up an Audit Committee.

The Supervisory Board meeting of 22 February 2017 determined the membership, roles and operation of the Audit Committee.

The Supervisory Board meeting of 5 December 2017 determined the membership, roles and operation of the Compensation Committee.

10.1. Audit Committee

a. Membership of the Audit Committee

The Audit Committee currently comprises five members:

- FONDELYS, represented by Henri DUFER, Independent Member of the Supervisory Board,
- Michel ANGÉ, Independent Member of the Supervisory Board,
- Jean-Louis SAVOYE, Member of the Supervisory Board,
- HLD Conseils, Member of the Supervisory Board, represented by Jean-Hubert VIAL,
- HLD Europe, Member of the Supervisory Board, represented by Anne CANEL.

The committee is chaired by Henri DUFER.

b. Audit Committee meetings

The Audit Committee meets whenever necessary; in 2018, it met five times.

c. Duties of the Audit Committee

The Audit Committee oversees:

- the process for drawing up financial information,
- the effectiveness of the internal control and risk management systems,
- audits of Company and consolidated financial statements by the Statutory Auditors,
- the independence of the Statutory Auditors.

10.2. Compensation Committee

a. Membership of the Compensation Committee

The Compensation Committee currently comprises two members:

- HLD Europe, Member of the Supervisory Board, represented by Anne CANEL,
- HLD Conseils, Member of the Supervisory Board, represented by Jean-Hubert VIAL.

The committee is chaired by HLD Conseils, represented by Jean-Hubert VIAL.

b. Compensation Committee meetings

The Compensation Committee meets at least once a year, and as often as necessary in order to fulfil its duties. The Committee met on one occasion over the 2018 financial year.

c. Duties of the Compensation Committee

The Compensation Committee is tasked with:

- examining and issuing an opinion on all compensation paid to corporate officers and the main non-executive corporate officers having received gross annual compensation of more than €180,000. It specifically examines the objective criteria defined and used to calculate variable compensation,
- examining the Company's proposed share subscription and/or purchase and bonus share plans to be granted to employees and executives,
- assessing the amount of directors' fees submitted for the approval of the General Meeting, as well as their distribution amongst members of the Board,
- examining, if called upon, the matter of executive and key person succession.

D | Implementation of the MiddleNext recommendations

The Supervisory Board in particular studied the information presented in the "points of vigilance" section and the recommendations of the MiddleNext "Corporate Governance Code for Small and Medium Listed Companies".

However, it should be noted:

- that the terms of office of the Members of the Supervisory Board all expire on the same date; this position results from the change in the means of governance from a Société anonyme [Public limited company under French law] to a Société Anonyme à Conseil d'Administration [Limited Company with a Board of Directors under French law] that occurred in February 2017 and the appointment of all the first Members of the Supervisory Board on the same day (Recommendation R9 of the MiddleNext Code);
- that the Independent Members of the Supervisory Board have been Members of said Board (and previously the Board of Directors) for several years. Nevertheless, the Board considers that the independence of the two Independent Members cannot be called into question due to their highly professional attitude and their freedom of speech (Recommendation R3 of the MiddleNext Code);

- that the internal regulations of the Supervisory Board are not currently available on the Company's website (Recommendation R7 of the MiddleNext Code). The latter is currently being updated;
- that the managing directors of the Company, like the Members of the Supervisory Board, were appointed in February 2017 and that the question of the succession of the managing directors has not yet been included on the agenda of the Supervisory Board (Recommendation R14 of the MiddleNext Code);
- that recommendation R15 of the MiddleNext Code does not apply to the Company as the corporate officers do not have an employment contract;
- recommendation R12 of the MiddleNext Code does not apply as the majority shareholder is a member of the Supervisory Board.

II | Information on corporate officers

In order to fulfil the provisions of Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code, below we have provided:

A | A list of all offices and positions held at any company by each of the Company's corporate officers during the year, prepared on the basis of information provided by each person:

Full name	Company	Offices and positions held
Vincent MENEZ	Tessi SA with a Management Board and a Supervisory Board	Chairman of the Supervisory Board Member of the Supervisory Board
	148 COURCELLES SARL	Manager
	ALPHA 1 SARL	Manager
	ALPHA 2 SARL	Manager
	ALPHA 4 SARL	Joint Manager
	ALPHA 5 SARL	Manager
	ALPHA 7 SARL	Joint Manager
	ALPHA 9 SARL	Joint Manager
	ALPHA 10 SARL	Manager
	ALPHA 11 SARL	Manager
	DENTRESSANGLE CORPORATE (formerly ALPHA 12) SARL	Manager
	222 COURS LAFAYETTE (formerly ALPHA 13) SARL	Manager
	CALAIS TRANSIT SARL	Joint Manager
	CAPEXTENS SCA under liquidation	Member of the Supervisory Board
	CUZIEU GESTION SARL	Joint Manager
	D3 ALTAÏR SARL	Joint Manager
	DENTRESSANGLE (formerly DENTRESSANGLE INITIATIVES) SAS	General Manager and Member of the Compensation Committee
	DENTRESSANGLE IMMOBILIER LOGISTIQUE (formerly SOFADE) SAS	General Manager until 2 July 2018
	D.I. GRANDS PROJETS SAS	General Manager
	ENTHECA FINANCE SAS	Deputy Chief Executive Officer until 20 December 2018
	FIDEC SAS	Representative of a corporate body Member of the Monitoring Committee
	FINANCIERE OGIC SAS	Chairman of the Supervisory Committee and member of the Compensation Committee
	FLEXDEV SA	Chairperson of the Supervisory Committee
	GAÏA 1 SARL	Manager
	GAÏA 2 SARL	Manager
	GAMMA 2 SARL	Joint Manager
	GAMMA 4 SARL	Manager
	GAMMA 5 SARL	Manager
	GAMMA 6 SARL	Manager
	IMMOBILIERE 23 COURCELLES SARL	Joint Manager
IMMOBILIERE 27 AC SARL	Joint Manager	
IMMOBILIERE 27/29 CHATEAUBRIAND (formerly GAMMA 3) SARL	Joint Manager	

Full name	Company	Offices and positions held
Vincent MENEZ	IMMOBILIERE 38 LISPAR SARL	Joint Manager
	IMMOBILIERE 39 UNIPAR SCI	Joint Manager
	IMMOBILIERE CARRE RICHAUD SARL	Joint Manager
	IMMOBILIERE SGE FROID SARL	Joint Manager
	IMMOBILIERE 509 PRADO SARL	Joint Manager
	KAPLA HOLDING SAS	Member of the Supervisory Committee
	NOR D	Representative of a corporate body Member of the Board of Directors
	NORBERT DENTRESSANGLE INVESTISSEMENTS SAS	General Manager
	OGIC SA with a Management Board and Supervisory Board	Vice-Chairman of the Supervisory Board
	PLA 2A IMMOBILIER	Joint Manager
	SIGMA 9 SARL	Joint Manager
	SIGMA 14 SARL	Joint Manager
	SIGMA PARCAY(formerly SIGMA 15) SARL	Joint Manager
	SIGMA NANTEUIL (formerly SIGMA 16) SARL	Joint Manager
	SIGMA 17 SARL	Joint Manager
	SIGMA 18 SARL	Joint Manager
	SIGMA 19 SARL	Joint Manager
	SIGMA 20 SARL	Joint Manager
	SIGMA ANGERS SARL	Joint Manager
	SIGMA ARTENAY 1 SARL	Joint Manager
	SIGMA ARTENAY 2 SARL	Joint Manager
	SIGMA REAU 1 SARL	Joint Manager
	SIGMA REAU 2 SARL	Joint Manager
	SIGMA TILBURG SARL	Joint Manager
	SETHI IMMOBILIERS SARL	Joint Manager until 3 September 2018
	SETHI NORD IMMOBILIER SARL	Joint Manager
SILVER MOBILITY SAS	Representative of a corporate body Chairperson of the Monitoring Committee	
SYNOV SAS	Representative of a corporate body Chairperson of the Supervisory Committee	
VERSAILLES RICHAUD ND SARL	Joint Manager	
VGO BUREAUX SARL	Joint Manager	
Jean Louis SAVOYE	Tessi SA with a Management Board and a Supervisory Board	Vice-Chairperson of the Supervisory Board Member of the Supervisory Board and Member of the Audit Committee
	A+A RESEARCH	Representative of a corporate body Chairperson of the Monitoring Committee
	ALPHA 9 SARL	Joint Manager
	BIG MAMMA SAS	Representative of a corporate body Member of the Strategic Committee
	CAPEXTENS SCA	Member of the Supervisory Board
	CIEL Limited	Non Executive Director
	CUZIEU GESTION SARL	Joint Manager
	D3 ALTAIR SARL	Joint Manager
	D3 DENEZ SARL	Joint Manager
	DENTRESSANGLE (formerly DENTRESSANGLE INITIATIVES) SAS	Deputy General Manager
	DENTRESSANGLE CORPORATE SARL	Joint Manager
DENTRESSANGLE FONCIERE IMMOBILIERE SAS	Member of the Supervisory Committee	

Full name	Company	Offices and positions held
Jean Louis SAVOYE	DI Cirne HLT Ltd	Director
	FIDEC	Member of the Monitoring Committee
	FINANCIERE OGIC SAS	Chairman of the Monitoring Committee and member of the Audit Committee
	FINAPOLLINE SAS	Representative of a corporate body Member of the Supervisory Committee
	KAPLA HOLDING	Representative of a corporate body Member of the Supervisory Committee
	NORBERT DENTRESSANGLE INVESTISSEMENTS SAS	General Manager
	OGIC SA with a Management Board and Supervisory Board	Member of the Monitoring Committee and member of the Investments Committee
	Pixel Holding 2	Member of the Supervisory Committee
	SILVER MOBILITY	Representative of a corporate body Member of the Monitoring Committee
	SUN limited	Non Executive Director
Marine DENTRESSANGLE	2di	Member of the Management Board
	Tessi SA with a Management Board and a Supervisory Board	Member of the Supervisory Board
	FINANCIERE OGIC SAS	Member of the Supervisory Committee and member of the Compensation Committee
	OGIC SA	Member of the Supervisory Board and member of the Investments Committee
	Immobilière Carré Richaud SARL	Joint Manager
	DENTRESSANGLE SAS	General Manager and Member of the Compensation Committee
	39 UNIPAR MD SCI	Joint Manager
39 UNIPAR SCIA	Joint Manager	
Nathalie GAK	Tessi SA with a Management Board and a Supervisory Board	Member of the Supervisory Board
	SIGMA 9 SARL	Joint Manager
	Pixel Holding 2 SAS	Member of the Supervisory Committee
	FINAPOLLINE SAS	Member of the Supervisory Committee
Sophie SAUVAGE	Tessi SA with a Management Board and a Supervisory Board	Member of the Supervisory Board
	IFOP SA with a Management Board and a Supervisory Board	Permanent representative of the company INTERNATIONAL INSTITUTE FOR MARKET RESEARCH "IIMR" on the Supervisory Board
	Pixel Holding 2	Member of the Supervisory Committee
HLD Conseils represented by Jean-Hubert VIAL	Tessi SA with a Management Board and a Supervisory Board	Member of the Supervisory Board, Member of the Audit Committee and Member and Chairperson of the Compensation Committee
Jean-Hubert VIAL	Pixel Holding 2	Member and Chairman of the Supervisory Committee
	HLDI	General Manager
	HLD Conseils	Chairman
	Condor Holding	Member of the Supervisory Board
	Kapla Holding	Member of the Supervisory Committee, Member and Chairman of the Audit Committee, Member of the Compensation Committee and Member of the Acquisitions Committee
HLD Europe represented by Anne CANEL	Tessi SA with a Management Board and a Supervisory Board	Member of the Supervisory Board, Member of the Audit Committee and Member of the Compensation Committee
	GOTO INVESTMENT SAS	Member of the Supervisory Board
Anne CANEL	HLD ASSOCIES EUROPE (Luxembourg)	Director
	JBMN (Luxembourg)	Director

Full name	Company	Offices and positions held
Anne CANEL	Weber International (Luxembourg)	Director
	Financière WDD (Luxembourg)	Director
	Statura (Luxembourg)	Director
	Luxembourg Private Equity Association (LPEA)	Director
	Kapla Holding	Member of the Audit Committee
FONDELYS represented by Henri DUFER	Tessi SA with a Management Board and a Supervisory Board	Member of the Supervisory Board
Henri DUFER	TESSI SA	Permanent representative of FONDELYS and Chairman of the Audit Committee
	FONDELYS SARL	Manager
	CPoR Devises SA with a Management Board and a Supervisory Board	Member and Chairman of the Supervisory Board
Michel ANGÉ	Tessi SA with a Management Board and a Supervisory Board	Member of the Supervisory Board and Member of the Audit Committee
	CIC Lyonnaise de Banque SA	Non-voting Director
	CIC Lyonnaise de Banque SA	Censeur
	Banque Fiducial SA	Director
	Sogelym Dixence Holding SAS	Director
	Le Petit Monde – Association 1901	Director
	CPoR Devises SA with a Management Board and a Supervisory Board	Member of the Supervisory Board
	CPoR Devises SA à Directoire et Conseil de Surveillance	Membre du Conseil de Surveillance
Daniel AQUABA	TESSI SA with a Management Board and Supervisory Board	Member of the Supervisory Board representing employees since 15 November 2018
Claire FISTAROL	Tessi SA with a Management Board and a Supervisory Board	Member and Chairwoman of the Management Board
	TESSI BUSINESS SERVICES SLU	Managing Director
	GRADDO II SA	Managing Director
	GRABACION DE DATOS Y DOCUMENTOS SL	Managing Director
	GDOC HOLDING SA	Chairman of the Board of Directors
	GDOC LASERCOM SA	Chairwoman of the Board of Directors
	TESSI INSURANCE SPAIN SLU (formerly NEAR PERFECTION)	Managing Director
	BPO SOLUTIONS	Managing Director
	DIAGONAL COMPANY SERVICES & SOLUTIONS SL	Managing Director
	TESSI DOCUMENT SOLUTIONS (SWITZERLAND) GmbH	Chairwoman of the Board of Directors
	Mapreuve SAS	DHIMYOTIS Chairperson represented by TESSI SA that is itself represented by Claire FISTAROL
	CAATF SCI	Joint Manager
	Todo En Cloud SLU	Member of the Board of Directors.
Olivier JOLLAND	Gestion Externa Chile SA	Director
	Pixel Holding 2	General Manager
	Tessi SA with a Management Board and a Supervisory Board	Member of the Management Board and General Manager
	CPoR Devises SA with a Management Board and a Supervisory Board	Member of the Supervisory Board until 31 December 2018
	Accès Informatiques SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Asp One.fr SAS	TESSI SA Chairperson represented by Olivier JOLLAND
Atelier Pré Saint Gervais SAS	Atelier Pré Saint Gervais SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Atip SAS	TESSI SA Chairperson represented by Olivier JOLLAND

Full name	Company	Offices and positions held
Olivier JOLLAND	BIP-Tessi SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	C2I Production SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Dhimyotis SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Gdoc Lasercom France SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	I.C.S.B SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	ISEM SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Logidoc Solutions SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Mapreuve SAS	DHIMYOTIS Chairperson represented by TESSI SA that is itself represented Olivier JOLLAND
	Mutua SAS	Owliance Chairperson represented by TESSI SA that is itself represented Olivier JOLLAND
	Mutua Gestion SAS	Owliance Chairperson represented by TESSI SA that is itself represented Olivier JOLLAND
	Owliance SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Perfo Services SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Prochèque Nord SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Promotion Marketing Communication, PMC SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	RIB Informatique Drôme SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	RIP-Tessi SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	SATC SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	SDIP-Tessi SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	SEDI SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	SIP-Tessi SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	SMIP-Tessi SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Soft Promo (now Tessi Print) SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Synercam SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	T.D.C TESSI SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Traitement de Données Informatiques – T.D.I SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Télé Traitement et Informatique de Gestion de la Réunion – TIGRE SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Tessi 2M SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Tessi Chèque Ile de France SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Tessi Chèque Interbancaire SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Tessi Chèque Rennes SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Tessi Consulting SAS	TESSI SA Chairperson represented by Olivier JOLLAND
Tessi Contact Center SAS	TESSI SA Chairperson represented by Olivier JOLLAND	
Tessi Digital Services SAS	TESSI SA Chairperson represented by Olivier JOLLAND	
Tessi Documents Services SAS	TESSI SA Chairperson represented by Olivier JOLLAND	
Tessi Documents Services Centre de Relations Clients Avignon SAS	TESSI SA Chairperson represented by Olivier JOLLAND	
Tessi Documents Services Centre de Relations Clients Lyon SAS	TESSI SA Chairperson represented by Olivier JOLLAND	
Documents Services Centre de Relations Clients Metz SAS	TESSI SA Chairperson represented by Olivier JOLLAND	
Tessi Editique SAS	TESSI SA Chairperson represented by Olivier JOLLAND	
Tessi Encaissements SAS	TESSI SA Chairperson represented by Olivier JOLLAND	
Tessi GED SAS	TESSI SA Chairperson represented by Olivier JOLLAND	
Tessi Informatique SAS	TESSI SA Chairperson represented by Olivier JOLLAND	
Tessi lab SAS	TESSI SA Chairperson represented by Olivier JOLLAND	
Tessi MD SAS	TESSI SA Chairperson represented by Olivier JOLLAND	

Full name	Company	Offices and positions held
Olivier JOLLAND	Tessi Ouest SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Tessi Paiements Services SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Tessi Services SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Tessi Technologies SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Tessi T.G.D SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	Tessi TMS SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	TSI Action Informatique SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	XWZ 32 SAS	TESSI SA Chairperson represented by Olivier JOLLAND
	GIP-Tessi SARL	Manager
	TESSI BUSINESS SERVICES SLU	Managing Director TESSI SA Chairperson of the Board of Directors and Managing Director represented by Olivier JOLLAND
	GRADDO II SA	Managing Director TESSI SA Chairperson of the Board of Directors and Managing Director represented by Olivier JOLLAND
	GRABACION DE DATOS Y DOCUMENTOS SL	Managing Director TESSI SA Chairperson of the Board of Directors and Managing Director represented by Olivier JOLLAND
	GDOC HOLDING SA	Chairman of the Board of Directors
	GDOC LASERCOM SA	Director
	Gdoc España SL	Member of the Board of Directors TESSI SA Chairperson represented by Olivier JOLLAND
	TESSI INSURANCE SPAIN (formerly NEAR PERFECTION)	Managing Director TESSI SA Chairperson of the Board of Directors and Managing Director represented by Olivier JOLLAND
	Tessi Document Solutions (Switzerland)	Manager
	Tessi Document Solutions (Germany)	Manager
	BPO Solutions	Managing Director TESSI SA Chairperson of the Board of Directors and Managing Director represented by Olivier JOLLAND
	Diagonal Company Services & Solutions SL	Managing Director TESSI SA Chairperson of the Board of Directors and Managing Director represented by Olivier JOLLAND
	Diagonalgest Chile SPA	Sole Director
	Gestion Externa Chile SA	Director
	Gestiona Agencia Habitacional SA	Director
Gesanco Gestion SLU	Managing Director TESSI SA Chairperson of the Board of Directors represented by Olivier JOLLAND	
Hipotecarios Atacas SL	Managing Director TESSI SA Chairperson of the Board of Directors represented by Olivier JOLLAND	
Insynergy Consulting España SA	Member of the Board of Directors TESSI SA Chairperson of the Board of Directors represented by Olivier JOLLAND	
Valdeolmillos Gestores SLU	Diagonal Company Services & Solutions SL Sole Director represented by Olivier JOLLAND	
Todo En Cloud SLU	Managing Director TESSI SA Chairperson of the Board of Directors represented by Olivier JOLLAND	
BIPIO	Chairman and Director	
ATIA	Director	
Proccure Company Limited	Director	
Tunis Data Services SARL	Joint Manager	
Tessi Technology Tunis SARL	Joint Manager	

Full name	Company	Offices and positions held
Olivier JOLLAND	Pixel Holding	General Manager
	Pixel Holding 2	General Manager
	Pixel Management	Chairman
Jean-Pierre DJIAN	Tessi SA with a Management Board and a Supervisory Board	Member of the Management Board until 2 October 2018
	CPoR Devises SA with a Management Board and a Supervisory Board	Chairman of the Management Board and Member of the Management Board

B | The total compensation and benefits in kind paid by the Company during the year, including in the form of shares, debt securities or shares giving access to the capital or granting a right to the allocation of debt securities in the Company or companies mentioned in Articles L. 228-13 and L. 228-93. The compensation and benefits in question include those received from companies controlled, within the meaning provided in Article L. 233-16, by the company in which the office is held and from the company controlling the company in which the office is held.

Commitments of all kinds made by the Company in favour of its corporate officers, relating to items of compensation or benefits payable or likely to become payable in light of the acceptance, termination or change in their position, or following the exercise of their duties, in particular pension commitments and other annuities.

1 | Members of the Management Board

1.1. Ms Claire FISTAROL, Chairwoman of the Management Board

a. Compensation* paid to Claire FISTAROL, Chairwoman of the Management Board

In €	Financial year 2018		Financial year 2017	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed remuneration	315,200	315,200	315,200	342,476
Variable pay	315,000	382,000***	382,000	300,000**
Exceptional remuneration	None	None	None	None
Directors' fees	None	None	None	None
Benefits in kind: company car		5,959		4,620
GSC		25,311		8,460
Total		728,470		655,556

* compensation received in respect of her position as an employee before 12 January 2017, her position as Chief Executive Officer and member of the Board of Directors from 12 January 2017 to 22 February 2017, and her term of office as Chairwoman of the Management Board as of 22 February 2017.

** variable compensation paid in respect of the 2016 financial year.

*** variable compensation paid in respect of the 2017 financial year.

No pension commitment or other annuity has been granted to Claire FISTAROL other than those granted under the mandatory basic and complementary pension schemes.

b. Long-term share-based compensation

► Tranche 1: allocation of bonus shares in 2017 on 21 September 2017

In 2017, Claire FISTAROL was allocated bonus shares in PIXEL HOLDING 2, which controls Tessi, in which she exercises her term of office, as follows:

- 130,000 ordinary shares, not subject to any condition of continued employment or performance.
- 227,384 ordinary shares, subject to conditions of continued employment and performance.

On 12 October 2018, the Chairman of Pixel Holding 2 acknowledged the expiry of the vesting period for the bonus ordinary shares and compliance with the condition of continued employment and fulfilling the performance conditions.

Claire FISTAROL has definitively acquired:

- 130,000 ordinary shares of the 130,000 shares allocated,
- 180,050 ordinary shares of the 227,384 shares allocated.

► **Tranche 2: allocation of bonus shares in 2018 on 21 December 2018**

In 2018, Claire FISTAROL was allocated bonus shares in PIXEL HOLDING 2, which controls Tessi, in which she exercises her term of office, as follows:

- 227,788 ordinary shares, subject to conditions of continued employment and performance.

c. Other information on the status of Chairwoman of the Management Board

	Employment Contract	Supplementary pension scheme	Bonuses or benefits payable or likely to be payable due to the termination or change of functions	Compensation under a non-compete clause
Ms Claire FISTAROL	NO	NO	YES	YES

Start of term of office as Chairwoman of the Management Board: 22 February 2017.

Expiry of term of office: General Meeting in 2022 called to approve the financial statements for the year ending 31 December 2021.

Deferred compensation pursuant to Article L. 225-90-1 of the French Commercial Code

► **Non-compete compensation**

Claire Fistarol is bound by a non-compete clause in the event that she leaves the Company or the Group.

Compensation for this commitment, determined for a period of one year, includes 35% of the average monthly fixed compensation received over the last 12 months prior to the termination of her term of office, as well as variable compensation.

► **Golden parachute**

In the event that Ms Fistarol is removed from corporate office, or if her term of office is not renewed (on grounds other than gross misconduct in either case), she shall receive a lump-sum payment intended to compensate any loss she may incur due to such removal or non-renewal.

1.2. Olivier JOLLAND, Member of the Management Board and Chief Executive Officer

a. Compensation* paid to Olivier Jolland, Member of the Management Board

In €	Financial year 2018		Financial year 2017	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed remuneration	278,800	278,800	278,800	313,378
Variable pay	210,000	255,000***	255,000	200,000**
Exceptional remuneration	None	None	None	None
Directors' fees	None	None	None	None
Benefits in kind: company car		7,343		7,308
GSC		22,750		7,562
Total		563,893		528,248

* compensation received in respect of his position as an employee before 12 January 2017, his position as Deputy Chief Executive Officer and member of the Board of Directors from 12 January 2017 to 22 February 2017, and his term of office as Chief Executive Officer and Member of the Management Board as of 22 February 2017.

** variable compensation paid in respect of the 2016 financial year.

*** variable compensation paid in respect of the 2017 financial year.

No pension commitment or other annuity has been granted to Olivier Jolland other than those granted under the mandatory basic and complementary pension schemes.

b. Long-term share-based compensation

► Tranche 1: allocation of bonus shares in 2017 on 21 September 2017

In 2017, Olivier Jolland was allocated bonus shares in PIXEL HOLDING 2, which controls TESSI, in which he exercises his term of office, as follows:

- 130,000 ordinary shares, not subject to any condition of continued employment or performance,
- 227,383 ordinary shares, subject to conditions of continued employment and performance.

On 12 October 2018, the Chairman of Pixel Holding 2 acknowledged the expiry of the vesting period for the bonus ordinary shares and compliance with the condition of continued employment and fulfilling the performance conditions.

Olivier Jolland has definitively acquired:

- 130,000 ordinary shares of the 130,000 shares allocated,
- 180,049 ordinary shares of the 227,383 shares allocated.

► Tranche 2: allocation of bonus shares in 2018 on 21 December 2018

In 2018, Olivier Jolland was allocated bonus shares in PIXEL HOLDING 2, which controls TESSI, in which he exercises his term of office, as follows:

- 227,787 ordinary shares, subject to conditions of continued employment and performance.

c. Other information on the status of Chief Executive Officer and Member of the Management Board

	Employment Contract	Supplementary pension scheme	Bonuses or benefits payable or likely to be payable due to the termination or change of functions	Compensation under a non-compete clause
Olivier JOLLAND	NO	NO	YES	YES

Start of term of office as Chief Executive Officer and Member of the Management Board: 22 February 2017.

Expiry of term of office: General Meeting in 2022 called to approve the financial statements for the year ending 31 December 2021.

Deferred compensation pursuant to Article L. 225-90-1 of the French Commercial Code

► Non-compete compensation

Olivier Jolland is bound by a non-compete clause in the event that he leaves the Company or the Group.

Compensation for this commitment, determined for a period of one year, includes 35% of the average monthly fixed compensation received over the last 12 months prior to the termination of her term of office, as well as variable compensation.

► Golden parachute

In the event that Olivier Jolland is removed from corporate office, or if his term of office is not renewed (on grounds other than gross misconduct in either case), he shall receive a lump-sum payment intended to compensate any loss he may incur due to such removal or non-renewal.

1.3. Jean-Pierre DJIAN, Member of the Management Board until 2 October 2018

a. Compensation* paid to Jean-Pierre DJIAN, Member of the Management Board

In €	Financial year 2018		Financial year 2017	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed remuneration	300,000	305,211	300,000	305,781
Variable pay	130,000	142,000***	130,000	159,000**
Exceptional remuneration	None	None	None	None
Directors' fees	None	None	None	None
Benefits in kind: company car		9,179		9,179
Total		456,390		473,960

* compensation received in respect of his duties as an employee of Group subsidiary CPoR Devises sold on 31 December 2018.

** variable compensation paid in respect of 2014: 20% of the amount allocated, i.e. €31,000
in respect of 2015: 20% of the amount allocated, i.e. €32,000
in respect of 2016: 60% of the amount allocated, i.e. €96,000

*** variable compensation paid in respect of 2015: 20% of the amount allocated, i.e. €32,000
in respect of 2016: 20% of the amount allocated, i.e. €32,000
in respect of 2017: 60% of the amount allocated, i.e. €78,000

No pension commitment or other annuity has been granted to Jean-Pierre DJIAN other than those granted under the mandatory basic and complementary pension schemes.

b. Long-term share-based compensation

► Tranche 1: allocation of bonus shares in 2017 on 21 September 2017

In 2017, Jean-Pierre DJIAN was allocated bonus shares in PIXEL HOLDING 2, which controls Tessi, in which he exercises his term of office, as follows:

- 87,455 ordinary shares, subject to conditions of continued employment and performance.

On 12 October 2018, the Chairman of Pixel Holding 2 acknowledged the expiry of the vesting period for the bonus ordinary shares and compliance with the condition of continued employment and fulfilling the performance conditions, as follows:

Jean-Pierre DJIAN has definitively acquired:

- 69,250 ordinary shares of the 87,455 shares allocated.

c. Other information

To continue to benefit from his assistance to secure the completion of the sale of CPoR to Loomis, announced on 4 June 2018, after the end of his position as Member of the Management Board, Jean-Pierre DJIAN and Tessi signed a service agreement on 9 October 2018, which contributed towards the completion of the

sale of CPoR to Loomis, and the collection by Tessi of net proceeds from the sale after fees and tax of €85.5 million, on 31 December 2018.

Jean-Pierre DJIAN received compensation of €0.8 million inc. tax for his assistance.

d. Other information on the status of Member of the Management Board

	Employment Contract	Supplementary pension scheme	Bonuses or benefits payable or likely to be payable due to the termination or change of functions	Compensation under a non-compete clause
Jean-Pierre DJIAN	YES	NO	NO	YES

Start of term of office as Member of the Management Board: 14/06/2017.

Expiry of term of office as a Member of the Management Board: 2/10/2018.

Agreements relating to the termination or change of corporate office:

► Non-compete

Jean-Pierre DJIAN is bound by a non-compete clause in the event that he leaves CPoR Devises.

Compensation for this commitment, for a period of one year, is 60% of the average gross monthly salary.

2 | Members of the Supervisory Board*

In €	Amounts paid in respect of financial year 2018	Amounts paid in respect of financial year 2017
Vincent MÉNEZ, Chairman of the Supervisory Board	None	None
Marine DENTRESSANGLE, Member of the Supervisory Board	None	None
Jean-Louis SAVOYE, Member of the Supervisory Board	None	None
Nathalie GAK, Member of the Supervisory Board	None	None
FONDELYS, represented by Henri Dufer, Member of the Supervisory Board		
Directors' fees	35,000	35,000
Michel ANGÉ, Member of the Supervisory Board		
Directors' fees	35,000	35,000
HLD Conseil, Member of the Supervisory Board	None	None
Sophie SAUVAGE, Member of the Supervisory Board	None	None
HLD Europe, represented by Anne CANEL, Member of the Supervisory Board	None	None
Daniel AQUABA, Member of the Supervisory Board	None	N/A
Total	70,000	70,000

* Directors' fees are divided between the independent Members of the Supervisory Board.

III | The principles and criteria for determining, allocating and distributing fixed, variable and exceptional items comprising total compensation and benefits in kind attributed to corporate officers

Pursuant to Article L. 225-82-2 of the French Commercial Code, the Supervisory Board has submitted for the approval of the General Meeting the principles and criteria for determining, allocating and distributing the total fixed, variable and exceptional compensation and benefits in kind attributed to the

Members of the Management Board and the Members of the Supervisory Board in respect of their duties in 2018 and constituting the compensation policy in their regard (Recommendations R13, R16, R17 and R18 of the MiddleNext Code).

A | Compensation policy for Members of the Management Board

1 | General principles

In accordance with statutory provisions, compensation paid to Members of the Management Board is set by the Supervisory Board.

2 | Procedures for determining, allocating and distributing fixed, variable and exceptional compensation

Fixed, variable and exceptional compensation paid to Members of the Management Board is decided on an individual basis by the Supervisory Board, depending on each person's responsibilities.

3 | Fixed remuneration

The Supervisory Board determines the fixed compensation of Members of the Management Board, taking into account the scope and complexity of each member's responsibilities, their experience, seniority in the Group and practices applied at groups or companies of a similar size.

4 | Variable and exceptional compensation

The Supervisory Board determines the variable compensation of Members of the Management Board on the basis of varied, demanding, specific and pre-defined performance criteria, making it possible to conduct a complete analysis of performance in keeping with the Company's medium term strategy, and in the interests of Shareholders. These criteria are both quantitative (70%) and qualitative (30%).

In the event of one-off circumstances or operations, the Supervisory Board may compensate the Members of the Management Board via a one-off payment.

The payment of variable and exceptional compensation to Members of the Management Board is subject to the approval of the Annual General Meeting of Shareholders.

5 | Deferred compensation pursuant to Article L. 225-90-1 of the French Commercial Code

5.1. Non-compete compensation

Members of the Management Board benefit from compensation for compliance with a 12-month non-compete clause.

5.2. Golden parachute

- The Members of the Management Board receive compensation in the event that they are removed from corporate office, or if their term of office is not renewed (for any reason other than gross misconduct).
- The Members of the Management Board receive GSC insurance covering the termination of their term of office, including in the event that they are not reappointed.

6 | Benefits in kind that may be granted to Members of the Management Board

6.1. Long-term share-based compensation

Members of the Management Board may be granted:

- (i) bonus shares in the company that directly or indirectly controls the Company, subject to a one year vesting period from the allocation date, and a two-year lock-in period;
- (ii) bonus shares in the Company, in one or more tranches, the conditions and application of which are as follows:
 - one-year vesting period, with final vesting subject to:
 - a condition of continued employment throughout the entire vesting period;
 - a test performed in the first quarter of the year following the year in which the shares were allocated, and applied to consolidated operating performance levels assessed at TESSI Group level in 2018 and 2019 (adjusted for any changes in the Group's consolidation scope) in respect of the year of allocation, based on a formula containing an minimum weighted EBITDA target of 75% and minimum weighted net cash improvement of 25%, in accordance with the following:
 - if the EBITDA and minimum net cash improvement targets are not met: no ordinary share in the Company shall vest,
 - otherwise: ordinary shares in the Company shall vest in proportion to the EBITDA and net cash improvement achieved on the basis of the formula, it being specified that the full vesting of bonus ordinary shares in the Company is subject to the achievement of EBITDA and net cash improvement targets;
 - two-year lock-in period.

6.2. Commitments made in favour of Members of the Management Board

a. Business expenses

Members of the Management Board are reimbursed for any business expenses they may incur during their term of office, upon presentation of receipts and pursuant to applicable procedures at the Company.

b. Social security

Members of the Management Board are covered by the general social security scheme in terms of illness, disability, old age, death, widowhood and parental leave, under the conditions set out in Articles L. 311-1 et seq. of the French Social Security Code and, more generally, under the same financial conditions and

guarantees/cover, pension schemes, healthcare costs, and top-up health and life insurance (mutuelle) from which they benefit as employees of the Company.

c. D&O Insurance

The Members of the Management Board benefit from D&O liability insurance, financed entirely by Tessi.

7 | Company car

Members of the Management Board are provided with a company car. This benefit gives rise to the recognition of benefits in kind subject to social security and tax charges.

B | Compensation policy for the members of the supervisory board (Recommendation R10 of the MiddleNext Code)

1 | General principles

Members of the Supervisory Board are compensated by the allocation of directors' fees.

2 | Procedures

The General Meeting approves a budget for directors' fees by way of a specific resolution.

The Supervisory Board decides on how this budget will be distributed amongst the members of the Supervisory Board, taking into account the specific assignments entrusted to certain Members of the Supervisory Board.

3 | Fixed, variable and exceptional compensation

Members of the Supervisory Board tasked with one-off assignments may be compensated in the form of additional directors' fees or specific, exceptional compensation.

4 | Benefits in kind

Members of the Supervisory Board are reimbursed for any business expenses they may incur during their term of office, upon presentation of receipts and pursuant to applicable procedures at the Company.

IV | Compensation and benefits in kind paid, owed or allocated to the corporate officers in respect of the 2018 financial year

Pursuant to Article L. 225-100 of the French Commercial Code, we have submitted for your approval the fixed, variable and exceptional items comprising total compensation and benefits in kind paid or allocated to the corporate officers in respect of the previous year.

We would remind you that items of variable and exceptional compensation subject to the approval of the Ordinary General Meeting can only be paid with the General Meeting's approval of the items of compensation granted to the person concerned.

A | Ms Claire FISTAROL, in her capacity as Chairwoman of the Management Board

1 | Annual fixed and variable compensation

1.1. Fixed salary

In accordance with the decision of the Supervisory Board meeting of 22 February 2017, Claire Fistarol received fixed compensation of €315,200.

1.2. Variable annual remuneration

Following a review of targets assigned to her by the Supervisory Board at its meeting of 22 February 2017, the Board authorised the variable portion of Claire Fistarol's compensation at 105.1% of the €300,000 target amount, i.e. €315,000.

The table below breaks down the calculation of the 2018 variable portion in accordance with the methods and criteria defined by the Supervisory Board, and for which the achievement rate was noted by the Supervisory Board on 10 April 2019:

	Target achievement rate	Achievement rate as a % of variable compensation	Amount (€)
70% Quantitative criteria			
12% compliance with EBITDA target			
Consolidated Group Management	73.2%	8.8%	27,676
28% compliance with EBITDA target			
TDS + TCM Management	89.6%	25.1%	79,011
30% compliance with New Business 2018 budget	134.0%	40.2%	126,598
30% Qualitative criteria	103.3%	31.0%	81,892
100% TOTAL		105.1%	315,177
		Rounded to	315,000

2 | Other benefits in kind

2.1. Company car

Claire FISTAROL has been allocated a company car. The value of this benefit in kind is estimated at €5,959.

death. She also receives complementary personal protection insurance for illness, incapacity, disability and death.

2.2. Personal protection insurance

Claire FISTAROL benefits from group personal protection insurance applicable to Tessi SA employees. This insurance covers illness, incapacity, disability and

2.3. Other benefits in kind

Claire FISTAROL receives GSC insurance covering the termination of her term of office.

B | Mr Olivier JOLLAND, in his capacity Chief Executive Officer and Member of the Management Board

1 | Annual fixed and variable compensation

1.1. Fixed salary

In accordance with the decision of the Supervisory Board meeting of 22 February 2017, Olivier Jolland received fixed compensation of €278,800.

1.2. Variable annual remuneration

Following a review of targets assigned to him by the Supervisory Board at its meeting of 22 February 2017, the Board authorised the variable portion of Olivier Jolland's compensation at 105.1% of the €200,000 target amount, i.e. €210,000.

The table below breaks down the calculation of the 2018 variable portion in accordance with the methods and criteria defined by the Supervisory Board, and for which the achievement rate was noted by the Supervisory Board on 10 April 2019:

	Target achievement rate	Achievement rate as a % of variable compensation	Amount (€)
70% Quantitative criteria			
12% compliance with EBITDA target			
Consolidated Group Management	73.2%	8.8%	18,451
28% compliance with EBITDA target			
TDS + TCM Management	89.6%	25.1%	52,674
30% compliance with New Business 2018 budget	134.0%	40.2%	84,399
30% Qualitative criteria	103.3%	31.0%	54,594
100% TOTAL		105.1%	210,118
		Rounded to	210,000

2 | Other benefits in kind

2.1. Company car

Olivier JOLLAND has been allocated a company car. The value of this benefit in kind is estimated at €7,343.

2.2. Personal protection insurance

Olivier JOLLAND benefits from group personal protection insurance applicable to Tessi SA employees. This insurance covers illness, incapacity, disability and death. He also receives complementary personal protection insurance for illness, incapacity, disability and death.

2.3. Other benefits in kind

Olivier JOLLAND receives GSC insurance covering the termination of his term of office.

V | Observations of the Supervisory Board on the Management Board's Management Report and on the financial statements for the year ended 31 December 2018

Pursuant to Article L. 225-68 of the French Commercial Code, we hereby present to you our observations on the Management Board's management report and on the financial statements for the year ended 31 December 2018.

The Management Board provided the Supervisory Board with the Company financial statements, consolidated financial statements and management report within three months of the balance sheet date, in accordance with Article R. 225-55 of the French Commercial Code.

Having verified and audited the Company financial statements, the consolidated financial statements and the Management Board's management report, it is our view that these documents do not give rise to any specific comments.

We hope that you will approve all of the recommendations submitted to you by the Management Board in its report, and that you will adopt the resolutions put forward.

VI | Agreements entered into between an Executive Manager or Major Shareholder and a subsidiary

During the financial year ended 31 December 2018, no agreements were entered into, directly or indirectly, between:

- i) a member of the Management Board or Supervisory Board, or a Shareholder holding more than 10% of the voting rights in a French public limited company (Société Anonyme) and,

- ii) a company in which the public limited company directly or indirectly holds more than half of the share capital.

VII | Capital increase delegations

Pursuant to Article L. 225-37-4 of the French Commercial Code, the following information has been provided below:

- information on current delegations of authority and powers granted by the General Meeting of 28 June 2018 to the Management Board regarding capital increases,

- information on the Management Board's use during the year of delegations granted by the General Meeting of 28 June 2018.

Date of General Meeting	Type of authorisations - delegations	Term	Use during the year	Maximum nominal amount authorised and/or percentage of capital authorised
28 June 2018 (Resolution 17)	Authorisation granted to the Management Board enabling the Company to buy back its own shares, pursuant to Article L. 225-209 of the French Commercial Code	18 months	None	10% of the share capital
28 June 2018 (Resolution 19)	Authorisation granted to the Management Board to reduce the share capital by cancelling treasury shares	18 months	None	10% of the share capital
28 June 2018 (Resolution 26)	Delegation of authority granted to the Management Board to increase the share capital by way of capitalisation of share premiums, reserves, etc.	26 months	None	€3,000,000
28 June 2018 (Resolution 28)	Authorisation granted to the Management Board to increase the share capital reserved for Company and Group employees	26 months	None	150,000 euros
29 June 2017 (Resolution 25)	Authorisation granted to the Management Board to allocate existing or future bonus shares	38 months	49,869 shares (1.77% of the share capital)	Maximum of 4% and minimum of 0.88% of the share capital for shares allocated to corporate officers

* Management Board meetings of 21 September 2017, 21 November 2017 and 21 December 2018.

VIII | Arrangements regarding shareholder participation in General Meetings

Procedures relating to shareholder participation at General Meetings are set out in Articles 10, 11, 12, 21 and 22 of the Company's Articles of Association.

IX | The publication of information regarding the capital structure and items likely to have an impact in the event of a public tender offer

Pursuant to the provisions of Article L. 225-37-5 of the French Commercial Code, we have provided you with the following additional information, likely to have an impact in the event of a public tender offer:

1 | The Company's share capital structure

Section XXII of the Management Report provides details of the Company's share capital structure and the crossings of thresholds declared during the financial year.

2 | Articles of Association or contractual clauses restricting the exercise of voting rights and share transfers, brought to the Company's attention pursuant to Article L. 233-11 of the French Commercial Code

No articles in the Articles of Association or contractual clauses restricting the exercise of voting rights or share transfers have been brought to the Company's attention.

3 | Direct or indirect holdings in the Company's capital of which it is aware, pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code

Section XXII of the management report includes all information relating to the share capital and voting rights.

4 | List of holders of any securities granting special control rights and a description thereof

Article 21.5 of the Company's Articles of Association provides that "Any holder of fully paid-up shares, registered in their name for at least four years, is entitled to double voting rights as provided by law. Furthermore, in the event of a capital increase by capitalisation of reserves, profits or issue premiums, a double voting right shall be conferred, as soon as they are issued, on registered shares allocated free of charge to a shareholder as new shares, for which he or she benefits from this right".

5 | Control mechanisms set up in the event of an employee share ownership scheme, when control rights are not exercised by the employees

None.

6 | Agreements between shareholders known to the Company and which could restrict the transfer of shares and exercise of voting rights

The Articles of Association in no way restrict the transfer of shares or exercise of voting rights. Furthermore, there is no Shareholder Agreement in place at Tessi.

7 | Rules for the appointment and replacement of Members of the Supervisory and Management Boards, as well as amendments to the Company's Articles of Association, are the statutory rules in force

Information on the Company's Supervisory Board has been provided in this report.

Members of the Management Board are appointed for a five-year term by the Supervisory Board; they may be reappointed by the General Meeting and by the Supervisory Board.

8 | Powers of Members of the Management Board, specifically regarding a share issue or buyback

The Management Board is vested with the broadest powers to act on behalf of the Company in all circumstances, within the limits of the corporate purpose and powers expressly assigned by law to the Supervisory Board and Shareholders' Meetings.

Without these restrictions being enforceable against third parties, the Members of the Management Board must seek the prior approval of the Supervisory Board for "Important Decisions".

Section XIV of the management report includes all information relating to share buybacks.

Finally, this report includes the delegations granted to the Management Board by the General Meeting of 29 June 2017 and 28 June 2018 regarding capital increases.

9 | Agreements entered into by the Company that would be amended or terminated in the event of a change of control

Given that disclosing these agreements would seriously harm the Company's interests, this information has not been provided.

10 | Agreements providing for compensation to Members of the Management Board or employees if they resign or are dismissed without just cause, or if their employment is terminated due to a public tender or exchange offer

Pursuant to the law, the Company has released a statement on deferred compensation paid to Claire Fistarol, as Chairwoman and Member of the Management Board, and Olivier Jolland, as Chief Executive Officer and Member of the Management Board.

The Supervisory Board

Consolidated financial statements

for financial years 2017 and 2018

I | Consolidated income statement for financial years 2017 and 2018

<i>In € thousands</i>	Notes	31/12/2018	31/12/2017*
Revenue	5	427,815	389,105
Other operating income	7	3,726	6,565
Purchases consumed		-37,323	-29,544
Personnel expenses	6	-255,196	-231,369
Other operating expenses	7	-71,931	-72,131
Taxes and duties		-10,543	-8,287
Depreciation, amortisation and provisions	8	-11,977	-10,907
Current operating income		44,571	43,432
Non-recurring operating income and expenses	7	-3,125	-1,650
Operating income		41,446	41,782
Net cost of debt	9	-14,358	-2,120
Other financial income and expenses	9	52	-293
Income before tax		27,140	39,369
Income tax	10	-8,022	-10,189
Net income of consolidated companies		19,119	29,180
Investments in associated companies	15	-46	3
Net income from continuing operations		19,072	29,183
Net income/loss from discontinued operations	3	30,714	6,656
Consolidated net income		49,786	35,839
Minority interests		1,026	1,940
Group share		48,760	33,899
Consolidated earnings per share (in €)	19	17.35	12.12
Consolidated diluted earnings per share (in €)	19	17.34	12.11
Earnings per share from continuing operations (in €)		6.42	10.16
Diluted earnings per share from continuing operations (in €)		6.42	10.15

* Restated in accordance with IFRS 5 (see Note 3) and IFRS 9 (see Note 2)

II | Consolidated statement of comprehensive income for financial years 2017 and 2018

<i>In € thousands</i>	31/12/2018	31/12/2017*
Consolidated net income	49,786	35,839
Actuarial gains and losses	-393	602
Actuarial gains and losses from activities held for sale		-35
Income tax on items that cannot be reclassified to profit or loss	191	-120
Income tax on items that cannot be reclassified as activities held for sale		10
Items that will not be reclassified to profit or loss	-202	457
Exchange differences	62	-1,854
Derivative financial instruments	-207	-88
Income tax on items reclassified to profit or loss	58	25
Items that may be reclassified subsequently to profit or loss	-87	-1,917
Other income and expenses recognised directly in equity	-290	-1,460
Comprehensive income for the period	49,496	34,379
Group share	48,516	32,495
Minority interests	981	1,884

* Restated in accordance with IFRS 5 (see Note 3) and IFRS 9 (see Note 2)

III | Consolidated balance sheet for financial years 2017 and 2018

A | Assets

<i>In € thousands</i>	Notes	31/12/2018	31/12/2017*
Non-current assets			
Goodwill	11	207,387	164,606
Other intangible assets	12	11,157	8,198
Tangible assets	13	27,127	47,924
Investment property	14	731	735
Investments in equity affiliates	15	40	41
Non-current financial assets	16	2,523	2,141
Deferred taxes	10	15,415	9,272
Total non-current assets		264,380	232,917
Current assets			
Inventory and work-in-progress		2,030	1,375
Trade receivables	17	117,470	100,473
Other receivables and accruals	18	35,479	31,285
Current tax assets	18	6,410	6,329
Short-term investments	23	139	559
Cash and cash equivalents related to commercial activities	23	188,915	103,097
Cash and cash equivalents related to CPoR Devises financial activities	23		129,756
Assets held for sale and discontinued operations	3	18,743	
Total current assets		369,186	372,874
Total assets		633,566	605,791

* Restated in accordance with IFRS 9 (see Note 2)

B | Equity & Liabilities

<i>In € thousands</i>	Notes	31/12/2018	31/12/2017*
Equity (Group share)			
Share capital	19	5,620	5,595
Share premiums	V	11	11
Reserves and consolidated net income	V	204,011	155,458
Total equity (Group share)	V	209,642	161,064
Minority interests	V	1,919	15,015
Total equity		211,561	176,079
Non-current liabilities			
Provisions for risks and contingencies	20	1,525	1,387
Provisions for pensions and other benefits	21	22,055	20,200
Loans and other financial liabilities	22	137,297	110,402
Other non-current liabilities	22	15,736	16,450
Deferred taxes	10	265	242
Total non-current liabilities		176,878	148,681
Current liabilities			
Provisions for risks and contingencies	20	3,219	3,310
Short-term borrowings	22	14,678	10,751
Liabilities related to CPoR Devises financial activities	23		77,432
Trade and other payables	22	39,926	39,852
Current tax liabilities	22	219	1,308
Other current liabilities	22	183,220	148,379
Liabilities held for sale and discontinued operations	3	3,865	
Total current liabilities		245,127	281,032
Total equity & liabilities		633,566	605,791

* Restated in accordance with IFRS 9 (see Note 2)

IV | Consolidated statement of cash flows for financial years 2017 and 2018

<i>In € thousands</i>	Notes	31/12/2018	31/12/2017*
Cash flows from operating activities			
Net income (Group share)	I	48,760	33,899
Minority interests	I	1,026	1,940
Consolidated net income	I	49,786	35,839
	o/w continuing operations	19,072	
	o/w activities held for sale	30,714	
Share of earnings from equity affiliates	I	46	-3
Allowances and reversals of depreciation and provisions		10,147	9,533
Capital gains or losses		-28,319	-15
Other non-cash income and expenses		847	-447
Deferred tax expense	10	-1,425	4,213
Gross cost of debt	9	14,348	6,686
Gross operating cash flow from consolidated companies		45,431	55,805
Change in operating working capital	25	-9,352	6,729
Change in operating working capital for activities held for sale		7,485	
Net cash flows from operating activities		43,565	62,534
	o/w continuing operations	34,270	
Cash flow from investing activities			
Net acquisitions of tangible and intangible assets		-10,192	-11,054
Net acquisitions/decreases in non-current financial assets		-601	69
Dividends received (equity affiliates, non-consolidated investments)			
Sale of CPOR		90,000	
Other changes in consolidation scope		-66,621	-18,286
Investment flows from activities held for sale		-4,206	
Net cash flow used in investing activities		8,380	-29,271
	o/w continuing operations	12,586	
Cash flow from financing activities			
Capital increase or contributions	V		
Reduction or redemption of capital	V		
Dividend payments	V	-927	-70,792
Gross cost of debt	9	-14,348	-6,686
New borrowings/Repayment of borrowings		27,902	11,563
Acquisition of own shares		-154	
Financing flows from activities held for sale		-241	
Net cash flow from financing activities		12,231	-65,915
	o/w continuing operations	12,473	
Change in cash and cash equivalents		64,175	-32,652
	o/w continuing operations	59,329	
Impact of changes in exchange rates		64	-352
Cash and cash equivalents at beginning of year	22	101,084	134,099
Reclassification of cash and cash equivalents		-57,553	-11
Cash and cash equivalents at year-end	22	107,770	101,084

* Restated in accordance with IFRS 9 (see Note 2)

The table above does not include cash flows managed on behalf of third parties in relation to promotional activities, cash flows managed on behalf of Diagonal Company clients, or those managed on behalf of Owlance clients, or changes in the unblocked bank account related to the acquisition of Diagonal Company and Todo En Cloud.

V | Statement of changes in consolidated equity for financial years 2017 and 2018

<i>In € thousands</i>	Share capital	Share premiums	Reserves *	Treasury shares	Net income*	Exchange differences	Total Group equity	Minority interests *
Equity as at 31 December 2016	5,595	531	159,171		30,169	57	195,524	16,678
Net income for the period restated in accordance with IFRS9 *					33,899		33,899	1,940
Income recognised directly in equity			396			-1,800	-1,404	-54
Comprehensive income for the period restated in accordance with IFRS 9 *			396		33,899	-1,800	32,495	1,886
Transactions with minority shareholders			348				348	-359
Option on minority interests deducted from equity								
Increase / decrease in share capital								
Treasury shares								
Appropriation of 2016 earnings			30,169		-30,169			
Dividends paid		-520	-67,082				-67,602	-3,190
Share-based payments			301				301	
Equity at 31 December 2017 restated in accordance with IFRS 9 *	5,595	11	123,303		33,899	-1,743	161,064	15,015
Net income for the period					48,760		48,760	1,026
Income recognised directly in equity			-354			110	-244	-45
Comprehensive income for the period			-354		48,760	-1,633	48,516	981
Transactions with minority shareholders			-53				-53	-13,153
Option on minority interests deducted from equity								
Increase / decrease in share capital	26		-26					
Treasury shares				-154			-154	
Appropriation of 2017 earnings			33,899		-33,899			
Dividends paid								-924
Share-based payments			268				268	
Equity at 31 December 2018	5,621	11	157,037	-154	48,760	-1,633	209,643	1,919

* Restated in accordance with IFRS 9 (see Note 2)

VI | Notes to the consolidated financial statements for the financial year ended 31 December 2018

NOTE 1 | Highlights

1 | Acquisition of the company Owliance SAS at 30 June 2018

On 20 June 2018 the Tessi Group announced the acquisition of the Owliance Group, market leader in outsourced health and personal protection insurance policy administration.

In a booming market driven by growth in the health and personal protection insurance sector and increased use of outsourcing, Owliance is positioned as an independent pure player in outsourced insurance policy administration. Owliance's business is structured around three core activities: full policy administration, partial policy administration and software publishing. Owliance offers a range of solutions tailored to the requirements of all players operating in the health and personal protection insurance market: insurance companies, banks providing insurance, brokers, mutual companies and personal protection providers. With 100 customers and 2.5 million people under management, Owliance allows Tessi to expand its portfolio into the health and personal protection sector by offering a global, end-to-end processing chain.

Owliance posted 2017 turnover close to €29 million in a fast-growing market. For 2018, Owliance posted turnover of €36.3 million with an operating margin in line with Tessi standards.

2 | Sale of CPoR Devises signed in June 2018 and completed on 31 December 2018

On 4 June 2018, Tessi announced the signing of an agreement with Loomis to sell CPoR Devises, which was held 80% by Tessi and 20% by Crédit Agricole SA. CPoR Devises, the leading foreign currency and gold processing player in France, was acquired in 2005 by Tessi from Crédit Agricole, which remained a minority shareholder with a 20% stake. Tessi obtained a non-opposing decree by the European Central Bank after recommendation from the French Prudential Control and Resolution Authority ("ACPR") on 18 December 2018. The sale was completed on 31 December 2018, with Tessi generating a consolidated gain net of expenses of €28.9 million. The impact of this sale on the Tessi Group financial statements is presented in Note 3.

3 | Post balance sheet events

On 7 January 2019, the Tessi Group announced the following transactions:

- the refinancing of its entire debt with banking partners. On 26 February, Tessi finalised the refinancing arrangements for its entire debt with the implementation of a new senior debt of €165 million;
- the payment of an exceptional dividend and interim dividend of €42.70 per share. This dividend was approved by the General Meeting of 13 February 2019 and paid on 5 March 2019.

And, in compliance with regulations, on 8 January, Pixel Holding filed a Simplified Public Tender Offering (OPAS) with the French Financial Markets Authority (AMF) at the price of €160 euros per share. Following the OPAS, closed on 20 February 2019, Pixel Holding, the majority shareholder in the Group, now holds 71.3% of Tessi's share capital.

Tessi SA also signed a unilateral promise to sell for the buildings it holds (Coulommiers, Le Haillan, Lyon and Nanterre) for an amount of €20 million. The sale was completed on 26 March 2019.

NOTE 2 | Accounting policies

The Tessi Group's consolidated financial statements as at 31 December 2018 have been prepared in compliance with the International Financial Reporting Standards (IFRS) adopted in the European Union. These standards and interpretations may be consulted on the EU website at:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002_fr.

The Group did not opt for early application of any standards or interpretations that were not compulsory in 2018.

Spotlight: New standards applicable in 2018 and in 2019

a. IFRS 9 on financial instruments

The IFRS 9 standard - adopted by the European Union on 26/11/2016, is applicable in a compulsory manner from 1 January 2018, and requires a change to the presentation with regard to 2017.

This new standard addresses the accounting of financial instruments and provides precisions and new features compared with the previous IAS 39 standard. IFRS 9 contains three main topics: classification and measurement of financial instruments, impairment of financial assets and hedge accounting.

Accounting for changes to debt terms is one of the differences between the former IAS 39 standard and the new IFRS 9 standard. Financial liabilities are recorded on the balance sheet at their amortised cost according to the actual interest rate. In the event of any changes to the contractual conditions of the financial liability that does not lead to the extinguishment of the debt, and in particular a reduction in the interest

rate, where the saving from the interest expense was recorded over the remaining term of the financial liability under IAS 39 (prospective adjustment of the effective interest rate). According to IFRS 9, if the renegotiation of debt does not give rise to recording of a financial liability, the saving from the interest expense, calculated over the remaining term of the liability, must be accounted for in the income for the financial period associated with the renegotiation of the debt. The effective interest rate is therefore not adjusted, the interest expenses for future financial periods remain those originally provided for and the income from the renegotiation appears as financial income and as a reduction in the amount of the loan as a liability.

The financial statements for the Tessi Group are impacted by this matter, in the context of loan agreements taken out on 12 January 2017 and presented in Note 1 to the financial statements closed on 31 December 2017. Indeed, these loan contracts were subject to a renegotiation of the interest rate on 21 July 2017. The nominal amount of these facilities raised as at 31 December 2017 and concerned by this change to the accounting method amounts to €82.9 million.

The impacts of the first application of IFRS 9 on the consolidated balance sheet are as follows:

- reduction in **Deferred tax assets** of €1,001,000 as at 31 December 2017;
- reduction of long-term **Loans and financial liabilities** of €2,934,000 as at 31 December 2017;
- reduction of long-term **Short term financial liabilities** of €640,000 as at 31 December 2017;
- as a counterpart, increase of **Equity - Group share** of €2,573,000 as at 31 December 2017.

The following table shows the impacts of the change to the accounting standard on the income statement and the cash flows table.

► Impact of IFRS 9 on income from 31 December 2017

<i>In € thousands</i>	31/12/2017 published	IFRS 9 Impact	31/12/2017 restated
Net cost of debt	-5,803	3,574	-2,229
Other financial income and expenses	-295		-295
Income before tax	44,614	3,574	48,188
Income tax	-11,351	-1,001	-12,352
Net income of consolidated companies	33,263	2,574	35,837
Investments in associated companies	3		3
Net income from continuing operations	33,266	2,574	35,840
Net income/loss from discontinued operations			
Consolidated net income	33,266	2,574	35,840
Minority interests	1,940		1,940
Group share	31,326	2,574	33,900
Consolidated earnings per share (in €)	11.20		12.12
Consolidated diluted earnings per share (in €)	11.12		12.11

► IFRS 9 Impact on the cash flows table as at 31 December 2017

<i>In € thousands</i>	31/12/2017 published	IFRS 9 Impact	31/12/2017 restated in accordance with IFRS 9
Cash flows from operating activities			
Net income (Group share)	31,326	2,573	33,899
Minority interests	1,940		1,940
Consolidated net income	33,266	2,573	35,839
Share of earnings from equity affiliates	3		3
Net income/loss from discontinued operations			
Net income of consolidated companies	33,263	2,573	35,836
Allowances and reversals of depreciation and provisions	9,533		9,533
Capital gains or losses	-15		-15
Other non-cash income and expenses	-447		-447
Deferred tax expense	3,212	1,001	4,213
Gross cost of debt	5,900	786	6,686
Gross operating cash flow from consolidated companies	51,444	4,359	55,805
Change in operating working capital	6,729		6,729
Net cash flows from operating activities	58,173	4,359	62,534
Cash flow from investing activities			
Net acquisitions of tangible and intangible assets	-11,054		-11,054
Net acquisitions/decreases in non-current financial assets	69		69
Dividends received (equity affiliates, non-consolidated investments)			
Impact on changes in scope	-18,286		-18,286
Net cash flow used in investing activities	-29,271		-29,271
Cash flow from financing activities			
Capital increase or contributions			
Reduction or redemption of capital			
Dividend payments	-70,792		-70,792
Gross cost of debt	-5,900	-786	-6,686
New borrowings/Repayment of borrowings	15,137	-3,574	11,563
Net cash flow from financing activities	-61,555	-4,359	-65,915
Change in cash and cash equivalents			
Impact of changes in exchange rates	-352		-352
Cash and cash equivalents at beginning of year	134,099		134,099
Reclassification of cash and cash equivalents	-11		-11
Cash and cash equivalents at year-end	101,084		101,084

b. IFRS 15 Standard “Revenue from Contracts with Customers”

IFRS 15 provides guidance on accounting for revenue from contracts with customers, for what amount and on what date. This new standard replaces the existing provisions for accounting for revenue, in particular IAS 18 - Revenue, IAS 11 - Construction Contracts and IFRIC 13 - Customer Loyalty Programmes. IFRS 15 was implemented by the Tessi Group from 1 January 2018.

The Group carried out a study of the consequences for its financial statements for all its operations based on a sample of contracts from:

- Tessi documents services,
- Tessi customer marketing.

A review of the significant contracts for the activities of Tessi Documents Services and Tessi Customer Marketing was carried out for the financial periods of 2017 and 2018. The Group studied the following subjects in particular:

- Identifying the distinct obligations and services in the contracts for which the Group designs the solution on the customer's behalf, and markets the designed solution.
- Distinction between "Agent/Principal" under the terms of contracts for which the Group has cause to sell hardware and software, and the provision of services bought from third party suppliers. According to IFRS 15, the Group is considered as the "principal" when it obtains control of the software and hardware, and the provision of services before transferring such to the customer and accounts for these transactions in the income statement on a gross basis with accounts for the purchases and operating costs.
- Measuring the progress of services at a flat rate or outsourced data management: pursuant to IFRS 15, technical milestones cannot be used to measure progress.

The analysis made it possible to identify divergences for the BUILD phases, for BPO activities and as publisher/integrator in SaaS mode. For other activities including a BUILD phase (publisher/integrator in "on premises" mode), there is no divergence between the two standards. In the same manner, there are no divergences for the RUN phases.

The impact of the divergences calculated by the Group is deemed insignificant. Therefore, the Tessi Group continues to account for revenue according to the previous standards.

c. Application standard compulsory from 31/12/2018 and not applied early: IFRS16 "Leases"

Standard IFRS 16 "Leases", voted by the IASB in 2016, and adopted by the European Union in November 2017 is applicable for financial periods open from 1 January 2019. This standard replaces IAS 17 and the interpretations from IFRIC 4, SIC 15 and SIC 27.

For lessees, accounting is now based on a single model, which means there is no longer a distinction between simple leasing contracts and financial leasing contracts.

IFRS 16 provides for accounting of all leasing contracts on the tenants' balance sheets, with acknowledgement of the asset (representative of the right to use the leased asset for the term of the contract) and a debt (with regard to the obligation to pay rent).

The Group has chosen to apply the simplified retrospective method for the transition, without restating the comparative periods. The total impact of the scope of application of IFRS 16 is recognised as an adjustment of opening equity on 1 January 2019.

The Group has analysed its contracts with the aim of:

- Identifying if they contain a leasing contract as defined by IFRS 16:
A contract contains a leasing contract if it grants the Group the right to control the use of an identified asset for a determined period by means of the payment of consideration.
- Determining the main hypotheses chosen to assess the right to use and the lease liability, in particular, the term of leasing contracts and the discount rate chosen to assess the lease liability:
The lease term is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the Group has the option to continue to lease the asset when the Group is reasonably certain that it will exercise the option or terminate the lease.
The discount rate chosen to assess the right to use and the lease liability is the incremental borrowing rate estimated by the lessee. In view of the centralisation of financing with the parent company, an average rate shall be chosen, based on the rate published by the Banque de France, to which shall be applied a spread for each country, and according to the size of the company.

IFRS 16 will therefore, in addition to the impact on the balance sheet, have an impact on the income statement (cancelling the lease expenses, and acknowledgement of the depreciation of the recognised rights to use assets and the interest expenses related to the lease liabilities).

The collection of data and quantitative analysis of the financial impacts for the Group are being finalised. The restating of leasing contracts will mostly impact the real estate leasing contracts.

The Group considers that the first application of the IFRS 16 standard will lead to the acknowledgement on 1 January 2019 of an asset representing a right of use equivalent to a financial liability of around €29 - 32 million. The Group does not anticipate any significant impact on the net income due to the application of IFRS 16.

1 | Use of estimates and assumptions

The preparation of the consolidated financial statements in accordance with international accounting standards requires the Group to carry out estimates and apply certain assumptions liable to impact the value of the Group's assets, liabilities, equity and earnings.

These estimates and assumptions mainly relate to the valuation of goodwill and other intangible assets, provisions, pension commitments and deferred tax, and are established on the basis of existing information or positions at the date the financial statements are prepared. However, they may differ from actual figures.

2 | Presentation of the consolidated financial statements

Unless stated otherwise, the amounts presented in the consolidated financial statements and notes thereto are expressed in thousands of euros and are rounded to the nearest thousand. Accordingly, the sum of rounded amounts may differ slightly from published totals. Furthermore, ratios and differences are calculated on the basis of underlying amounts and not rounded amounts.

The Group's consolidated financial statements are prepared on a historical cost basis except for the following assets and liabilities, which are recognised at fair value: financial derivatives, investments held for trading and investments available for sale. Hedged assets and liabilities are recognised at fair value, according to the hedged risk.

Current assets consist of assets to be sold or consumed during the normal operating cycle of the Group, assets held for sale within 12 months of the closing date and cash and cash equivalents. All other assets are non-current.

3 | Rules for consolidation

All the companies exclusively controlled, either directly or indirectly, by the Tessi Group are fully consolidated.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Companies in which the Tessi Group has a significant influence but does not exercise exclusive control are accounted for using the equity method. The Group is presumed to have "significant influence" when it controls at least 20% of the Company's capital.

Investments in non-significant subsidiaries, as well as long-term investments in partnerships subscribed to pursuant to the French Girardin Act, are classified as non-current assets and recognised at fair value; losses arising from this valuation are recognised in the income statement as long-term impairment.

4 | Foreign currency translation of financial statements

The financial statements presented in this report have been prepared in euros.

For the financial statements of foreign subsidiaries, balance sheet items other than equity are converted at the closing exchange rate and income statement items at the average rate recorded for the financial year.

Translation gains or losses arising from these rates are not included in earnings for the period but allocated directly to "Translation reserves".

5 | Valuation rules and methods

5.1. Intangible assets

a. Goodwill

Business combinations are recognised using the acquisition method.

Accordingly, the acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their acquisition-date fair value.

Goodwill at the acquisition date corresponds to the difference between:

- the fair value of the consideration transferred in exchange for control of the company, including any additional consideration, plus the amount of non-controlling (minority) interests in the company acquired and, in the case of a business combination achieved in stages (step acquisition), the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, as remeasured through profit or loss; and
- the acquisition-date fair value of identifiable assets acquired and liabilities assumed.

Any additional consideration pertaining to the business combination is likewise measured at its acquisition-date fair value and subsequently measured at fair value at each reporting date. Any adjustments made to this fair value following a period of one year from the acquisition date are recognised in the income statement if the additional consideration is classified as a financial liability.

If goodwill is negative (badwill), it is immediately posted to the income statement.

The costs directly attributable to the business combination are recognised as expenses for the period.

If less than full control is obtained, IFRS 3 Revised allows a choice, for each business combination, of recognising goodwill either in full or in proportion to the interest acquired (without subsequent remeasurement in the event of an additional purchase of non-controlling interests). Accordingly, non-controlling interests in the acquiree are measured either at fair value or at their proportionate share of the acquiree's identifiable net assets.

Goodwill is not amortised. An impairment test is performed on goodwill at least once a year or as soon as circumstances indicate any loss in value.

For the purpose of this test, goodwill is broken down into cash-generating units (CGUs) corresponding to subsidiaries or combinations of subsidiaries belonging to the same business segment, which generate cash flows that are materially separate from those generated by other CGUs.

The procedures for CGU impairment testing are detailed in Note 5.4.

When an impairment loss is recognised, the difference between the carrying amount of the asset and its recoverable amount is recognised under non-recurring operating income and expenses. Impairment losses related to goodwill are not reversible.

Goodwill arising in foreign currency is converted at the exchange rate applicable on the date at which fair value is calculated.

b. Other intangible assets

Software and rights of use acquired by the Group with full ownership are recognised at their acquisition cost and depreciated on a straight-line basis over their duration of use of a maximum of 5 years.

Intangible assets generated in-house mainly represents the costs of developing information management systems developed internally. The internal and external costs incurred during the development phase of the application are included in the acquisition cost.

Intangible assets generated in-house are depreciated over their useful life, with a maximum of 10 years.

5.2. Tangible assets

According to IAS 16 "Property, plant and equipment", tangible fixed assets are recognised in the balance sheet at their acquisition or production cost after deducting any accumulated depreciation and impairment losses.

Investment property is recognised at historical cost. The value initially recognised for an investment property acquired as part of the acquisition of an equity interest is subject to revaluation.

When a tangible fixed asset has significant components with different useful lives, these are recognised separately.

Fixed assets are depreciated according to the methods and useful lives described below.

a. Lease agreements

According to IAS 17 "Leases", non-current assets financed by means of finance leases are recognised under balance sheet assets at the present value of the future lease payments or at their fair value, if lower. The corresponding debt is recognised under financial liabilities. On 1 January 2019, IAS 17 will be replaced by the IFRS 16 standard.

b. Depreciation

Depreciation is calculated on a straight-line basis according to the useful life of the fixed asset. The useful lives applied to the various categories of assets are as follows:

- building complexes:
 - land not depreciated
 - site development 15 years
 - construction and improvements 20 to 40 years
- other improvements 5 to 8 years
- machinery and equipment 3 to 7 years
- furniture, office equipment 3 to 10 years

5.3. Financial assets

a. Equity affiliates

Companies over which the Group directly or indirectly has significant influence are accounted for using the equity method. The equity method of accounting involves replacing the book value of investments in associates and jointly controlled entities with the acquisition cost of these investments adjusted for the Group's share in the post acquisition valuation of the entity's net assets.

Upon the acquisition of investments in companies accounted for under the equity method (equity affiliates), the acquisition cost of the investment is allocated to the assets acquired and liabilities assumed, measured at their fair value. The difference between the acquisition cost and the Group's share of the fair value of assets acquired and liabilities assumed represents goodwill, which is included in the book value of the investments.

Income from equity affiliates mainly includes the following items:

- the estimated Group share of these companies' earnings;
- income from the sale of investments in these companies;
- revaluation differences arising from a loss of influence without disposal of investments;
- impairment of investments in these companies.

b. Non-current financial assets

Financial assets mainly consist of equity interests and other securities of non-consolidated companies, long-term loans and financial receivables and investment securities, which have maturities greater than twelve months.

Non-consolidated shares

Shares in non-consolidated companies that are not recognised according to the equity method are classified as assets valued at their fair value. These shares are not held for the purpose of trading on the market, therefore, at the initial recognition of each share, the Group can make the irrevocable choice to present the later variations in the fair value as "Other comprehensive income". In this case, the variations in the fair value cannot be recycled as income when the shares are sold.

Their fair value is determined based on the market value. For unlisted shares, if there are no particular events, their acquisition cost is considered as the best possible estimation of their fair value.

Loans and other investments

Loans and financial receivables are classified as assets generated by the activity. They are valued at the amortised cost. They are subject to a provision for depreciation when there is an indication of a loss of value.

c. Inventory

Inventories are measured according to the first in first out (FIFO) method and include the purchase price and incidental expenses.

d. Trade and other operating receivables

Receivables are stated at their nominal value which approximates their fair value due to their short-term maturity. If necessary, these receivables are reduced by a provision for impairment, to bring them to their net estimated realisable value. Provisions for impairment of trade receivables are determined based on their age and identified risk of non-recovery and reflect the losses of credits expected over their lifespan.

e. Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid short-term investments with a maturity of less than three months from the date of acquisition and which are not subject to significant fluctuations in value.

Investments classified as cash equivalents having a maturity of more than three months have exit options without penalties, exercisable at any time and originally stipulated under contract, and have no value risk related to a minimum rate of return.

The valuation of short-term investments is based on the market value at each reporting date.

In 2017, cash and cash equivalents also included accounts related to the financial activities of CPoR Devises (bank accounts, currencies, gold).

Foreign currency transactions

Assets and liabilities denominated in foreign currencies are valued at the exchange rate communicated by the European Central Bank at the end of the year.

Gold transactions

In 2017, gold assets and liabilities were valued according to the provisions of the French Accounting Standards Board (Autorité des Normes Comptables) regulation of 26 November 2014.

Physical gold holdings, receivables and payables were valued on the basis of the market price of the various marketed products at the reporting date.

The risk of price changes of physical assets was hedged by an offsetting short position in book-entry gold (gold ounces), equivalent to the total weight of the physical gold holdings. The operation of the Gold hedging account, structurally short, is authorised as part of confirmed credit lines.

The premiums on certain products whose market price is different from the simple recovery of their weight of gold are not subject to a specific hedge.

Customer bank accounts

Customer bank accounts are recorded on the balance sheet at their nominal value, while foreign currency accounts are recorded at the European Central Bank rate.

Overnight lending and borrowing

Overnight loans are contracted for daily cash management and exchange rate hedging purposes.

5.4. Impairment of assets

Under IAS 36 “Impairment of assets”, the carrying amount of tangible and intangible assets is tested whenever there is any indication of impairment. This test is performed at least once a year.

For this test, assets are grouped into Cash-Generating Units (CGU). A CGU is the smallest group of assets that generates cash flow independently and corresponds to the level at which the Group organises its activities and analyses its results for internal reporting.

The cash flows applied are derived from CGU “business plans” covering the next five years and are discounted by applying a weighted average cost of capital value determined in accordance with the CGU’s activity

The three operating segments (Tessi documents services, CPoR Devises and Tessi customer marketing) designated in accordance with IFRS 8 are three homogeneous CGUs. Because of the interdependence of companies in each segment, smaller CGUs have not been identified. The 3rd sector, CPoR Devises, will no longer be applicable from 1 January 2019.

Impairment is recognised as a result of the excess of the carrying amount over the recoverable amount of the asset, the latter being the higher of fair value less costs of disposal and value in use

Impairment determined in this way is allocated first to goodwill and then prorated to the carrying amounts of other assets.

5.5. Provisions

A provision for risks and contingencies is recognised and clearly itemised when the amount or timing of payment cannot be precisely determined, if there is a legal or constructive obligation towards a third party and it is probable or certain that such obligation will cause an outflow of resources.

Provisions for restructuring

A provision for restructuring is recognised when a formalised and detailed restructuring plan is approved by the competent authority, and when the Group has created, among the persons affected, a valid expectation that this plan will be implemented either by starting to execute the plan or by announcing its main features.

The provision includes only the expenditure related to the plan, such as costs related to the closure of sites.

Other provisions

In general, each of the known disputes and risks in which the Group is involved has been reviewed by senior management at the end of the accounting period and, following the opinion of external advisers, as appropriate, the provisions deemed necessary have been recognised to cover the estimated risks.

They include provisions to deal with risks and litigation related to taxation, employees and trade disputes.

5.6. Pension and severance benefits

The Group offers its employees different pension plans, retirement benefits, long-service awards and other post-employment benefits in respect of its retired and active staff. The specific features of these plans vary in accordance with the laws and regulations applicable in each country and individual subsidiary policy.

They include defined contribution and defined benefit plans.

Defined contribution plans

Contributions payable under defined contribution plans are recognised as expenses when they fall due. No provision is recorded given that the Group has no commitments apart from the contributions paid. The employer makes no guarantee as to the future level of benefits payable to the employee or retiree. The annual expense corresponds to the contribution payable in respect of the financial year, which releases the employer from any subsequent obligations.

Defined benefit plans

Under defined benefit plans, the employer guarantees the future level of benefits defined in the agreement, most often based on the employee’s salary and length of service.

They may be funded via payments into funds specialising in the management of the amounts received, or may be managed in-house.

Provisions for pensions and similar liabilities under defined benefit schemes are determined according to the projected unit credit method. The valuation of these liabilities takes the following factors into account: length of service, life expectancy, staff turnover rate per category, and economic assumptions, such as the inflation and discount rates applicable to each country.

The amounts recorded on the balance sheet in relation to these plans correspond to the actuarial value of the liabilities, as defined above, less the fair value of the plan assets (external pension funds).

Actuarial variances for post-employment defined benefit schemes - due to changes in actuarial assumptions and to experience - are offset against equity less any deferred tax payable under the option provided by IAS 19, as amended.

The liabilities are valued by independent actuaries.

Significant effects from a liquidation or a reduction on a post-employment defined benefit scheme are fully recognised through the income statement.

5.7. Treasury shares

When the Group buys back its own shares, the amount paid and the transaction costs directly incurred are recognised as a change in equity.

5.8. Employee benefits settled with equity instruments

Bonus shares may be granted to a certain number of Group employees as part of a deferred compensation scheme set up at Tessi SA, in the form of loyalty and performance plans. Beneficiaries become owners of company shares at the end of a vesting period, provided that they fulfil the vesting terms set out under the Plan.

Shares granted are measured in relation to the fair value of the underlying equity instruments, measured on the grant date. This valuation takes account of the duration of the vesting period and the market price of the underlying share. The turnover rate of beneficiaries is not taken into consideration; it is presumed that they are still employees of the company on the date the shares vest.

An expense is recognised for the cost of transactions settled in shares against a corresponding increase in equity for a period ending on the date the employee's options become fully vested. No expense is recognised for benefits for which the holders do not meet the conditions required to for their options to become fully vested.

The dilutive effects of unexercised options have been taken into account in earnings-per-share calculations.

5.9. Non-current assets held for sale and discontinued operations

A fixed asset or group of assets and liabilities is held for sale when its book value is to be recovered essentially by sale and not by continued use.

For this to be the case, the asset must be available for immediate sale and its sale highly probable. These assets or groups of assets are presented separately from other assets or groups of assets under "Assets held for sale and discontinued operations" on the balance sheet insofar as they are material. These assets or groups of assets are measured at the lower of the book value and estimated sale price, less selling costs. Liabilities corresponding to a group of assets held for sale are presented under "Liabilities held for sale and discontinued operations" on the balance sheet.

5.10. Financial liabilities

a. Valuation and recognition of financial liabilities

Financial liabilities mainly consist of short-term and long-term borrowings from credit institutions and a bond loan. These liabilities are initially recognised at fair value less any directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method.

b. Put options granted to third parties on shares in consolidated subsidiaries

Purchase commitments made in relation to fully consolidated subsidiaries are recognised under financial liabilities at the estimated discounted value of the option's exercise price, for fixed-price options, and at fair value for variable price options. Since the application of IAS 27 Revised, options issued are treated as transactions between shareholders (impacts recorded under equity).

5.11. Income Statement

The consolidated income statement is presented by nature of expense.

a. Revenue

Revenue is the amount of sales of products and services generated by the ordinary activities of the whole formed by fully consolidated trading companies by global integration.

The operating activities cover all the activities in which a company is involved in the context of its business and the associated activities that it performs alongside or as a supplement to its ordinary activities.

The income from the sale of goods is recorded when the significant risks and benefits inherent to ownership of the asset have been transferred to the purchaser.

Income from providing services is recognised according to the progress of the transaction on the reporting date (see Note 2 Spotlight IFRS15). The extent of progress is assessed based on the works performed. No revenue is recognised in the event of significant uncertainty regarding the recovery of the price of the transaction, or the associated costs.

In the case of CPoR Devises, the revenue taken into account in Note 3 is the “net banking income”. It is composed of the following items:

Interest - charges and related products

This concerns interest income and expense on bank accounts, loans and borrowings, recognised on a pro rata basis over time.

Commissions

Commissions are recognised as income either in full at the date payment is received or on an accruals basis, depending on the type of commission, in accordance with IAS 18 “Revenue”.

Income from trading book transactions

This income is generated by CPoR Devises’ foreign exchange transactions.

The results of foreign exchange transactions are determined in accordance with the French Accounting Standards Board regulation of 26 November 2014.

Exchange results are determined by currency. All foreign currency assets and liabilities are revalued by comparing their historical value in euros with their euro value as recalculated on the basis of the applicable closing rates provided by the European Central Bank.

Profits and losses are recognised in the accounts by currency gains or losses on foreign currency transactions, without offsetting unrealised gains and losses.

The income received and charges paid are translated at the prevailing rate on the day of the transaction.

Other banking operating income

This mainly consists of income related to the Gold trading business (purchase and sale of gold, gold commissions, etc.).

The results of Gold transactions are determined by product. All gold assets and liabilities are revalued by comparing their historical value with their value as recalculated on the basis of the market price as at the reference date.

b. Personnel expenses

The “Personnel costs” item includes employee profit sharing, share-based payments and the French CICE (Crédit d’Impôt Compétitivité Emploi) tax credit to promote competitiveness and employment.

c. Income tax

The “Income tax” item includes the amount of current and deferred income tax.

Deferred taxes are recognised in order to take account of all temporary differences between the book value and tax base of specific assets and liabilities on the consolidated balance sheet. They are calculated according to the balance sheet liability method without discounting.

Deferred taxes are assessed using the tax rate and rules in force at the closing date, and applicable whenever temporary differences are reabsorbed.

Tax loss carry forwards are recognised as deferred tax assets on the balance sheet insofar as the Group is likely to record future taxable profit against which the relevant temporary differences may be offset.

Deferred tax assets are systematically examined on closing and reduced insofar as it is no longer likely that sufficient taxable profit will be generated.

The recovery timeframe for tax loss carryforwards is set by the Group at 8 years.

5.12. Earnings per share (EPS)

Earnings per share is calculated in compliance with IAS 33. The information presented is calculated using the following two methods:

- **EPS:** income attributable to equity holders of the parent divided by the average number of shares outstanding during the financial year,
- **Diluted EPS:** income attributable to equity holders of the parent divided by the number of shares outstanding during the financial year plus those potentially to be issued as a result of option exercises and bonus share allocation plans.

5.13. Segment information

An operating segment is a component of the Group that undertakes activities likely to generate inflows of income from ordinary activities and to incur expenses.

In accordance with IFRS 8 "Operating segments", the information provided for each segment in Note 5 is the same as that presented to the chief operating decision maker for the purposes of deciding on the allocation of resources to the segment and assessing its performance.

In order to support changes in the Group's structure and for the purpose of greater clarity, the Tessi Group has now organised its offering under the following segments:

- Tessi documents services, offering comprehensive, upgradable solutions for the management of inbound, circulating and outbound information in a fast-growing document automation market:
 - inbound information/document automation: Multi-sector BPO, advanced financial services, expertise in value-added customer relationship management, banking back office operations, cashless payments (cheques, credit transfers, direct debits and electronic bills), and payment and receipts processing,
 - technology: development and integration of hardware and software solutions for processing payments, hybrid documents and electronic communications (BOS MANAGER, Docubase, Logidoc Solutions, Sakarah, ASP One.fr, etc.),

- outbound information (mailings, invoices, payslips, account statements, receipts, etc.): transactional mail printing, automated processing of individual, registered and paperless correspondence, and paperless invoice processing,
- contact centre: remote customer relationship management,
- cyber security: authentication, cryptography, encryption, SSL, electronic signature and time-stamping solutions,
- outsourced insurance policy administration.
- Tessi customer marketing handles promotional marketing, promotional logistics and direct marketing,
- for memory, CPoR Devises encompasses wholesale activities in the foreign bank note and physical gold markets in France.

Since 2015, Tessi has presented a geographical segment covering Europe excluding France. This segment includes the recent acquisitions of European subsidiaries Graddo (Spain) and Gdoc (Switzerland, Spain and England), and now incorporates the European operations of Diagonal Company (Spain and Portugal), acquired on 23 December 2015, Tessi Documents Solutions Switzerland, Austria and Germany (formerly RR Donnelley Switzerland, Austria and Germany), acquired in January 2016, BPO Solutions (Spain), also acquired in January 2016, and IMDEA (Spain), acquired in June 2016.

NOTE 3 | Activities held for sale or discontinued operations

On 4 June 2018, Tessi announced the signing of an agreement with Loomis to sell CPOR Devises, which was held 80% by Tessi and 20% by Crédit Agricole SA. CPoR Devises, the leading foreign currency and gold processing player in France, was acquired in 2005 by Tessi from Crédit Agricole, which remained a minority shareholder with a 20% stake. The sale was completed on 31 December 2018. The company CPoR Devises has in this way been unconsolidated. The activity for the year 2018 and the capital gains from the sale of an amount of €28.9 million are presented, according to the provisions of IFRS 5, as activities held for sale or discontinued operations in the income statement presented as at 31 December 2018 on one line on the income statement.

On 20 December 2018, Tessi SA signed a unilateral promise to sell for the buildings it holds (Coulommiers, Le Haillan, Lyon and Nanterre) for an amount of €20 million. According to the IFRS 5 standard, assets held for sale are presented separately from other assets on the balance sheet and amongst the current assets.

The following tables present the income and the assets and liabilities from activities held for sale or discontinued operations.

Income from activities held for sale or discontinued operations

In € thousands	31/12/2018	31/12/2017
Revenue	33,435	37,489
Other operating income	27	
Purchases consumed	-632	-590
Personnel expenses	-11,606	-11,144
Other operating expenses	-12,948	-13,912
Taxes and duties	-1,596	-1,759
Depreciation, amortisation and provisions	-548	-1,379
Current operating income	6,131	8,705
Other charges and non-recurring operating income (including capital gains on sales of assets)	28,988	224
Operating income	35,119	8,929
Net cost of debt	-106	-109
Other financial income and expenses		-2
Income before tax	35,012	8,818
Income tax	-4,298	-2,163
Net income from activities held for sale	30,714	6,656

Assets and liabilities from activities held for sale or discontinued operations

In € thousands	31/12/2018
Goodwill	
Other tangible assets	18,743
Intangible assets	
Non-current financial assets	
Deferred taxes	
Trade receivables	
Other receivables and accruals	
Cash and cash equivalents	
Assets held for sale	18,743
Provisions for pensions and other benefits	
Loans and other financial liabilities	
Trade and other payables	1,404
Current tax liabilities	2,461
Other liabilities	
Liabilities corresponding to discontinued operations	3,865

NOTE 4 | Changes in consolidation scope as at 31 December 2018

Changes in consolidation scope and percentage of interest

1 | In 2018, the following companies were acquired or created:

- On 22 February 2018 the company DIAGONAL COMPANY GESTORIA ADMINISTRATIVA, based in Spain, was created and added to the consolidation scope. The Group's holding in the company amounts to 47.8%.
- Addition acquisition, on 23 February 2018 of the company HIPOTECARIOS ATACAS, originally acquired on 27 December 2015. The Group's holding in the company increased from 68.2% to 97.5%.
- Acquisition and full consolidation on 29 May 2018 of the company TODO EN CLOUD, based in Spain. The Group's holding in the company amounts to 100%.
The first consolidation results in a goodwill impairment of €0.6 million. This impairment is likely to change over the next 12 months.
Contingent consideration was defined and recognised at 100% when the completion seems likely.

- Acquisition on 20 June 2018 and full consolidation of the company Owlance SAS, based in France, and its subsidiaries in France, Tunisia and Bulgaria. The Group's holding in the company amounts to 100%.
The first consolidation of Owlance SAS results in a goodwill impairment of €54.6 million. This impairment is likely to change over the 12 months following the acquisition.

2 | Sales over the year 2018

- Sale of the company CPoR Devises on 31 December 2018. The net consolidated gain amounted to €28.9 million.
- Sale of the company Tessi Documents Solutions (Austria) GmbH on 13 December 2018. The price for the assignment of the shares amounted to €400,000 and the consolidated loss amounts to €549,000.

3 | Other changes in 2018

- Merger-takeover of the company Tessi Chèque Nanterre by the company Tessi Chèque Ile de France on 30 September 2018 with retroactive effect from 1 January 2018 for tax and accounting purposes.
- Merger-takeover of the company Tessi Chèque Bordeaux by the company Tessi Chèque Interbancaire on 31 December 2018 with retroactive effect from 1 January 2018 for tax and accounting purposes.
- Liquidation on 5 December 2018 of the company IAE Cristal Hipotecario (equity affiliate).

NOTE 5 | Segment information

1 | Business sectors

31/12/2018

In € millions	Tessi documents services	CPoR Devises	Tessi customer marketing	Total
Income Statement				
Gross revenue	404.8		24.4	429.2
o/w inter-segment revenue	1.1		0.3	1.4
Total revenue	403.7		24.1	427.8
Current operating income	43.0		1.6	44.6
Depreciation on capital assets	9.4		0.5	9.9
Balance sheet				
Segment assets	360.4		15.2	375.6
Assets of activities held for sale	18.7			18.7
Tax assets				21.8
Other assets *				217.4
Total consolidated assets				633.6
Segment liabilities	175.5		11.5	187.0
Liabilities of activities held for sale		3.9		3.9
Borrowings				151.4
Other liabilities **				79.2
Tax liabilities				0.5
Equity				211.6
Total consolidated liabilities				633.6
Non-financial investments	11.7		0.5	12.2
Other information				
Employees at the end of the year	9,311		162	9,473

* including receivables on customer advances received as part of Diagonal Company's business activities (€0.4 million) and receivables on customer advances received as part of Owlance's business activities (€8.1 million)

** including advances related to promotional activities (€13.8 million) and customer advances related to the Diagonal Company business (€33.1 million) and customer advances related to the Owlance business (€32.4 million)

The segment assets and liabilities of the Owlance Group amount to €68.0 million and €8.1 million respectively.

31/12/2017

Segment information for the income statement is restated according to IFRS 5. There is therefore no contribution from CPoR to the consolidated revenue, the current operating profit and the depreciations. The reallocation of the expenses of the holding activities has also been carried out to the benefit of operational segments of the continuing operations, Tessi Documents Services and Tessi Customer Marketing.

The segment balance sheet data has not been restated, according to the provisions of IFRS 5.

In € millions	Tessi documents services	CPoR Devises	Tessi customer marketing	Total ***
Income Statement				
Gross revenue	364.4		26.3	390.7
o/w inter-segment revenue	1.4		0.2	1.6
Total revenue	363.0		26.1	389.1
Current operating income	42.3		1.1	43.4
Depreciation on capital assets	8.0		0.7	8.7
Balance sheet				
Segment assets	299.3	19.8	15.3	334.4
Cash and cash equivalents related to CPoR Devises financial activities		129.8		129.8
Tax assets				15.6
Other assets				126.0
Total consolidated assets				605.8
Segment liabilities	164.1	6.8	11.7	182.6
Liabilities related to CPoR Devises financial activities		77.4		77.4
Borrowings				120.8
Other liabilities*				47.3
Tax liabilities				1.6
Equity				176.1
Total consolidated liabilities				605.8
Non-financial investments	9.1	1.6	0.6	11.3
Other information				
Employees at the end of the year	7,911	143	171	8,225

* including receivables on customer advances received as part of Diagonal Company's business activities (€0.4 million)

** including advances related to promotional activities (€16.8 million) and customer advances related to the Diagonal Company business (€30.5 million)

*** Restated in accordance with IFRS 9 (see Note 2)

2 | Geographical segments

In € millions	31/12/2018	31/12/2017*
France	293.2	263.7
Europe excl. France	123.2	114.3
South America	11.4	11.1
Revenue	427.8	389.1

* Restated in accordance with IFRS 5 (see Note 3)

NOTE 6 | Personnel costs

<i>In € thousands</i>	31/12/2018	31/12/2017*
Wages and salaries	192,268	174,711
Social security contributions **	59,904	53,758
Employee profit-sharing	2,813	2,599
Share based payments (stock-options)	211	301
Total	255,196	231,369

* Restated in accordance with IFRS 5 (see Note 3)

** including a CICE tax credit of €5 million for 2018 and €5.5 million for 2017

Employees at 31 December

	31/12/2018	31/12/2017
Management level	947	607
Non-management level	8,526	7,618
Total	9,473	8,225

The employees present at 31/12/2017 includes the employees of CPoR.

NOTE 7 | Other operating income and expenses

<i>In € thousands</i>	31/12/2018	31/12/2017*
Operating subsidies	177	909
Reversals of depreciation, amortisation and provisions	955	1,463
Other operating income	2,594	4,193
Total other operating income	3,726	6,565

In 2018, the non-recurring expenses mainly correspond to the costs of strategic studies and expenses for the Group's activities in terms of external growth and the costs of implementing the single brand.

Restructuring costs in 2018 correspond to the transformation plan undertaken at Diagonal since the end of 2017.

<i>In € thousands</i>	31/12/2018	31/12/2017*
Other external services	49,460	46,569
Other external expenses	21,801	24,781
Other operating expenses	670	782
Total other operating expenses	71,931	72,131

2017 non-recurring expenses mainly related to the operational and legal restructuring carried out following Pixel Holding's purchase of the Tessi Group.

<i>In € thousands</i>	31/12/2018	31/12/2017*
Capital gains or losses	-644	-9
Restructuring costs	-969	95
Operational and legal restructuring costs - Pixel	-373	-1,289
Non-recurring operating income and expenses	-1,139	-447
Total other expenses and non-recurring operating income	-3,125	-1,650

* Restated in accordance with IFRS 5 (see Note 3)

NOTE 8 | Breakdown of depreciation, amortisation and provisions

<i>In € thousands</i>	31/12/2018	31/12/2017*
Depreciation	9,937	8,679
Provisions	2,040	2,228
Total	11,977	10,907

* Restated in accordance with IFRS 5 (see Note 3)

NOTE 9 | Financial income and expenses

<i>In € thousands</i>	31/12/2018	31/12/2017*
Interest income from cash investments	-10	95
Interest expense on borrowings	-14,348	-2,216
Net cost of debt	-14,358	-2,120
Other financial income	1,313	1,602
Other financial expenses	-1,261	-1,895
Other financial income and expenses	52	-293
Total financial income and expenses	-14,306	-2,413

* Restated in accordance with IFRS 5 (see Note 3)

The interest expense on borrowings for the financial period include an additional expense of €7.6 million, resulting from a debt refinancing transaction on 26 February 2019, announced by the press release of 7 January 2019.

As the loan agreements in force on the closing date include an early reimbursement clause, the assessment of financial debts according to their amortised cost takes into account a new payment schedule for future cash flows updated with the original effective interest rate.

NOTE 10 | Income tax

1 | Tax analysis

<i>In € thousands</i>	31/12/2018	31/12/2017*
Income tax for the year	9,839	7,758
Other current income tax	-393	-75
Current income tax	9,446	7,683
Deriving from initiation or reversal of temporary differences	1,170	570
Other deferred taxes	-2,595	1,936
Deferred taxes	-1,425	2,506
Income tax	8,022	10,189

* Restated in accordance with IFRS 9 (see Note 2) and IFRS 5 (see Note 3)

2 | Reconciliation between tax expense and earnings before tax

<i>In € thousands</i>	31/12/2018	2018 rates	31/12/2017*	2017 rates
Consolidated net income attributable to equity holders of the parent	48,760		33,899	
Minority interests	1,026		1,940	
Consolidated net income	49,786		35,839	
Net income/loss of equity affiliates	-46		3	
Income from activities held for sale or discontinued operations	30,714		6,656	
Net income of consolidated companies	19,119		29,180	
Group income tax expense	8,022		10,189	
Income before tax	27,140		39,369	
Goodwill impairment				
Earnings before tax and goodwill impairment	27,140		39,369	
Standard tax rate in France		x 33.33%		x 33.33%
Theoretical tax expense	9,047		13,123	
Reconciliation:				
Permanent differences	-71		-916	
Foreign tax differential	-953		-865	
Impact of tax rate differences	454		2,112	
Tax credits	-448		-87	
Unrecognised tax losses	5		7	
Unrecognised prior tax losses used	0		82	
Prior tax losses recognised and lost	-28		3	
Repayment of additional contribution on dividends paid	-14		-3,271	
Prior period income tax	30			
Effective tax rate		x 29.53%		x 25.88%
Actual tax expense	8,022		10,189	

* Restated in accordance with IFRS 9 (see Note 2) and IFRS 5 (see Note 3)

3 | Permanent differences relate primarily to the following:

<i>In € thousands</i>	31/12/2018	31/12/2017
Income and expenses not deductible or not taxable	-460	-914
Other	389	-2
Income tax	-71	-916

4 | Origin of deferred tax assets and liabilities

<i>In € thousands</i>	31/12/2018			31/12/2017		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Non-current assets		1,553	-1,553		1,551	-1,551
Depreciation (finance leases)		5	-5			
Accrued expenses/income	954		954	1,055		1,055
Investment in French overseas territories	6		6	1,313		1,313
Other assets	1,103		1,103	1,039		1,039
Provisions (End-of-career - Pensions)	5,777		5,777	5,178		5,178
Other liabilities	1,327		1,327		1,143	-1,143
Tax loss carryforwards	7,174		7,174	2,826		2,826
Parent company deferred tax	366		366	313		313
Net deferred taxes	16,707	1,558	15,150	11,724	2,693	9,030
Deferred tax assets			15,415			9,272
Deferred tax liabilities			265			242

NOTE 11 | Goodwill

<i>In € thousands</i>	Total	Tessi documents services	CPoR Devises	Tessi customer marketing
Gross goodwill at 31 December 2017	172,333	153,968	12,041	6,324
Accumulated impairment	-7,728	-6,189		-1,539
Net goodwill at 31 December 2017	164,606	147,779	12,041	4,785
Acquisitions	55,259	55,259		
Changes in scope (net)	-12,868	-826	-12,041	
Temporary reallocation of goodwill				
Impairment				
Exchange differences	390	390		
Goodwill as at 31 December 2018	207,387	202,602		4,785
Gross goodwill at 31 December 2018	215,114	208,791		6,324
Accumulated impairment	-7,728	-6,189		-1,539
Net goodwill at 31 December 2018	207,387	202,602		4,785

Goodwill is recognised on the date of acquisition via a preliminary allocation of the acquisition price.

The Group adjusts the preliminary figure during the period of allocation (limited to one year from the date of acquisition) to reflect the definitive value of certain assets and liabilities such as intangible assets, employee benefits, contingent liabilities, and current and deferred tax balances.

Goodwill was subject to an impairment test in accordance with the accounting policy set out in Note 5.4.

Their value in use is calculated using the discounted cash flow method. The main assumptions for performing impairment tests on the CGUs are as follows:

- number of years for which cash flows are estimated: five years, based on data from the budgeting process for the first year and an extension of this process for the following 4 years,
- Weighted Average Cost of Capital (WACC) of 8.30% reviewed in 2018, in particular taking into account cost of debt. In 2017 it amounted to 8.10%,
- a 1% long-term growth rate applied to the period following the 5-year business plan period.

The result of these impairment tests has not led to the recognition of impairment loss as at 31 December 2018.

Furthermore, sensitivity tests conducted by varying:

- the financial assumptions (WACC + 0.5 pp, long term growth - 0.5 pp), and
- the economic assumptions (turnover growth rate < -2 pp causing a 1 pp decrease in the current operating income margin)

did not generate a recoverable value lower than the book value of each CGU.

NOTE 12 | Other intangible assets

Breakdown of changes

<i>In € thousands</i>	Total	Research and development costs	Patents, licenses and concessions	Leased software	Other intangible assets	Intangible assets in progress	Deposits and advances
Gross value at beginning of year	29,698	2,512	17,615	1,007	6,133	2,147	285
Accumulated amortisation	-21,500	-2,061	-15,258	-1,007	-3,173		
Accumulated impairment							
Net value at 1 January 2018	8,198	450	2,357		2,960	2,147	285
Acquisitions (including intangible assets generated internally)	7,699	483	4,331		56	2,569	258
Additions to the consolidation scope (net)	3,619	3,047	403		169		
Exclusions from the consolidation scope (net)	-5,887				-3,016	-2,871	
Disposals (net)							
Allowances for depreciation	-2,444	-782	-1,662		-1		
Allowances for provisions							
Transfers between line items (net)			398			-111	-287
Exchange differences (net)	-28		-22			-6	
Gross value at year end	36,409	9,225	23,873	1,007	321	1,728	256
Accumulated amortisation	-25,102	-6,027	-18,067	-1,007	-2		
Accumulated impairment	-150				-150		
Net value at 31 December 2018	11,157	3,198	5,806		169	1,728	256

NOTE 13 | Tangible assets

Breakdown of changes

<i>In € thousands</i>	Total	Land	Buildings	Tech. inst. computer & industrial equipment	Tech. installations under lease	Other tangible assets	Other tangible assets under lease	Other tangible assets in progress	Deposits and advances
Gross value at beginning of year	119,702	6,893	24,315	44,596	3,810	39,768	75	11	235
Accumulated amortisation	-71,778		-4,392	-34,202	-3,810	-29,300	-75		
Accumulated impairment									
Net value at 1 January 2018	47,924	6,893	19,923	10,393		10,468		11	235
Investments	6,258			3,177	102	2,807		44	128
Additions to the consolidation scope (net)	1,478			25		1,144	309		
Exclusions from the consolidation scope (net)	-2,395			-6		-2,389			
Disposals (net)	-112			-28		-84			
Allowances for depreciation	-7,502		-1,067	-3,701	-13	-2,652	-69		
Reclassification as assets held for sale (net)	-18,743	-4,983	-13,760						
Transfers between line items (net)	-7		-11	-134		271			-133
Exchange differences (net)	226	73	194	28	-4	-66		2	
Gross value at year end	92,787	1,983	6,336	43,095	3,906	36,419	761	57	229
Accumulated amortisation	-65,618		-1,057	-33,298	-3,821	-26,921	-521		
Accumulated impairment	-42			-42					
Net value at 31 December 2018	27,127	1,983	5,280	9,755	85	9,498	240	57	229

NOTE 14 | Investment property

<i>In € thousands</i>	Valuation at historical cost 31/12/2018	Valuation at historical cost 31/12/2017
Gross value at beginning of year	797	868
Accumulated amortisation	-60	-34
Accumulated impairment		
Net value at 1 January 2018	737	834
Changes in consolidation scope (net)		
Disposals (net)		
Depreciation expense	-33	-32
Impairment recognised and carried over to income statement		
Exchange differences (net)	27	-67
Other		
Gross value at year end	827	797
Accumulated amortisation	-96	-62
Accumulated impairment		
Net value at 31 December 2018	731	735

NOTE 15 | Investments in equity affiliates

The change in the "Investments in equity affiliates" item breaks down as follows:

<i>In € thousands</i>	31/12/2018	31/12/2017
Net value at beginning of year	41	38
Income from associated companies	-46	3
Changes in scope	45	
Dividend payment		
Value at year-end	40	41

NOTE 16 | Non-current financial assets

<i>In € thousands</i>	31/12/2018	31/12/2017
Loans and other investments		
Deposits, guarantees and loans	2,678	2,139
Non-consolidated shares		
Equity interests and other securities *	2,922	10,140
Receivables related to other securities *	1,644	4,933
Total gross value	7,244	17,212
Accumulated impairment *	-4,721	-15,071
Net value	2,523	2,141

* Investments in French overseas territories under the Girardin Act (Article 217 undecies of the French Tax Code)

1 | Non-consolidated securities (contribution in net value)

<i>In € thousands</i>	31/12/2018	31/12/2017
24h00		
Other	2	2
Net value	2	2

2 | Breakdown of changes

<i>In € thousands</i>	Total	Equity interests and other securities	Receivables related to other securities	Loans	Deposits and advances received
Gross value at beginning of year	17,212	10,140	4,933	104	2,035
Accumulated impairment	-15,071	-10,138	-4,933		
Net value at beginning of year	2,141	2		104	2,035
Acquisitions	655			2	653
Additions to scope	789				789
Exclusions from scope	-382			-22	-360
Disposals (net)	-46				-46
Redemption					
Revaluation					
Transfers between items	-625			3	-628
Exchange adjustment	-9				-9
Impairment					
Gross value at year end	7,244	2,922	1,644	87	2,591
Accumulated impairment	-4,721	-2,920	-1,644		-157
Net value at 31 December 2018	2,523	2		87	2,434

NOTE 17 | Trade receivables and related accounts

<i>In € thousands</i>	31/12/2018	31/12/2017
Gross value	120,386	102,168
Impairment	-2,916	-1,695
Total net asset value	117,470	100,473
Advances received and credit notes to be issued	-13,418	-13,502
Franking customers	-5,052	-5,787
Net value accounts receivable	98,999	81,183
Net value accounts receivable adjusted	98,999	81,183
Revenue including tax (based on 12 months) *	525,399	466,318
Days sales in accounts receivable	68.78	63.54

* excluding financial activities (CPoR Devises)

Franking is managed on a disbursements basis and is not included in revenue.

NOTE 18 | Other receivables and accruals

<i>In € thousands</i>	31/12/2018	31/12/2017
Advances paid and credit notes receivable	704	589
Payroll receivables	543	576
Tax receivables	15,516	17,082
Sundry receivables	3,744	3,882
Receivables relating to Diagonal Company customer advances	378	407
Receivables relating to Owlance customer advances	8,161	
Prepaid expenses	6,436	8,749
Other receivables and accruals	35,479	31,285
Current income tax	6,410	6,329
Total	41,889	37,614

NOTE 19 | Share capital

At 31 December 2018, the share capital consisted of 2,810,487 shares with a par value of 2 euros each.

	Share capital (no. of shares)	Share capital (in € thousands)
At 1 January 2018	2,797,678	5,595.4
Cancellation		
Exercise of options	12,809	25.6
At 31 December 2018	2,810,487	5,620.9

1 | Calculation of earnings per share

	31/12/2018	31/12/2017*
Consolidated net income attributable to equity holders of the parent (in € thousands)	48,760	33,899
Average number of shares outstanding	2,810,487	2,797,678
Consolidated earnings per share in euros	17.35	12.12

* Restated in accordance with IFRS 9 (see Note 2) and IFRS 5 (see Note 3)

2 | Calculation of diluted earnings per share

	31/12/2018	31/12/2017*
Consolidated net income attributable to equity holders of the parent (in € thousands)	48,760	33,899
Average diluted number of shares	2,811,248	2,800,004
Consolidated diluted earnings per share in euros	17.34	12.11

* Restated in accordance with IFRS 9 (see Note 2) and IFRS 5 (see Note 3)

3 | Adjustments for calculating the weighted-average diluted number of shares

	31/12/2018	31/12/2017*
Number of shares outstanding	2,810,487	2,797,678
Dilutive impact of bonus share allocation plans	761	2,326
Average number of shares after dilution	2,811,248	2,800,004

* Restated in accordance with IFRS 9 (see Note 2) and IFRS 5 (see Note 3)

4 | Bonus share allocation plans

	2018 PLAN		2017 PLAN		
	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3
Date of shareholders' general meeting	29/06/2017	29/06/2017	29/06/2017	29/06/2017	29/06/2017
Date of Management Board meeting	21/12/2018	21/12/2018	21/09/2017	21/11/2017	21/11/2017
Number of bonus shares	26,144	4,122	14,196	1,991	3,416
of which number of shares granted to corporate officers	0	0	0	0	0
of which number of shares granted to the first ten employees	12,324	3,244	8,114	1,991	2,660
Number of beneficiaries	45	17	26	6	16
Effective allocation date	21/12/2019	21/12/2020	21/09/2018	21/11/2018	21/11/2019
Number of bonus shares definitively allocated			11,233	1,576	
Date first transfer possible	21/12/2021	21/12/2022	21/09/2020	21/11/2020	21/11/2020

Any shares not definitively allocated from the 2017 plan Tranche 1 and 2 will be carried over as an increase to the shares to be allocated as part of the 2019 plan.

Bonus shares allocated to employees are valued at their fair value on the date of allocation.

The IFRS 2 expense for the period amounted to €678,000, including social security contributions of €460,000.

NOTE 20 | Provisions for risks and contingencies

Breakdown of changes

<i>In € thousands</i>	Total	Provisions for restructuring	Provisions for taxes	Other provisions
Net value at 1 January 2018	4,697			4,697
Changes in scope	434			434
Supplementary provisions	198			198
Increase in existing provisions				
Amounts reversed and used	-380			-380
Amounts reversed and unused	-196			-196
Transfers between line items				
Exchange adjustment	-9			-9
Value at 31 December 2018	4,744			4,744
Non-current provisions	1,525			1,525
Current provisions	3,219			3,219

Other provisions mainly relate to commercial or labour disputes or to the normal course of business.

NOTE 21 | Provisions for pensions and other benefits

Provisions for pensions and similar benefits include defined benefit scheme obligations covered by plan assets (particularly in Switzerland) and those relating to retirement bonuses (particularly in France).

Principal actuarial assumptions

In %	2018	2017
Discount rate - France	1.60%	1.30%
Discount rate - Switzerland	1.10%	0.70%
Salary increase rate for management level staff - France	2%	2%
Salary increase rate for non-management level staff - France	1%	1%
Salary increase rate - Switzerland	1.50%	1.50%
Inflation rate - France	2%	2%

The expected rates of return on plan assets are in line with the discount rates.

Provisions for pensions and other benefits by country

In € thousands	Actuarial liability	Plan assets	Balance sheet provisions
France	16,639	836	15,804
Switzerland	21,942	15,774	6,168
Other	84		84
Value at year-end	38,665	16,610	22,055

Change in carrying amount of provisions

In € thousands	Actuarial liability	Plan assets	Balance sheet provisions
Net value at beginning of year	35,879	15,678	20,200
Changes in scope	-605	-566	-39
Cost for the period recorded in the income statement	1,942	679	1,263
<i>Cost of services rendered during the period</i>	1,927		1,927
<i>Impact of discounting</i>	352		352
<i>Expected return on funds</i>		127	-127
<i>Administrative costs and taxes</i>		-45	45
<i>Past entitlements: creation/modification of pension plans</i>			
<i>Reduction/settlement of plans</i>			
<i>Divestment</i>			
<i>Benefits paid</i>	-321	-57	-265
<i>Contributions paid</i>	-16	654	-669
Actuarial variances	636	248	388
Impact of changes in exchange rates	814	571	243
Other changes			
Value at year-end	38,665	16,610	22,055

Sensitivity of the actuarial liability to the main discount rate assumption

In € thousands	France	Switzerland	Total
0.50% increase	-1,047	-1,374	-2,421
0.50% decrease	1,149	1,538	2,687

NOTE 22 | Liabilities and creditors

1 | Interest-bearing liabilities

<i>Financial year 2018 - in € thousands</i>	Up to 1 year	1 to 5 years	More than 5 years	Total
Borrowings from credit institutions	4,386	65,830	40,600	110,816
Sundry financial liabilities (including employee profit sharing)	319	1,150	29,717	31,186
Bank overdrafts	9,933			9,933
Accrued interest not yet due	40			40
Total interest-bearing liabilities	14,678	66,980	70,317	151,975

Borrowings from credit institutions, and the loan granted by shareholders were paid back early on 26 February 2019 in the context of the refinancing of all of the Group's debt.

2 | Accounts and other notes payable (current)

<i>Financial year 2018 - in € thousands</i>	Up to 1 year	1 to 5 years	More than 5 years	Total
Trade accounts payable	36,878			36,878
Fixed asset accounts payable	3,048			3,048
Total suppliers	39,926			39,926
Advances received and credits to be issued	13,418			13,418
Social security payables	43,436			43,436
Tax payables	30,856			30,856
Advances received on behalf of promotional operations	13,777			13,777
Advances received on behalf of Diagonal Company customers	33,032			33,032
Advances received on behalf of Owlance customers	32,434			32,434
Sundry payables	8,856			8,856
Deferred income	7,409			7,409
Other current liabilities	183,220			183,220
Current tax liabilities	219			219
Total current accounts and other notes payable	223,365			223,365

3 | Accounts and other notes payable (non-current)

<i>Financial year 2018 - in € thousands</i>	1 to 5 years	More than 5 years	Total
Fixed asset accounts payable *	15,736		15,736
Total non-current accounts and other notes payable	15,736		15,736

* including the valuation of the cross option agreement on minority interests in Diagonal Company at €1.4 million and the Dhimyotis purchase price supplement (Note 29)

NOTE 23 | Cash and cash equivalents, net debt

<i>In € thousands</i>	31/12/2018	31/12/2017*
Short-term investments	139	559
Cash and cash equivalents related to commercial activities **	188,915	103,097
Cash and cash equivalents		129,756
Bank overdrafts	-9,933	-6,975
Cash and cash equivalents	179,120	226,437
Advances received on behalf of promotional operations	-13,777	-16,832
Blocked bank account linked to the acquisition of Diagonal Company and Todo en Cloud	-646	-998
Advances received on behalf of Diagonal Company customers	-32,654	-30,091
Net advances received on behalf of Owlance customers	-24,273	
Liabilities related to CPoR Devises financial activities		-77,432
Cash and cash equivalents net of advances	107,770	101,084
Borrowings	-142,002	-113,685
Net cash including cash dedicated to CPoR Devise activity	-34,232	-12,601
Cash dedicated to CPoR Devise activity		17,677
Net cash excluding cash dedicated to CPoR Devise activity	-34,232	-30,278

* Restated in accordance with IFRS 9 (see Note 2)

** Cash and cash equivalents include a deposit account of €5 million received in 2017 following a court judgement relating to a dispute. This judgement was appealed by the opposing party

1 | Cash CPoR Devises

<i>In € thousands</i>	31/12/2018	31/12/2017
Cash and cash equivalents related to CPoR Devises financial activities, including:		129,756
Customer bank accounts		22,742
Overnight loans		
Foreign currency holdings		48,290
Gold holdings		24,069
Current accounts on demand		34,655
Liabilities related to CPoR Devises financial activities, including:		-77,432
Customer bank deposits		-34,598
Overnight borrowings		-15,420
Debts in ounces of gold		-24,842
Debts on foreign currency holdings		-2,564
Current accounts payable on demand		-8
Current accounts payable on demand CPoR Devises		34,647
Net cash dedicated to CPoR Devise activity		17,677

2 | Borrowings

<i>In € thousands</i>	31/12/2018	31/12/2017 *
Borrowings due in < 1 yr	4,705	3,283
Borrowings due in 1- 5 yrs	66,980	26,873
Borrowings due in > 5 yrs *	70,317	83,529
Borrowings	142,002	113,685

* Restated in accordance with IFRS 9 (see Note 2)

** Including a shareholder loan of €29.4 at 31 December 2018, and €38.7 million at 31 December 2017

NOTE 24 | Fair value of financial instruments

In accordance with the amendment to IFRS 7, the following table shows the items recognised at fair value by type of financial instrument according to the following hierarchy:

- Level 1: instruments directly listed on an active market,
- Level 2: instruments listed on an active market for similar instruments or whose valuation techniques are based on observable parameters,
- Level 3: instruments whose significant valuation parameters are not observable.

	Level	Book value	Fair value	Assets/liabilities measured at fair value	Assets/liabilities measured at fair value through OCI	Assets/liabilities at amortised cost
<i>Financial year 2018 - in € thousands</i>						
Assets						
Investments in equity affiliates	3	40	40	40		
Equity interests and other securities	3	2	2	2		
Long-term loans and receivables		2,521	2,521			2,521
Trade receivables		117,470	117,470			117,470
Other receivables and accruals excluding prepaid expenses		29,043	29,043			29,043
Marketable securities - Mutual Fund	1	139	139	139		
Cash and cash equivalents related to commercial activities	1	188,915	188,915	188,915		
Total financial assets		338,030	338,130	181		337,949
Liabilities						
Loans and other long-term financial liabilities	2	137,015	137,015			137,015
Derivative financial instruments	2		281		281	
Short-term borrowings	2	14,678	14,678			14,678
Other non-current liabilities	3	15,736	15,736	15,736		
Suppliers		39,926	39,926			39,926
Other current liabilities		183,219	183,219			183,219
Total financial liabilities		390,574	390,855	15,736	281	374,838

The marketable securities consist mainly of very short-term (money market funds) investments whose balance sheet value corresponds to the market value.

NOTE 25 | Change in working capital

<i>In € thousands</i>	31/12/2018	31/12/2017	Changes in scope	Activities held for sale	Other changes	Changes during the financial year
Change in financial expense	-40	-492	-4	307		149
Operating position	11,674	-2,239	-1,122	5,232	-39	9,841
Stock	2,030	1,375				655
Operating receivables	134,233	118,720	7,066	-78	-104	8,629
Operating payables	-124,589	-122,334	-8,187	5,310	65	557
Non-operating position	-71,230	-46,249	-19,595	-3,107	-257	-2,022
Non-operating receivables	18,064	10,618	11,532	-2,786	-65	-1,235
Non-operating liabilities	-88,319	-57,628	-31,645	437	-158	676
Deferred income and pre-paid expenses	-976	762	517	-758	-34	-1,463
Working capital	-59,595	-48,980	-20,721	2,433	-295	7,969
Advances for promotional marketing	13,777	16,832				-3,055
Advances received on behalf of Diagonal Company customers	32,654	30,091			2	2,564
Advances received on behalf of Owlance customers	24,273		22,048			2,226
Blocked bank account linked to the acquisition of minority interests in Diagonal Company and Todo en Cloud	647	998				-351
Restated change in working capital						9,352

NOTE 26 | Risk management

1 | Interest rate risk

As part of its financing, Tessi takes out bank loans at variable and fixed rates.

The loans may be covered by interest rate hedges:

- either through an interest rate swap to cap the variable interest rate,
- or through an interest rate swap to lock in the variable interest rate.

At 31 December 2018, this hedge covered a residual notional amount of bank debt of €40.4 million.

At 31 December 2017, this hedge covered an initial nominal amount of bank debt, i.e. €45.1 million.

2 | Risks relating to borrowings

Tessi is subject to certain financial covenants. The Group must comply with financial ratios, calculated quarterly and based on consolidated data, for the term of the corresponding loan. Failure to comply with these ratios may give rise to early repayment of the loan.

Taking into account the early repayment of 12 January 2017, due to the refinancing of debt on 26 February 2019, these covenants will be calculated at 31 December 2018, based on the new borrowings.

3 | Risk of price change

The Company is not significantly exposed to price fluctuations.

4 | Risks related to the economic environment

At 31 December 2018, the Group is active on the French market through its two Business Units (Tessi documents services and Tessi customer marketing) and offers technological services and solutions to clients in many sectors of the economy.

Although the Group's business has shown strong resistance to different economic cycles and, in particular, a large volume of recurring business thanks to multi-year contracts, it may be sensitive to the overall economic and financial situation, and more specifically to the financial situation of the financial service sector, particularly banks. This sector of the economy remains affected by international economic and political uncertainties. This could create tensions among the Group's customers, leading to a reduction in their business levels and a weakening of relations with their suppliers and service providers. These tensions have the potential to put pressure on prices or lead to the cancelling or postponement of projects, including the Documents services activity.

This activity includes the cheques and cashless payment division of the Group, in which the Group supports the majority of banks in the management of their paper payment processing system. In this respect, the Group would also be affected by a unilateral decision which would call into question free cheque accounts in France, or its very existence as a means of payment.

On the other hand, the Customer marketing business can be extremely sensitive to investment budgets for marketing and promotional campaigns prepared by advertisers. These budgets are themselves very sensitive to the economic environment and business sentiment.

Lastly, the Group currently only carries on significant business in the French, Spanish, Swiss and Chilean markets. Its business volumes are therefore sensitive to economic trends in these countries.

Adverse changes in the economic and financial conditions affecting the markets in which the Group operates could have a material adverse impact on its activity, financial position, earnings or outlook.

5 | Risks related to regulations and regulatory changes

The Group operates in a highly regulated environment, both at the national and European level, particularly in relation to data processing and work-flow for its Documents services. In addition, a significant portion of the Group's customers are subject to the strict regulations of the financial sector.

Regulations applicable to the Group's activities or its customers are susceptible to changes that may be favourable or unfavourable to the Group. The strengthening or implementation of regulations, in some cases offering new development opportunities, is likely to give rise to new conditions for conducting Group activities, which may increase its operating expenses, limit the scope of its activities or more generally curb the Group's development.

In more general terms, the Group cannot guarantee that rapid or major changes in applicable regulations will not have a material adverse impact on its revenues, financial position, earnings or outlook in the future.

NOTE 27 | Fees paid by the Group to Statutory Auditors and members of their organisations

	BDO Rhône-Alpes and BDO network				Auditors and Partners				Ernst & Young				Other firms			
	Fees (excl. tax)		%		Fees (excl. tax)		%		Fees (excl. tax)		%		Fees (excl. tax)		%	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Audit																
Statutory auditors, certification, audit of parent and consolidated financial statements																
Issuer	72	70	15%	12%	72	70	30%	29%								
Fully consolidated subsidiaries	396	451	77%	77%	169	175	70%	71%		44		49%	61	36	100%	100%
Subtotal	468	521	92%	89%	241	245	100%	100%		44		49%	61	36	100%	100%
Non-audit services																
Issuer	43	33	8%	6%												
Fully consolidated subsidiaries																
Subtotal	43	33	8%	6%												
Subtotal	511	554	100%	95%	241	245	100%	100%		44		49%	61	36	100%	100%
Other services provided by the organisations to fully consolidated subsidiaries																
Legal, tax and social										45		51%				
Other services		29		5%												
Subtotal		29		5%						45		51%				
Total	511	583	100%	100%	241	245	100%	100%		89		100%	61	36	100%	100%

NOTE 28 | Information on related companies and parties

1 | Members of the Management Board

The principles and rules adopted by the Supervisory Board to determine the compensation and benefits in kind granted to corporate officers are specified in the Supervisory Board's corporate governance report pursuant to Article L. 225-37 of the French Commercial Code.

Compensation paid to members of the Management Board is set by the Supervisory Board.

Fixed, variable and exceptional compensation paid to members of the Management Board is decided on an individual basis by the Supervisory Board, depending on each person's responsibilities.

Members of the Management Board also benefit from group life insurance and a supplementary pension scheme established for all Group employees, as well as a supplementary death benefit.

No equity security or instrument convertible into shares or giving the right to acquire shares in the capital of Tessi SA has been awarded. Moreover, they receive no director's fees for positions held, whether

in Group companies or other companies by virtue of positions held within the Group.

In 2018 gross compensation paid to members of the Tessi SA Management Board amounted to €1,293,000.

2 | Members of the Supervisory Board

Members of the Supervisory Board are compensated by the allocation of directors' fees.

Directors' fees paid to members of the Tessi SA Supervisory Board for 2018 amounted to €70,000.

3 | Related companies

Tessi SA recorded an interest charge of €1,373,000 paid to its main shareholder, Pixel Holding SAS, as part of the current account agreement entered into on 12 January 2017.

Tessi SA also recognised income from operations paid to Pixel Holding SAS of €20,000, and to Pixel Holding 2 of €20,000.

NOTE 29 | Commitments made - received

1 | Commitments made

1.1. Comfort letters, letters of commitment, sureties, guarantees

- Tessi SA is committed to the granting of sureties, endorsements and guarantees, in the event of financial default of its subsidiaries and Group companies it controls indirectly, within the limit of €25 million, and without limitation of amount in respect of tax and customs authorities.

- Via a letter of comfort issued to CNP Assurances, Tessi SA has guaranteed that its subsidiary Tessi Documents Services (100%) is able to meet all of its obligations under:

- the Préfon Retraite production contract,
- the escheat contract processing contract,
- the incoming mail digitisation contract,

between Tessi Documents Services and CNP Assurances. Alternatively, Tessi SA is committed to providing the human and financial resources necessary for the performance of its obligations, or will ensure that they are carried out by another subsidiary of the Tessi Group.

- Via a letter of comfort issued to Caisse d'Epargne Ile de France, Tessi has guaranteed that its subsidiary Tessi Documents Services (100%) will be able to meet all of its obligations under the document processing contract entered into between its subsidiary and Caisse d'Epargne Ile de France. Alternatively, Tessi SA is committed to providing the human and financial resources necessary for the performance of its obligations, or will ensure that they are carried out by another subsidiary of the Tessi Group.
- Via a letter of comfort issued to Caisse d'Epargne Ile de France, Tessi SA has guaranteed that its subsidiary Tessi GED will be able to meet all of its obligations under the electronic documents management solution licensing, hosting and maintenance contract entered into between its subsidiary and Caisse d'Epargne Ile de France. Alternatively, Tessi SA is committed to providing the human and financial resources necessary for the performance of its obligations, or will ensure that they are carried out by another subsidiary of the Tessi Group.
- Via a letter of comfort issued to Axa Assistance France, Tessi has guaranteed that its subsidiary Tessi Documents Services will be able to meet all of its obligations under the supplier invoice processing contract entered into between its subsidiary and Axa Assistance France. Alternatively, Tessi SA is committed to providing the human and financial

resources necessary for the performance of its obligations, or will ensure that they are carried out by another subsidiary of the Tessi Group.

- Via a letter of intent entered into with Deutsche Bank AG, Tessi SA has committed to ensuring that its subsidiary I.C.S.B. is able to meet its contractual obligations.
- Via a letter of comfort issued to LCL-Credit Lyonnais, Tessi SA is committed to provide all necessary support for the performance of the contractual obligations of its subsidiary in the event of default of Tessi Éditique (desktop publishing).
- Via a letter of comfort issued to EUROPCAR France, Tessi SA has guaranteed that it will ensure that its subsidiaries Tessi Documents Services and Tessi Éditique are able to fulfil all their respective obligations under the digitisation and desktop publishing contract entered into with EUROPCAR France. Alternatively, Tessi SA is committed to providing the human and financial resources necessary for the performance of their obligations, or will ensure that they are carried out by another subsidiary of the Tessi Group.
- Via a letter of comfort issued to BNP Paribas, Tessi SA has guaranteed that it will ensure that its subsidiaries Tessi Paiements Services and Tessi Technologies are able to fulfil all their respective obligations under the licensing agreement providing access to and use of the server application for the SCANTOPAY MOBILITY solution and the provision of implementation services entered into with BNP Paribas. Alternatively, Tessi SA is committed to providing the human and financial resources necessary for the performance of their obligations, or will ensure that they are carried out by another subsidiary of the Tessi Group.
- Via a letter of comfort issued to Pages Jaunes, Tessi SA has guaranteed that its subsidiary Tessi MD will be able to meet all of its obligations under the packaging and mail preparation contract for printed Pages Jaunes telephone directories, entered into between Tessi MD and Pages Jaunes. Alternatively, Tessi SA is committed to providing the human and financial resources necessary for the performance of its obligations, or will ensure that they are carried out by another subsidiary of the Tessi Group.
- Via a letter of comfort issued to LA POSTE, Tessi SA has committed to provide, in the event of default by its subsidiary Tessi MD, all necessary financing for the performance of the subsidiary's payment obligations under the Colissimo Entreprise agreement.

- Via a letter of commitment issued to GE Capital Equipement Finance - now CM CIC Leasing - Tessi SA has committed to providing the financial resources necessary in case of default, on the part of its subsidiary Tessi TMS, on the payment of rental amounts due under the long-term office equipment rental contract between Tessi TMS and GE Capital Equipement Finance, and to take over the lease of such equipment under the same terms and conditions.
- The sales agreement for CPoR Devises provides for a liability guarantee in the event of any damage within 30 business days of the expiry of the period of limitation for tax and social security claims and for 24 months after the date of the sale for any other claims, up to a limit of €7 million, which may be increased to €8 million depending on the conclusions of the ACPR audit.

1.2. Bank guarantees

- Provision of a bank guarantee by Société Générale to Tessi Documents Services in the amount of:
 - €252,000 to guarantee the interests of URSSAF de Paris, a client of Tessi Documents Services,
 - €657,600 to guarantee the interests of URSSAF Ile de France, a client of Tessi Documents Services,
 - €168,000 to guarantee the interests of URSSAF de la Gironde, a client of Tessi Documents Services,
 - €60,000 to guarantee the interests of URSSAF de la Dordogne, a client of Tessi Documents Services,
 - €42,500 to guarantee the interests of URSSAF du Lot et Garonne, a client of Tessi Documents Services.
- Provision of a bank guarantee by Société Générale to Tessi MD for an amount of €550,000 to guarantee the payment of all sums owed to La Poste by Tessi MD in respect of postage fees.
- Tessi SA has entered into a letter of intent with Société Générale to ensure that the bank incurs no loss due to its commitment with Tessi MD and that Tessi MD respects its commitments to Société Générale and has sufficient cash.
- Provision of a bank guarantee by Société Générale to Tessi Encaissements in the amount of:
 - €60,000 to guarantee to Caisse Autonome de Retraite et de Prévoyance des Infirmiers, Masseurs Kinésithérapeutes, Orthophonistes et Orthopédistes (CARPIMKO) the payment of all sums owed by Tessi Encaissements in respect of a signed delegation agreement between CARPIMKO and Tessi Encaissements,
 - €145,000 to secure payment of all sums owed to Caisse Autonome de Retraite des Médecins Français (CARMF) by Tessi Encaissements in its capacity as agent of the beneficiary's accounting officer.
- Provision of a bank guarantee by Société Générale to Tessi Éditique for an amount of €3,000,000 to guarantee the payment of all sums owed to La Poste by Tessi Éditique in respect of postage fees.
- Provision of a bank guarantee payable at first demand by CIC to Tessi Éditique for an amount of €60,000 to guarantee the payment of postal fees for the company Ditrimag SA.
- Provision of a bank guarantee payable at first demand by Société Générale to Tessi Services for an amount of €329,965 to guarantee Bouygues Immobilier under the terms of an off-plan lease.
- Provision of a bank guarantee by BNP to Tessi Éditique for an amount of €1,000,000 to guarantee the payment of all sums owed to La Poste by Tessi Éditique in respect of franking costs.
- XWZ 32 (parent company of Tessi Éditique) has provided BNP with a joint and several guarantee for Tessi Éditique for an amount of €1,000,000.
- Granted by Tessi SA on 12 January 2017:
 - as security for its obligations as borrower and guarantor under a Loan Agreement dated 12 January 2017, and as borrower under a Current Account Agreement entered into between Tessi SA and Pixel Holding on 12 January 2017:
 - (i) pledges over shares or securities accounts (whatever the case may be) held by Tessi SA in the capital of Tessi Technologies, Tessi Documents Services, SEDI (Société d'Enrichissement de Données Informatiques), Prochèque Nord, Tessi Paiements Services, BIP Tessi (Bordelaise d'Informatique Périphérique), Tessi-T.G.D., Société Rhôdaniennne d'Informatique Périphérique (RIP-Tessi), Tessi Informatique, Tessi Encaissements, Tessi Chèque Rennes, Graddo Grupo Corporativo, BPO Solutions Spain and Diagonal Company Services & Solutions, by signing any statement of pledge of a financial securities account subject to Article L. 211-20 of the French Monetary and Financial Code,

- (ii) a pledge over its bank account, and
- (iii) a pledge on intra-group receivables held by Tessi SA, it being specified that Pixel Holding is party to all collateral referred to in this section, as beneficiary,
- as security for its obligations as borrower and guarantor under the Loan Agreement, a first-ranking pledge over Tessi Document Solutions Switzerland shares and,
- as security for its obligations as borrower under the Current Account Agreement, a second-ranking pledge over Tessi Document Solutions Switzerland shares in favour of Pixel Holding.
- Entering into the Loan Agreement, on 20 June 2017, as guarantor of Diagonal Company Services & Solutions, Tessi Technologies, Graddo II, Tessi Document Services, SEDI, Prochèque Nord, Tessi Paiements Services, BIP-Tessi, Grabacion de Datos y Documentos, Tessi Éditique, RIP Tessi, Tessi TGD, BPO Solutions, Tessi GED, Tessi Informatique, Tessi Document Solutions Suisse, Tessi Encaissements, Tessi Chèque Rennes, Graddo Grupo Corporativo, Tessi Ouest, ICSB, Tessi Chèque Interbancaire, XWZ 32, C2I Productions, Accès Informatiques and Tessi TMS (the “Post-Closing Guarantors”), via the conclusion of joinder agreements between Tessi SA, the Post-Closing Guarantors and Natixis as agent and security agent and, in this respect, as security for all amounts owed under the Loan Agreement and senior financing documents.
- Granted by Tessi SA and the Post-Closing Guarantors on 20 June 2017 of:
 - (i) pledges over shares issued by the Post-Closing Guarantors not pledged on 12 January 2017,
 - (ii) pledges over bank accounts by each Post-Closing Guarantor, except for Diagonal (and regarding Tessi TMS covering its non-dedicated accounts only), and
 - (iii) pledges over receivables covering intra-group receivables held by each Post-Closing Guarantor, under similar terms and conditions as the pledges granted by Tessi SA on 12 January 2017,
- Entering into the Loan Agreement, on 27 April 2018, as guarantor for Hipotecarios Atacas, Tessi Services and Logidoc Solutions (the “Post-Closing Guarantors”), via the conclusion of joinder agreements between Tessi SA, the Post-Closing Guarantors and Natixis as agent and security agent and, in this respect, as security for all amounts owed under the Loan Agreement and senior financing documents.
- Granted by Tessi SA and the Post-Closing Guarantors on 27 April 2018 of:
 - (i) pledges over securities held by Tessi SA in Tessi Services and Logidoc Solutions,
 - (ii) pledges over bank accounts by Tessi Services and Logidoc Solutions, and
 - (iii) pledges over receivables covering intra-group receivables held by each Post-Closing Guarantor, under similar terms and conditions as the pledges granted by Tessi SA on 12 January 2017 and 20 June 2017,

as guarantee (i) concerning the securities granted by Tessi SA, for its obligations as borrower and guarantor under the Loan Agreement dated 12 January 2017 and as borrower under the Current Account Agreement entered into between Tessi SA and Pixel Holding on 12 January 2017 and (ii) concerning the securities granted by the Post-Closing Guarantors, for their obligations and guarantors under the Loan Agreement dated 12 January 2017.

as guarantee (i) concerning the securities granted by Tessi SA, for its obligations as borrower and guarantor under the Loan Agreement dated 12 January 2017 and as borrower under the Current Account Agreement entered into between Tessi SA and Pixel Holding on 12 January 2017 and (ii) concerning the securities granted by the Post-Closing Guarantors, for their obligations and guarantors under the Loan Agreement dated 12 January 2017.

- Entering into the Loan Agreement, on 10 August 2018, as guarantor for Mutua SAS, Mutua Gestion SAS and Owlance SAS (the “Post-Closing Guarantors”), via the conclusion of joinder agreements between Tessi SA, the Post-Closing Guarantors and Natixis as agent and security agent and, in this respect, as security for all amounts owed under the Loan Agreement and senior financing documents.
- Granted by Tessi SA and the Post-Closing Guarantors on 10 August 2018 of:
 - (i) pledges over securities held by Tessi SA in Owlance,
 - (ii) pledges over bank accounts by the Post-Closing Guarantors, and
 - (iii) pledges over receivables covering intra-group receivables held by each Post-Closing Guarantor, under similar terms and conditions as the pledges granted by Tessi SA on 12 January 2017, 20 June 2017 and 27 April 2018,

as guarantee (i) concerning the securities granted by Tessi SA, for its obligations as borrower and guarantor under the Loan Agreement dated 12 January 2017 and as borrower under the Current Account Agreement entered into between Tessi SA and Pixel Holding on

12 January 2017 and (ii) concerning the securities granted by the Post-Closing Guarantors, for their obligations and guarantors under the Loan Agreement dated 12 January 2017.

1.3. Purchase price supplements and purchase commitments

- Tessi SA is committed to paying a purchase price supplement concerning the acquisition of Gdoc Holding and its subsidiaries of a maximum amount of CHF 780,000 on the basis of the consolidated financial statements for the year ending 31 December 2018, depending on the results of Gdoc Holding and its subsidiaries. This price supplement has been recognised in full in the Group's consolidated financial statements.
- As part of its acquisition of a controlling interest in Diagonal Company Services & Solutions, Tessi is committed to buying back minority shareholders' shares, representing 2.45% of the share capital, at a fixed price and in accordance with the same method used during the initial acquisition, at 23/12/2020. This commitment has been recognised in full in the Group's consolidated financial statements.
- Tessi SA is committed to paying a purchase price supplement concerning the acquisition of IMDEA of an amount of €175,000 depending on the total results of GDOC Spain, and a second purchase price supplement of €75,000 depending on the total results of GDOC Spain, no later than 10 October 2019. These commitments have been recognised in full in the Group's consolidated financial statements.
- Tessi SA is committed to paying a purchase price supplement concerning the acquisition of Todo En Cloud, SL, of a total amount of €149,000, depending on the results of Todo En Cloud over the next 5 years. The price supplement will be paid, if the conditions are met, with 5 possible scheduled payments of €29,800 each. The payment obligation may be extended until 2025, but the amount will not be increased. This commitment has been recognised in full in the Group's consolidated financial statements.
- Tessi SA is committed to paying a purchase price supplement concerning the acquisition of Dhimyotis, of a maximum amount of €14,172,269.74, depending on the results of Dhimyotis on 31 December 2020. This commitment has been recognised in full in the Group's consolidated financial statements.

2 | Commitments received

- Tessi SA has received an independent first-demand bank guarantee issued by Société de la Tour Eiffel

for an amount of €1,000,000 in the context of a unilateral promise to sell a portfolio of assets.

3 | Other financial commitments

- Borrowings were the subject of partial interest hedging on an initial nominal amount €40.4 million. This hedge was recorded as a liability of €281,000 on the consolidated balance sheet.

NOTE 30 | Changes in consolidation scope as at 31 December 2018

Consolidated subsidiaries by business segment

1 | Tessi documents services

Companies	Country	Control (%)	Interest (%)	Consolidation method
Accès Informatiques	France	100	100	FC
ASP One.fr	France	100	100	FC
Atelier Pré St Gervais	France	100	100	FC
ATIA	Vietnam	60	60	FC
A.T.I.P.	France	100	100	FC
BIPIO	Mauritius	91.5	91.5	FC
BIP-Tessi	France	100	100	FC
BPO Solutions	Spain	100	100	FC
C2I Production	France	100	100	FC
Dhimyotis	France	100	100	FC
Diagonal Company Services & Solutions	Spain	97.5	97.5	FC
Diagonal Company Gestoria Administrativa	Spain	49	47.8	FC
Diagonal Gest Chile	Chile	100	97.5	FC
Docuplus Ltd	England	100	100	FC
Formalización Alcalá	Spain	20	19.5	EM
Gesanco Gestión	Spain	100	97.5	FC
Gestión Externa	Chile	60	58.5	FC
Gestión Externa Colombia	Colombia	65	63.4	FC
Gestiona Agencia Habitacional	Chile	99	57.9	FC
Gestiona Procesos Chile	Chile	99.6	58.5	FC
GI Qualitas Limitada	Chile	99	57.9	FC
GIP-Tessi	France	100	100	FC
Gdoc Holding SA	Switzerland	100	100	FC
Gdoc España SL	Spain	100	100	FC
Gdoc Lasercom France	France	100	100	FC
Gdoc Lasercom SA	Switzerland	100	100	FC
Grabación de datos y documentos	Spain	100	100	FC
Graddo II	Spain	100	100	FC
Hipotecarios Atacas	Spain	100	97.5	FC
I.C.S.B.	France	100	100	FC
Insynergy Consulting España	Spain	70	68.3	FC
ISEM	France	100	100	FC
Logidoc Solutions	France	100	100	FC
Mapreuve	France	100	100	FC
Mutua	France	100	100	FC
Mutua Gestion	France	100	100	FC
Owliance SAS	France	100	100	FC
Owliance Bulgaria	Bulgaria	100	100	FC
Owliance SI	France	100	100	FC
Owliance Tunisia	Tunisia	100	99.9	FC
Processure Company Limited	Mauritius	50	50	FC
Perfo Service	France	100	100	FC

Companies	Country	Control (%)	Interest (%)	Consolidation method
Prochèque Nord	France	100	100	FC
RIB Drôme	France	100	100	FC
RIP-Tessi	France	100	100	FC
SATC	France	100	100	FC
SDIP-Tessi	France	100	100	FC
SEDI	France	100	100	FC
SIP-Tessi	France	100	100	FC
SMIP-Tessi	France	100	100	FC
Servicios Externos Gestiona	Mexico	60	58.5	FC
Synercam	France	100	100	FC
Synergie	France	100	50	FC
TDC Tessi	France	100	100	FC
T.D.I	France	100	100	FC
TESCA	France	51	51	FC
Tessi 2M	France	100	100	FC
Tessi Business Services	Spain	100	100	FC
Tessi Digital Services	France	100	100	FC
Tessi Chèque Île de France	France	100	100	FC
Tessi Chèque Interbancaire	France	100	100	FC
Tessi Chèque Rennes	France	100	100	FC
Tessi Consulting	France	100	100	FC
Tessi Contact Center	France	100	100	FC
Tessi Documents Services	France	100	100	FC
Tessi Documents Services Centre de Relations Clients Avignon	France	100	100	FC
Tessi Documents Services Centre de Relations Clients Lyon	France	100	100	FC
Tessi Documents Services Centre de Relations Clients Metz	France	100	100	FC
Tessi Document Solutions Switzerland	Switzerland	100	100	FC
Tessi Document Solutions Germany	Germany	100	100	FC
Tessi Éditique	France	100	100	FC
Tessi Encaissements	France	100	100	FC
Tessi GED	France	100	100	FC
Tessi Gestiona SAS	Colombia	80	46.8	FC
Tessi IT	France	100	100	FC
Tessi Insurance Spain	Spain	100	100	FC
Tessi Ouest	France	100	100	FC
Tessi Lab	France	100	100	FC
Tessi Digital Services	France	100	100	FC
Tessi Technologies	France	100	100	FC
Tessi Technology Tunis	Tunisia	100	100	FC
Tessi-T.G.D	France	100	100	FC
T.I.G.R.E.	France	100	100	FC
Todo En Cloud	Spain	100	100	FC
TSI Action Informatique	France	100	100	FC
Tunis Data Services	Tunisia	100	100	FC
Valdeolmillos Gestores	Spain	100	97.5	FC
XWZ 32	France	100	100	FC

2 | Tessi customer marketing

<i>Companies</i>	Country	Control (%)	Interest (%)	Consolidation method
Promotion Marketing Communication (PMC)	France	100	100	FC
Tessi MD	France	100	100	FC
Tessi Print	France	100	100	FC
Tessi TMS	France	100	100	FC

3 | Autres et non affectées

<i>Companies</i>	Country	Control (%)	Interest (%)	Consolidation method
Tessi Services	France	100	100	FC

Statutory Auditors' report on the Consolidated Financial Statements

Financial year ended 31 December 2018

To the Tessi shareholders,

1 | Opinion

Pursuant to the mandate given to us at the General Meeting, we have conducted an audit of Tessi's consolidated financial statements for the financial year ended 31 December 2018, as attached to this report.

We hereby certify that the consolidated financial statements are, with regard to IFRS as adopted within the European Union, fair and accurate and faithfully reflect the operating results for the year ended as well as the financial position, assets and liabilities at the end of the year of the consolidated group comprising the various individuals and entities included in the consolidation scope.

The opinion expressed above is consistent with the content of our report submitted to the audit committee.

2 | Basis for the opinion

2.1. Audit guidelines

We conducted our audit in accordance with professional standards applicable in France. We believe that our audit provides a reasonable basis for the opinion presented.

Our responsibilities pursuant to these standards are presented under "Responsibilities of the statutory auditors relating to the audit of the consolidated financial statements" in this report.

2.2. Independence

We conducted our audit assignment in compliance with independence criteria applicable to us, for the period from 1 January 2018 to the issue date of our report. In particular, we did not provide any services prohibited by Article 5, paragraph 1 of EU Regulation No. 537/2014 or by the statutory auditors' professional code of ethics.

2.3. Comment

Without calling into question the opinion expressed above, we draw your attention to Note 2 in the Notes to the consolidated financial statements, which explains the impact of the adoption of new accounting standards from 1 January 2018.

3 | Justification of our assessments - Key audit matters

Pursuant to Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we hereby bring to your attention the key audit matters relating to the risks of material misstatements that, in our professional judgement, were greatest for the audit of the consolidated financial statements for the year, as well as the response we have provided in light of such risks.

The assessments made are part of our audit of the consolidated financial statements, taken as a whole, and have contributed to forming the opinion expressed above. We have not expressed an opinion on any items in these consolidated financial statements taken separately.

4 | Goodwill valuation

4.1. Risk identified

As part of its development, the Group makes targeted acquisitions, and is required to recognise goodwill in its financial statements.

Goodwill is the difference between the purchase price and the net amount recognised in respect of identifiable assets acquired and liabilities assumed, and is allocated to the various cash-generating units depending on the value in use allocated to each of them.

At least once a year, management ensures that the net book value of goodwill, recorded under assets in the amount of €207.4 million at 31 December 2018, does not exceed its recoverable value. However, any negative change in activities to which goodwill has been allocated, for example due to internal or external factors

relating to the economic and financial environment of markets on which Tessi operates, will naturally and significantly impact the recoverable value of goodwill, and will give rise to the recognition of impairment. A change of this kind would involve reassessing the suitability of all of the assumptions used to calculate recoverable values, as well as the reasonable and consistent nature of calculation parameters applied.

Impairment test procedures and information on assumptions applied are presented in Notes 11 and 5.4 to the consolidated financial statements. The recoverable value was determined by reference to the value in use, calculated based on the present value of expected cash flows of the group of assets comprising each cash-generating unit.

We considered the valuation of goodwill a key audit matter, given the significant amount of goodwill recorded in the financial statements, as well as its sensitivity to assumptions applied by management.

4.2. Audit procedures implemented to address this risk

Our approach included:

- assessing the correct identification of cash generating units (CGUs);
- familiarising ourselves and assessing the process implemented by senior management with regard to impairment testing;
- verifying that the model used to calculate value in use is appropriate;
- analysing the consistency of projected cash flows with the most recent estimates of the Management Board;
- comparing future cash flow projections for 2018-2020 with the business plans used during impairment testing in the previous year;
- comparing impairment test results forecast during the previous year with actual 2018 results;
- conducting interviews with management in order to assess the main assumptions applied in business plans, and reconciling these assumptions with the explanations provided;
- assessing the methodology used to calculate the discount rate applied to projected cash flows, as well as the long-term growth rate used to project the last estimated year's cash flow to infinity; comparing these rates with market data or external services and recalculating these rates based on our own data sources;
- analysing tests carried out by management on the sensitivity of the values in use to a variation in the main assumptions applied;
- assessing the appropriateness of financial information provided in Notes 11 and 5.1.a of the Notes to the consolidated financial statements.

5 | Deferred tax assets - Recoverability of deferred tax assets on tax loss carryforwards

5.1. Risk identified

At 31 December 2018, €16.7 million in deferred tax assets, including €7.2 million relating to tax loss carryforwards were recorded in the consolidated statement of financial position. Deferred tax assets are only recognised if it is probable that the Company will record sufficient taxable profits to recover it.

As stated in Note 5.11-c, the Group's ability to recognise its deferred tax assets relating to tax loss carryforwards is assessed by senior management at the end of each financial year, taking into account future taxable earnings forecasts. The likelihood of recovering deferred tax assets primarily relies on a business plan covering an eight-year horizon, and which takes into account the probability of generating future taxable profits. It also takes into account the local management teams' assessment of the likelihood of achieving business plans, in light of the risks identified at year-end.

We considered the recognition of deferred tax assets relating to tax loss carryforwards to be a key audit matter, given their sensitivity to the assumptions applied by management to recognise these assets, and given the significant amounts recorded.

5.2. Audit procedures implemented to address this risk

Our approach included an assessment of the Group's ability to recognise deferred taxes on tax losses carried forward, particularly with regard to future taxable profits enabling past tax losses to be absorbed.

We also verified the appropriateness of the model applied by Executive Management to identify existing tax loss carryforwards that will be used by future taxable profits.

In order to evaluate future taxable profits, we assessed the reliability of the process used to prepare the eight-year plan (on which the Group based the recognition of its deferred tax assets), by:

- examining the consistency of projections with the senior management's most recent estimates;
- comparing previous years' projections with actual results;
- verifying that the data and long-term growth rates included in the business plan used for asset impairment tests have been correctly migrated to those used to value deferred taxes;
- conducting a critical review of assumptions applied by management to prepare projections beyond the three-year plan approved by the Management Board,

specifically by verifying the consistency between these assumptions and the long-term growth rate used and information gathered during our interviews with members of the Executive Management.

6 | Financial instruments

6.1. Risk identified IFRS 9 on financial instruments

The Tessi Group's financial statements are affected by the application from 1 January 2018 of the IFRS 9 standard regarding the renegotiation of interest rates on debts equally in 2017 or 2019 in view of the discussions in progress at the year close.

The impacts of the first application of the IFRS 9 standard from 1 January 2018 are detailed in Note 2a of the Notes. The impact of the first application of the IFRS 9 standard on the opening equity related to the implementation of the new standard is +€2.6 million.

We have considered that the impacts of the first application of IFRS 9 at the start of the year and the processing of renegotiations in progress at year close are a key point for our audit due to the significant nature of its impact on the presentation of all of the consolidated Financial Statements for the year ending 31 December 2018.

6.2. Audit procedures implemented to address this risk

Our approach included:

- reviewing the methodology applied and the work carried out by the Group to address the impact of the implementation of this new standard;
- ensuring the comprehensiveness of the operations undertaken by the Group with regard to the application of this standard and their lawful application of the principle of the separation of financial periods;
- assessing the appropriateness of financial information provided in Note 2b of the Notes to the consolidated financial statements.

7 | Recognition of turnover

7.1. Risk IFRS 15 Standard "Revenue from Contracts with Customers"

The Group carried out a study of the consequences of the application of IFRS 15 for its financial statements for all its operations based on a sample of contracts from the two Business Units Tessi Documents Services and Tessi Customer Marketing.

The impact of the divergences calculated by the Group is deemed insignificant. Therefore, the Tessi Group continues to account for revenue according to the previous standards.

7.2. Audit procedures implemented to address this risk

Our approach included:

- reviewing the methodology applied and the work carried out by the Group to address the impact of the implementation of this new standard;
- analysing by sampling the significant contracts in progress in 2017 and 2018 to validate the chosen position;
- assessing the appropriateness of financial information provided in Note 2a of the Notes to the consolidated financial statements.

8 | Activities sold or held for sale

8.1. Risk identified for activities sold or held for sale

On 20 December 2018, Tessi SA signed a unilateral promise to sell for four buildings it holds for an amount of €20 million. According to the IFRS 5 standard, assets held for sale are presented separately from other assets on the balance sheet and amongst the current assets.

On 31/12/2018, Tessi sold CPOR Devises, which was held 80% by Tessi and 20% by Crédit Agricole SA. CPoR Devises was therefore unconsolidated, and the activity for the year 2018 and the capital gains from the sale of an amount of €28.9 million are presented, according to the provisions of IFRS 5, as activities held for sale or discontinued operations in the income statement presented as at 31 December 2018.

The net impact on the income statement of activities sold or held for sale is +€30.7 million. We have considered that due to the amounts involved, these exceptional transactions were a key point for our audit.

8.2. Audit procedures implemented to address this risk

Our approach included:

- studying and assessing the process implemented by the management to isolate the income from the assets and liabilities held to be sold or sold, presented on the balance sheet and the consolidated income statement;
- assessing the appropriateness of financial information provided in Note 3 of the Notes to the consolidated financial statements.

9 | Specific verifications

We also conducted, in accordance with professional standards applicable in France, with the specific verification required by law of information relating to the Group, as provided in the Management Board's Management Report.

We have no comments to make regarding its sincerity or its consistency with the consolidated financial statements.

We certify that the consolidated non-financial information statement provided for by article L. 225-102-1 of the French Commercial Code is included in the Group's Management Report, it being specified that pursuant to the provisions of article L. 823-10 of said Code, the accuracy of the information contained in this statement and its consistency with the consolidated Financial Statements has not been verified and must be subject to a report by an independent third party.

10 | Information on other statutory and regulatory obligations

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Tessi at the General Meeting held on 14 June 2013.

On 31 December 2018, SOVEC, now BDO Rhône Alpes, was in its 42nd consecutive year as statutory auditor and Audits & Partenaires was in its 18th year. The two firms had held office for 18 years each since the Company's shares were admitted for trading on a regulated market.

11 | Responsibilities of senior management and persons involved in corporate governance with regard to the consolidated financial statements

It is the responsibility of senior management to prepare consolidated financial statements that present a true and fair view, in accordance with IFRS as adopted in the European Union, and to set up the internal controls that it deems necessary for the preparation of consolidated financial statements free of any material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, senior management must assess the Company's capacity to continue operating, must present in these financial statements, as applicable, necessary information relating to business continuity, and must apply the going concern principle, unless there is a plan to liquidate the Company or discontinue operations.

The audit committee is responsible for monitoring the preparation of financial information and the effectiveness of internal control and risk management systems, as well as any internal audit systems regarding procedures for preparing and processing accounting and financial information.

The consolidated financial statements were approved by the Management Board.

12 | Responsibilities of the statutory auditors relating to the audit of the consolidated financial statements

12.1. Audit objective and approach

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. Reasonable assurance means a high level of assurance, however it does not guarantee that an audit conducted in accordance with the applicable professional standards will systematically detect any and all material misstatements. Misstatements may arise due to fraud or error, and are considered as material when it is reasonable to expect that they can, taken individually or together, influence the economic decisions that users of the financial statements make based thereon.

As set out in Article L. 823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not consist in guaranteeing the viability or quality of your Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises his or her professional judgement throughout such audit. In addition:

- the auditor identifies the risk of the Company financial statements containing material misstatements, whether the result of fraud or error, defines and implements audit procedures to address these risks, and gathers the information that the auditor deems sufficient and appropriate on which to base the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, since a fraud may involve collusion, falsification, deliberate omissions, false representations, or the circumvention of internal control;
- the auditor examines the aspects of the internal control system that are relevant to the audit in order to define the appropriate audit procedures for the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control;
- the auditor assesses the appropriateness of the accounting methods applied and the reasonable nature of accounting estimates made by senior management, as well as related information provided in the Company financial statements;

- the auditor assesses the appropriateness of management's application of the going concern principle and, based on the information gathered, whether or not there is a significant uncertainty relating to events or circumstances liable to jeopardise the Company's ability to continue its operations. This assessment is based on the information gathered up until the date of the auditor's report; however, subsequent circumstances or events could jeopardise business continuity. If the auditor concludes that significant uncertainty exists, the auditor draws readers' attention to the information provided in the Company financial statements regarding the subject of this uncertainty or, if this information is not provided or not relevant, issues certification with reservations or refuses to certify;
- the auditor reviews the overall presentation of the consolidated financial statements and assesses whether they reflect the underlying operations and events in such a way as to provide a true and fair view;
- with regard to the financial information for the persons or entities included in the scope of consolidation, the auditor collects the information that he or she deems to be adequate and appropriate to express an opinion on the consolidated financial statements. The auditor is responsible for the management, supervision and the conducting of the audit of the consolidated financial statements and expressing an opinion on such financial statements.

Echirolles and Meylan, 26 April 2019

The Statutory Auditors,

BDO Rhône Alpes
Martine PACCOURD
 Partner

AUDITS & PARTENAIRES
Eric BACCI **Antoine SIRAND**
 Partners

12.2. Report to the audit committee

We have provided the audit committee with a report presenting the scope of the audit work carried out and the work schedule followed, as well as the resulting conclusions. We have also informed the committee of any significant internal control deficiencies identified, with regard to procedures for preparing and processing accounting and financial information.

The report submitted to the audit committee also includes information on the risks of material misstatements that we deemed to have been the most significant for the Company financial statements and which therefore constitute the key audit matters. We are required to present these matters in this report.

We have also provided the audit committee with the statement referred to in Article 6 of EU Regulation No. 537-2014 confirming our independence, as defined by rules applicable in France and set out in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Statutory Auditors' professional code of ethics. We have informed the audit committee of any risks that would compromise our independence and the safeguards applied.

Tessi SA financial statements

Financial position and results at 31 December 2018

Tessi's financial position is presented in the Tessi SA financial statements for the year ending 31 December 2017 and 2018.

I | Company income statements for the financial years ending 31 December 2017 and 2018

<i>In € thousands</i>	Notes	2018	2017
Operating income			
Turnover	12	22,188	19,592
Other operating income		188	7,270
Total operating income		22,376	26,862
Operating expenses			
Purchases and external charges		16,074	22,214
Taxes, duties and similar payments		711	520
Personnel costs		2,038	3,546
Amortisation expense	4	1,862	1,888
Provisions			731
Other operating expenses		81	71
Total operating expenses		20,765	28,970
Net operating income/expense		1,610	-2,108
Financial income	12	83,589	32,969
Financial expenses	12	7,788	6,306
Net financial income		75,801	26,663
Earnings before tax and non-recurring items		77,411	24,555
Non-recurring items	12	57,387	-1,617
Income tax	12	1,956	-2,437
Net income/expense		132,843	25,375

II | Balance sheet at 31 December 2017 and 2018

<i>In € thousands</i>	Notes	2018	2017
Assets			
Non-current assets			
Intangible assets	4	160	71
Tangible fixed assets	4	18,810	19,582
Financial assets	4	228,978	194,752
Total non-current assets		247,948	214,405
Current assets			
Inventory and work in progress			
Advances and down payments on orders			10
Trade receivables and advances		6,093	4,518
Other receivables	5	72,912	39,486
Short-term investments	6		5,000
Cash	6	106,517	32,490
Prepaid expenses		23	181
Total current assets		185,546	81,685
Loan issue fees to be amortised		4,643	5,712
Unrealised foreign currency losses			
Total assets		438,137	301,803
Equity & Liabilities			
Equity			
Share capital	7	5,621	5,595
Share premiums		11	11
Reserves		55,652	30,302
Retained earnings			
Net income/expense		132,843	25,375
Total equity		194,127	61,284
Provisions for risks and contingencies	8		190
Debts			
Payables	9&13	229,668	226,530
Trade payables and related accounts		5,560	4,865
Tax and social security liabilities		2,983	2,023
Accounts payable on non-current assets and related accounts payable		19	875
Other payables and deferred income	9	5,720	6,034
Total payables		243,949	240,327
Unrealised foreign currency gains		61	1
Total equity & liabilities		438,137	301,803

III | Statement of cash flows for financial years ending 31 December 2017 and 2018

<i>In € thousands</i>	2018	2017
Cash flows from operating activities		
Net income/expense	132,843	25,375
Elimination of non-cash and non-operating expenses and income:		
Depreciation, amortisation and provisions	4,008	1,648
Reversals of depreciation, amortisation and provisions	-12,774	-7,082
Capital gains or losses	-57,438	1,570
UTA surplus posted to income		
Gross operating cash flow	66,638	21,511
Change in working capital	Note 10	-61,330
Net cash flows from operating activities	5,309	40,641
Cash flow from investing activities		
Acquisition of tangible and intangible assets	-1,025	859
Income from the sale of tangible and intangible assets	41	114
	-984	972
Acquisition/proceeds from financial assets	-54,005	-19,268
Income from the sale of financial assets	87,725	447
	33,720	-18,822
Net cash flow used in investing activities	32,736	-17,850
Cash flow from financing activities		
Capital increase or contributions	28	0
Reduction or redemption of capital	-28	0
Dividends paid to shareholders	0	-67,645
New borrowings/Repayment of borrowings	31,023	20,099
Net cash flow from financing activities	31,023	-47,545
Change in cash and cash equivalents	69,068	-24,754
Cash and cash equivalents at beginning of year	37,398	62,152
Cash and cash equivalents at year-end	106,467	37,398

IV | Statement of changes in equity for financial years ending 31 December 2017 and 2018

<i>In € thousands</i>	Share capital	Share premiums	Reserves	Net income	Equity
At 1 January 2017	5,595	531	67,715	29,712	103,553
Assignment of net income for 2016			29,712	-29,712	
Dividends paid		-520	-67,125		-67,645
Net income/expense				25,375	25,375
As at 31 December 2017	5,595	11	30,302	25,375	61,284
Increasing the share capital	26		-26		
Assignment of net income for 2017			25,375	-25,375	
Dividends paid					
Net income/expense				132,843	132,843
As at 31 December 2018	5,621	11	55,652	132,843	194,127

V | Subsidiaries and shareholdings

<i>Companies (in € thousands)</i>	Ownership interest (%)	Equity (excluding net income)	Earnings for the financial year ended	Value of shares held		Loans and advances granted by the company, not yet repaid	Dividends received during the year ended	Turnover for the year ended	Comments/provisions for current account impairment
				Gross	Net				
Accès Informatiques	100.00	165	921	1,354	1,354		1,800	8,554	
ATIA	60.00	140	112	45	45		74	923	
A.T.I.P.	80.00	79	119				240	614	
BIPIO	91.50	983	192	100	100			2,204	
BIP-Tessi	1.00	80	1,338				34	9,561	
BPO Solutions	100.00	1,826	831	6,054	6,054		1,000	8,563	
Dhimyotis	100.00	10	-994	10,110	9,116	1,734		2,017	
Diagonal Company	97.53	12,104	-1,392	57,056	57,056	2,020		49,547	
Gdoc Holding SA	100.00	1,811	-52	6,861	6,861	283		374	
GIP-Tessi	99.00	-42	-4	8		50			46
I.C.S.B.	100.00	1,049	311	3,853	3,853		900	4,380	
ISEM	100.00	296	-183	1,565	1,565	92	700	1,934	
Logidoc Solutions	100.00	198	715	10,003	5,128		1,200	7,702	
Owliance	100.00	2,378	-660	52,900	52,900	1,351		24,232	
Perfo Service	100.00	38	264	187	187	691	500	2,288	
PMC	100.00	582	257	5,917	5,917		1,210	4,763	
Processure Company Limited	50.00	105	17	11	11			247	
Prochèque Nord	99.82	-835	1,940	257	257		5,490	15,194	
RIB Informatique Drôme	100.00	11	75	8	8		300	773	
RIP-Tessi	99.00	-429	1,075	8	8	399	2,713	12,564	

Companies (in € thousands)	Ownership interest (%)	Equity (excluding net income)	Earnings for the financial year ended	Value of shares held		Loans and advances granted by the company, not yet repaid	Dividends received during the year ended	Turnover for the year ended	Comments/ provisions for current account impairment
				Gross	Net				
SATC	99.80	39	30	8	8	253	299	991	
SDIP-Tessi	99.00	40	84	8	8		248	1,358	
SEDI	100.00	-342	1,382	8	8		6,130	32,286	
SIP-Tessi	1.00	17	125					2,895	
SMIP-Tessi	99.00	47	199	8	8		446	1,414	
Synercam	100.00	529	69	1,220	1,220		200	637	
T.D.C. Tessi	99.80	77	180	8	8	8	898	3,428	
T.D.I	100.00	84	-12	50	50			144	
TESCA (company under liquidation)	51.00	54	-3	19	19				
Tessi Business Services	100.00	1,830	2,683	19,224	19,224		3,000	458	
Tessi Chèque Île de France	99.00	107	163	10	10	356	1,986	4,972	
Tessi Chèque Interbancaire	100.00	825	517	727	727		2,200	4,148	
Tessi Chèque Rennes	100.00	49	233	619	619	156	1,400	4,281	
Tessi Consulting	100.00	-78	126	550	48			2,154	
Tessi Contact Center	100.00	517	70	421	421		1,200	4,491	
Tessi Digital Services	99.80	12	102	694	694	1,480	349	7,656	
Tessi Documents Services	100.00	-348	6,304	16	16	29,767*	8,500	125,476	
Tessi Document Solutions Switzerland	100.00	3,022	758	15,292	15,292	887	1,733	15,972	
Tessi Documents Services Centre de Relations Clients Avignon	100.00	34	11	10	10			313	
Tessi Documents Services Centre de Relations Clients Lyon	100.00	66	300	10	10	675		5,179	
Tessi Documents Services Centre de Relations Clients Metz	100.00	111	291	10	10	1,413	600	6,872	
Tessi Encaissements	100.00	2,872	894	500	500		3,350	11,356	
Tessi Informatique	100.00	664	589	2,365	2,365	912	1,800	7,282	
Tessi lab	100.00	35	-1,173	10		1,531		93	1,138
Tessi Ouest	99.93	152	355	108	108		749	2,906	
Tessi Paiements Services	100.00	436	1,760	5,785	5,785	3,025	3,100	35,442	
Tessi Print	100.00	94	-2	37	37				
Tessi Services	100.00	120	396	37	37	797	600	12,364	
Tessi Technologies	100.00	1,438	2,923	10,252	10,252	521	8,300	26,370	
Tessi Techology Tunis	99.50	7	-15	7	7	1		165	
Tessi-T.G.D	100.00	-185	1,254	1,457	1,457		4,000	13,633	
Tessi TMS	100.00	1,908	1,011	4,635	4,635	5,110		18,427	
Tessi 2M	100.00	34	1,006	37	37			3,284	
Todo En Cloud	100.00	45	26	451	451	471		483	
T.I.G.R.E.	100.00	792	488	2,950	2,950		1,600	3,608	
TSI Action Informatique	99.00	105	495	8	8		990	3,678	
Tunis Data Services	99.90	150	788	100	100		653	1,917	

Companies (in € thousands)	Ownership interest (%)	Equity (excluding net income)	Earnings for the financial year ended	Value of shares held		Loans and advances granted by the company, not yet repaid	Dividends received during the year ended	Turnover for the year ended	Comments/ provisions for current account impairment
				Gross	Net				
XWZ 32	100.00	3,612	7,555	12,250	11,167	11,840			
24h00	7.50			790					
Totals				236,984	228,723		70,491		

* receivable offset by a €38,160,000 payable

Events 2018

Cf. VI. Appendix - Note 4 - point 1.3 - Non-current financial assets.

VI | Notes to the company financial statements for the financial year ended 31 December 2018

NOTE 1 | Key events

1 | Significant events during the financial year

Tessi SA recorded the following transactions in particular in 2018:

- sale of the company CPoR Devises to Loomis, on 31 December 2018, after obtaining a non-opposing decree by the European Central Bank. Net proceeds of the sale after fees and tax were recognised for €85.5 million;
- on 20 June 2018, acquisition of full ownership of the Owlance Group, market leader in outsourced health and personal protection insurance policy administration;
- on 1 June 2018, acquisition of full ownership of the company Todo En Cloud, based in Spain, an expert in designing and implementing Cloud Architectures.

2 | Post-balance sheet events

Tessi SA recorded the following transactions in the first quarter of 2019:

- refinancing arrangements for its entire debt with its banking partners, with the implementation of a new senior debt of €165 million;
- reimbursement of the full loan to Pixel Holding for an amount of €29.4 million (Intercompany Loan);
- payment of an exceptional dividend of €42.70 per share, for a total amount of €120 million;
- signature of a sales agreement covering four buildings in December 2018 for an amount of €20 million. The deeds will be drafted at the end of the first quarter of 2019.

On 8 January 2019, Pixel Holding, the majority share holder in the Group, filed a Simplified Public Tender Offering (OPAS) with the French Financial Markets Authority (AMF) covering all the shares in Tessi at the price of €160 per share. Following the OPAS, which closed on 20 February 2019, Pixel Holding now holds 71.3% of Tessi's share capital.

NOTE 2 | Change in accounting methods

No change in the accounting method was applied during the financial period.

NOTE 3 | Accounting principles, methods and valuation rules

The Company's financial statements were prepared in accordance with French statutory and regulatory provisions and the following principles:

- going concern;
- consistency of presentation from one financial year to the next;
- separation of accounting periods.

The Company financial statements were approved in accordance with the provisions of Regulation 2016-07 of the French Accounting Standards Board (ANC), authorised by Ministerial Decree of 4 November 2016 relating to the General Chart of Accounts.

Items presented in the accounts were recorded using the historical cost method.

Intangible assets partially comprise business assets acquired. Business assets may be impaired, depreciated or amortised.

1 | Research and development expenses

The Company did not incur any research and development costs.

2 | Tangible and intangible fixed assets

Tangible and intangible fixed assets are recognised in the balance sheet at cost. Amortisation and depreciation is calculated on a straight-line basis or via the declining balance method, using the estimated useful lives of the various types of assets.

The depreciation periods generally applied are as follows:

• business assets	10 years
• site development	15 years
• buildings	10 to 40 years
• software, licences	2 years
• other improvements	5 to 20 years
• office and IT equipment	3 to 5 years
• furniture	5 to 10 years

3 | Equity interests and other securities

Equity interests and other securities are recognised at historical cost (excluding acquisition costs).

Equity interests include securities held for the long term and considered useful for the company's activities, notably because they enable influence or control over the issuing company. Securities not covered by this definition are categorised under financial assets and other securities.

The fair value of securities corresponds to their value in use, calculated by taking into account the revalued net position and profitability outlook. Impairment is recorded whenever the recoverable value is lower than the acquisition value.

NOTE 4 | Non-current assets

1 | Non-current assets

1.1. Intangible assets

<i>In € thousands</i>	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Businesses	87	87
Patents, licenses and concessions	12	9
Assets under construction - Advances and deposits received	95	
Gross value	194	96
Accumulated depreciation, amortisation and impairment	-34	-25
Net value	160	71

Breakdown of changes

<i>In € thousands</i>	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Net value at 1 January	71	80
Investments	98	
Disposals (net)		
Amortisation, depreciation and impairment	-9	-9
Net value at 31 December	160	71

1.2. Tangible fixed assets

<i>In € thousands</i>	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Constructions	15,854	15,854
Installations, constructions and improvements	6,799	6,799
Plant and equipment, misc. fixtures	795	788
Other tangible assets	151	148
Gross value	23,599	23,589
Accumulated depreciation	-4,789	-4,007
Net value	18,810	19,582

Breakdown of changes

<i>In € thousands</i>	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Net value at 1 January	19,582	20,552
Investments	71	16
Disposals (NBV)	-61	-107
Amortisation expense	-782	-880
Net value at 31 December	18,810	19,582

Tangible fixed assets mainly include buildings, plant & equipment and fixtures.

1.3. Financial assets

<i>In € thousands</i>	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Equity interests	236,194	208,246
Other long-term investment securities	2,542	6,754
Receivables from equity investments and other securities	3,042	2,991
Loans		
Deposits and advances received	41	40
Treasury shares		
Gross value	241,819	218,031
Impairment	-12,841	-23,279
Net value	228,978	194,752

Breakdown of changes

<i>In € thousands</i>	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Gross value at 1 January	218,031	200,773
Creation of companies and share issue subscriptions		7
Acquisition of securities	53,351	10,110
Disposals or cancellations of shares	-30,268	-1,889
Purchase price revision	653	9,151
Acquisition of other financial assets	52	
Disposal of other financial assets		-121
Gross value at 31 December	241,819	218,031

The main changes recorded in 2018 relate to the following events:

Acquisition of securities

- acquisition of the entire share capital of the Owlance Group, in June 2018, for €52,900,000;
- acquisition of the entire share capital of Todo En Cloud, in May 2018, for €451,000.

Disposals and cancellations of shares

- disposal of CPoR Devises shares, for an amount of €26 million;
- disposal of shares acquired in 2011, under the Girardin Act, for an amount of €4,212,000;

- disposal of shares in Tessi Cheque Nanterre, for a gross amount of €19,000, prior to the merger take-over of Tessi Chèque Nanterre by Tessi Chèque Ile de France; disposal of shares in Tessi Cheque Bordeaux, for a gross amount of €37,000, prior to the merger take-over of Tessi Chèque Bordeaux by Tessi Chèque Interbancaire.

Purchase price revision

- payment of a purchase price supplement of €653,000 relating to the acquisition of Gdoc Holding and its subsidiaries on 27 April 2018.

2 | Impairment of equity interests

<i>In € thousands</i>	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Amounts at 1 January	21,593	27,082
Impairment of financial assets	1,004	
Write-backs on impairment of financial assets	-12,584	-5,489
Amounts at 31 December	10,013	21,593

Tessi SA recorded the following transactions in particular in 2018:

- creation of a provision for impairment of shares held in Dhimyotis, for €994,000;
- creation of a provision for impairment of shares held in Tessi lab, for €10,000;
- creation of a provision for impairment of shares held in XWZ32, for €7,555,000;
- creation of a provision for impairment of shares held under the Girardin Act, for €4,212,000;
- creation of a provision for impairment of shares held in Tessi TMS, for €766,000;
- creation of a provision for impairment of shares held in Tessi Consulting, for €48,000;
- creation of a provision for impairment of shares held in Tessi 2M, for €3,000.

NOTE 5 | Other assets

Receivables are valued at their nominal value. Impairment is recorded when the recoverable value is lower than the book value

Other gross receivables include €72.1 million in current accounts relating to cash transactions, specifically cash-pooling, with Group companies.

Current account impairment provisions were recognised for the following entities:

- Tessi lab for €1,138,000;
- GIP-Tessi for €46,000.

A provision for current account impairment of an amount of €1,644,000 was also recognised for investments in French overseas territories under the Girardin Act.

<i>In € thousands</i>	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Amounts at 1 January	42	153
Current account impairment	1,142	42
Write-back of current account impairment		-153
Amounts at 31 December	1,184	42

Tessi SA primarily recorded the following transactions in 2018:

- the creation of a provision for current account impairment relating to Tessi lab, for €1,138,000;
- the creation of a provision for current account impairment relating to GIP-Tessi, for €4,000.

NOTE 6 | Marketable securities, cash and cash equivalents

Cash and cash equivalents include cash and highly liquid short-term investments with a maturity of less than three months from the date of acquisition, and which are not subject to significant fluctuations in value.

NOTE 7 | Share capital

	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Number of shares	2,810,487	2,797,678
Face value	2 euros	2 euros
Total (in € thousands)	5,621	5,595

Transactions affecting the share capital and share premiums in 2018 break down as follows:

<i>In € thousands</i>	Number of shares	Share capital
As at 31/12/2017	2,797,678	5,595
Allocation of free shares	12,809	26
Share cancellation	-	-
As at 31/12/2018	2,810,487	5,621

NOTE 8 | Provisions for risks and contingencies

Provisions are intended to cover risks and contingencies made likely by past or current events, clearly defined as to their purpose, but for which the crystallisation, timing or amount are uncertain.

Every risk or contingency is the subject of an individual analysis.

In € thousands	Provisions at opening	Increases/ allocations during the year	Decreases		Provisions at closing
			Amounts used during the year	Unused amounts written back during the year	
Other prov. for risks and contingencies	190		88	102	0
Total	190		88	102	0

NOTE 9 | Payables

Miscellaneous borrowings and financial liabilities correspond to:

- €86.5 million in current accounts relating to cash transactions with Group companies, specifically cash-pooling;
- a loan from Pixel Holding (€29.4 million intercompany loan) set up on 12/01/2017 as part of the refinancing of senior debt with the granting of new lines of credit and following the purchase of a controlling interest;
- a new current account related to fiscal integration transactions, amounting to €3 million.

In € thousands	Facility A	Facility B	Revolving Facility	Acquisition Facility	Incremental Facility
Amount	27,100	40,600	10,000	40,000	20,000
Amount drawn 2017	27,100	40,600	-	15,186	
Amount drawn 2018			10,000	24,814	
Unused amount	-	-	-	-	20,000

NOTE 10 | Change in working capital

In € thousands	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Change in financial expense	-134	-644
Change in operating working capital	1,495	-3,164
Change in inventories		
Transfer of deferred charges		
Change in operating receivables	872	-2,783
Change in operating payables	623	-380
Net change excluding operations	-62,691	22,938
Change in non-operating receivables	-35,872	7,782
Change in non-operating payables	-26,977	15,139
Deferred income and pre-paid expenses	158	17
Change in working capital	-61,330	19,130

NOTE 11 | Translation gains or losses

Unrealized foreign currency gains at 31 December 2018 amounted to €61,000.

NOTE 12 | Income Statement

1 | Turnover

The majority of turnover is generated in France and comprises services provided to the various Group subsidiaries.

2 | Net financial income

<i>In € thousands</i>	Financial year ended 31/12/2018	Financial year ended 31/12/2017
Net financial income from investments (1)	70,518	26,757
Net gain on sale of marketable securities	17	15
Foreign exchange gains	-	72
Provisions/write-backs on impairment of financial assets (2)	10,438	5,623
Net interest income/expenses and other related expenses (3)	-5,171	-5,804
Total	75,801	26,663

Breakdown at 31/12/2018

(1) This item almost entirely includes dividends received from subsidiaries.

(2) Of which:

- €1,004,000 in equity interest impairment;
- €1,142,000 in current account impairment;
- €12,584,000 equity interest impairment write-back.

(3) Of which:

- €2,917,000 in loan interest expenses;
- €423,000 in other financial expenses;
- €1,831,000 in Group net interest expenses.

Breakdown at 31/12/2017

(1) This item almost entirely includes dividends received from subsidiaries.

(2) Of which:

- €1,000 in equity interest impairment;
- €42,000 in current account impairment;
- a €5,489 equity interest impairment write-back;
- a €153,000 current account impairment write-back;
- a €24,000 write-back on provisions for financial risks and contingencies.

(3) Of which:

- €2,584,000 in loan interest expenses;
- €645,000 in other financial expenses;
- €2,575,000 in Group net interest expenses.

3 | Non-recurring items

Non-recurring items primarily comprise:

- the gain on the disposal of CPoR Devises shares, for an amount of €61,528,000;
- the net loss on the disposal of shares previously acquired under the Girardin Act of €4,212,000, offset by an impairment reversal posted to financial income;
- the gain on the disposal of Tessi Chèque Nanterre shares for €66,000;
- the gain on the disposal of Tessi Chèque Bordeaux shares for €74,000.

4 | Income tax

4.1. Tax consolidation

The Company has entered into a tax consolidation agreement, in accordance with the rules set out by the French tax authorities, with certain Group companies having opted for this arrangement.

List of companies included in the tax consolidation group:

- Accès Informatiques
- Atelier Pré Saint Gervais
- Dhimyotis
- GIP Tessi
- I.C.S.B
- Logidoc Solutions
- Ma Preuve
- Prochèque Nord
- SEDI
- SIP-Tessi
- T.D.C. Tessi
- Tessi Chèque Interbancaire
- Tessi Consulting
- Tessi Documents Services
- Tessi Éditique
- Tessi Encaissements
- Tessi GED
- Tessi Informatique
- Tessi lab
- Tessi MD
- Tessi Paiements Services
- Tessi SA
- Tessi Services
- Tessi TMS
- TSI Action Informatique
- XWZ 32

Tessi SA is the parent company of the tax consolidation group. Each tax consolidated company is returned to the situation it would have been in had it been taxed separately. Any tax savings or expenses of consolidated companies are recorded in the Tessi SA parent company financial statements. The same goes for competitiveness and employment tax credits (CICE).

Without the tax consolidation arrangement, the corporate income tax payable by Tessi SA would be €427,000 given the tax profit made by the company, amounting to €1,360,000.

4.2. Breakdown of tax by earnings before tax and non-recurring items, and non-recurring items

<i>Earnings before tax (in € thousands)</i>	<i>Tax payable/ (Saving)</i>	<i>Net income/ expense</i>
Net income	916	77,411
Non-recurring items	1,040	57,387
Total	1,956	134,798

4.3. Deferred and unrealised tax position

At 31 December 2018, the deferred and unrealised tax position was as follows:

Future tax debt relief

Deferred acquisition costs: €1,532,000
Unrealised gain on marketable securities: €46,000
i.e. a total of €1,578,000, generating a future tax saving of €499,000.

Increase in future liabilities

None

Tax credits

None

NOTE 13 | Other information

1 | Breakdown of receivables and payables at year-end by due date

1.1. Receivables

<i>In € thousands</i>	Gross amount	< 1 year	> 1 year and < 5 years	> 5 years
Total non-current assets	3,083		3,083	
Receivables related to equity interests	3,042		3,042	
Loans				
Other financial assets	41		41	
Total current assets	79,029	79,029		
Doubtful or disputed trade debtors				
Other trade debtors	6,093	6,093		
Personnel and related accounts				
Social security bodies				
Value Added Tax	842	842		
Income tax receivables				
Other tax receivables				
Group and Partners	72,063	72,063		
Sundry receivables	8	8		
Prepaid expenses	23	23		
Total receivables	82,113	79,029	3,083	

1.2. Payables

<i>In € thousands</i>	Gross amount	< 1 year	> 1 year and < 5 years	> 5 years
Other bonds				
Borrowings from credit institutions:				
- payable within 1 year maximum at outset	51	51		
- payable in over 1 year at outset	110,666	4,348	65,718	40,600
Loans and borrowings	251	251		
Trade and other payables	5,560	5,560		
Staff and related receivables	704	704		
Social security and similar organisations	386	386		
Government and other public bodies:				
- income tax	1,043	1,043		
- value added tax	796	796		
- other levies	53	53		
Accounts payable on non-current assets and related accounts payable	19	19		
Group and shareholders	118,700	118,700		
Other payables	5,720	5,720		
Deferred income				
Total payables	243,949	137,631	65,718	40,600

Loans taken out during the year: €34,814,000

Loans repaid during the year: €3,794,000

2 | Compensation paid to corporate officers

2.1. Members of the Management Board

The principles and rules adopted by the Supervisory Board to determine the compensation and benefits in kind granted to corporate officers are specified in the Board of Directors' corporate governance report pursuant to Article L. 225-37 et seq. of the French Commercial Code.

Compensation paid to members of the Management Board is set by the Supervisory Board.

Fixed, variable and exceptional compensation paid to members of the Management Board is decided on an individual basis by the Supervisory Board, depending on each person's responsibilities.

Members of the Management Board benefit from group life insurance and a supplementary pension scheme established for all Group employees, as well as a supplementary death benefit.

No equity security or instrument convertible into shares or giving the right to acquire shares in the capital of Tessi SA, has been awarded. Moreover, they receive no director's fees for positions held, whether in Group companies or other companies by virtue of positions held within the Group.

In 2018 gross compensation paid to members of the Tessi SA Management Board amounted to €1,293,000.

2.2. Members of the Supervisory Board

Members of the Supervisory Board are compensated by the allocation of directors' fees.

Directors' fees paid to members of the Tessi SA Supervisory Board for 2018 amounted to €70,000.

3 | Accrued income and expenses, prepaid expenses

In € thousands	Accrued expenses
Accrued interest payable	60
Credit notes given to customers	19
Supplier invoices not received	1,266
Tax and social security liabilities	1,083
Total charges to be paid	2,428

In € thousands	Accrued income
Other receivables	7
Supplier credits receivable	1
Customer invoices to be issued	2,362
Tax and social security receivables	-
Total accrued income	2,370

In € thousands	Prepaid expenses
Operating expenses	23
Total prepaid expenses	23

4 | Average headcount

	31/12/2018	31/12/2017
Executives	3	3
Non-executives	0	0
Total	3	3

5 | Financial and other commitments

5.1. Commitments made

Sureties and letters of comfort granted:

- Tessi SA is committed to the granting of sureties, endorsements and guarantees, in the event of financial default of its subsidiaries and Group companies it controls indirectly, within the limit of €25 million, and without limitation of amount in respect of tax and customs authorities.
- Via a letter of comfort issued to CNP Assurances, Tessi SA has guaranteed that its subsidiary Tessi Documents Services (100%) is able to meet all of its obligations under:
 - the Préfon Retraite production contract;
 - the escheat contract processing contract;
 - the incoming mail digitisation contract;

between Tessi Documents Services and CNP Assurances. Alternatively, Tessi SA is committed to providing the human and financial resources necessary for the performance of its obligations, or will ensure that they are carried out by another subsidiary of the Tessi Group.

- Via a letter of comfort issued to Caisse d'Epargne Ile de France, Tessi has guaranteed that its subsidiary Tessi Documents Services (100%) will be able to meet all of its obligations under the document processing contract entered into between its subsidiary and Caisse d'Epargne Ile de France. Alternatively, Tessi SA is committed to providing the human and financial resources necessary for the performance of its obligations, or will ensure that they are carried out by another subsidiary of the Tessi Group.

- Via a letter of comfort issued to Caisse d'Epargne Ile de France, Tessi SA has guaranteed that its subsidiary Tessi GED will be able to meet all of its obligations under the electronic documents management solution licensing, hosting and maintenance contract entered into between its subsidiary and Caisse d'Epargne Ile de France. Alternatively, Tessi SA is committed to providing the human and financial resources necessary for the performance of its obligations, or will ensure that they are carried out by another subsidiary of the Tessi Group.
- Via a letter of comfort issued to Axa Assistance France, Tessi has guaranteed that its subsidiary Tessi Documents Services will be able to meet all of its obligations under the supplier invoice processing contract entered into between its subsidiary and Axa Assistance France. Alternatively, Tessi SA is committed to providing the human and financial resources necessary for the performance of its obligations, or will ensure that they are carried out by another subsidiary of the Tessi Group.
- Via a letter of intent entered into with Deutsche Bank AG, Tessi SA has committed to ensuring that its subsidiary I.C.S.B. is able to meet its contractual obligations.
- Via a letter of comfort issued to LCL-Credit Lyonnais, Tessi SA is committed to provide all necessary support for the performance of the contractual obligations of its subsidiary in the event of default of Tessi Éditique (desktop publishing).
- Via a letter of comfort issued to EUROPCAR France, Tessi SA has guaranteed that it will ensure that its subsidiaries Tessi Documents Services and Tessi Éditique are able to fulfil all their respective obligations under the digitisation and desktop publishing contract entered into with EUROPCAR France. Alternatively, Tessi SA is committed to providing the human and financial resources necessary for the performance of their obligations, or will ensure that they are carried out by another subsidiary of the Tessi Group.
- Via a letter of comfort issued to BNP Paribas, Tessi SA has guaranteed that it will ensure that its subsidiaries Tessi Paiements Services and Tessi Technologies are able to fulfil all their respective obligations under the licensing agreement providing access to and use of the server application for the SCANTOPAY MOBILITY solution and the provision of implementation services entered into with BNP Paribas. Alternatively, Tessi SA is committed to providing the human and financial resources necessary for the performance of their obligations, or will ensure that they are carried out by another subsidiary of the Tessi Group.
- Via a letter of comfort issued to Pages Jaunes, Tessi SA has guaranteed that its subsidiary Tessi MD will be able to meet all of its obligations under the packaging and mail preparation contract for printed Pages Jaunes telephone directories, entered into between Tessi MD and Pages Jaunes. Alternatively, Tessi SA is committed to providing the human and financial resources necessary for the performance of its obligations, or will ensure that they are carried out by another subsidiary of the Tessi Group.
- Via a letter of comfort issued to LA POSTE, Tessi SA has committed to provide, in the event of default by its subsidiary Tessi MD, all necessary financing for the performance of the subsidiary's payment obligations under the Colissimo Entreprise agreement.
- Via a letter of commitment issued to GE Capital Equipement Finance—now CM CIC Leasing—Tessi SA has committed to providing the financial resources necessary in case of default, on the part of its subsidiary Tessi TMS, on the payment of rental amounts due under the long-term office equipment rental contract between Tessi TMS and GE Capital Equipement Finance, and to take over the lease of such equipment under the same terms and conditions.
- The sales agreement for CPoR Devises provides for a liability guarantee in the event of any damage within 30 business days of the expiry of the period of limitation for tax and social security claims and for 24 months after the date of the sale for any other claims, up to a limit of €7 million, which may be increased to €8 million depending on the conclusions of the ACPR audit.

Purchase price supplements

- Tessi SA is committed to paying a purchase price supplement concerning the acquisition of Gdoc Holding and its subsidiaries of a maximum amount of CHF 780,000 on the basis of the consolidated financial statements for the year ending 31 December 2018, depending on the results of Gdoc Holding and its subsidiaries.
- Tessi SA is committed to paying a purchase price supplement concerning the acquisition of IMDEA of an amount of €175,000 depending on the total results of GDOC Spain, and a second purchase price supplement of €75,000 depending on the total results of GDOC Spain, no later than 10 October 2019.
- Tessi SA is committed to paying a purchase price supplement concerning the acquisition of Todo En Cloud, SL, of a total amount of €149,000, depending on the results of Todo En Cloud over the next 5 years. The price supplement will be paid, if the conditions are met, with 5 possible scheduled payments of €29,800 each. The payment obligation may be extended until 2025, but the amount will not be increased.

- Tessi SA is committed to paying a purchase price supplement concerning the acquisition of Dhimyotis, of a maximum amount of €14,172,269.74, depending on the results of Dhimyotis on 31 December 2020.
- As part of its acquisition of a controlling interest in Diagonal Company Services & Solutions, Tessi is committed to buying back minority shareholders' shares, representing 2.45% of the share capital, at a fixed price and in accordance with the same method used during the initial acquisition, at 23/12/2020.

5.2. Commitments received

Tessi SA has received an independent first-demand bank guarantee issued by Société de la Tour Eiffel for an amount of €1,000,000 in the context of a unilateral promise to sell a portfolio of assets.

5.3. Debts secured by collateral

- Granted by Tessi SA on 12 January 2017:
 - as security for its obligations as borrower and guarantor under a Loan Agreement dated 12 January 2017, and as borrower under a Current Account Agreement entered into between Tessi SA and Pixel Holding on 12 January 2017:
 - (i) pledges over shares or securities accounts (whatever the case may be) held by Tessi SA in the capital of Tessi Technologies, Tessi Documents Services, SEDI (Société d'Enrichissement de Données Informatiques), Prochèque Nord, Tessi Paiements Services, BIP Tessi (Bordelaise d'Informatique Périphérique), Tessi-T.G.D., Société Rhôdaniennne d'Informatique Périphérique (RIP-Tessi), Tessi Informatique, Tessi Encaissements, Tessi Chèque Rennes, Graddo Grupo Corporativo, BPO Solutions Spain and Diagonal Company Services & Solutions, by signing any statement of pledge of a financial securities account subject to Article L. 211-20 of the French Monetary and Financial Code,
 - (ii) a pledge over its bank account, and
 - (iii) a pledge on intra-group receivables held by Tessi SA, it being specified that Pixel Holding is party to all collateral referred to in this section, as beneficiary,
 - as security for its obligations as borrower and guarantor under the Loan Agreement, a first-ranking pledge over Tessi Document Solutions Switzerland shares and,
 - as security for its obligations as borrower under the Current Account Agreement, a second-ranking pledge over Tessi Document Solutions Switzerland shares in favour of Pixel Holding.

- Entering into the Loan Agreement, on 20 June 2017, as guarantor of Diagonal Company Services & Solutions, Tessi Technologies, Graddo II, Tessi Document Services, SEDI, Prochèque Nord, Tessi Paiements Services, BIP-Tessi, Grabacion de Datos y Documentos, Tessi Éditique, RIP Tessi, Tessi TGD, BPO Solutions, Tessi GED, Tessi Informatique, Tessi Document Solutions Suisse, Tessi Encaissements, Tessi Chèque Rennes, Graddo Grupo Corporativo, Tessi Ouest, ICSB, Tessi Chèque Interbancaire, XWZ 32, C2I Productions, Accès Informatiques and Tessi TMS (the "Post-Closing Guarantors"), via the conclusion of joinder agreements between Tessi SA, the Post-Closing Guarantors and Natixis as agent and security agent and, in this respect, as security for all amounts owed under the Loan Agreement and senior financing documents.

- Granted by Tessi SA and the Post-Closing Guarantors on 20 June 2017 of:
 - (i) pledges over shares issued by the Post-Closing Guarantors not pledged on 12 January 2017,
 - (ii) pledges over bank accounts by each Post-Closing Guarantor, except for Diagonal (and regarding Tessi TMS covering its non-dedicated accounts only), and
 - (iii) pledges over receivables covering intra-group receivables held by each Post-Closing Guarantor, under similar terms and conditions as the pledges granted by Tessi SA on 12 January 2017,

as guarantee (i) concerning the securities granted by Tessi SA, for its obligations as borrower and guarantor under the Loan Agreement dated 12 January 2017 and as borrower under the Current Account Agreement entered into between Tessi SA and Pixel Holding on 12 January 2017 and (ii) concerning the securities granted by the Post-Closing Guarantors, for their obligations and guarantors under the Loan Agreement dated 12 January 2017.

- Entering into the Loan Agreement, on 27 April 2018, as guarantor for Hipotecarios Atacas, Tessi Services and Logidoc Solutions (the "Post-Closing Guarantors"), via the conclusion of joinder agreements between Tessi SA, the Post-Closing Guarantors and Natixis as agent and security agent and, in this respect, as security for all amounts owed under the Loan Agreement and senior financing documents.
- Granted by Tessi SA and the Post-Closing Guarantors on 27 April 2018 of:
 - (i) pledges over securities held by Tessi SA in Tessi Services and Logidoc Solutions,
 - (ii) pledges over bank accounts by Tessi Services and Logidoc Solutions, and

(iii) pledges over receivables covering intra-group receivables held by each Post-Closing Guarantor, under similar terms and conditions as the pledges granted by Tessi SA on 12 January 2017 and 20 June 2017,

as guarantee (i) concerning the securities granted by Tessi SA, for its obligations as borrower and guarantor under the Loan Agreement dated 12 January 2017 and as borrower under the Current Account Agreement entered into between Tessi SA and Pixel Holding on 12 January 2017 and (ii) concerning the securities granted by the Post-Closing Guarantors, for their obligations and guarantors under the Loan Agreement dated 12 January 2017.

- Entering into the Loan Agreement, on 10 August 2018, as guarantor for Mutua SAS, Mutua Gestion SAS and Owliance SAS (the "Post-Closing Guarantors"), via the conclusion of joinder agreements between Tessi SA, the Post-Closing Guarantors and Natixis as agent and security agent and, in this respect, as security for all amounts owed under the Loan Agreement and senior financing documents.

- Granted by Tessi SA and the Post-Closing Guarantors on 10 August 2018 of:

(i) pledges over securities held by Tessi SA in Owliance,

(ii) pledges over bank accounts by the Post-Closing Guarantors and

(iii) pledges over receivables covering intra-group receivables held by each Post-Closing Guarantor, under similar terms and conditions as the pledges granted by Tessi SA on 12 January 2017, 20 June 2017 and 27 April 2018

as guarantee (i) concerning the securities granted by Tessi SA, for its obligations as borrower and guarantor under the Loan Agreement dated 12 January 2017 and as borrower under the Current Account Agreement entered into between Tessi SA and Pixel Holding on 12 January 2017 and (ii) concerning the securities granted by the Post-Closing Guarantors, for their obligations and guarantors under the Loan Agreement dated 12 January 2017.

5.4. Leasing

Not applicable.

5.5. Hedging

Borrowings were the subject of swaps with partial interest hedging on an initial nominal amount of €45.1 million.

At 31/12/2018, these hedging instruments were valued at -€281,000.

5.6. Commitments

Retirement benefit commitments amount to €172,000. These benefits are calculated using the following parameters:

- calculated individually for each employee;
- life expectancy and continued employment at the Company on the expected retirement date;
- in proportion to the ratio between current length of service and future length of service at retirement age.

These benefits were calculated by a qualified actuary using an actuarial method. It is assumed that employees leave the company on their own initiative.

These benefits are not recognised in the financial statements.

Assumptions

As a %	2018	2017
Discount rate	1.60%	1.30%
Expected salary increase rate for management level staff	2%	2%
Expected salary increase rate for non-management level staff	1%	1%

6 | Consolidation

The Company has prepared the consolidated financial statements.

Tessi SA, registered in the Grenoble Trade and Companies Register under no. 071 501 571, is the Group parent company.

Its registered office is located at 177 cours de la Libération - 38029 Grenoble Cedex 2.

Statutory auditors' report on the company financial statements

Financial year ended 31 December 2018

To the Tessi shareholders,

1 | Opinion

Pursuant to the mandate given to us at the General Meeting, we have conducted an audit of Tessi's financial statements for the financial year ended 31 December 2018, as attached to this report.

We hereby certify that the Company financial statements, pursuant to French accounting rules and principles, are true and accurate, and faithfully reflect the operating results for the year ended, as well as the financial position, assets and liabilities of the Company at the end of the year.

The opinion expressed above is consistent with the content of our report submitted to the audit committee.

2 | Basis for the opinion

2.1. Audit guidelines

We conducted our audit in accordance with professional standards applicable in France. We believe that the elements collected in our audit provide a sufficient and appropriate basis for our opinion.

Our responsibilities pursuant to these standards are presented under "Responsibilities of the statutory auditors relating to the audit of the Company financial statements" in this report.

2.2. Independence

We conducted our audit assignment in compliance with independence criteria applicable to us, for the period from 1 January 2018 to the issue date of our report. In particular, we did not provide any services prohibited by Article 5, paragraph 1 of EU Regulation No. 537/2014 or by the statutory auditors' professional code of ethics.

2.3. Comment

Without calling into question the opinion expressed above, we draw your attention to the matter addressed in Note 1 in the Notes on the financial statements disclosing the highlights of the financial period ended and thereafter.

3 | Justification of our assessments - Key audit matters

Pursuant to Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we hereby bring to your attention the key audit matter relating to the risk of material misstatements that, in our professional judgement, was greatest for the audit of the Company financial statements for the year, as well as the response we have provided in light of such risk.

The assessments made are part of our audit of the Company financial statements, taken as a whole, and have contributed to forming the opinion we expressed above. We have not expressed an opinion on any items in these Company financial statements taken separately.

4 | Valuation of equity interests

4.1. Risk identified

Equity interests amount to €236.2 million, subject to a write-down of €8.3 million.

These interests were valued based on the value in use calculated by taking into account the revalued net position and profitability outlook, as presented in Note 3.3 to the Company financial statements.

We considered the valuation of equity interests a key audit matter, given the significant amount of equity interests recorded in the financial statements and because the calculation of their value in use calls for the use of estimates or valuations.

4.2. Audit procedures implemented to address this risk

Our work consisted in:

- familiarising ourselves with and assessing the process implemented by senior management to determine the restated net position and profitability outlook of subsidiaries;
- assessing the appropriateness of the method applied;

- reviewing the underlying one-year business plans and discussing with management the assumptions applied when preparing these plans;
- reviewing equity interest impairment valuations.

5 | Verification of the management report and other documents sent to the shareholders

We also carried out the specific inspections required by law, in accordance with the professional standards applicable in France.

5.1. Information provided in the management report and other documents sent to shareholders about the financial position and Company financial statements

We have no comments to make regarding the fairness of the information provided in the Management Board's management report, in the documents provided to the shareholders regarding the financial position and the Company financial statements and the consistency of such information with the Company financial statements.

We certify the accuracy and consistency with the financial statements of the information regarding payment deadlines provided for in article D. 41-4 of the French Commercial Code.

We certify that the non-financial information statement provided for by article L. 225-102-1 of the French Commercial Code is included in the Management Report, it being specified that, pursuant to the provisions of article L. 823-10 of said Code, the accuracy of the information contained in this statement and its consistency with the financial statements has not been verified and must be subject to a report by an independent third party.

5.2. Corporate governance report

We hereby that the information required by Article L. 225-37-3 and L. 225-37-4 of the French Commercial Code is included in the corporate governance report prepared by the Supervisory Board.

With respect to the information provided pursuant to the provisions of Article L. 225-37-3 of the French Commercial Code on directors' remuneration and benefits as well as on the commitments made to directors, we have verified its consistency with the financial statements or with the data used as a basis for the financial statements and, if applicable, with the information received from the companies controlling or controlled by the Company. On the basis on this work, we attest to the accuracy and sincerity of this information.

5.3. Other information

Pursuant to the law, we have ensured that the requisite information regarding equity investments, takeovers and the identity of share or voting right holders has been disclosed to you in the management report.

6 | Information on other statutory and regulatory obligations

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Tessi at the General Meeting held on 14 June 2013.

On 31 December 2018, SOVEC, now BDO Rhône Alpes, was in its 42nd consecutive year as statutory auditor and Audits & Partenaires was in its 18th year. The two firms had held office for 18 years each since the Company's shares were admitted for trading on a regulated market.

7 | Responsibilities of senior management and persons involved in corporate governance with regard to the company financial statements

It is the responsibility of management to prepare Company financial statements that present a true and fair view, in accordance with French accounting rules and principles, and to set up the internal controls that it deems necessary for the preparation of Company financial statements free of any material misstatements, whether due to fraud or error.

When preparing the Company financial statements, senior management must assess the Company's capacity to continue operating, must present in these financial statements, as applicable, necessary information relating to business continuity, and must apply the going concern principle, unless there is a plan to liquidate the Company or discontinue operations.

The audit committee is responsible for monitoring the preparation of financial information and the effectiveness of internal control and risk management systems, as well as any internal audit systems regarding procedures for preparing and processing accounting and financial information.

The Company financial statements have been approved by the Management Board.

8 | Responsibilities of the statutory auditors relating to the audit of the company financial statement

8.1. Audit objective and approach

It is our responsibility to prepare a report on the Company financial statements. Our objective is to obtain reasonable assurance that the Company financial statements are free of material misstatements. Reasonable assurance means a high level of assurance, however it does not guarantee that an audit conducted in accordance with the applicable professional standards will systematically detect any and all material misstatements. Misstatements may arise due to fraud or error, and are considered as material when it is reasonable to expect that they can, taken individually or together, influence the economic decisions that users of the financial statements make based thereon.

As set out in Article L. 823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not consist in guaranteeing the viability or quality of your Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises his or her professional judgement throughout such audit. In addition:

- the auditor identifies the risk of the Company financial statements containing material misstatements, whether the result of fraud or error, defines and implements audit procedures to address these risks, and gathers the information that the auditor deems sufficient and appropriate on which to base the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of a material misstatement resulting from an error, since a fraud may involve collusion, falsification, deliberate omissions, false representations, or the circumvention of internal control;
- the auditor examines the aspects of the internal control system that are relevant to the audit in order to define the appropriate audit procedures for the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control;
- the auditor assesses the appropriateness of the accounting methods applied and the reasonable nature of accounting estimates made by senior management, as well as related information provided in the Company financial statements;

- the auditor assesses the appropriateness of management's application of the going concern principle and, based on the information gathered, whether or not there is a significant uncertainty relating to events or circumstances liable to jeopardise the Company's ability to continue its operations. This assessment is based on the information gathered up until the date of the auditor's report; however, subsequent circumstances or events could jeopardise business continuity. If the auditor concludes that significant uncertainty exists, the auditor draws readers' attention to the information provided in the Company financial statements regarding the subject of this uncertainty or, if this information is not provided or not relevant, issues certification with reservations or refuses to certify;
- the auditor reviews the overall presentation of the Company financial statements, taken as a whole, and assesses whether they reflect the underlying operations and events in such a way as to provide a true and fair view.

8.2. Report to the audit committee

We have provided the audit committee with a report presenting the scope of the audit work carried out and the work schedule followed, as well as the resulting conclusions. We have also informed the committee of any significant internal control deficiencies identified, with regard to procedures for preparing and processing accounting and financial information.

The report submitted to the audit committee also includes information on the risks of material misstatements that we deemed to have been the most significant for the Company financial statements and which therefore constitute the key audit matters. We are required to present these matters in this report.

We have also provided the audit committee with the statement referred to in Article 6 of EU Regulation No. 537-2014 confirming our independence, as defined by rules applicable in France and set out in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Statutory Auditors' professional code of ethics. We have informed the audit committee of any risks that would compromise our independence and the safeguards applied.

Echirolles and Meylan, 26 April 2019

The Statutory Auditors,

BDO Rhône Alpes

Martine PACCOUD

Partner

AUDITS & PARTENAIRES

Eric BACCI

Antoine SIRAND

Partners



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