BALYO

BALYO

A French public limited company (*société anonyme*) with share capital of €2,267,955.84
Registered office: 3, rue Paul Mazy 94200 Ivry sur Seine, France
483 563 029 RCS Créteil

REGISTRATION DOCUMENT

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

Pursuant to its General Regulation ("*Règlement général*"), in particular Article 212-23 thereof, the *Autorité des marchés financiers* (the "**AMF**") registered the present Registration Document on December 18, 2018 under number R18-074. This document may be used in support of a financial transaction only when supplemented by a securities note that has received approval ("*visa*") from the AMF. This document was established by the issuer and engages the responsibility of its signatories.

This document was registered in accordance with the terms of Article L. 621-8-1-I of the French Monetary and Financial Code after the AMF ensured that the document is complete and comprehensible, and the information it contains is consistent. It does not imply that the AMF has verified the accounting and financial data presented.

Copies of this Registration Document (the "**Registration Document**") are available at no charge at the registered office of Balyo, 3, rue Paul Mazy, 94200 Ivry sur Seine, France, and an electronic version is available on the websites of Balyo (**www.balyo.com**) and the AMF (**www.amf-france.org**).

Pursuant to Article 28 of European Regulation (EC) No. 809/2004, the following information is incorporated by reference into the present registration document:

- The group's consolidated financial statements and the report of the Statutory Auditors on the consolidated financial statements for the fiscal years ending on December 31, 2016 and December

31, 2015, as presented respectively in paragraphs 20.1.1 and 20.1.2 of the registration document registered with the *Autorité des marchés financiers* on May 10, 2017 under number I-17.041;

- The review of the group's financial position and earnings for the fiscal year ending on December 31, 2016, as presented in paragraph 9 of the registration document registered with the *Autorité des marchés financiers* on May 10, 2017 under number I-17.041.

GENERAL COMMENTS

In this Registration Document, the terms "**Company**" and "**Balyo**" refer to Balyo S.A. and the term "**Group**" refers to the Company and its consolidated subsidiaries grouped together.

The audited consolidated financial statements presented in the Registration Document reflect the historical financial statements of the Company for the fiscal years ending on December 31, 2017 and 2016, prepared according to the IFRS.

This registration document has been prepared in accordance with Annex XXV of European Regulation (EC) No. 809/2004.

<u>Forward-looking information</u>

The Registration Document includes information on the Group's future prospects and development objectives, in particular in Section 12 ("Trends"). This information is indicated at times by using the future or conditional tense or by forward-looking terms such as "estimate", "consider", "target", "expect", "intend", "should", "wish" and "could" (or the negative form of these terms), as well as similar variants or expressions. This information is based on data, assumptions and estimates that the Group considers to be reasonable. It may change or be modified due to uncertainties related, in particular, to the economic, financial, competitive and regulatory environment. This information is set out in the different sections and subsections of the Registration Document, and includes indications relative to the intent, estimates and objectives of the Group related in particular to the Group's market, strategy, growth, performance, financial situation and cash flow. The forward-looking information set out in the Registration Document is based only on the information available on the date of registration of the Registration Document. Unless required otherwise by applicable laws or regulations, the Group makes no undertaking to publish updates of the forward-looking information in this Registration Document to reflect any change that may affect its objectives or of events, conditions or circumstances on which the forward-looking information set out in this Registration Document is based. The Group operates in a competitive and rapidly evolving environment; it is therefore unable to anticipate all risks, uncertainties or other factors that may affect its business, their potential impact on its business or the extent to which the materialization of a risk or combination of risks could lead to results that significantly differ from those set out in any forward-looking statements, it being noted that such forward-looking statements do not constitute a guarantee of actual results.

<u>Information on the market and competitive environment</u>

The Group operates in a sector - the automated material handling robot sector - in which external sources of information are particularly limited as this market is highly specific. In particular in Section 6 "Business Overview", the Registration Document provides information on the Group's market and its competitive position, including information on the volumes of products sold by market operators in the geographic regions in which the Group operates. In light of the specific nature of the Group's market, it can rely on publications, expert studies and analyst reports only to a limited extent. A study conducted in 2016 by the Roland Berger consulting firm (see Section 23 "Information from Third Parties, Expert Statements and Declarations of Interest" in the Registration Document) is relevant in this regard, and the information in Section 6 is principally drawn from this study.

Certain information is based on Balyo's estimates and is provided for information only, or results from studies conducted by outside sources. Balyo's estimates cannot be considered official data. The information that is available to the public and that the Company considers to be reliable has not been verified by an independent expert; the Company cannot guarantee that a third party who uses different methods to collect, analyze or calculate market data would reach the same conclusions. Neither the Company nor its direct or indirect shareholders provide any undertaking or guarantee as to the accuracy of said information.

Risk factors

Investors and shareholders are invited to carefully read the risk factors described in Section 4 "Risk Factors" of the Registration Document before making any decision to invest. The materialization of all or some of these risks could have an adverse effect on the Group's business, performance, financial situation or prospects. Furthermore, other risks that the Group has not yet identified or that it does not consider significant on the date of registration of the Registration Document could also have an adverse effect.

Glossary

A glossary that defines certain technical terms used in the Registration Document, as well as a list of the abbreviations used, is set out in Appendix 1 to the Registration Document.

CONTENTS

1. PERSONS RESPONSIBLE

1.1 Person responsible for the Registration Document

Fabien Bardinet
Chairman and Chief Executive Officer of Balyo S.A.
3, rue Paul Mazy
94200 Ivry sur Seine
France
Tel: +33 1 55 26 43 10

1.2 Certification of the person responsible for the Registration Document

I certify, after taking all reasonable measures to this end, that the information contained in this Registration Document is, to my knowledge, true to reality and that no information has been omitted that would alter its import.

I have received an audit completion report from the statutory auditors in which they state that they have verified the information regarding the financial situation and statements presented in this Registration Document, and that they have reviewed the entire Registration Document.

In Ivry sur Seine,
On December 18, 2018

Fabien Bardinet

1.3 Person responsible for the financial information

Stanislas Piot
Financial Director of Balyo S.A.
3, rue Paul Mazy
94200 Ivry sur Seine
France
Tel: +33 1 55 26 43 10

2. STATUTORY AUDITORS

2.1 Acting statutory auditors

SIRIS
Represented by Emmanuel Magnier

23 rue d'Anjou, 75008 Paris

Member of the *Compagnie Régionale des Commissaires aux Comptes de Paris*.

SIRIS, a member of ECOVIS International, was initially appointed acting statutory auditor at the general meeting of the Company's shareholders held on July 1, 2010 for a period of six fiscal years and its term was renewed at the general meeting held on June 21, 2016 for an identical period of six fiscal years.

Its term will therefore end at the end of the general meeting called to approve the financial statements for the fiscal year ending on December 31, 2021.

DELOITTE & ASSOCIES
Represented by Stéphane Menard
Tour Majunga, 6 place de la Pyramide,
92908 La Défense

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

DELOITTE & ASSOCIES was appointed co-acting statutory auditor at the general meeting of the Company's shareholders held on November 25, 2016 for a period of six fiscal years.

Its term will therefore end at the end of the general meeting called to approve the financial statements for the fiscal year ending on December 31, 2021.

2.2 Alternate statutory auditors

Gérard Benazra
19 boulevard de Courcelles, 75008 Paris

Member of the Compagnie Régionale des Commissaires aux Comptes de Paris.

Gérard Benazra was initially appointed alternate statutory auditor at the general meeting of the Company's shareholders held on July 1, 2010 for a period of six fiscal years and his term was renewed at the general meeting held on June 21, 2016 for an identical period of six fiscal years.

His term will therefore end at the end of the general meeting called to approve the financial statements for the fiscal year ending on December 31, 2021.

BEAS
Represented by Joël Assayah
Tour Majunga, 6 place de la Pyramide

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

BEAS was appointed co-alternate statutory auditor at the general meeting of the Company's shareholders held on November 25, 2016 for a period of six fiscal years.

Its term will therefore end at the end of the general meeting called to approve the financial statements for the fiscal year ending on December 31, 2021.

2.3 Statutory auditors who resigned

None.

3. SELECTED FINANCIAL INFORMATION

The selected accounting and operating information below should be read together with the information set out in Sections 9 "Analysis of the Group’s Performance" and 10 "Cash and Capital" of the Registration Document.

The consolidated financial statements prepared according to the IFRS were drafted voluntarily. The selected financial information presented was taken from the financial statements set out in Section 20.1 "Consolidated financial statements prepared according to the IFRS for the fiscal years ending on December 31, 2017 and December 31, 2016" and 20.3 “Condensed consolidated financial statements prepared according to the IFRS as at June 30, 2018” of the Registration Document.

Simplified income statement in €K	12/31/2017	12/31/2016
Sales revenue	16,409.2	5,152.8
Cost of sales	(10,973.2)	(3,642.3)
Gross margin	5,436.0	1,510.5
Operating loss/gain	(10,122.4)	(6,623.6)
Net earnings for the period	(10,647.2)	(6,829.9)
Basic earnings per share (€/share)	(0.47)	(0.44)

Simplified balance sheet in €K	12/31/2017	12/31/2016
Total Assets	53,854.9	10,649.3
Total non-current assets	3,736.6	1,016.0
Intangible assets	270.4	189.6
Tangible assets	1,358.7	674.4
Other non-current financial assets	2,107.4	151.9
Total current assets	50,118.3	9,633.3
Inventories	2,822.4	1,027.1
Customer receivables and related accounts	13,029.4	3,373.7
Other receivables	3,586.4	1,595.8
Cash and cash equivalents	30,680.1	3,636.7
Total Liabilities	53,854.9	10,649.3
Equity	32,605.7	(3,613.1)
Non-current liabilities	1,559.7	3,306.6
Commitments to employees	143.2	115.2
Non-current financial debts	1,414.4	3,189.2
Provisions and other non-current debts	2.0	2.2
Current liabilities	19,689.5	10,955.7
Current financial debts	1,056.2	3,284.4
Provisions	0.0	54.0
Supplier payables and related accounts	9,230.8	3,708.7
Tax and social security liabilities	1,945.6	1,524.3
Other current liabilities	7,456.9	2,384.4
Total Liabilities		

Simplified cash flow statement in €K	12/31/2017	12/31/2016
Cash flows relating to operating activities	(12,073.6)	(3,984.5)
Self-financing capacity	(9,242.4)	(6,072.1)
Change in working capital requirements	(2,831.2)	2,087.6
Cash flows relating to investment activities	(2,404.8)	(535.9)
Cash flows relating to financing activities	41,574.6	5,104.2
Changes in the value of currencies	(50.0)	30.8
Increase (decrease) in cash and cash equivalents	27,046.2	614.6
Cash and cash equivalents - opening balance	3,633.9	3,019.3
Cash and cash equivalents - closing balance	30,680.1	3,633.9

Simplified income statement in €K	06/30/2018	06/30/2017
Sales revenue	9,708.1	6,226.8
Cost of sales	(7,561.0)	(4,274.9)
Gross margin	2,147.1	1,952.0
Operating loss/gain	(7,857.2)	(4,298.1)
Net earnings for the period	(7,700.3)	(4,627.7)
Basic earnings per share (€/share)	(0.28)	(0.27)

Simplified balance sheet in €K	06/30/2018	06/30/2017
Total Assets	45,564.6	53,968.6
Total non-current assets	3,988.7	3,736.6
Intangible assets	392.4	270.4
Tangible assets	1,483.0	1,358.7
Other non-current financial assets	2,113.4	2,107.4
Total current assets	41,575.9	50,232.0
Inventories	3,960.2	2,822.4
Customer receivables and related accounts	14,225.1	13,029.4
Other receivables	4,181.5	3,700.1
Cash and cash equivalents	19,209.0	30,680.1
Total Liabilities	45,564.6	53,968.6
Equity	25,851.2	32,626.4
Non-current liabilities	1,379.2	1,559.7
Commitments to employees	177.9	143.2
Non-current financial debts	1,172.4	1,414.4
Provisions and other non-current debts	28.9	2.0
Current liabilities	18,334.2	19,782.5
Current financial debts	1,134.4	1,056.2
Provisions	0.0	0.0
Supplier payables and related accounts	8,828.0	9,230.8
Tax and social security liabilities	2,215.6	2,038.6
Other current liabilities	6,156.2	7,456.9
Total Liabilities		

Simplified cash flow statement in €K	06/30/2018	06/30/2017
Cash flows relating to operating activities	(10,846.4)	(2,481.7)
Self-financing capacity	(6,629.2)	(3,957.6)
Change in working capital requirements	(4,217.3)	1,475.9
Cash flows relating to investment activities	(637.9)	(366.0)
Cash flows relating to financing activities	105.1	41,517.8
Changes in the value of currencies	5.0	(18.7)
Increase (decrease) in cash and cash equivalents	(11,374.3)	38,651.4
Cash and cash equivalents - opening balance	30,680.1	3,633.9
Cash and cash equivalents - closing balance	19,189.6	42,285.3

4. RISK FACTORS

The Group performed a review of the risks that could have a material adverse effect on its business, financial situation and earnings (and its ability to meet its objectives) and believes there are no material risks other than those presented.

Investors are invited to take all of the information in the Registration Document into consideration, including the risk factors described in this section, before deciding to acquire Company shares. The Company performed a review of the risks that could have a material adverse effect on its business, financial situation, earnings and prospects, and believes there are no material risks other than those presented in this section on the date of registration of the Registration Document. Nevertheless, the attention of investors is drawn to the fact that the list of risks presented in Section 4 of the Registration Document is not exhaustive and that other risks, not identified on the date of registration of the Registration Document or whose materialization is not considered on the same date to likely have a material adverse effect on the Company, its business, financial situation, earnings, development or prospects, may exist or occur or exist or occur in the future.

4.1 Risks related to the Company's business sector

4.1.1 Risks related to the Company's ability to maintain its technological lead

Technological advances offered by the competition

The Company markets autonomous material handling robots that allow industry to improve productivity and reduce their pallet-handling costs (see Section 6.4 "The Company's principal markets" of this Registration Document). In this context, the Company operates in a market marked by continuous, rapid technological innovations.

Technological innovations that the Company's competition could offer the market (see Section 6.5 "Competition" of the Registration Document) could affect the competitiveness of its products and services (see Section 6.8 "The Company's products and maintenance services" of the Registration Document), and have a material adverse effect on the Company, its financial situation, earnings, development and prospects.

Sector consolidation

Furthermore, consolidation of operations in the Company's business sector could favor the arrival of new competitors whose financial, industrial or commercial capacity could be greater than the Company's, allowing these competitors to technologically outdistance the Company. The arrival of one or more competitors who could establish strong competitive positions could affect the Company's market share in all areas of the services it offers, which could have a material adverse effect on the Company, its financial situation, earnings, development and prospects.

Research and development activities

The Company's success and the retention of its competitive advantage (see Section 6.2 "Competitive advantages" and Section 11 "Research & Development, Patents, Licenses, Trademarks and Domain Names" of the Registration Document) over time on its markets depends to a large degree on its ability to protect its technological lead and develop new technologies (or improve existing ones) to meet the needs of its customers. The Company's success therefore depends to a significant extent on its ability to improve and diversify its services, and to offer these services in new countries on a maximum number of platforms.

The Company therefore dedicates significant resources to the development of new offerings and the improvement of its current technologies (see Section 6.3.1 "Retaining the Company's leadership position and enhancing its offering" of the Registration Document); its research and development expenses, not including the Research Tax Credit and subsidies, totaled €5,567 million for the fiscal year ending on December 31, 2017.

Nevertheless, the following possibilities exist:

- The Company could fail to invest in the most promising technologies or the appropriate instruments or software;
- The launch of new products may require greater investments than those initially anticipated by the Company;
- It may become too costly or difficult to manufacture certain new products on an industrial scale or to find the components required to manufacture these products and place them on the market;
- Technical, industrial, regulatory or intellectual property issues may delay the commercial launch of the Company's products;
- The new products may not adequately meet market requirements;
- The products developed by the Company may present defects that delay the commercialization of the products, affect their commercial success or cause the Company to incur additional costs to remedy these defects and/or compensate customers.

The materialization of one or more of these risks could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.1.2 Risks related to the market launch of alternative solutions

The solutions the Company develops are positioned on highly competitive markets (see Sections 6.4 "The Company's principal markets" and 6.5 "Competition" of the Registration Document). In the near or distant future, competing technologies - whether they exist, are under development or are even unknown today - could gain significant market share and limit the Company's capacity to successfully market its products. The development of products, processes or technologies that are new or perfected by other companies could make the Company's products obsolete or less competitive, which would have an adverse effect on its sales and/or ability to maintain its profit margin.

To retain its technological leadership, the Company constantly monitors technological developments on innovations in the sector, its competition's inventions, as well as new technologies and their availability on the market. Nevertheless, the Company cannot guarantee that other rival technologies will not be developed or launched, or that the Company's technology will become the leading reference for the automated handling of pallets**.**

That said, the barrier to market entry in the autonomous handling robot segment is significant. If another company partnered with an OEM, competition with the Company's products would only materialize if it was able to offer a solution that is identical to the Company's. In this regard, the Company dedicates significant resources to the development of new offerings and the improvement of its current technologies (see Section 6.3.1 "Retaining the Company's leadership position and enhancing its offering" of the Registration Document); its research and development expenses, not including the Research Tax Credit and subsidies, totaled €5,567 million for the fiscal year ending on December 31, 2017.

New market players or companies that already exist could also develop new, more efficient solutions, easier to implement or less expensive than those developed by the Company, which could have a material adverse effect on the Company, its financial situation, earnings, development and prospects.

4.1.3 Risks related to the Company's image

The continued success of the Company relies on its ability to maintain its reputation based on rigor, professionalism and integrity. The Company is committed to maintaining the quality of its services. However, it cannot guarantee that it will be able to protect itself from the prejudicial impact on its reputation of potential events, such as a technological incident, an accident that involves an autonomous material handling robot, a conflict of interest or litigation.

Media coverage of potential difficulties could impact the credibility and image of the Company among its existing and target customers, and therefore its ability to keep or grow certain activities, which could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.1.4 Risks related to changes in the market during the development and organizational phases

The market for autonomous material handling robots is still relatively recent. Although it has grown significantly in recent years, it may be that its growth will not continue at the planned rate (for more information, see Section 6.4 "The Company's principal markets" of the Registration Document) or that its main structuring constituents - whether the strategy of manufacturers/OEM and distributors, or the expectations of potential customers of the Company, or again the regulatory environment - change.

Over recent years, the Company has seen significant growth in its business and sales revenue. In light of rapid changes in its sector, it may be difficult to evaluate the Company's prospects and requirements. It cannot be ruled out that changes in its business sector (which is still in a development phase) will cause major variations in the Company's requirements, whether in terms of models; industrial, logistics and distribution capabilities, or financial and human resources, and therefore that it may be difficult to forecast its performance and earnings. Due to this variability and lack of visibility, the Company could also find itself unable to meet its objectives (see Section 12.2 "Future prospects and objectives" of the Registration Document), which could have a material adverse effect on the Company, its financial situation, earnings, development and prospects.

4.1.5 Risks related to the macroeconomic environment

The Company sells innovative material handling solutions (see Section 6.6 "Technology" of the Registration Document). Changes in demand for the Company's products are indirectly tied to changes in overall macroeconomic conditions in the countries in which the Company operates. Demand for the Company's products could therefore be affected by an unfavorable economic environment and its impact on its customers' spending, which could lead the Company's customers to postpone or reduce expenditures for products and services offered by the Company.

A deterioration or changes in the current economic environment of the principal markets in which the Company operates - in particular, in France - or markets in which it intends to launch operations could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.1.6 Risks related to the notion that robots destroy jobs

Robotization is a technology that is still recent and could be the subject of biased perceptions among the general public, in particular based on the assumption that robots destroy jobs (see Section 6.15 "Social challenges" of the Registration Document).

Although an analysis of economic history demonstrates that a correlation exists between mechanization/robotization, economic development and the creation of jobs, the Company could face psychological obstacles that could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.1.7 Risks related to a tax on robots

Some States may decide to impose specific taxes on robots over the short or medium term, which would make the Company's solution more expensive and therefore less attractive.

Today, the Company is of the opinion that the expected gains in productivity are such that a specific tax on robots would not significantly change the economic benefits for its customers.

That said, the Company cannot rule out the fact that these types of policies could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.2 Risks related to the Company's business

4.2.1 Risks related to the partnership agreements signed with the German group Kion and the US group Hyster-Yale

In recent years, the Company signed partnership agreements with two of the leading manufacturers of material handling equipment, Linde Material Handling (a subsidiary of the Kion Group) and the US group Hyster-Yale (hereafter jointly referred to as the "Strategic Partners"). In the framework of these partnerships, the Company designed and developed robotic solutions for standard trucks/forklifts manufactured by these two groups. In return, these two manufacturers, along with their distribution networks, undertook to offer trucks equipped with the Company's solution as soon as a robotic solution was made available for sale (see Sections 6.7.1 "Linde Material Handling (a subsidiary of the Kion Group" and 6.7.2 "Hyster-Yale" of the Registration Document). The Company has committed to the following: (i) in the EMEA zone and within the intralogistics material handling sector only, it will only enter into an agreement - other than with the Kion Group and its subsidiaries - with one of the companies set out in a limited list, which includes the principal global operators in this sector (the Company may enter into discussions with any company that is not on this list), and (ii) not to offer robotic forklift solutions to Hyster-Yale's competition in the Americas and the European Economic Area, with some exceptions (in particular, current customers of Linde Material Handling).

These two operators in the material handling sector, both of which have global coverage, represent a very large market segment (Linde Material Handling ranks second worldwide and first in Europe; Hyster-Yale ranks fifth worldwide and second in the United States), and make very extensive distribution and maintenance networks available to the Company. In this framework, they provide the Company with sales and distribution support (sources: Annual Reports of the Strategic Partners).

As at June 30, 2018, the major portion of the Company's sales revenue results from these partnerships. For example, for the fiscal period ending on June 30, 2018, sales revenue achieved with Linde Material Handling and Hyster-Yale respectively totaled 87% and 11% of the Group's consolidated sales revenue.

These partnership agreements - signed on November 4, 2014 and renewed on May 8, 2017 in the case of Linde Material Handling/Kion, and on October 29, 2015 and renewed on November 1, 2018 in the case of Hyster-Yale - both covering an initial three-year period, were renewed for much longer periods (six years for the partnership agreement with Linde Material Handling/Kion, plus an option for four additional years, and 10 years for the partnership agreement with HYG). The Strategic Partners have placed products under their brands but with the Company's technology on the market (see Section 6.8.1. "Product presentation" of the Registration Document). The development of this range of products requires major investments over the long term in research and development, as well as on training the sales and maintenance networks. The Company is of the opinion that the development of an alternative range by its partners would require multi-year investments, which investments are all the more critical as the products that embed the Company's technology are already in place at some of the Strategic Partners' key accounts, and cohabitation between different technologies is often difficult.

The Strategic Partners have committed to continue investing over the long term, first, by offering the range developed with the Company, and also by training their sales teams on the sale of the Company's solutions and their maintenance teams on the maintenance and repair of these solutions.

In this regard, based on the commercial success and caliber of the partnership, the Company and Linde Material Handling have extended their agreement (signed in 2014). The new agreement provides for an initial period of six years, automatically renewable for a period of four additional years if neither party has notified the other of its intent to terminate the agreement within the 12 months that precede the expiry of the initial period. This agreement has been signed not just with Linde Material Handling, but also with its parent company, Kion Group AG. The new agreement now covers the entire world and provides that the robots will be sold by Balyo on the basis of a transfer price (that takes into account all of the components, development amortization, the embedded software and the assembly costs). This transfer price equitably allocates the margin achieved through the sale of robots. This new agreement also provides for the progressive transfer of the onsite assembly and installation work to the Strategic Partner.

The terms and conditions of this new agreement have been agreed by the parties and were approved by the Boards of Linde Material Handling and the Company on April 24 and 27, 2017. The new agreement was formally approved by the Management Board of Kion Group AG, Linde Material Handling’s parent company, on May 8, 2017 and entered into force the same day, causing the immediate termination of the initial agreement dated November 4, 2014. However, although the terms and conditions of this new agreement were agreed and approved by the parties, the stipulations related to the launch of the sale of the robots based on a transfer price could not be implemented at the time said agreement was signed in light of the major organizational changes this implies for the two parties. Since that date, and as the parties are not able to apply this new method to calculate the transfer price for the robots, the parties tacitly agreed that the principles regarding margin sharing in the previous agreement would continue to apply, with no amendment being signed in this regard, however. It should be noted that if one of the parties contests the foregoing, the stipulations of the current agreement will apply instead of those used by the parties since May 8, 2017 on this point, although the potential prejudice to either party cannot be precisely determined in this situation. The Company is therefore planning to sign an amendment with Linde Material Handling in order to resolve this legal situation as soon as possible.

On the date of registration of this Registration Document, the Company had renewed its partnership with Hyster-Yale for a ten-year period; the initial agreement signed at the end of 2015 was for a three-year period. This extension is not intended to change the contractual terms in place other than the agreement period.

These partnerships are decisive advantages for the Company's development, but expose the Company to heavy reliance on Linde Material Handling and Hyster-Yale, which creates additional risks, such as:

- a change in their commercial or pricing policy;
- any event that affects their organization (in particular a merger, acquisition, insolvency or bankruptcy);
- a breach of their agreements with the Company;
- a termination or non-renewal of these agreements for reasons outside of the Company's control;
- responsiveness that is more difficult to ensure in light of unforeseen events affecting manufacturing and procurement.

Balyo's solution integrated into the Strategic Partners' trucks belongs to the Company, as do the related intellectual property rights. Therefore, if one or more of the risks referred to above materialize, the Company would always be in a position - in addition to strengthening its ties with its other Strategic

Partner and to enter into new partnerships - to acquire standard material handling trucks in order to embed its solution and sell them directly. The investments, in particular in sales personnel, could be significant for the Company, however, and therefore the materialization of one or more of these risks could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.2.2 Risks related to dependence on end-customers

The Company distributes its products to a large number of industrial customers either through its Strategic Partners or, to a lesser extent, directly (see Section 6.12 "Customers" of the Registration Document).

In the future, if the Company enters into major contracts, it could find itself in a situation of dependency. The future loss of one of these key customers or a change in payment terms could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.2.3 Risks related to dependence on suppliers

To develop its products (see Section 6.8 "The Company's products and maintenance services" of the Registration Document), the Company requires a significant number of components, which have become standards and are delivered by different, often interchangeable, suppliers.

The Company cannot guarantee, however, that the price of electronic parts, which are key elements in the Company's products, will not rise significantly (for example due to an increase in the price of raw materials) or that they will always be available on the market or that these parts will always be delivered according to schedule.

Equally, the Company cannot guarantee that the electronic parts in its products will not rapidly become obsolete. This obsolescence may also affect all of the Company's products, for example due to market changes.

If one of the principal suppliers changes its quantities or payment terms (some impose advance payments) and/or delivery terms it has established with the Company, this could affect the Company's ability to deliver its products to customers in sufficient quantities and on schedule, impact its sales and compromise its commercial relations. However, it should be noted that the Company has not lost a contract with any of its suppliers over the past five years.

Although the Company is highly committed to the quality of its suppliers, reliance on suppliers involves a certain number of risks, in particular a supply shortage, the unsatisfactory quality of parts, a risk related to the origin of the products, or a failure to comply with applicable regulations or third party intellectual property rights. Reliance on suppliers may therefore create financial risks and risks to the Company's reputation, in particular should these suppliers fail to comply with applicable regulations, especially those governing product safety.

The materialization of one or more of these risks could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.2.4 Risks related to dependence on subcontractors

The production of autonomous material handling trucks essentially consists in assembling components, for the most part manufactured in France, on the trucks produced massively by the Strategic Partners. The Company subcontracts assembly of its devices for the range of autonomous material handling robots marketed in the US and Asia (see Section 6.9 "Production" of the Registration Document). This assembly, which requires between 20 and 50 hours of work, is performed on three sites for the time being:

- in Europe, at the Company's head office located close to Paris in Moissy-Cramayel;
- in Asia, at Linde Material Handling's production unit located in Xiamen, China; and
- in the United States, by Electrowire, a subcontractor of Hyster-Yale located in Leominster, Massachusetts.

On the date of registration of the Registration Document, the Company has production capacity of 1,000 machines per year, 50% of which is assembled by the subcontractors in China and the United States.

The risks related to a failure on the part of its subcontractors or the termination of contractual relations could delay the delivery of the Company's products and thereby have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects..

4.2.5 Risks related to the organic and external growth of the Company

The Company has recorded rapid growth in its workforce and activities. As it grows, the Company must efficiently integrate, train and motivate a large number of new employees while upholding its corporate culture. In particular, the Company intends to continue to invest large sums to expand its research and development activities, administrative organization and international business (see Sections 6.3.1 "Stepped-up commercial development" and 6.3.2 "Retaining the Company's leadership position and enhancing its offering" of the Registration Document). To this end, the Company will need to hire additional personnel and develop their operational skills, which could place a considerable strain on its internal resources. To attract the best talent, the Company has been forced to offer competitive remuneration, and this should continue. Furthermore, the Company could find itself unable to hire new employees rapidly enough to satisfy its requirements.

If the Company is not able to efficiently manage its hiring needs and the integration of new employees, its efficiency, ability to forecast, the morale and productivity of its employees, and its ability to retain these employees could be affected, which would have a material adverse effect on the Company's business, prospects, financial situation, earnings and development.

In the future, the Company's strategy could be partially based on external growth, in particular through the acquisition of business entities or assets, or the acquisition of shareholdings, or by entering into alliances in the Company's business sector and the geographic zones in which the Company wishes to grow or launch operations (see Section 6.3.3 "External growth"). However, the Company may not be able to identify attractive targets or complete transactions at the right time and/or under satisfactory conditions. Furthermore, in light of the competitive environment, the Company may not be able to pursue planned development or external growth operations in light of its investment criteria, which could have a material adverse effect on the implementation of its strategy.

External growth creates risks, including the following: (i) the business plan assumptions that underlie valuations may not materialize, in particular in relation to synergies, expected savings and the evolution of the relevant markets; (ii) the Company could fail to successfully integrate the companies acquired, their technologies, product ranges and employees; (iii) the Company could be unable to retain certain of the acquired companies' key employees or customers; (iv) the Company's debt could grow in order to finance its acquisitions, and (v) the Company's acquisitions on the market in question may be poorly timed. The expected benefits of future or past acquisitions could fail to materialize within the time frames and at the levels expected, and therefore have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.2.6 Risks related to software security

The Company operates in a market known for very rapid technological changes, thereby continuously exposing it to the risks of computer hacking and industrial piracy, as well as attacks by viruses or bugs that can disrupt the orderly operations of its systems and software packages, as well as those installed at its customers.

Despite the precautions put in place, the Company cannot guarantee that it will not be the victim of computer viruses, bugs, hacking and piracy, in particular from an autonomous material handling robot, which may cause the Company to be held liable and have a material adverse effect on its business and earnings.

Furthermore, although the Company has implemented suitable means to guarantee the security and integrity of its information systems, it cannot guarantee absolute protection from viruses, Trojan horses, computer worms, vulnerability exploiters and other system intrusion techniques.

An intrusion into the systems, whether by physical access to the network or by an individual's malicious use thereof, could compromise the confidentiality and integrity of the data saved by the Company, which would cause a major prejudice to the Company's reputation and may engage its liability.

The security system that protects individuals from a defect in the autonomous material handling robots is based on an electronic circuit that is independent from the software. The entire control chain in fact complies with the requirements of current standards and relies in particular on certified security components. CE certification is validated by an external organization that is independent from the Company.

The materialization of one or more of these risks could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.2.7 Risks related to product liability and the implementation of contractual guarantees in favor of customers

The Company may be held liable if one of its autonomous material handling robots causes an accident, either on the basis of its tortious, quasi-tortious or criminal liability, or on the basis of the contractual guarantees granted to the Company's customers.

If a defect in design or manufacturing is identified during the Company's quality controls, the Company may not be able to replace the rejected product in a timely fashion, which could cause stock shortages and a drop in sales.

The Company's quality control processes could fail to identify certain defects, and the Company's reputation could therefore be affected due to the commercialization of defective products, in particular if the products marketed caused an accident resulting in a personal injury to customers or personnel.

Furthermore, as a manufacturer, vendor and distributor, the Company could be held liable under certain conditions for damaging consequences related to the products it manufactures, sells or distributes. This liability can be held to be criminal or tortious and relate to a number of areas of liability, including liability for defective products, the guarantee of conformity of the goods with the contract which a vendor must provide the consumer, the legal guarantee of conformity or the legal guarantee covering hidden defects (see Section 4.5.1 "Risks related to regulations and their evolution" of the Registration Document).

Such defects could lead to a large volume of warranty claims or recalls and a significant drop in the Company's sales. It could also be held liable, which would mobilize resources to defend its interests. These defects could also lead to significant constraints, operating costs and, more generally, expenses, and cause a prejudice to the Company's brand and reputation.

The materialization of one or more of these risks could have a material adverse effect on the Company's business, financial situation, earnings, development and prospects.

More generally, the risk of the Company's products malfunctioning could force the Company to recall certain products or modify them, leading to a risk of additional costs and delays. Furthermore, the Company cannot guarantee that its customers will not face quality problems relative to its products. These problems could cause the Company to incur new research and development expenses, and monopolize additional technical and financial resources.

In addition to the negative, direct financial impact on the Company, if the Company is found to be liable, its business, financial situation, earnings, development and prospects could be materially and adversely affected.

4.2.8 Industrial and environmental risks

The Company's activities do not require the use or handling of dangerous substances and do not emit toxic and dangerous products into the air or water.

The principal industrial and environmental risks - other than those described below - are essentially limited to those that may result from a fire or explosion on a specific site.

The Company is subject to environmental, health and safety laws and regulations (see Section 6. 14 "Legal and regulatory environment" of the Registration Document). The level of regulatory and legal constraints will increase as the Company grows. This situation may slow down and even limit the Company's development. If the Company does not comply with these laws and regulations, it could be ordered to pay fines or suspend all or part of its activities.

The Company allocates investments and incurs costs to ensure it complies with environmental and safety laws and regulations. The Company could be obliged to incur additional expenses to comply with new environmental and safety laws or regulations. In particular, the Company could be obliged to purchase new equipment, modify its premises or installations and, more generally, incur other significant expenses. If injuries or damage of any nature occur, the Company could be held liable for the damage, which would have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.2.9 Risks related to seasonality

The Company's business is marked by a form of seasonality, as the concentration of orders placed is highest in the fourth quarter of the calendar year (representing between 30% and 50% of annual orders). This seasonality is explained, in particular, by customers using up their budgets before the end of the fiscal year and by a desire to group orders to negotiate more attractive prices. However, a significant portion of the Company's overhead cannot be adjusted for these seasonal variations.

Therefore, a drop in sales over this quarter could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.2.10 Risks related to an inability to extrapolate the future evolution of the Company's business and earnings based on past performance

The Company launched its commercial development in 2010 (see Section 5.15 "Significant events in the Company's history" of the Registration Document) and operates in a rapidly changing market. It can therefore only present a limited history (less than three years) as a basis for a valuation of its business and future prospects. Although the Company has achieved major commercial successes and has grown significantly in what is considered a high-growth sector (see Sections 6.4 "The Company's principal markets" and 6.5 "Competition" of the Registration Document), it does not have enough historical information to anticipate trends in a market that is still likely to change. Due to its positioning in the autonomous material handling robots sector, its relatively short history and potential changes in the sector, the Company cannot extrapolate future earnings based on prior data with any degree of certainty.

The Company could be unable to sustain its growth or achieve its objectives. These circumstances could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.2.11 Risks related to dependence on key persons

The Company's success depends heavily on the expertise and dedication of the management team (see Section 17.13 "Key persons" of the Registration Document).

The loss of their skills could cause:

- the loss of know-how and the undermining of certain activities; and
- shortcomings in terms of technical skills that could slow the business and temporarily affect the Company's ability to achieve its objectives.

The Company competes with other companies, and research and educational institutions to hire and retain highly qualified scientific, technical and management personnel.

The future success of the Company is therefore partially based on retaining its senior executives and other key employees, in particular by implementing motivation and retention systems in the form of variable remuneration based on performance and the granting of BSPCEs (founders' share warrants), stock options or free options, and the Company's ability to continue to attract, motivate and retain highly qualified personnel (see Section 21.1.4 "Potential capital" of the Registration Document).

The Company's inability to attract and retain these key persons could prevent it from reaching its objectives and therefore have a material adverse effect on its business, earnings, financial situation, development and prospects.

4.2.12 Risks related to operations and international development

The Company has adopted international development as a key factor in its growth strategy (see, in particular, Section 6.3 "Strategy" of the Registration Document). The international scope of the Company's business adds complexity, which increases the risks inherent in its business. The Company's international activities require the close attention of its senior executives, as well as significant financial resources. Various risks are associated with this international development, including:

- compliance with different legal and regulatory requirements, as well as taxation and trade laws;
- potential unexpected changes in the legal, political or economic environment of the countries in which the Company procures supplies or sells its products;
- difficulties in identifying, hiring and retaining talented, skilled employees in foreign countries;
- the need to adapt product offerings to the local market and to adjust to local practices and different cultural standards, and the need to remain competitive in relation to the competition, which may have a better knowledge of the local market;
- differences in labor regulations in the various countries;

- limits to the Company's ability to reinvest the profits from its operations in one country to finance the capital requirements of its operations in other countries;
- fluctuations in the exchange rate of currencies against the euro affecting the Company's business outside of the Eurozone;
- an increase in costs related to the Company's international presence;
- regulations that change from one country or region to another related to the security of data, and the unauthorized access and use of commercial and personal data;
- limited or unfavorable protection of intellectual property rights in certain countries.

If the Company does not succeed in profitably implementing its international growth strategy and efficiently managing the risks related to its international activities, the materialization of one or more of these risks could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.2.13 Risks related to international trade tensions

The activities related to the production of the Company’s core technology currently take place in Europe, more precisely in Moissy Cramayel where the teams test the different components and assemble the MOVEBOX products before sending them to the various robot assembly sites (see Section 6.2.2 of this Registration Document). If potential trade tensions were to concern the technological or robotic equipment with the imposition of high customs duties, the Company could assemble the MOVEBOX products on the robot assembly sites directly, thereby limiting extra customs duties. However, if the components required for the MOVEBOX are subject to higher customs duties, the Company could see a major increase in its production costs. If this situation materialized, it could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.2.14 Risks related to labor relations

The Company believes that labor relations and well-being in the workplace are of utmost importance. However, in the future, it could face formal consultations or negotiations with employee representatives, strikes, work stoppages or other labor movements, as well as negotiations for new collective or wage agreements, which could disrupt the Company's business or increase its costs. Strikes by the personnel of the Company's key suppliers or service providers could also disrupt the Company's business.

Although, on the date of registration of the Registration Document, the Company has not experienced any difficulties, the materialization of any of these risks could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.2.15 Risks related to the payment of penalties

In the framework of commercial discussions, the Company may have to commit to performance deadlines and criteria. If these commitments are not met, it may be required to pay penalties or accept a lesser payment from the end user of its solution.

The materialization of any of these risks could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.3 Risks related to the Company's assets

4.3.1 Risks related to intellectual property rights

Risks related to "free" software

In the framework of the development of certain IT systems and solutions, the Company uses "free" systems and software. The creators make these systems and software freely available to the general public under a license that allows the user to have access to the source code and to use, copy, modify and integrate the source code into programs the user creates, and then to redistribute it. "Free" software is made available to the public with no guarantee and is used at the user's risk.

Therefore, the Company cannot guarantee the origin of the "free" software it uses nor that it does not infringe the intellectual property rights of third parties. A third party could initiate a legal action to have its rights to the "free" software upheld. This could affect the Company's use of this software either by generating an additional cost or by forcing the Company to cease its use of the software in dispute and recreate software.

To date, no infringement by or against the Company has been proven. Nevertheless, the Company cannot guarantee that no infringement by or against the Company will occur in the future. The resulting costs could have a material adverse effect on the Company's development, financial situation, earnings and prospects.

Risks related to the protection of the Company's intellectual property rights

To date, the Company has not been involved in any significant dispute or litigation relative to the protection of its intellectual property rights.

The Company has full ownership of patents and does not share any intellectual property right related to its business (with the exception of rights that may result from a joint development with its Strategic Partners) (see Section 6.6.4 "Intellectual property" of the Registration Document). The Company's financial plan depends, among other things, on its ability to obtain, maintain and ensure the protection of its patents, software, trademarks and related rights, as well as its other intellectual or similar property rights (such as, in particular, its trade and business secrets or its know-how) or those for which it has a user's license. For this reason, the Company has taken various measures, such as the registration of patents and the implementation of technical protection measures (anti-reproduction) on certain physical media for its software (see Section 11 "Research & Development, Patents, Licenses, Trademarks and Domain Names" of the Registration Document). Similarly, there are terms in certain agreements stating that, at the request of customers, the Company's software may be the subject of registration with a third party custodian, such as the *Agence pour la Protection des Programmes* or any other similar agency, in order to ensure the security of digital creations (proof of the date of creation, extent of the creation and ownership of rights).

Two of the Company's inventions are currently under examination at competent national, regional or international patent offices (see Section 11.2 "Balyo patents" of the Registration Document). It takes a few years for patents to be issued. Examinations may also result in the issuance of a patent with claims that are more limited than those stated in the initial application; a patent may also be refused.

Furthermore, there is no certainty that the Company's current and future applications for patents, trademarks and other intellectual property rights will result in industrial property authorities issuing registrations. The Company could in fact face difficulties in the framework of registration applications and examinations for certain patents, trademarks or other intellectual property rights currently under examination or whose registration is in progress. For example, when a patent registration is filed, other patent applications may have enforceable prior rights but have not yet been published. Despite prior right searches and the intelligence the Company conducts, it may not be certain that it is the first to have designed an invention and to have submitted the related patent application. In particular, it should be noted that, in most countries, patent applications are published 18 months after the applications have been filed and that inventions may not be published or a patent application may only be filed months or even years after the fact.

Therefore, the Company may be unable to guarantee that the systems in place to protect its intellectual property rights will prevent the misappropriation or illegal use of its know-how by third parties or that its competition will not develop technologies that are similar to the Company's, therefore causing it to lose its technological and competitive advantage.

Therefore, the Company's rights to its patents, software, trademarks and related rights, and its other intellectual property rights, may not confer the protection it expects against the competition.

If these situations materialized, they could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

Risks related to infringements of the intellectual property rights of third parties and of the Company

The Company's commercial success will also depend on its ability to develop products and technologies that do not infringe the patents or other rights of third parties. To ensure the success of its business, it is in fact important that the Company be able to freely use its products while ensuring that they do not infringe the patents or other intellectual property rights of third parties, and without third parties infringing the Company's rights (in particular its intellectual property rights).

As it has done to date, the Company continues to expedite the preliminary studies it considers necessary to examine the risks referred to above before investing in the development of its various products/technologies.

In particular, the Company monitors its competition (in particular their patent registrations). A firm specialized in industrial property rights has in fact been hired by the Company to monitor its trademarks.

If intellectual property disputes arise, the Company could:

- be exposed to the payment of damages, the amounts of which could be significant;
- be prevented from developing, marketing or continuing to provide some or all of its services;
- be obliged to compensate or reimburse current or future customers; and
- be delayed in providing its services.

Third parties (or even Company employees) could use or attempt to use elements of the Company's technology that are protected by intellectual property laws, which would cause the Company to suffer a prejudice. The Company could therefore be obliged to initiate legal or administrative actions against these third parties in order to enforce its intellectual property rights (patents, trademarks or domain names) in court.

Any dispute or litigation, regardless of the outcome thereof, could generate substantial costs, prejudice the Company's reputation, have a negative impact on the Company's earnings and financial situation, and potentially fail to provide the protection or outcome sought. Certain competitors who have greater resources than the Company could be in a better position to incur the costs of litigation.

The Company could be unable to prevent the disclosure of information to third parties, which may have an impact on its future intellectual property rights.

4.3.2 Risks related to fraud and scams - cybercrime

In light of the ascension of the internet and information systems, the Company faces risks of fraud and scams, in particular based on identity theft. With regard to this risk, the Company regularly takes awareness-raising measures to inform employees of potential risks inherent in their trade and has, in particular, implemented a procedure to secure, verify and control orders and payments. The identity management processes in the Company's information system have been reinforced, as has the level of traceability of the transactions recorded therein.

Nevertheless, if one of these fraudulent attempts succeeds, as the Company's financial resources are still limited, it could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.4 Financial and market risks

4.4.1 Risks related to financing needs

Historically, the Company financed the growth of its business by bolstering its equity through a capital increase or the issue of bonds convertible into shares to venture capital companies or through repayable advances. The Company is therefore not exposed to a liquidity risk as a result of clauses requiring the early repayment of bank loans.

To date, the Company's operations have only generated negative operating cash flows. These negative operating cash flows totaled €12,074K in fiscal 2017 and €3,985K in fiscal 2016.

The Company may not succeed in its business activities and may never generate sufficient sales revenue to become profitable. Even if the Company becomes profitable, it may not be able to maintain or grow its profitability over the long term. If the Company is unable to become and remain profitable, the market price for the Company's shares could decline, thereby affecting the Company's ability to raise funds, develop its business, diversify its product offering or continue its operations.

The Company's ability to raise additional funds will also depend on financial, economic and cyclical conditions, as well as other factors over which it has no, or very limited, control. Furthermore, the Company cannot guarantee that additional funds will be made available to it when it needs said funds and that the funds will be made available to it under suitable conditions.

If the funds required are not available, the Company could be forced to limit the development of new products, or delay or abandon commercialization on new markets (see Section 6.3. "Strategy" of the Registration Document), which would have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

Furthermore, if the Company raises capital by issuing new shares or other financial instruments that give future access to the Company's capital, its shareholders could be diluted.

4.4.2 Risks related to past losses

Since it was founded, the Company has recorded net losses every year. As at June 30, 2018 and December 31, 2017, in its consolidated financial statements prepared according to the IFRS, net losses respectively totaled -€7,700K and -€10,626K. The losses recognized result from internal and external research and development expenses, sales and marketing expenses, and expenses incurred to structure the group, mainly in the framework of the development of its integrated solution.

The Company will continue to invest significantly over future years in its research and development activities, the development of its sales network, and its production tool. The Company could incur new losses for these same reasons.

An increase in these expenses could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.4.3 Liquidity risk

As at June 30, 2018, the Company's cash and cash equivalents totaled €19,209K.

The Company's available cash and cash equivalents are invested for the most part in (i) term deposits with maturity ranging from one month to five years, and (ii) money market UCITS with guaranteed capital, which can be redeemed early at any time. This information is taken from Note 4.7 to the consolidated financial statements prepared according to the IFRS set out in the financial report.

The Company has used the different financing mechanisms presented below:

CURRENT AND NON-CURRENT FINANCIAL DEBT - REPAYMENT VALUE (amounts in €K)	06/30/2018			
	Gross amount	Due in less than one year	1 to 5 years	Over five years
Repayable advances	2,490.9	1,208.4	1,282.5	0.0
Bank overdrafts	19.5	19.5	0.0	0.0
Total financial debts	**2,510.4**	**1,227.9**	**1,282.5**	**0.0**
Current financial debts	*1,227.9*			
Non-current financial debts	*1,282.5*			

This information is taken from Note 4.10 to the consolidated financial statements prepared according to the IFRS set out in the financial report. The financial liabilities are not the subject of stipulations that may significantly change the terms thereof.

The Company performed a specific review of its liquidity risk and is of the opinion that it is able to meet its future commitments over the next 12 months. The Board of Directors adopted the going concern principle based on the cash available as at June 30, 2018, which must cover its projected cash flow needs for the upcoming 12 months. As at June 30, 2018, the Company’s available cash totaled €19,209K. These funds are considered sufficient to cover projected needs.

The development of the Company's technology and the pursuit of its development program will continue to generate major financing needs in the future. The Company could be unable to finance its growth through business revenue alone, which could lead it to seek other sources of financing, in particular through new increases in capital.

In the future, the Company could seek additional capital, in particular to finance its growth strategy, which could result in dilution for the Company’s shareholders or significantly increase the level of its indebtedness, causing a change to its financial structure.

Access to capital may not be available under conditions that are acceptable to the Company, and may even be totally unavailable.

Certain factors could aggravate the Company's difficulty in raising capital: the economic environment, interest or exchange rate fluctuations, the closing of bank or capital markets, or a deterioration in the Company's financial situation or operating income.

A future increase in the Company's indebtedness or, inversely, its inability to raise capital to meet its financing requirements could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.4.4 Credit risk

Regarding customer receivables, the Company regularly conducts an international evaluation of its customer credit risk and the financial position of its customers. This information is described in Note 7.2.1 to the consolidated financial statements prepared according to the IFRS for the fiscal year ending on December 31, 2017 of the financial report and did not change significantly in the first half of 2018. There are no financial assets past due and impaired in light of the caliber of the customers who have signed agreements (Linde Material Handling and Hyster-Yale Group).

4.4.5 Risk related to the repayment of public advances

The Company receives public advances; if these advances cease, the Company may need to find other sources of financing (see the notes to the consolidated financial statements prepared according to the IFRS set out in the half-year financial report for 2018).

Over recent fiscal years, the Company received the following repayable grants. The status as at June 30, 2018 was as follows:

EVOLUTION OF REPAYABLE ADVANCES AND SUBSIDIES (amounts in €K)	Zero-interest loan €1,100K	Zero-interest loan €600K	BPI France €950K	COFACE USA	TOTAL
At December 31, 2017	**956.7**	**286.2**	**720.9**	**506.9**	**2,470.7**
(-) Repayment	(55.0)	(75.0)	(95.0)	0.0	(225.0)
Financial charges	25.6	6.3	19.1	(9.4)	41.6
At June 30, 2018	**927.3**	**217.5**	**645.0**	**497.5**	**2,287.3**

The information related to the various advance contracts (payments, repayment schedule and specific clauses) is presented in Note 4.10.2 to the consolidated financial statements prepared according to the IFRS for the fiscal year ending on December 31, 2017, set out in the 2017 financial report.

Regarding the different repayable advances, if the Company does not comply with the contractual terms set out in the financial aid agreements signed, it could be forced to make the repayments ahead of schedule.

This situation could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects. Indeed, the Company cannot guarantee that, at the relevant time, it will have the additional financial resources required, or the time or the ability to replace these financial resources with others.

4.4.6 Risks related to the future use of deferrable tax losses

For the 2017 fiscal year, the Company recorded a tax loss of €11,772K and had deferrable tax losses in the amount of €23,427K (for total deferrable tax losses of €35,448K as at December 31, 2017).

In France, for fiscal years subsequent to December 31, 2012, the charge for these losses is capped at one million euros, increased by 50% of the portion of the profits that exceed this ceiling. The unused balance of the loss can be carried forward to future fiscal years and may be charged under the same conditions with no time limit.

In the United States, the amount of the deferrable tax losses totaled US$4,286K as at December 31, 2017.

The Company cannot rule out that changes in taxation rules could call the above into question by limiting or eliminating the right to carry tax losses forward.

The materialization of one or more of these risks could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.4.7 Risks related to access to the Research Tax Credit

To finance its business, the Company also benefits from the Research Tax Credit ("*Crédit d'Impôt Recherche*"), provided in Article 244 *quater B* of the General Tax Code, which offers tax incentives for the development of scientific and technical research in French companies by granting a research tax credit. Research expenses eligible for the Research Tax Credit include, in particular, salaries and wages for researchers and research technicians, amortization of capital assets allocated to research activities, provision of subcontracted services to approved research organizations (public or private), and the costs to register and maintain the validity of patents.

The amounts received under research tax credits granted to the Company as at December 31, 2016 totaled €647K and were repaid in 2017. The amount requested for the 2017 research tax credit to be received in 2018 is €1,112K.

At the request of the French tax authority, the Company must justify the amount of the Research Tax Credit receivable and the eligibility of the research work involved to benefit from this tax credit. The tax authority recommends companies provide a guide that includes the supporting documents required to audit this tax credit. The Company cannot rule out the possibility that the tax authorities may challenge the methods adopted by the Company to calculate the research and development expenses to determine the amounts of the Research Tax Credit. The risk of this Research Tax Credit being challenged can therefore not be dismissed (it being noted that the claw-back right may be exercised up until the third year that follows the submission of the special declaration provided to calculate the Research Tax Credit).

The Research Tax Credit may be called into question due to a change in regulations or interpretation, or by the tax authorities even if the Company conforms to the documentation and eligibility requirements regarding expenses. If such a situation were to occur, it could have an adverse effect on the Company's earnings, cash flow, financial situation and prospects.

As regards 2018 and future years, the tax authorities could challenge the methods used to calculate the Company's research and development expenses, and the Company could lose the benefit of the Research Tax Credit due to a change in regulations or a challenge by the tax authorities, even though the Company is of the opinion that it conforms to the documentation and eligibility requirements regarding expenses. If such a situation were to occur, it could have an adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.4.8 Interest rate risk

The Company is not exposed to interest rate risks related to the assets in its balance sheet as the liquid assets are composed exclusively of bank accounts and term deposits. In light of the low rate of return of the Company's investments today, it is of the opinion that any variation in the range of -/+ 1% would have a limited impact on its net earnings relative to the amount of losses incurred by its operational activity.

The structure of the rate of financial debt is presented below:

Debt structure	**12/31/2017**	**12/31/2016**
Total variable-rate debts	0.0	1,052.5
Total fixed-rate debts	2,470.7	2,523.1
Total financial debts*	**2,470.7**	**3,575.6**

*Excluding bonds redeemable in shares

The table above does not take the ORAs into account, redeemed further to the June 2017 IPO into account.

The Company's variable-rate borrowings for the most part used the three-month Euribor rate plus a margin and were repaid in June 2017. In 2016, and if the interest rate varies by one point, the financial expenses over one year for all variable-rate borrowings would vary by approximately €10K. The Company does not purchase financial instruments for the purposes of speculation. The Company therefore is of the opinion that it is not exposed to a significant interest rate risk.

4.4.9 Foreign exchange risk

As at June 30, 2018, the Company's bank accounts and investments were denominated in euros, with the exception of Balyo Inc.'s bank account, which is a US dollar account, and Balyo APAC Pte’s bank account, which is a Singapore dollar account (SGD).

Although the Company's strategy is to favor the euro as the currency of its contractual agreements, all of the transactions conducted in the United States are performed in US dollars. The principal risks related to the impact of foreign exchange variations on sales and purchases are not considered highly significant. This information is described in Note 7.2.3 to the consolidated financial statements prepared according to the IFRS set out in the financial report. At this stage, the Company has not entered into any hedge agreement to protect its business from exchange rate fluctuations.

However, the Company cannot rule out that growth on other markets or an increase in its business will not generate greater exposure to a foreign exchange risk. If this situation occurs, the Company will then adopt an appropriate policy to hedge its risks and could increase its sourcing outside of the Eurozone in order to implement a natural hedge against currency fluctuations.

4.4.10 Equity risks

The Company holds no equity stakes or marketable securities. It is therefore of the opinion that it is not exposed to any equity risk.

4.4.11 Risk of dilution

The Company has issued or allotted stock warrants ("**BSA**"), free shares (“**AGA**”) and founders' share warrants ("**BSPCE**") to retain and maintain the interest of the teams who work on the Company’s development. On the date of registration of the Registration Document, the final allocation of the AGA and the full exercise of all of the instruments that give access to the capital allocated and in circulation today would allow for the subscription of 2,893,873 free shares, i.e., a maximum dilution of 10.18% based on current capital and 9.24% based on diluted capital (see paragraphs 21.1.4.1, 21.1.4.2 and 21.1.4.3).

As part of its policy to motivate its senior managers and employees, and to attract additional talent, in the future, the Company may issue or allocate shares or new financial instruments that give access to the Company's capital and that may lead to an additional dilution - potentially significant - for the Company's current and future shareholders.

4.4.12 Risks related to off-balance sheet commitments

The Company has made no financial commitments to finance its business. The Company has received guarantees in the framework of two loans (see Note 4.10.1 to the consolidated financial statements prepared according to IFRS set out in the financial report):

- The loan granted by Bpifrance (a "seed money" contract) on August 18, 2010, for which the capital that remained due as at December 31, 2016 totaled €52.5K, was fully repaid in 2017; and

- The zero-interest loan granted by Bpifrance, signed in 2016 in the amount of €1,000K, included a *Fonds National de garantie pour l'innovation* guarantee equal to 30% and a European Investment Fund guarantee equal to 50%. This loan was fully repaid in advance in 2017.

If the Company does not comply with the contractual terms provided in the financial aid and loan agreements signed, the beneficiaries of the guarantees may call said guarantees.

This situation could deprive the Company of the financial resources required for its development projects and create major financial risks for the Company. The Company cannot guarantee that it would find the additional funds required, or have the time or the ability to replace these funds.

4.5 Legal risks

4.5.1 Risks related to regulations and their evolution

The regulatory framework for material handling robots is extremely well defined in current standards both nationally and internationally (see Section 6.14 "Legal and regulatory environment" of the Registration Document).

As at June 30, 2018, autonomous material handling robots were considered machines and the manufacturing thereof must meet the requirements of European Directive 2006/42/CE on machinery published on June 9, 2006 in the Official Journal of the European Union.

The Company's design of autonomous material handling robots also takes the international NF EN 1525 technical standard of December 1997 into account, which relates to the safety of driverless handling trucks and related systems.

The Company's business is also subject to regulations regarding flows of goods in effect in the countries in which it operates. In this regard, the Company must comply with all of the laws and regulations that apply to exporting and re-exporting.

As at June 30, 2018, the Company had no information indicating that the manufacturing, commercialization or use of its products and services could be prohibited in a State in which these products and services are offered for sale today.

It should be noted that the Company has not been the subject of any administrative or court action and has not been involved in a dispute related to compliance with its obligations under the regulations relative to the manufacturing, commercialization or use of its products and services.

However, the Company's business is subject to restrictive, complex regulations, and amendments to these regulations (or the interpretation thereof) or deficiencies in these regulations could cause a material adverse effect on the Company.

In any event, all of the changes in the regulations or the interpretation thereof could expose the Company to costs to achieve conformity, which may, in particular, result from an adjustment of its products and services or a more general change of its sales policy. The adjustments could cause the Company to incur major expenses and deploy various types of measures over time.

In the event - which cannot be ruled out - that the Company is found liable due to a breach of a national regulation, the Company would be exposed to costs related to the defense of its interests in administrative or court actions initiated against it. In this case, the Company could be forced to incur costs - damages, in particular - as determined in the final ruling that brings these proceedings to an end issued by the administrative or judicial authorities.

Furthermore, judgments rendered against the Company could cause it to change its sales policy in accordance with the specific obligations imposed by the national regulations and the interpretation thereof. These measures could notably involve the mobilization of significant resources and therefore cause a prejudice to the Company's business, earnings, financial situation and prospects.

Similarly, the Company cannot rule out the possibility that a State may adopt a regulation whose objective or consequence limits the Company's business in the relevant country.

The materialization of one or more of these risks could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.5.2 Risks related to litigation

The Company may be involved in legal, administrative or regulatory actions or procedures in the normal course of its business, some of which could give rise to significant damages, penalties, fines, prohibitive or prescriptive orders, or any other sentence or penalty.

The Company posts a provision as soon as it is reasonably probable that these actions or procedures will generate costs to be incurred by the Company or its subsidiaries and that the amount thereof may be reasonably estimated. The costs of these actions and proceedings could be significant and, even if the outcome is in favor of the Company, it could incur all or part of the legal fees and other expenses if they are not reimbursed by the other parties or under its insurance policies.

By nature, these actions and procedures are uncertain and may lead to the payment of damages and/or cause a prejudice to the Company's brand and reputation, which could have a material adverse effect on the Company's business, operating income, financial situation and prospects.

4.5.3 Risks related to confidentiality

It is key for the Company to protect itself from the unauthorized use and disclosure of its confidential information, know-how and trade secrets. The non-patented and/or non-patentable proprietary technologies, processes, methods, know-how and data are considered trade secrets that the Company endeavors to partially protect by way of non-disclosure agreements.

Therefore, the Company's rights regarding its confidential information, trade secrets and know-how could fail to provide the protection from the competition it expects, and the Company cannot guarantee with any degree of certainty that:

- its know-how and trade secrets will not be obtained, infringed, misappropriated or transmitted without its authorization, or used;
- the Company's competition has not already developed a technology, products or systems that are similar in nature or in their intended use to those of the Company;

- no co-contracting party will claim the benefit of all or part of the intellectual property rights attached to the inventions, know-how or results that the Company possesses as an owner or co-owner, or for which it may benefit from under a license; and
- the Company's employees will not claim rights or the payment of additional remuneration or a fair price in return for the inventions which they helped create.

The materialization of one or more of these risks could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.5.4 Insurance risk

The Company has adopted a policy to hedge against the principal risks related to its business and that may be insured, subject to the usual deductibles and exclusions (see Section 4.6 "Insurance and risk management policy" of the Registration Document).

The Company may be unable to foresee with any degree of precision all of the situations that require insurance coverage and therefore could find itself in a position where it is not covered in certain specific cases or where its coverage is insufficient. The Company's insurance policies include exclusions, ceilings and deductibles that could expose it to costs if a significant event occurs or a legal action is initiated against it. Furthermore, the Company could be obliged to compensate third parties for damage or incur significant expenses not covered or insufficiently covered by its insurance policies Also, the effectiveness of the Company's insurance coverage depends on the long-term solvency of its insurers.

Although the Company intends to have adequate coverage at all times, certain claims do not necessarily fall within the scope of application of an insurance policy. Also, if multiple events occur that lead to significant claims for damages during the same calendar year, the cost of the Company's insurance premiums could rise. Furthermore, the Company's insurance premiums may increase due to a rise in claims or due to an increase in prices in the overall insurance market. The Company could be unable to keep its current insurance coverage or to keep it at a reasonable price.

The materialization of one or more of these risks could have a material adverse effect on the Company, its business, financial situation, earnings, development and prospects.

4.6 Insurance and risk management policy

As at December 31, 2017, the Company had adopted a coverage policy for its principal insurable risks, with coverage amounts that it believes are compatible with the nature of its business. The Company does not anticipate specific difficulties in the future in obtaining adequate levels of insurance within the limits of market availability and conditions.

The amount of the expenses incurred by the Company for all of its insurance policies respectively totaled €102K and €81K for the fiscal years ending on December 31, 2017 and 2016.

The acquisition of insurance policies is based on the determination of the level of coverage required to face the materialization - as reasonably estimated - of risks related to liability and damages, as well as other risks. This assessment takes into account evaluations by insurers in their role as risk underwriters. Uninsured risks are risks for which the insurance market offers no coverage or for which the cost of insurance is disproportionate relative to the potential benefits of the insurance or those for which the Company takes the position that insurance coverage is not required.

The Company's principal policies, purchased from internationally renowned insurance companies, are as follows:

Company-wide insurance policy	Risks covered	Amount of coverage	Deductible	Annual amount of the insurance premiums, including taxes
Key Person insurance	- Death and total permanent disability - accident/illness - Total permanent disability	€1,000K per claim	None	€5K
Comprehensive	**Fires, explosions, acts of terrorism for damage to assets:**			
	- Real property	€2,315K per claim	10% of the compensation	€7K
	- Movable goods	€2,800K per claim		
	- Merchandise in any location	€20K per claim		
	- Loss of rent	€320K per claim		
	- Operating loss	€1,500K per claim	Three business days	
Civil liability of corporate officers	Monetary consequences of claims resulting from an individual or joint liability claim lodged against executives and that can be attributed to any professional misconduct, whether real or alleged, committed while exercising their role and responsibilities.	€400K per insurance year	In accordance with consolidated sales revenue, up to a maximum of €250K	€1.3K
Corporate liability	**All types of damage covered by all guarantees except those set out below, before delivery of the product/services, without exceeding:**	€10,000K per claim	NONE	Annual provisional payment: €10K

Company-wide insurance policy	**Risks covered**	**Amount of coverage**	**Deductible**	**Annual amount of the insurance premiums, including taxes**
	- All consequential material and immaterial damage combined that does not result from environmental damage	€2,500K per claim	Between €750 and €1,500	
	- Bodily injury to your employees, equipment and accessories	€1,000K per insurance year		
	- Damage to goods delivered (material and immaterial)	€100K per claim		
	Accidental damage to the environment	€600K per insurance year		
	Bodily injury, all consequential material and immaterial damage			
	Costs to prevent and repair environmental damage	€150K per insurance year		
	All damage covered post-delivery/completion of work without exceeding:	€2,500K per insurance year		
	- All consequential material and immaterial damage	€2,500K per insurance year	€1.5K	
	- Non-consequential immaterial damage	€300K per insurance year	€3K	
	- All bodily injury, material and immaterial damage that results from direct exports to the United States and/or Canada	€750K per insurance year		
	- Legal defense	Included in the guarantee exercised		
	- Appeals	€50K per insurance year	€300	

5. INFORMATION ON THE COMPANY

5.1 History and growth of the Company

5.1.1 Corporate name

The corporate name of the Company is Balyo.

The LEI Code is 969500JJRU82J0JMV072.

5.1.2 Registration place and number

The Company is registered in the Trade and Company Register of Melun under number 483 563 029.

5.1.3 Date and term of incorporation

The Company was incorporated at the Commercial Court of Nanterre for a term of 99 years on July 29, 2005 in the form of a limited liability company (“*société à responsabilité limitée*”). Its term ends on July 29, 2104. Its start date was August 1, 2005.

The Company's registered office was transferred for the first time within the jurisdiction of the Commercial Court of Paris, which led to a new registration at the Clerk of the Commercial Court of Paris' office on March 16, 2007. The Company's registered office was transferred for the second time within the jurisdiction of the Commercial Court of Melun, which led to a new registration at the Clerk of the Commercial Court of Melun's office on August 16, 2011.

The Company was transformed into a public limited company with a board of directors ("*société anonyme à conseil d'administration*") further to a resolution of the general meeting of shareholders held on July 23, 2010.

5.1.4 Registered office, legal form, legislation governing business activities

The Company's registered office is located at 3, rue Paul Mazy, 94200 Ivry sur Seine, France. The telephone number for the registered office is +33 1 55 26 43 10.

On the date of registration of the Registration Document, the Company is a public limited company governed by the laws and regulations in force in France (in particular Book II of the Commercial Code), as well as by its bylaws.

The general meeting of the Company's shareholders held on April 24, 2017 approved the principle of having the Company’s shares listed for trading on the Euronext regulated market in Paris.

In the framework of the Company’s shares being admitted to trading on the Euronext regulated market in Paris, the bylaws and the composition of the Board of Directors were modified, effective when the shares were listed for the first time. The description of the Company's bylaws and its administrative bodies set out in the Registration Document correspond to those that have existed since the initial listing of the Company's shares.

The fiscal year starts on January 1 and ends on December 31 of each year.

5.1.5 Significant events in the Company's history

Based on standard material handling trucks, the Company designs, develops, markets and installs autonomous material handling robots that allow businesses and logistics specialists to significantly reduce their pallet handling costs by robotizing their equipment and to improve the safety of the space in which they operate. Today, its solution is available in EMEA, the Americas and APAC.

Significant events in the Company's history:

2005 Raul Bravo Orellana and Thomas Duval found Balyo. Their objective is to broaden the use of autonomous material handling robots thanks to the development of the "géoguidage" navigation technology, whose installation does not require any base infrastructure, unlike traditional technologies.

The Company's autonomous material handling robots are capable of perceiving their environment, interacting with its components and making autonomous decisions. Thanks to their intelligent safety system, they work hand in hand with humans in a shared space, while traditional automatic trucks operate in reserved areas.

2010	September:	For the first time, Balyo raises €2 million from the Masseran Gestion investment fund (now part of Seventure Partners).
	October:	Balyo launches an automatic handling tractor to transport heavy loads of up to a maximum mass of five tons.
2011	July:	Balyo launches an autonomous reach truck that provides greater versatility in small spaces in which 2.5 ton pallets of up to 12 meters are stacked.
	October:	Balyo moves to new premises in Moissy Cramayel in the Seine-et-Marne region. This new location combines three facilities: a research and development center, a production site for Balyo products and a showroom.
2012	March:	Balyo launches MOVEBOX, a solution to transform a standard or automatic handling truck into an autonomous material handling truck.
	November:	Balyo raises €2.7 million in a new seed-funding round from the Seventure Partners investment fund and individual investors.
2013	March:	Balyo, with 40% of its production already exported in Europe, opens a subsidiary, Balyo Inc., in the United States, a very high potential market.
	July:	Bpifrance Investissement acquires a stake in Balyo.
2014	August:	Fabien Bardinet is appointed Chief Executive Officer of the Company.
	November:	Balyo integrates a 3D LFM electronic camera into the MOVEBOX. The camera conducts an overall analysis of the environment to allow the robot to detect all types of obstacles.

Balyo signs a strategic partnership agreement with the European leader in materials handling, Linde Material Handling, to jointly create and market a unique range of intelligent robots.

2015 March: Balyo raises €14 million in a seed-funding round from the Robolution Capital investment fund (now part of the 360 Capital Partners investment fund), Linde Material Handling and its historic shareholders (Bpifrance Investissement and the Seventure Partners fund).

The total funds raised by the Company since it was founded approximates €19 million (gross), including the founders' contributions.

October: Balyo signs a second strategic partnership agreement with the US material handling specialist Hyster-Yale to grow its business in the Americas.

2016 January: Balyo opens in Singapore in the Linde Material Handling premises to grow its presence in Asia.

June: The first order of 16 autonomous material handling robots is placed by a customer in the APAC zone (Singapore).

November: The first major order by a customer in the Americas.

2017 April: Balyo starts discussions with Hyster-Yale to extend its partnership agreement, initially entered into in 2015 for a three-year period, for an additional ten years.

May: Balyo signs a new strategic partnership agreement with the European material handling leader, Linde Material Handling, and its parent company, Kion Group AG, for a ten-year period, automatically renewable for an addition four years.

June: Balyo completes its IPO on Euronext Paris and increases its capital by more than €45 million.

October: Creation in Singapore of Balyo APAC Pte, a wholly-owned subsidiary of Balyo SA, to develop the Group's business in Asia.

2018 January: Balyo announces sales revenue of €16.4 million for fiscal 2017, i.e., a 218% increase compared to 2016.

Balyo signs the renewal of its strategic partnership agreement with Hyster-Yale Group, a US leader in the material handling market, for a period of 10 years.

November:

5.2 Investments

5.2.1 Investments made over the past two fiscal years

Over the last two fiscal years, the Company mainly invested in the creation of prototypes, the acquisition of software used to develop its solution and the move to its new premises in Ivry sur Seine (see Notes 4.1 and 4.2 to the consolidated financial statements prepared according to the IFRS set out in Section 20.1.1 "Consolidated financial statements prepared according to the IFRS for the fiscal year ending on December 31, 2017" of the Registration Document.).

Principal investments made over the past two fiscal years in €K	**12/31/2017**	**12/31/2016**
Intangible assets	**129**	**133**
Concessions, patents and similar rights	129	133
Tangible assets	**930**	**368**
Prototypes	232	316
Other tangible assets	301	10
Office equipment	397	27
Advance payments on tangible assets		15

5.2.2 Principal investments currently in progress

Since the start of the current fiscal year, the Company has continued to invest in its prototypes in amounts similar to the past.

5.2.3 Principal investments projected

The Group's principal investments are dedicated to R&D investment in order to retain the Company's technological lead. R&D expenses are mainly recorded as expenses and do not result in firm commitments over multiple years.

6. BUSINESS OVERVIEW

6.1 General presentation

Founded in France in 2005, Balyo is a leader in technology for autonomous material handling robots.

Based on standard material handling trucks, the Company designs, develops and markets autonomous material handling robots that allow businesses and logistics specialists to significantly reduce their pallet handling costs by robotizing their equipment and by improving the safety of the space in which they operate.

After an initial phase in which stationary robots are deployed on most production lines, the primary issue facing industry today is to support the transformation of production entities into modules and organize the individual and overall flows of merchandise. The main challenge is to manage this transformation, while protecting and adding value to the decades of investments in the building of production and storage units.

Today, the Company estimates that expenditure relative to pallet handling exceeds €200 billion per annum worldwide. Most of this expenditure covers the wages of operators of each of the 5.1 million standard electric handling trucks in circulation (see Section 6.4 "The Company's principal markets" of the Registration Document). This represents a considerable value potential if a simpler, less expensive solution, integrated into the existing environment and as reliable as standard material handling trucks, can be offered.

According to the FEM (European Materials Handling Federation), the global market for material handling equipment totals more than €33 billion, which corresponds to more than 1.3 million material handling trucks sold in 2017. This global market is composed of two major categories of vehicles: internal combustion vehicles, approximately 509,000 units of which were sold in 2017 (more than one-third of the total) and electric vehicles, approximately 824,000 units of which were sold in 2017 (just under two-thirds of the total). The Company is of the opinion that only a portion of the electric vehicles can be robotized. Based on studies published in recent years, it estimates the market will range between €2 billion and €12.6 billion by 2022, based on a rate of robotization of electric vehicles of 3% to 20%.

Today, the size of the market the Company is targeting is not significant. It represents a very low percentage of the electric handling truck market, as the rate of robotization of these trucks is still residual. The Company has adopted a conservative assumption of this rate rapidly increasing to rise above 3% after 2022 resulting in a market in excess of €2 billion (see Section 12 "Trends" of the Registration Document).

The Company's approach is highly innovative, revolutionizing this historic market by making automated flows of merchandise available to the entire market at a reasonable cost. The Company's research and development has progressively eliminated the barriers to easier accessibility of this solution, in particular via:

- Navigation: Balyo's technology, the system's cornerstone, allows material handling trucks to circulate autonomously inside buildings. This technology relies on software created by the Company that allows the truck to integrate the physiognomy of spaces. It thereby drastically reduces the time and cost of installation, compared to navigation systems with traditional infrastructures;
- The design of a unique calculator that embeds all of the trucks' control, safety and communication features, which facilitates and reduces handling costs, in particular by capitalizing on the know-how of existing maintenance teams;

- The integration of Balyo's technology via standard industrial-scale interfaces integrated into the trucks, produced in large series on industrial OEM production lines.

The Company's global offering of autonomous material handling robots (see Section 6.8 "The Company's products and maintenance services" of the Registration Document) meets the requirements of industry and logistics specialists for automated merchandise flows by providing a solution that is:

- simple and adapted to the industrial and logistical environment of the Company's customers, without changing their existing infrastructures;
- reliable and robust;
- standardized and industrial-scale; and
- cost-effective.

Furthermore, on the date of registration of the Registration Document, the Company is the only operator on the market who has signed long-term strategic partnerships with global material handling operators: Linde Material Handling and Hyster-Yale (see Section 6.7 "Strategic Partners" of the Registration Document). In the framework of these agreements, the Company has developed a range of autonomous material handling robots for its Strategic Partners based on their standard trucks (see Section 6.8.1 "Product presentation" of the Registration Document). This range integrates the "Driven by Balyo" solution, which can be easily installed on any material handling truck. Although these Strategic Partnerships expose the Company to significant dependence on its partners (see Section 4.2.1 "Risks related to the partnerships agreements signed with the German group Kion and the US group Hyster-Yale" of the Registration Document), they constitute major advantages for the Company's development.

On May 8, 2017, Balyo, Linde Material Handling and Kion Group AG signed a new partnership agreement. Unlike the previous agreement signed in November 2014 for a three-year term, this new agreement provides for an initial six-year term, renewable for an additional four years. Also, this new agreement now covers the entire world and states that the robots will be sold by Balyo on the basis of a transfer price (which takes all of the components, the amortization of development and the embedded software into account, as well as assembly costs). This transfer price allows for an equitable distribution of the margin achieved from the sale of robots. This partnership agreement also provides for the progressive transfer of the assembly and onsite installation work to the Strategic Partner. The Company is of the opinion that the new partnership agreement should improve the financial performance of the Company and its Strategic Partner over time as compared to the prior agreement.

On the date of registration of the Registration Document, the Company employs 181 individuals in five countries, and has already sold its solution - essentially via its Strategic Partners - to close to 30 major customers who are leaders in their field, such as Procter & Gamble, FM Logistic, Renault and Valéo. In the fiscal year ending on December 31, 2017, the Company achieved consolidated sales revenue of €16.4 million compared to €5.2 million for the fiscal year ending on December 31, 2016.

The Company had outstanding orders[1] in the amount of €23.0 million as at September 30, 2018 (including €8.4 million in new orders recorded in the third quarter of the fiscal year).

Based on the assumption of a rate of robotization of the global fleet of electric material handling trucks of approximately 3% by 2022, the Company has set an objective of over €200 million in sales revenue and a market share in excess of 20% of the global market for autonomous material handling robots (see Section 12.2.2 "2022 Objectives").

[1] I.e., receipt by one of the Strategic Partners or by the Company itself of a firm order for a product equipped with the Balyo solution.

The Company's goal is to acquire the commercial and financial tools required to capitalize on its technological leadership position in order to step up commercialization of its autonomous material handling robots, and to thereby become a global leader in automation solutions for logistics flows (see Section 6.3 "Strategy" of the Registration Document).

6.2 Competitive advantages

Founded 13 years ago, the Company has gained significant competitive advantages. The strength of the Company resides in particular in the simplicity of its navigation software, as well as of its integration into a comprehensive solution - both hardware and software - that covers the entire functional scope required.

The Company is one of the only operators in the world to have developed a reliable indoor localization system to localize and guide a mobile robot in its existing environment without adding any external references. This is a major breakthrough compared to traditional electromechanical technologies such as wire guidance, laser guidance and optical guidance used by AGV suppliers (see Section 6.4.3 "The Automated Guided Vehicles (AGV) market" of the Registration Document). Furthermore, over the past three years, the Company has developed a unique, standardized calculator for the entire range of autonomous material handling robots, as well as "Robot Manager" software, capable of supervising and connecting its autonomous material handing robots to the customer's environment (see Section 6.6. "Technology" of the Registration Document).

The Company therefore has all of the elements necessary to ensure its autonomous material handling robots operate and efficiently integrate into an industrial environment. Furthermore, the method adopted to design the robotic components uses the logic and principles defined by the truck manufacturers. It can therefore rely on skills that already exist within the Strategic Partners' networks.

The R&D work and related industrial applications, due to their complexity, constitute a major barrier to entry into the robotic material handling market and a distinctive feature of the Company in relation to its competition (see Section 6.5 "Competition" of the Registration Document).

6.2.1 "Driven by Balyo" breakthrough technology

The Company's technological core is, on the one hand, navigation technology integrated into a user-friendly software suite and, on the other, a unique calculator that embeds all of the robots' control, safety and communication features.

6.2.1.1 A unique navigation technology

The core of Balyo's solution is structured around a navigation and localization system, with no infrastructure required. It is based on "SLAM" (Simultaneous Localization and Mapping) principles, and consists in dynamically mapping the environment in which the autonomous material handling robot operates by using data provided by "LIDAR" (Light Detection and Ranging) and by comparing the data to a source map created during the installation phase.

This navigation system constitutes a major technological breakthrough. Today, Balyo is one of the few operators who use a SLAM-based navigation algorithm on an industrial scale for mobile autonomous handling robots in an industrial environment.

6.2.1.2 A suite of user-friendly software, connected to the customer's environment

The Company has developed "Robot Manager" - management software that can supervise and connect its autonomous material handling robots to the customer's environment. Transport orders are issued by the customers' existing systems (Enterprise Resource Planning or "ERP", Warehouse Management System or "WMS", production machinery, etc.), connected via the Robot Manager software.

The Robot Manager sequences the transport orders and optimizes movements by issuing the task to the robot that is in the best position to execute the task. This is a critical building block in optimizing traffic.

6.2.1.3 A standardized, industrial-scale calculator

To simply provide end customers with a solution that can be maintained and repaired anywhere in the world at any time, the offering must rely on existing maintenance networks. The Company has taken existing methods and know-how within the after-sales networks of its Strategic Partners into account in designing a unique calculator that integrates all of the robots' control, safety and communication features.

This calculator was designed in close collaboration with the Strategic Partners' Research and Development teams so that it can be easily installed on the material handling trucks by adopting their design principles.

This approach, which is unique in this market, relies heavily on existing know-how in the maintenance networks, thereby facilitating the deployment of the solution wherever the Strategic Partners are present, along with incremental training. This is a decisive competitive advantage for the Company as it offers a very high level of service at a very competitive price.

6.2.2 Key industry partners

The partnerships with the Linde Material Handling and Hyster-Yale groups provide the Company with major business advantages, such as:

- access to a wide range of material handling trucks that meet all of the needs of industry and logistics specialists;
- a very extensive sales network, providing access to most European, Asian and American industrial sites, composed of more than 2,500 sales and technical specialists in three continents, representing a global market share of close to 20% and access to 70% of the Company's potential market (source: Strategic Partners' publication);
- a maintenance network that is just as extensive for the maintenance and repair of the robots sold.

These strategic partnerships are a key asset for the Company. Thanks to these partnerships, despite its small size, the Company is considered a reliable partner over the long term by major global operators. Furthermore, the strength of the networks is a lever to boost sales and marketing endeavors.

The production of autonomous material handling trucks essentially consists in assembling components, for the most part manufactured in France, on the trucks produced massively by the Strategic Partners. The Company subcontracts assembly of its devices for the range of autonomous material handling robots marketed in the US and Asia (see Section 6.9 "Production" of the Registration Document). This assembly, which requires approximately 20 hours of work, is performed on three sites for the time being:

- in Europe, close to Paris in Moissy-Cramayel;
- in Asia, at Linde Material Handling's production unit located in Xiamen, China; and
- in the United States, by Electrowire, a subcontractor of Hyster-Yale located in Leominster, Massachusetts.

On the date of registration of the Registration Document, the Company has production capacity of 1,000 machines per year, 50% of which are assembled by the subcontractors in China and the United States. This capacity will increase significantly when production/assembly is managed by the Partners.

In fact, the partnership agreements entered into provide for the transfer of the assembly of these autonomous material handling robots to the Strategic Partners' production sites (with regard to Linde Material Handling, mainly in Europe, and with regard to Hyster-Yale, in North America) as soon as volumes reach a certain level (i.e., when current sites can no longer absorb the demand), which should provide the Company with significant production capacity and a high level of competitiveness, and will also improve its gross margin due to a reduction in production costs. The Company anticipates a progressive transfer as of 2019 (see Section 6.9 "Production" of the Registration Document).

The Company is confident that industrial production in volumes similar to those of medium-series production will be a market catalyst thanks to economies of scale and therefore better control over production costs.

6.2.3 Users who are leaders in their field

For the past two years, while continuing to develop a range of autonomous handling robots with its Strategic Partners, the Company has allowed its industrial partners to achieve major commercial successes.

In 2016, thanks to the "Driven by Balyo" solution, the Company's Strategic Partners signed three contracts with leading, global customers: Procter & Gamble, Valéo and FM Logistic. In 2017, it continued to prospect major accounts, who signed agreements. It also provided its solution to around 30 customers present in sectors as varied as automobiles, plastics processing, mass retailing and logistics. These clients include Renault, Jacobs, BASF, Schaeffler and Continental.

In total, the Company has sold or installed autonomous material handling robots in three major geographic zones: EMEA, the Americas and APAC.

The interest demonstrated by these industry operators and logistics specialists in the solution validates the Company's choice of strategy: to seek alliances with traditional material handling operators to offer a range of standardized products and thereby benefit from major distribution and maintenance networks.

Today, the Company is the only operator in this industry to have adopted this strategy, which it considers is the only one that allows for rapid duplication and globalization of its business.

6.2.4 A controlled industrial process

The Company has adopted the standardization of products as a key component of its growth strategy. In this framework, the ability to automate Linde Material Handling and Hyster-Yale trucks on an industrial scale represents a major investment for the Company. Since 2014, Balyo has been hiring specialists to create an industrial team, for the most part from the automotive sector, whose objective is to implement industrial processes that are similar to those of the automobile industry.

Today, the autonomous material handling robots the Company produces have reached a high level of industrial development exceeding that of its competition. This development is based on three factors:

- The Company exclusively uses as its base trucks mass-produced by Hyster-Yale or Linde Material Handling (approximately 10,000 units per annum);
- For robotics components, in 2013, the Company launched intensive work on the integration of its standardized calculator, which is used for the entire range of autonomous material handling robots;
- In 2014, in collaboration with its Strategic Partners' engineering teams, the Company designed a standard electric interface.

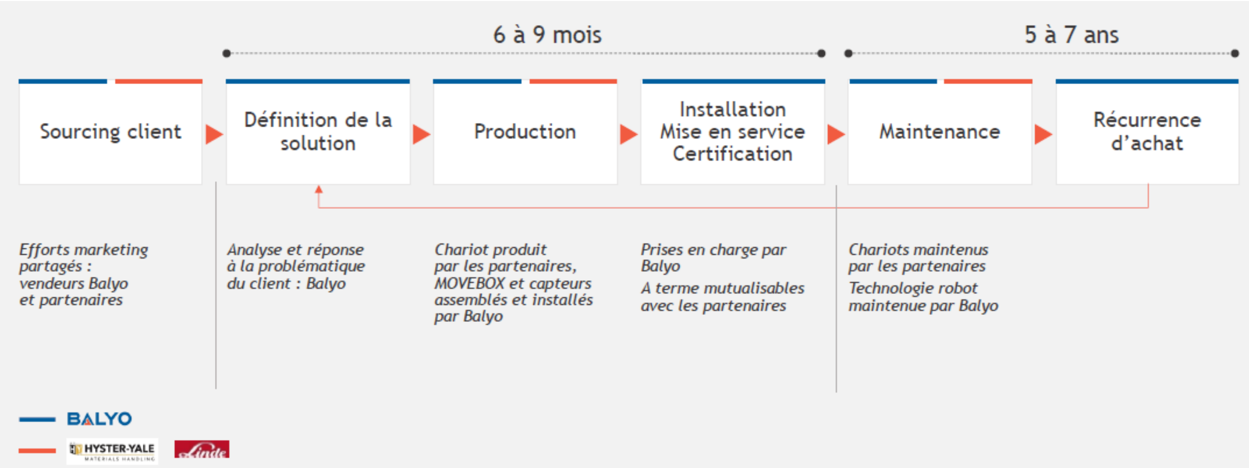
Thanks to this work, assembly cycles have already been reduced by a factor of two (from a number of days in 2014 to around 20 hours in 2016). This work will continue, and the increase in volumes should have a major impact on productivity in future years.

In light of the industrialization of autonomous material handling robots, medium to large serial assembly on the production sites of the Strategic Partners or subcontractors could be contemplated, thereby boosting exponential growth in the volumes of robots sold.

6.2.4.1 A replicable model

The Company's development model is based on a "product" strategy, i.e., a strategy intended to respond to an analysis of the relevant market's requirements, associated with a range of standard services, which ensures it can be replicated. The Company designs, develops, installs and provides maintenance services for products intended for a mass market to be used in major manual material handling operations. This strategy is different from a "project" strategy, which meets a specific requirement set out in specifications, adopted by traditional AGV (Automated Guided Vehicle) manufacturers and which consists in the installation of special, customized products.

The chart below presents the Company's replicable business model:



6.2.4.2 Products and related professional services

The Company markets its autonomous material handling robots in partnership with Linde Material Handling and Hyster-Yale's networks (see Section 6.8.1. "Product presentation" of the Registration Document). Revenue is generated by the sale of autonomous material handling robots, accessories for these robots, and accessories to integrate these robots and connect them to the environment in which they will operate.

In partnership with Linde Material Handling and Hyster-Yale's networks, the Company also markets installation and integration services - which are inseparable from the sale of its autonomous material handling robots - for the robots on the sites in which they will operate (see Section 6.8.1.4. "Professional services" of the Registration Document).

The Company's sales model is based on six to nine month cycles between the time the order is placed and the time the vehicles are installed on site, which facilitates forecasts and activity planning. This allows the Company to gain visibility over sales revenue at the end of a fiscal year for the next fiscal year.

The business is also seasonal due to year-end expenditure to close budgets. The Company often receives a large number of orders in the fourth quarter.

6.2.4.3 Maintenance services

Since 2014, the Company has offered maintenance services (see Section 6.8.2 "Maintenance services: presentation" of the Registration Document).

The maintenance of the autonomous material handling robots is invoiced by the Linde Material Handling and Hyster-Yale networks, who purchase the spare parts required from the Company. The development strategy for specific components guarantees recurring revenue for the Company over the long term.

Software maintenance is invoiced according to a simplified hourly model based on the use of the autonomous material handling robots. The Company has also created a 24/7 hotline, which is invoiced as an additional cost. The contribution of maintenance to sales revenue should increase significantly in future years, along with the size of the fleet installed.

6.3 Strategy

The Company's objective is to rapidly become a global leader capable of offering a comprehensive solution to allow its international customers to automate all of their intralogistic flows. The Company intends to create the technological, commercial and operational foundation which it can rely on to provide robotic products and services to its customers over the long term.

The key factors underlying the achievement of this objective are a global offering (from a geographic standpoint) that is technologically innovative and accessible (from a financial standpoint). This transition from a niche market to a market composed of a very large number of industry operators will allow this new business model to emerge.

To achieve these objectives, the Company intends to base its growth strategy on:

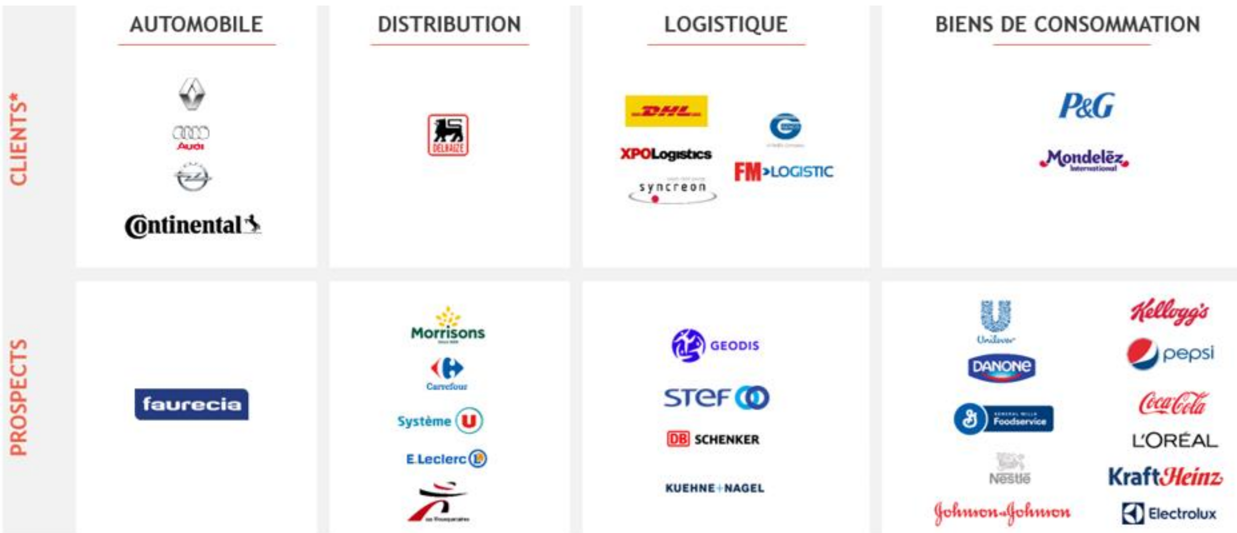
- most importantly, ramping up its commercial development;
- then on retaining its technological leadership and enhancing its offer;
- and finally on an opportunity-based acquisition policy.

The funds raised from the IPO on the Euronext regulated market in Paris will allow for the implementation of this growth strategy.

6.3.1 Stepped-up commercial development

In addition to substantial investments in research and development, as part of its strategy, the Company intends to boost its strategic marketing activities as a priority. The objective is to raise interest among major operators in the automotive, distribution, logistics and consumer goods sector in its technology and to provide its Strategic Partners' networks with tools to make offers and win projects.

The following diagram presents a non-exhaustive list of the Company's customers and prospects by business sector:



The Company will focus in particular on:

- supporting its Strategic Partners' commercial networks by providing them with simplified marketing tools to convert these networks to the Company's technologies, but also to provide unequaled responsiveness to customers on the market by being able to immediately issue an offer by simply answering a few questions on a dedicated application;

- the simplification and automation of customer relations based on the "Client Journey Automation" initiative, which covers pre-sales (the e-learning app and website, regionalized and in six languages), sales (e-budget), and after-sales (e-project, hotline and e-ticketing);
- intensifying efforts to win major accounts by hiring a dedicated international team (three individuals in 2017, five in 2018).

To support the deployment of its growth strategy, the Company will continue to open simple, local bases in its three target regions (EMEA, Americas and APAC). In addition to those that already exist (US, China and Singapore), the priority markets are Germany and Italy in EMEA; Japan and South Korea in APAC, and South America in the Americas.

The order intake for the first months of 2018 demonstrates that capitalizing on the networks is very promising. In fact, in the first nine months of 2018, the Group recorded 22% more orders than the prior year, essentially thanks to its partners' networks.

6.3.2 Retaining the Company's leadership position and enhancing its offering

Since the IPO, the Company has pursued its Research and Development to retain its technological lead.

In the past year, the Company continued to invest in the development of its software offering and also to expand its range of autonomous material handling robots that embed its core technology. The objective is still to increase the intelligence embedded in the robots and supervisory tools while continuing the simplification process to allow for massive appropriation of the technology.

To retain its technological lead, the Company has continued to work on its offering:

- It has designed numerous software components to improve its robots' productivity (management of preferences, route optimization, etc.). To this end, the Company has launched numerous projects to localize the other handling vehicles moving within the same environment.
- In 2018, it launched a new software suite, which it will continue to work on in future years, and which allows the Strategic Partners' teams to perform part of the installation of the autonomous material handling robots independently on the customers' sites. This new software suite allows for easy creation of simple routes, and task publishing and planning.
- It improved the tools made available to its installation teams for the wide-scale deployment of the fleet of robots. It increased the number of interfaces between the robot manager and the WMS, thereby allowing for the deployment of the robots in a greater number of environments.

These new tools are an important feature of the strategy to deploy the offer by relying on the expertise of existing teams for the very time-consuming part of the integration/deployment work, while preserving tight control over the core know-how. For example, the Company will retain all of the activities regarding the monitoring of these operations as well as those related to the creation of the source map and the generation of complex routes - these two elements are key to an effective, reliable system;

- It is planning the market launch of major upgrades to its supervision software to optimize cooperation between all parties involved - whether robotic or human. The new software versions will rapidly allow for the allocation and follow-up of tasks, both to the autonomous material handling robots and human operators, thereby providing the Company's customers with a single interface to manage all of their logistical flows.

- It will progressively deploy upgrades of its navigation software to integrate new LIDAR (multi-layer) generations. In particular, these upgrades will allow for navigation in very crowded zones, outdoor navigation and the avoidance of obstacles.
- It will offer accessories to add to its robots' capabilities, such as the FLYBOX, which, using a drone connected to the autonomous material handling robot, will conduct an inventory of a warehouse with no human involvement.

In parallel with the improvement of the embedded software, the Company has designed a new range of robots (the R-Matic range) and has improved some of its robots;

- In 2017, the R-MATIC range was created and consists of a robotic reach truck that meets Fenwick-Linde's quality standards and uses the Driven by Balyo technology. The R-Matic can raise loads to a significant height - up to 10 meters - and includes integrated sensors to ensure the pallets are placed or picked up safely and in the right place. A further sensor mounted on the fork carriage prevents the danger of overhanging loads. Three-dimensional cameras are used to detect the storage location on the shelf and adjust the position of the forks using their sideshift.
- In 2017, Hyster-Yale's MO25/LO2.5, a truck used as an order picker, was automated. During this project, many issues were resolved to allow this robot to transport up to 3.6 tons at a maximum speed of 2 m/s in a straight line and 0.8 m/s in curves.
- The L-Matic range is equipped with a 360° safety system and has many options.
- Hyster-Yale's MO50-70 range has many options to automatically hook and unhook trailers.

To provide a comprehensive offer and thereby become its customers' main contact in this area, the Company:

- will extend the scope of application of the autonomous material handling robots to allow them to operate with cold room and also mass storage zone applications, as well as applications covering the outdoors;
- will move progressively towards this type of product and will rapidly offer a broader range of robots, not limited to the standard handling trucks which are its core business, and will therefore offer robots specifically customized in a range of coherent products (using the same software, navigation systems and controllers);
- with regard to components, at the end of 2018, will offer a major upgrade in the safety design. The objective is to move the safety system's self-control loop currently at the level of the sensor to the autonomous material handling robot. By creating a virtual bubble around the robot, this new concept will improve the robots' capacity to detect and perceive (their intelligence), and drastically reduce the cost of safety components (by far the most expensive for the Company's type of autonomous material handling robots).

6.3.3 External growth

In line with its growth strategy based on the globalization of its offering (technical and commercial), the Company will pursue targeted external growth operations to:

- ramp up the creation of a team and/or acquire new skill sets to meet the specific requirements of major accounts, as well as rapidly extend the Company's international presence in key markets (such as Germany, the US and China);
- broaden its range of products, in particular in the field of the design of robots that are customized at the customer's request;
- hire teams who have had lengthy relationships with the principal operators in the automotive, distribution, logistics and consumer goods sectors.

6.4 The Company's principal markets

The Company operates on the global market for pallet handling in closed quarters (warehouses, plants, logistics platforms, etc.). To move a pallet in a warehouse, an operator uses an electric material handling truck to avoid exhaust gas emissions.

Assuming a truck requires 1.5 forklift operators to operate, expenses related to material handling can be estimated at more than €200 billion per year worldwide.

Today, two main categories of operators meet the requirements of industry and logistics specialists to transport their pallets. A third is emerging.

- The first category is composed of traditional manufacturers of manual material handling trucks;
- The second category is composed of engineering firms capable of designing and implementing solutions based on Automated Guided Vehicles ("**AGV**");
- The third category is composed of companies that design and develop autonomous material handling robots.

The third category, which is the Company's category, is in full development as a simpler, less expensive robotized solution that is at least as reliable as manual material handling trucks can be offered and is highly attractive to industry and logistics specialists.

6.4.1 The global material handling market

The Company estimates that global expenditure related to the annual movements of billions of pallets exceeds €200 billion. This amount is broken down as follows:

	Annual cost of purchase of the trucks (millions of euros per year)	**Annual service cost (millions of euros per year)**	**Annual cost of salaries (millions of euros per year)***	**Total**
APAC	2,802	1,569	29,422	**33,793**
EMEA	7,411	6,225	97,267	**110,903**
Americas	3,650	3,066	51,738	**58,453**
TOTAL	**13,863**	**10,860**	**178,426**	**203,149**

**The annual cost of salaries is based on the assumption of an average 1.5 operators per truck.*

The percentage calculations set out below exclude the cost of energy required to operate standard material handling trucks. These percentages would drop to approximately 80% if this cost of energy is included.

	Cost to purchase a truck (%)	Annual service cost (%)	Annual cost of salaries (%)	TOTAL
APAC	8.3%	4.7%	87%	**100%**
EMEA	6.7%	5.6%	87.7%	**100%**
Americas	6.3%	5.2%	88.5%	**100%**

For example, the Company estimates that the worldwide annual material handling expenses of one of its largest customers totals $380 million for a fleet composed of more than 7,500 material handling trucks. Close to 80% of this expenditure results from the cost of the drivers' wages.

6.4.2 The manual material handling equipment market

According to the FEM (*Fédération Européenne de la Manutention*), the market for manual material handling equipment totals more than €33 billion, which corresponds to 1.3 million units sold in 2017, and a vehicle fleet estimated at over 7.2 million units (assuming that the average service life of a material handling truck is seven years).

This market is divided into two major categories of trucks:

- electric trucks that are usually used for intralogistics applications: 841,114 units ordered in 2017, and
- internal combustion trucks usually used for outdoor applications: approximately 537,955 units ordered in 2017.

The following table presents the volume of orders of material handling trucks in the EMEA, APAC and Americas zones in 2017 (source: European Materials Handling Federation):

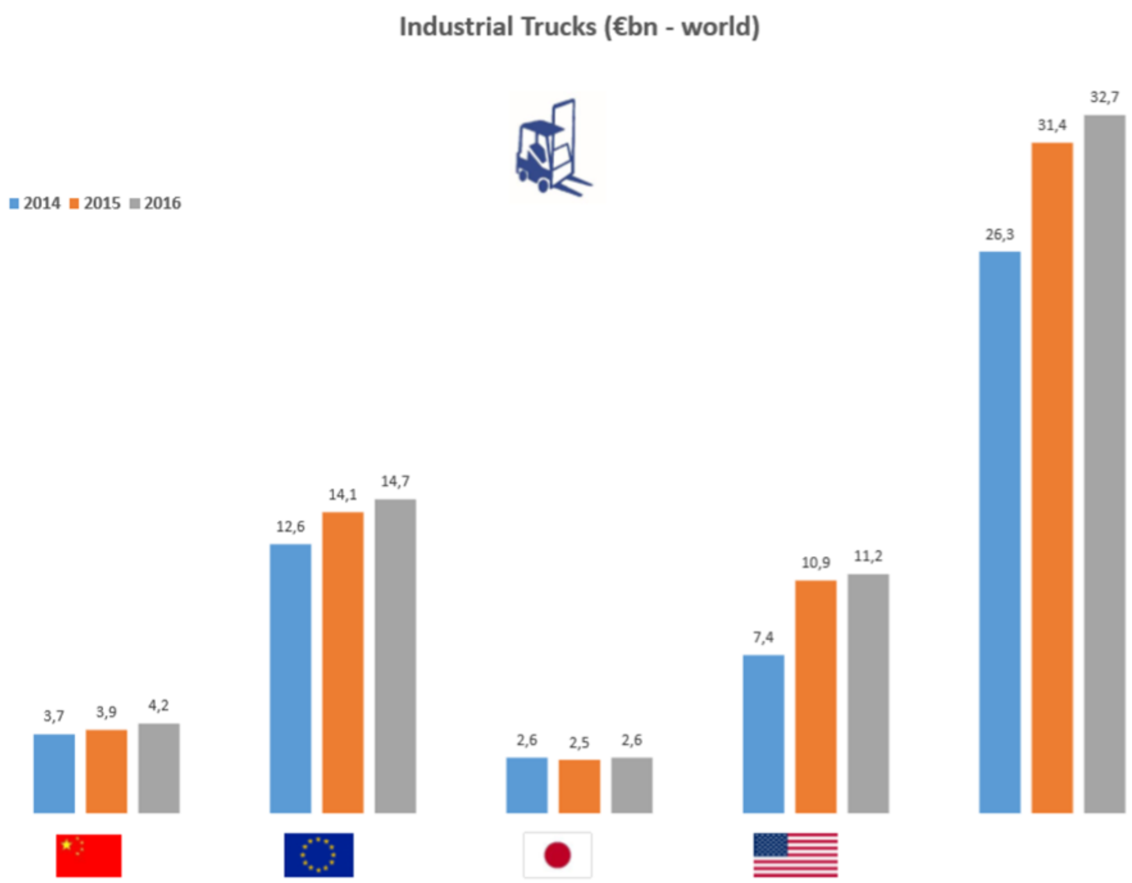
	Class 1	Class 2	Class 3	Subtotal for intralogistics	Classes 4 & 5	Market total
EMEA	93,085	44,987	259,474	397,546	72,820	470,036
APAC	51,890	43,968	104,679	200,537	115,082	315,619
Americas	85,777	42,148	111,736	239,661	328,524	568,185
Other	5,515	4,638	9,143	19,296	22,267	41,563
Total - World	**236,267**	**135,741**	**485,032**	**857,040**	**537,955**	**1,394,995**

- Class 1: Counterbalanced/ride-on/electric trucks;
- Class 2: Warehouse/ride-on/electric trucks;
- Class 3: Warehouse/pedestrian-propelled/electric trucks;
- Classes 4 & 5: Internal combustion pneumatic trucks (not the focus of the Company)

Based on the Company's estimates, the global fleet of electric material handling trucks totals more than 5.2 million units, broken down as follows:

- 25% in APAC;
- 50% in EMEA; and
- 25% in the Americas (20% of which in North America).

The following graph presents the global market for manual material handling vehicles in billions of euros (source: European Materials Handling Federation, 2016).



The manual material handling market (internal combustion and electric) represents over €33 billion, more than 70% of which results from sales of trucks, maintenance and financial services (leasing). The evolution of this market is substantially in line with the evolution of global GDP.

6.4.3 The Automated Guided Vehicles (AGV) market

The AGV market emerged at the end of the 1960s and has grown steadily, in particular through the 1980s and 1990s in the automotive and paper industries. AGVs are automated guided material handling vehicles that use electromechanical technologies such as wire guidance, laser guidance or optical guidance.

This is a niche market today, highly fragmented and composed of historical operators of a relatively similar size (+/- €30 million in sales) on the one hand, and new operators that are often smaller in size, on the other.

The traditional AGV market may be broken down into four types of automated vehicles:

- vehicles that transport loads by the unit;
- tow vehicles;
- forklifts;
- vehicles to replace assembly lines.

According to the report entitled "Markets and Markets, Automated Guided Vehicle Market – Global Forecast to 2022", in 2016, the AGV market totaled more than $1.5 billion. The following table presents the potential evolution of the AGV market by type of automated vehicle in millions of dollars (source: Markets and Markets, Automated Guided Vehicle Market – Global Forecast to 2022):

Type	2014	2015	2016	2018	2020	2022	Compound annual growth rate
Vehicles that transport loads by the unit	338.1	372.4	409.9	495.6	595.0	708.9	9.6 %
Tow vehicles	373.6	410.4	450.8	542.3	648.1	770.9	9.4%
Forklifts	293.5	325.8	361.5	443.9	541.4	655.8	10.4%
Vehicles to replace assembly lines	157.0	177.7	201.0	256.4	325.0	405.1	12.4%
Other	115.3	129.3	144.8	180.7	223.0	271.6	11.0%
Total	**1,277.5**	**1,415.6**	**1,568.0**	**1,918.9**	**2,332.5**	**2,812.3**	**10.2%**

The following table presents the potential evolution of the AGV market by geographic zone in millions of dollars (source: Markets and Markets, Automated Guided Vehicle Market – Global Forecast to 2022):

Type	2014	2015	2016	2018	2020	2022	Compound annual growth rate
North America	289.2	320.8	355.5	435.4	529.9	640.1	10.3%
Europe	442.5	488.4	538.8	654.2	788.6	942.1	9.8%
Asia-Pacific	336.9	376.7	421.2	524.8	649.8	802.1	11.3%
Rest of the world	208.9	229.7	252.6	304.5	364.1	428.0	9.2%
Total	**1,277.5**	**1,415.6**	**1,568.0**	**1,918.9**	**2,332.5**	**2,812.3**	**10.2%**

The business development strategy adopted by AGV market operators is based on a "project" strategy: these vehicles are most often designed on request and require significant engineering work to deliver customized vehicles that are perfectly adapted to the maximum loads they will transport. The AGV offering is therefore highly fragmented and structured around the load weight, type of movement and pick and place height.

Certain manufacturers have standardized some of their products and/or limited their ranges, but the largest series rarely exceed 15 to 50 units per year. The Company estimates that close to 60% of the AGVs sold today are not standardized.

Under these circumstances, the deployment of AGVs has been held back by the following principal factors:

- the complexity of the systems, caused by a high degree of customization;
- the lack of standardization, which requires an engineering firm, and a long and costly phase to define the solution;
- a need for skilled human resources (mainly engineers);
- the difficulty in offering a global range of products (absence of global operators on this market);
- complicated and expensive system maintenance (complex machines not suitable for traditional maintenance operators or teams); and
- a historically high cost.

6.4.4 Autonomous material handling robots

Autonomous material handling robots, which do not require a specific infrastructure to travel, like AGVs, meet a need for automation, but by offering the market standard, simple products that can be rolled out on an industrial scale, and are therefore affordable and suitable for a mass material handling market. This is the approach the Company has adopted (see Section 6.3 "Strategy" of the Registration Document).

Thus, autonomous material handling robots compete not only with the AGV market, but, mostly, with the manual material handling market. Autonomous material handling robots will take market share away from the manual equipment market. In 2017, as in 2016, most of the Company's sales revenue was achieved in Europe.

Robotization - even at a low rate - of this global fleet of material handling trucks represents a major market opportunity. It is in fact estimated that, by 2025, the rate of robotization in worldwide industry will equal 25% (source: *Robotics Revolution: The Next Great Leap in Manufacturing*, The Boston Consulting Group, September 2015). Today, the market targeted by the Company is not very large. It represents a very low percentage of the electric handling truck market, as the rate of robotization of these trucks is residual. The Company is of the opinion that this rate will rapidly increase to exceed 3% in 2022, resulting in a market worth close to €2 billion (see Section 12 "Trends" of the Registration Document), which is a particularly cautious estimate in light of market studies and the objectives of its customers and Strategic Partners.

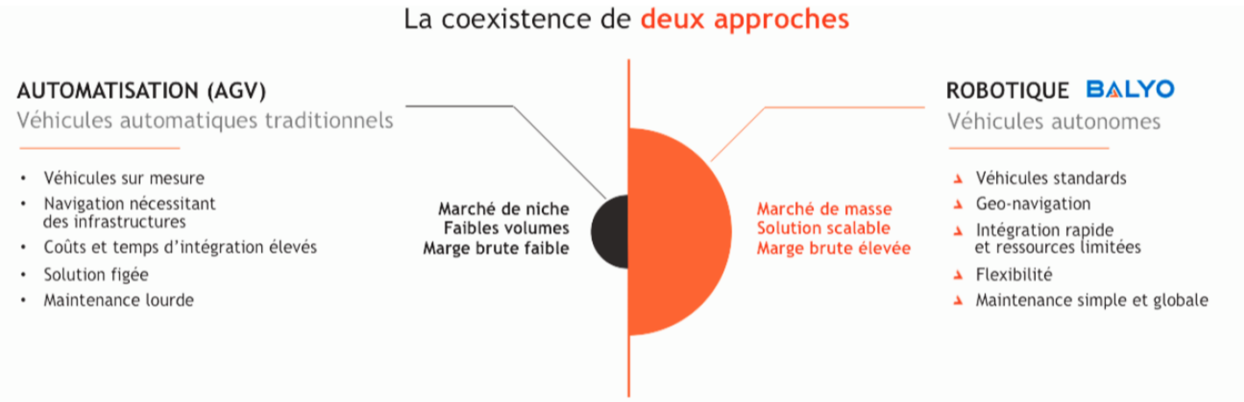
Market conversion assumption	3%	10%	15%	20%
Robotization rate*	1.5	1.5	1.5	1.5
Number of robotic trucks sold/year	33,293	110,976	166,464	221,952
Global robotic material handling vehicle market**	€1.897 billion	€6.326 billion	€9.488 billion	€12.651 billion

* *Robotization increases the number of trucks sold, as 1.5 autonomous material handling robots replace one manual material handling truck (improved safety, less speed)*

** *On the basis of an average sales price of €57K*

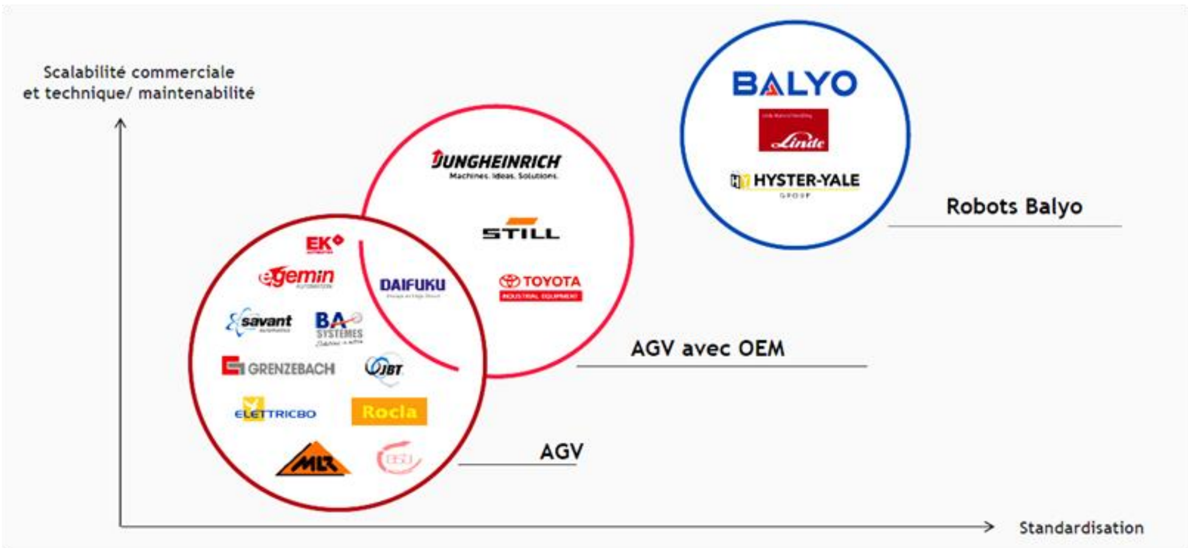
6.5 Competition

The Company's competition has historically been positioned on the "special" and "customized" industrial machinery market. This positioning limits this competition to a market composed of application niches that require an organization based on projects and engineering-type skills. It is clear that this positioning does not allow for a strong marketing, product and industrial organization. This "project-based" positioning has also forced this industry to find solutions that are available immediately to be used for the projects, which makes it difficult to invest in research and development, although this investment is crucial to fashion breakthrough solutions. This has led to a slow growth in volumes, as prices are high and are therefore also growth-limiting factors.



The Company has disrupted this paradigm by heavily investing in technology to accelerate the transformation of this market into a mass market and by adopting a "product" approach (i.e., that is intended to respond to an analysis of the relevant market's requirements, along with a range of standard services), as opposed to the "project-based" approach (i.e., which responds to a precise request based on specifications) chosen by operators in the AGV segment. To achieve this goal, the Company has developed simple, standardized technology (see Section 6.2.4.1 "A replicable model" of the Registration Document).

The following graph presents the Company's principal competitors on the material handling market according to their commercial and technical scalability[2] as well as their degree of standardization (see the glossary in the Registration Document for the definition of "scalability").



Specialized AGV manufacturers

2 English translation of "duplicabilité".

A large number of highly segmented operators are present on the AGV market.

These historic operators rarely achieve more than €30 million in sales revenue from their AGV business. (Some offer other services and products.) This figure is also to be broken down into revenue from sales related to new customers/systems, an extended system offering, and services.

In France, BA Systèmes (180 employees) is the leading operator in AGVs, and achieves approximately €25 million in sales revenue. This company is owned by its managing director (source: public data).

In Germany, the leading operator for AGVs is EK Automation. This entity is very similar to BA Systèmes in terms of sales revenue and also the size of its teams. The capital is held by a family (source: public data).

Technology suppliers

A certain number of companies supply components (hardware and software) that compete with those offered by the Company. However, to date, none has an offer as integrated as the Company's.

Kollmorgen is the historic supplier of the AGV market. This company's systems equip the vast majority of the worldwide fleet of AGVs. Navigation is based on the use of a laser and targets to be installed in the environment. Kollmorgen has announced it now has a reflector-free navigation system but has not issued any information as to whether any customers use this technology today. Unlike the Company, Kollmorgen sells its technology to its customers but does not manage the integration and commissioning of this technology.

A number of startups have started to develop a core technology based on principles similar to those of the Company's system. For example, this is the case of Blue-Botics, whose head office is located in Switzerland. However, it only distributes its core technology and is positioned more as a rival of Kollmorgen. The Russian company RoboCV has also launched development on a model similar to that of the Company. However, to the Company's knowledge, this is just in the early stages, with less than 10 units in service and no strategic partnership.

In the United States, Seegrid offers a system which, although based on cameras and not on LIDAR, is similar in its principle to the Company's navigation system. However, to date, Seegrid will need to demonstrate the robustness and sufficient functional offering of its technology before it can launch a major deployment of its system.

Aside from real technological performance, the difference between Balyo and competing technology suppliers resides in its integration expertise and the agreements it has signed with its Strategic Partners, which the Company considers to be a major factor of differentiation.

OEMs that offer AGVs

The principal historic operators that offer a range that is usually diversified include Toyota and Jungheinrich, in particular.

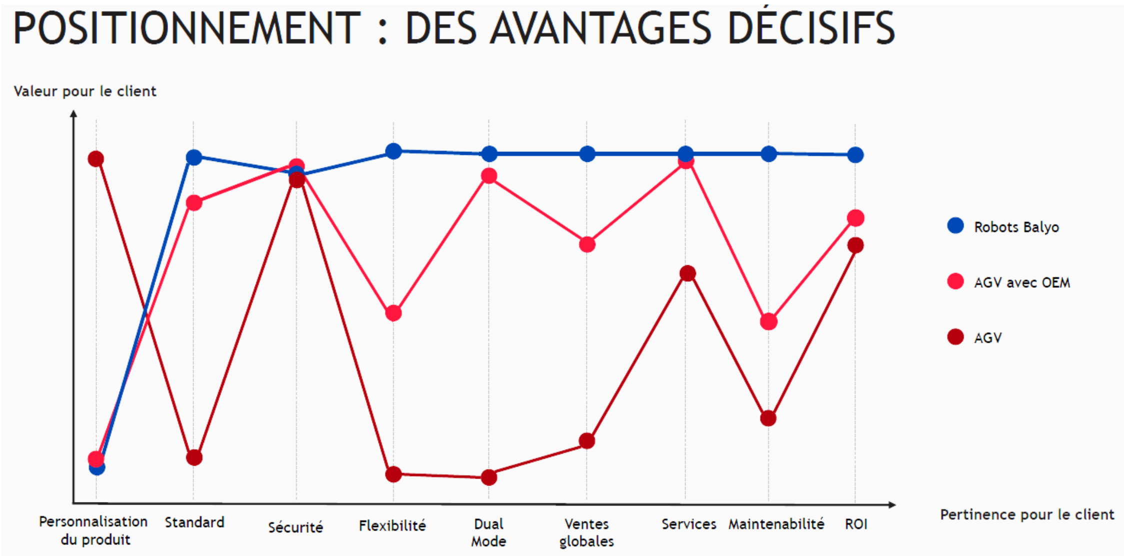
The Company notes that, today, there are not many OEM operators involved in the manual material handling sector. It is of the opinion that the reason for this absence relates, first, to their late arrival in this segment and, second, an investment that has been inadequate until recently (not many teams have been trained, certain countries have not been targeted, etc.). Furthermore, the Company is of the opinion that the market strategy of these OEMs - in particular in light of their technological choices - does not allow their sales forces, for example, to easily sell or provide maintenance services for these products. (Sales and maintenance are usually assigned to a central organization that does not use existing networks.)

This comparison confirms the fact that the Company's strategy allows for large orders to be placed and therefore a significant gain in market share, bolstering the conclusion that the Company's potential lies well beyond the traditional AGV market.

For information, the table below presents a non-exhaustive list of competitors by major geographic region:

	EMEA		AMERICAS		APAC	
Part de marché	**OEM (<5%)**	**AGV (95%)**	**OEM**	**AGV(>95%)**	**OEM**	**AGV(>95%)**
Robot palette	Jungheinrich TOYOTA STILL OEM Yale	EK Auto° (DE) BA Syst. (FR) SNOX (BE) MLR (DE) EGEMIN (BE) ROCLA (FI)	Yale KION	JBT AIM (America In Mot°) Savant KION/Egemin (BE) ELETTRIC80 (IT) Seegrid (US) Brain Corp (US)	Jungheinrich Yale KION TOYOTA	Chinese (80%) : SIASUN (20%), KSEC (10%) MTB, Guozi, Dongfang Precision, Noblefit US, EU & Japanese (20%) ATAB, Rocla, Emegin, Swisslog, JBT, Daifulu, Meidensha, Achikikai
Robot tracteur		DS Auto° (AU) ASTI (ES) CREFORM (DE) MLR (DE) EGEMIN (BE) ROCLA (FI°		JBT AIM (America In Mot°) Egemin (BE)		

A final analysis of the positioning of robots sheds light on the highly differentiating nature of the Company's offering in comparison to that of the competition:



6.6 Technology

Between 2005 and 2012, the Company developed its core technology, which represents more than 20,000 man-days invested.

6.6.1 Unique no-infrastructure navigation technology: the *Geoguidage* navigation technology

The Company is one of the only operators in the world to have developed a reliable indoor localization system to locate and guide a mobile robot in its existing environment without adding any external references (see the paragraph on "Technology suppliers" in Section 6.5 "Competition" of the Registration Document). This is a major breakthrough compared to traditional electromechanical technologies such as wire guidance, laser guidance and optical guidance used by AGV suppliers (see Section 6.4.3 "The Automated Guided Vehicles (AGV) market" of the Registration Document).

6.6.1.1 Localization: determining the current position of a robot

The objective of localization is to precisely determine the position of the Company's autonomous material handling robots according to a two-dimensional map: X and Y, and according to a position angle in this map: CAP. These three indicators must be replicable for the same robot over time and between trucks on the same site.

Sensors to calculate the robot's position: on the one hand, the navigation laser, and, on the other, the odometry sensors mounted on the robots' turret. These sensors measure the speed and angle of the turret. X, Y and CAP information is provided by the navigation laser. Odometry is used to validate the consistency of the information provided by the laser.

In order to calculate X, Y and CAP, the robot uses a source map created during manual operations of the robot on the relevant site (see Section 6.6.1.2 "Source map: creating a map for robots" of the Registration Document). The algorithm uses the laser data and the source map to calculate the X, Y and CAP data. X, Y and CAP are also validated by using the odometry information. All of these calculations take place in real time.

Each time the laser rotates, the data (a photograph at time "t" in the form of a point cloud) is compared to the source map by using a correlation algorithm developed by the Company. To optimize the calculation time, this correlation only covers one portion of the source map. This calculation is performed on a local movement in comparison to the last known position. Then, this photograph, taken at time "t", is incorporated into the source map each time the laser rotates. The source map is therefore updated from the start of the initialization point for each rotation. These repetitive stages correspond to what is commonly known as "SLAM".

One of the key advantages of this navigation method (based on constant updates to the source map) is that, using maps that continuously receive data, it allows for navigation in unmapped zones or zones temporarily concealed by objects that obscure the source map. This feature also allows the system to be quite insensitive to changes in the mapped zones.

The quality (precision, repeatability and therefore reliability) of navigation is completely reliant on the performance of this correlation algorithm. It is "easy" to navigate a robot reliably with a SLAM algorithm in environment "A". The same robot, having moved to environment "B" and using the same algorithm, could experience major difficulties in making precise, repeated movements.

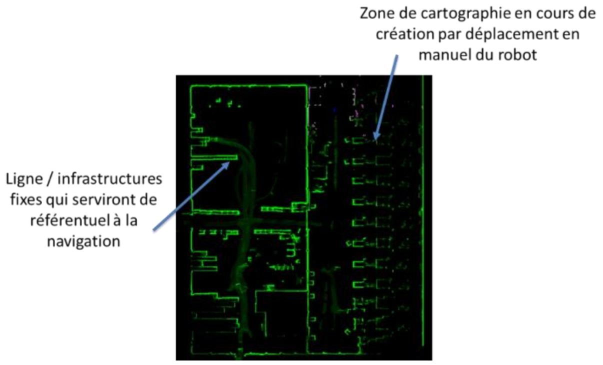
One of the Company's strengths, and a major barrier to market entry, is the work performed over the past ten years, which resides in the experience acquired through the installation of more than 50 systems throughout the world in highly diverse industrial environments.

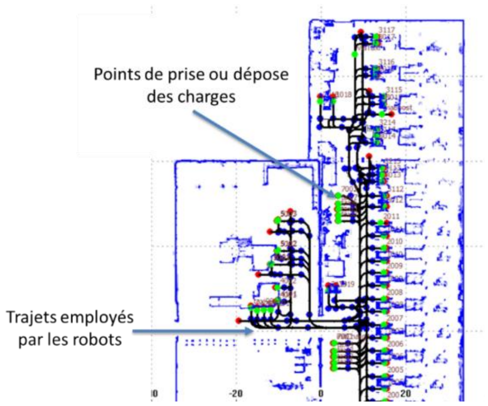
The Company's navigation algorithm has reached a level of reliability that is unique in today's world. The Company is now working on upgrades to its navigation system by integrating new generations of sensors, in particular 3D sensors.

6.6.1.2 Source map: creating a map for robots

The source map is obtained through experience by moving a robot manually through the environment in which it will operate. The installer retrieves the map created, then checks and corrects deviations or deformations of this map relative to reality and/or the actual layout of the buildings with tools designed by the Company.

One major advantage of the Company's technology is that it works without the customer's CAD ("computer-aided design") plan (which rarely reflects the true layout of the building).





6.6.2 An integrated calculator: The MOVEBOX

Today, most operators on the automated materials handling market use components and connectors from the world of IT and networks that are not very (or not at all) suitable for the conditions in which they will be used (vibrations, dust, etc.) in a mobile environment. These components have usually been created for use on static automation lines.

Over the past three years, the Company has developed a unique, standardized calculator for the entire range of autonomous material handling robots. This IP54 calculator is CE-certified for industrial use (-40 °C + 85°C) and embeds all the elements required to robotize a material handling truck (communication, calculations, I/O, security, etc.). Plans are already in place to integrate it into the range of robots designed to operate in a negative cold environment.

In addition to simplified production, this component reduces maintenance to a simple change of parts. Today, and for the first time, maintenance of robotic trucks can be provided by technicians employed in the existing networks of material handling equipment manufacturers.

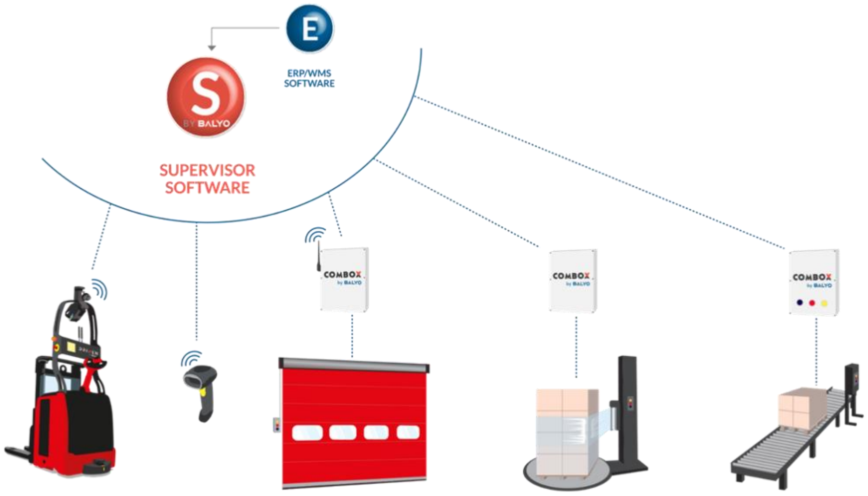
This level of integration also allows for potential future integration directly on the production lines of OEMs or subcontractors, thereby reducing costs and production time.

This calculator was designed with connectors and technology from the automotive sector. For the first time in the robotic material handling industry, a robust component, suited to the extreme conditions of industrial use, is available.

6.6.3 Software, and integration into the customer's environment

The Company has developed "Robot Manager" management software that can supervise and connect its autonomous material handling robots to the customer's environment. Transport orders are issued by the customers' existing systems (Enterprise Resource Planning or "ERP", Warehouse Management System or "WMS", production machinery, etc.) to robots via the "Robot Manager" software. These systems issue work orders in real time that will be divided among the most appropriate robots according to a configurable level of priority.

To allow the robots to move along programmed routes (i.e., the circuit), the "Robot Manager" software also interfaces via COMBOXes with the doors, production machines and conveyors that constitute the logistics flow.



The management system takes the dimensions of the robots, creates the route by using the information provided by the Balyo installer (i.e., prohibited parking zones, pedestrian crossings, fire doors, etc.) and optimizes vehicle traffic in real time thanks to an algorithm developed by the Company in order to avoid bottlenecks and collisions between robots.

Routes

A given robot's route is broken down into segments that are 20 cm to 50 cm long on which the truck is dynamically authorized (or unauthorized) to travel. Authorizations are generated by the traffic manager incorporated into the "Robot Manager" software and correspond to the reservations of these segments. If the reservation is too short, the vehicle cannot accelerate sufficiently to provide the system with a satisfactory operating dynamic. If this reservation is too long, it can lead to an overly frequent stoppage of other robots.

In terms of this management, the Company's innovation resides in the fact that modifications to the route do not require modifications to the management of traffic rules. The management software automatically manages narrow zones (that do not allow for a number of vehicles to travel in them at the same time) and handling zones (pick or place), which usually require more space.

Finally, these interfaces ensure not only full traceability of the flows of materials for the Company's customers, but also reliability (or "lean manufacturing") of logistics flows.

6.6.4 Intellectual property

To protect its technological advance, the Company has registered its inventions with the *Institut National de la Propriété Industrielle* and the European Patent Office. Under these registrations, the Company owns a patent, i.e., a right to prohibit any third party from using the invention for a certain period of time (see Section 11.2 "Balyo patents" of the Registration Document). The Company has full ownership of a patent and does not share any intellectual property right related to its business (with the exception of rights that may result from a joint development with its Strategic Partners). It makes every effort to obtain, maintain and protect its patents, software, trademarks and other intellectual property or similar rights (see Section 4.3.1 "Risks related to intellectual property rights" of the Registration Document).

Also, the Company has many years of experience and a knowledge base that constitute a barrier for any new market entrant on the robotic material handling market. For example, today, the Company is one of the only operators to have successfully implemented "SLAM" algorithms into an industrial environment.

Finally, the Company is continuing its research and development in order to design next-generation navigation systems and thereby protect its technological advance from its competition.

6.7 Strategic Partners

The strategic partnership agreements signed with the Kion and Hyster-Yale groups, and the resulting product ranges provide the Company with a number of major competitive advantages: material handling trucks produced on a mass scale, a worldwide sales force and technical staff, local maintenance networks available around the world, and strong recognition by industry and logistics specialists (see Section 6.2 "Competitive advantages" of the Registration Document).

These partnerships allow the Company to truly be present worldwide and benefit from major commercial advantages (see Section 6.2.2 "Key industry partners" of the Registration Document), in particular:

- access to a wide range of material handling trucks that meet all of the needs of industry and logistics specialists;
- a very extensive sales network, providing access to most European, Asian and American industrial sites, composed of more than 2,500 sales and technical specialists in three continents, representing a global market share of close to 20% and access to 70% of the Company's potential market (source: Strategic Partners' publication);
- a maintenance network that is just as extensive for the maintenance and repair of the robots sold.

On the date of registration of the Registration Document, the major portion of the Company's sales revenue results from these partnerships. For example, for the fiscal year ending on December 31, 2017, sales revenue achieved with Linde Material Handling (a subsidiary of the Kion Group) and Hyster-Yale respectively totaled 72.6% and 26% of the Group's consolidated sales revenue. These Strategic Partners are therefore the principal (if not the only) customers of the Company. Industry and logistics specialists contact these partners directly, in fact, to order Balyo's solutions.

As soon as a Strategic Partner receives a purchase order, it sends a purchase order in turn to the Company. The Company receives a deposit of 30% of the amount of the order within a month of receipt of said order. This deposit (like the other payments) is paid by the Strategic Partner. Upon delivery of the autonomous material handling robots, the Company receives a second payment, which represents 40% of the amount of the order. When the solution is installed and tested, the Company is paid the balance.

Although these Strategic Partnerships expose the Company to major dependence on its partners (see Section 4.2.1 "Risks related to the partnerships agreements signed with the German group Kion and the US group Hyster-Yale" of the Registration Document), they constitute major advantages for the Company's development.

6.7.1 Linde Material Handling (a subsidiary of the Kion Group)

On November 4, 2014, the Company signed a global (excluding Japan) three-year industrial and commercial partnership agreement with Linde Material Handling.

The Kion Group is a global operator in the logistics and material handling sectors, and is present in more than 100 countries. In 2017, it produced 201,300 material handling trucks, thanks to which it ranks first on the European market and second worldwide. In 2017, it recorded growth of 13% in its sales of material handling trucks over 2016.

Linde Material Handling is one of the world's leading manufacturers of forklift and warehouse equipment. In Europe, the group is a leader thanks to the Linde and Fenwick (France) brands. Since 2006, Linde Material Handling has been part of the Kion group, one of the principal suppliers of automation solutions for intralogistics.

In 2017, Linde Material Handling delivered more than 124,000 units, representing 61.6% of the 201,300 forklifts produced by the Kion group (source: Kion's Annual Report, 2016), which positions Linde Material Handling as the world's second-ranking manufacturer, just behind Toyota, but ahead of Jungheinrich.

The global material handling market saw sales of 1,397,000 units in 2017. Linde Material Handling's share of this market was 8.9%, and that of the Kion group as a whole was 14.4% (source: Kion's Annual Report, 2017).

Linde Material Handling is present in more than 100 countries thanks to its subsidiaries. This group's international organization includes production and assembly plants in Germany, France, the Czech Republic, the United States and China, as well as more than 700 points of sale and service outlets. More than 13,000 individuals work for Linde Material Handling across the world (source: Linde Material Handling's website). A network of over 8,500 maintenance technicians provides rapid maintenance for Linde Material Handling trucks and solutions, including those produced in partnership with the Company.

Based on the commercial success and the caliber of the partnership, the Company and Linde Material Handling have extended their agreement initiated in 2014. The new agreement provides for an initial period of six years, automatically renewable for a period of four additional years if neither party has notified the other of its intent to terminate the agreement within the 12 months that precede the expiry of the initial period. This new agreement has been signed not just with Linde Material Handling, but also with its parent company, Kion Group AG. The new agreement now covers the entire world and provides that the robots will be sold by Balyo on the basis of a transfer price (that takes into account all of the components, development amortization, the embedded software and the assembly costs). This transfer price equitably allocates the margin achieved through the sale of robots. This new agreement also provides for the progressive transfer of the onsite assembly and installation work to the Strategic Partner.

The terms and conditions of this new agreement have been agreed by the parties and were approved by the Boards of Linde Material Handling and the Company on April 24 and 27, 2017. The new agreement was formally approved by the Management Board of Kion Group AG, Linde Material Handling's parent company, on May 8, 2017. However, although the terms and conditions of this new agreement were agreed and approved by the parties, and the prior agreement was terminated, the stipulations related to the launch of the sale of the robots based on a transfer price could not be implemented at the time said agreement was signed in light of the major organizational changes this implies for the two parties. Since that date, and as long as the parties are not able to apply this new method to calculate the transfer price for the robots, the parties tacitly agreed that the principles regarding margin distribution in the previous agreement would continue to apply, with no amendment being signed in this regard, however. It should be noted that if one of the parties contests the foregoing, the stipulations of the current agreement will apply instead of those used by the parties since May 8, 2017 on this point; however, the potential prejudice to either party in such a case cannot be precisely determined. The Company therefore is planning to sign an amendment with Linde Material Handling in order to resolve this legal situation as soon as possible.

The Company is of the opinion that the new partnership agreement should improve the financial performance of the Company and its Strategic Partner over time as compared to the prior agreement.

According to the terms of this agreement, the Company is developing a range of autonomous material handling robots on the basis of Linde Material Handling's material handling trucks and provides it with its technologies throughout the contract period. Linde Material Handling undertakes to market these technologies on an exclusive basis through its network, subject to the Company remaining competitive in terms of pricing and technology. For its part, the Company has committed – in the EMEA zone and within the intralogistics material handling sector only - to only enter into an agreement - other than with the Kion Group and its subsidiaries - with one of the companies set out in a limited list, which includes the principal global operators in this sector. The Company may enter into discussions with any company that is not on said list. Sales of the Company's solution to other Kion group brands may be contemplated in the future.

As of this date, the Company and Linde Material Handling have agreed that Linde Material Handling will put a sales force in place to effectively promote and market the autonomous material handling robots. Ultimately, all of the Kion group's sales forces may market the Company's solutions. The Company trains Linde Material Handling's employees responsible for distribution and the maintenance of the robots in the range. In this framework, the Company must focus its commercialization efforts on supporting these networks and marketing the technology.

The Company has also undertaken to offer its innovations both to the Kion group and Hyster-Yale as a priority and the Kion group has undertaken to recruit the sales teams required and to set sales objectives for its network. However, the Company does not share any intellectual property right related to its business (with the exception of rights that may result from a joint development with its Strategic Partners) (see Section 6.6.4 "Intellectual property" of the Registration Document).

Finally, should a significant portion (10% or more) of the Company's shares be acquired by a competitor of the other party (excluding Hyster-Yale), this other party may terminate the agreement at its discretion as long as said portion gives the competitor a right to representation on the Company's Board of Directors, thereby enabling it to exercise influence over the agreement. The agreement may also be terminated prior to its expiry if one of the parties continuously fails to comply with any of its obligations, becomes insolvent, or ceases, or threatens to cease, its business. Furthermore, it is agreed that the agreement may be terminated before its expiry date in the event of a change of control (as defined by Article L. 233-3 of the Commercial Code) or a merger of one of the parties.

6.7.2 Hyster-Yale

On October 29, 2015, through its US subsidiary Balyo Inc., the Company signed a three-year global industrial and commercial partnership agreement with the Hyster-Yale Group. On the date of registration of the Registration Document, the Company had signed a new agreement with the group for a ten-year period.

The Hyster-Yale Group is the number five operator in material handling worldwide and number two on the North American market. In 2017, Hyster-Yale's global sales totaled €2.8 billion. It employs close to 6,900 individuals and is present in more than 20 countries (source: Hyster-Yale Materials Handling, Inc., Annual Report on Form 10-K, 2017).

In 2017, sales of Hyster-Yale material handling trucks represented 77% of the company's annual revenue (49% for electric internal combustion trucks and 28% for electric trucks) (source: Hyster-Yale Materials Handling, Inc., Annual Report on Form 10-K, 2017).

Today, the group has implemented a sales strategy based on independent dealers.

Hyster-Yale's major advantage is that it is a preferred provider of major US groups present worldwide, such as Procter & Gamble, one of the principal users of the Balyo solution.

The global partnership agreement signed by the Company and Hyster-Yale aims at extending the presence of the Company's solutions in North America, Central America, South America and Europe, and at offering Hyster-Yale's customers a complete range of autonomous material handling robots that meets all of their needs. In this regard, the Company has undertaken not to offer robotic forklift solutions to Hyster-Yale's competition in these regions (the Americas and the European Economic Area), with some exceptions (in particular, current customers of Linde Material Handling).

The Company is designing a range of robots based on Hyster-Yale's trucks, and provides it with its technologies throughout the contractual period. For its part, Hyster-Yale sells these technologies through its network. The Company has also agreed to progressively transfer the onsite assembly and installation work to the partner (which provides the Company with significant production capacity at a high level of competitiveness and an increase in its gross margin, in particular due to the reduction in production costs).

The Company has undertaken to offer its innovations both to Linde Material Handling and Hyster-Yale before making them available to the market. However, the Company does not share any intellectual property right related to its business (with the exception of rights that may result from a joint development with its Strategic Partners) (see Section 6.6.4 "Intellectual property" of the Registration Document).

The Company and Hyster-Yale have agreed to create a joint sales force to effectively promote and market the autonomous material handling robots. The Company has appointed a manager responsible for this team.

In accordance with the terms of this agreement, the Company trains Hyster-Yale's employees responsible for distribution and the maintenance of the range's autonomous material handling robots.

This agreement does not have a clause related to a change in ownership. The agreement may only be terminated prior to its expiry if one of the parties continuously fails to comply with any of its obligations.

6.7.3 Stepped-up international growth

These partnerships have allowed the Company to step up its international development by facilitating access to the global material handling market.

Thanks to its agreement with Hyster-Yale, the Company can now distribute its solutions on the US market via Yale (mainly positioned in the electric truck sector). For its part, the agreement signed with Linde Material Handling allows for the distribution of the Company's solutions in Europe and Asia where its partner has a very extensive sales structure.

This access to the global material handling market is possible thanks to the Company's access to the worldwide sales and maintenance networks of each of its Strategic Partners, i.e., approximately 250 authorized Hyster-Yale dealers and more than 700 authorized Linde Material Handling dealers (including 71 in France through its Fenwick subsidiary). The Company can rely on the sales forces and maintenance teams of these dealers. In this framework, it put new teams in place in Singapore in 2015 and in Xiamen in 2016. Furthermore, the Company uses the regional entities of its Strategic Partners as a commercial showcase, with vehicles on display in these networks' dealerships.

Finally, thanks to its Strategic Partners, the Company is better able to identify local constraints, as well as the models and applications sought, which differ from one region to another. Each Strategic Partner provides the Company with its knowledge of the markets, but also with basic trucks that meet the requirements of local demand.

These agreements therefore allow the Company - with just a moderate investment - to benefit from exceptional expertise in the material handling sector and also to roll out its solution in ranges of standard products that are distributed worldwide.

The map below presents the global material handling market accessible to the Company via Linde Material Handling (a subsidiary of the Kion Group)) and Hyster-Yale:

For their part, thanks to these agreements, the Company's Strategic Partners can now offer their customers a tailored, fully integrated range. The deployment of Balyo's solution in standard material handling trucks provides many advantages, such as the standardization of internal logistics flows, flexibility of use relative to time and regulatory constraints, risk and accident prevention and reduction, and greater productivity. These advantages generate major cost reductions and provide access to new growth potential.

Finally, the installation process for this technology is both rapid and simple; its first-level maintenance, as compared to standard material handling trucks, remains unchanged. The Strategic Partners can therefore offer a complete range of autonomous material handling robots (tractors, forklifts, stackers) that meet the increasingly specific requirements of customers thanks to Balyo's solution.

6.8 The Company's products and maintenance services

To best meet the requests of its customers, the Company has designed a series of options and professional services that are inseparable from the sale of its products. The Company also offers its customers maintenance services (see Section 9.2.1.1 "Sales revenue and gross margin" of the Registration Document).

6.8.1 Product presentation

6.8.1.1 Range of robots - partnership with Linde Material Handling

On the date of registration of the Registration Document, the Company designs and offers six models of autonomous handling robots for sale in partnership with Linde Material Handling. These robots are regularly improved in order to increase their productivity (see Section 9.1.3 "Production costs" of the Registration Document):

	P-MATIC TRACTOR	T-MATIC PALLET TRUCK	L-MATIC STACKER

			
Description	Tractor robot with a platform	Double-fork pallet truck robot	Guided stacker robot
Load capacity	5,000 kg (traction)	3,000 kg	1,200 kg
Lift height	-	Ground level	2 m
Base	P30-50 C - LMH range, 1190 series	T30 - LMH range, 131 series	L12L HP - LMH range, 133 series
Launch year	2015	2016	2015
Applications	Pick and place for production lines Long-distance transport	Platform loading and unloading	Low-lift stacking Pick and place on machines Transport of open pallets (EURO)
	L-MATIC STACKER	**R-MATIC**	**K-MATIC**
			
Description	Counterbalanced stacker robot	Reach robot	Robot for narrow aisles, high stacking, ("VNA: Very Narrow Aisle")
Lift capacity	1,600 kg	1,600 kg	1,500 kg

Lift height	5 m	10 m	12 m
Base	L12-16 AC - LMH range, 1170 series	R16HD - LMH range, 1120 series	Linde K 3D - LMH range, 011 series
Launch year	2015	2017	2016
Applications	Low and medium height stacking Pick and place on machines Transport of closed pallets (CHEP)	High-lift stacking Transport of open and closed pallets	High-lift stacking in narrow aisles only High-output stacking Transport of open and closed pallets

6.8.1.2 Range of robots - partnership with Hyster-Yale

On the date of registration of the Registration Document, the Company designs and offers five models of autonomous handling robots for sale in partnership with Hyster-Yale (see Section 9.1.3 "Production costs" of the Registration Document):

	TRACTOR	PALLET TRUCK		STACKER	
					
Description	Tractor robot with a platform	Double-fork pallet truck robot	Tractor robot with a platform	Guided stacker robot	Counterbalanced stacker robot
Lift capacity	15 000 lbs (traction)	8,000 lbs	2,500 lbs	4,000 lbs	3500 lbs
Lift height	-	Ground level	Ground level	7 ft	12 ft
Base	MO50-70T - Yale range LO 2.5A - Hyster range	MPE080 - Yale range B80 ZHD - Hyster range	MO 25 - Yale range LO 2.5 - Hyster range	MP20XD - Yale range	MC10-15 - Yale range SI.5C - Hyster range
Launch year	2016	2015	2017	2015	2017
Applications	Pick and place for production lines Long-distance transport	Platform loading and unloading	Platform loading and unloading Long-distance transport	Low-lift stacking Pick and place on machines Transport of open pallets (EURO)	Low and medium-life stacking Pick and place on machines Transport of closed pallets (CHEP)

6.8.1.3 Options

For the past three years, the Company has worked on a portfolio of options dedicated to customers in order to extend the field of application of the autonomous material handling robots. These options significantly increase the robots' productivity.

- **LTO (Lithium Titanate Oxide) batteries with an automatic charging station:**

  The intelligent LTO charging system developed by the Company in partnership with battery manufacturers is based on a high-performance lithium titanate battery technology. This solution allows the robot to recharge automatically without any human intervention. The robot - more intelligent and productive - automatically returns to its charging station as soon as it can: it only needs 15 minutes to recover five hours of potential operation.

- **360° safety system**

  The "*Sécurité 360°*" system developed by the Company protects humans who are working in proximity to the robot. The PLD safety level required to guarantee their safety is provided by laser scanners in the front and back, as well as on the sides of the robot.

- **Intelligent 3D safety system (or curtain laser scanner)**

  The 3D intelligent safety system identifies obstacles off and on the ground. The productivity of the robots increases thanks to the use of a 3D camera, which allows the robots to autonomously decide whether or not to resume operations once they have detected an obstacle on or off the ground. This re-start feature is not available on standard trucks except for obstacles in contact with the ground.

- **3D camera detection of pallets on racks**

  This is the Company's latest safety innovation. Two 3D cameras affixed to the robot's structure allow for an analysis of the type of pallet detected (open, closed, etc.) and for adjustments to be made to the robot's position for optimal picking and placing on racks. This technology is used on robotic trucks dedicated to very high stacking.

- **1D/2D bar code reader**

  Robots equipped with this reader can read bar codes on pallets. In particular, this option is useful to trace products and record movement information in real time in the customer's WMS via the "Robot Manager".

- **COMBOX**

  A COMBOX is the physical interface between the elements inherent in the customer's environment and the "Robot Manager" to connect the machines, doors and other systems to the robots.

In addition to the standard options described above, the Company may design specific, customized options for a customer.

6.8.1.4 Professional services

In addition to the autonomous material handling robots themselves, the Company offers a complete range of services entirely dedicated to the success of its customers' projects. This offering is composed of the following services:

- **Project management**

  A team of Company engineers defines the specifications for the robotic system within the customer's environment. The project manager coordinates the entire team and ensures the project is optimally deployed according to the criteria defined in the BPMS process (Balyo Project Management Standard).

- **Mapping (creation of cards and routes)**
  A crucial stage in the installation of a robot is the phase during which it "learns" the customer's environment. The Company's installation team creates a map of the building. This process is divided into three stages:
  - mapping of the building;
  - creation of the routes and pick/place stations;
  - integration of the source map into the robot calculator, which compares what it sees to what it knows in real time.
- **Installation (calibration and configuration of the vehicles, integration of the "Robot Manager" into the customer's environment (infrastructures, machines and IT systems)):**
  The Company's installers work directly on the customer's site in collaboration with the project managers. Their tasks consist in calibrating and configuring the vehicles, and interfacing the "Robot Manager" with the customer's environment, which is composed of:
  - infrastructures: automatic doors, alarm systems, IT system, etc.
  - machines: conveyors, automatic wrapping machines, etc.

  This assignment ends when the project is delivered.

- **Risk analysis and conformity certification:**
  The Company conducts a risk analysis for each customer and issues a conformity certificate for the installation. The Company certifies its customers' robotic systems in accordance with the safety standards in effect: EN 1525 in Europe and B56-5 in the United States. After its safety experts have performed an audit, the Company delivers:
  - a risk analysis;
  - safety recommendations;
  - exhaustive safety tests in real-life situations;
  - the conformity certificate.
- **Training**
  The Company provides training to employees who may use or interact with its robots. Supporting customers and their employees is key to the success of a project.

- **"Robot Manager"**

  The Company has developed a fully integrated solution in order to adapt its technology to meet its customers' requirements.
  The heart of its solution, the "Robot Manager", is supervision software that coordinates the fleets of robots. A true "control tower" for its solution, it also allows machines, IT systems and infrastructures to communicate in real time with the autonomous material handling vehicles.

  The major features of the "Robot Manager" are as follows:

- o Real-time management of the fleet of robots:
  - localization of the robots;
  - programming and assigning tasks to the robots;
  - traffic management;
  - energy management and optimization of charging times.
- o Communication with the customer's environment:
  - IT system (ERP/WMS);
  - infrastructure: doors, alarms;
  - machines: production machinery, automated wrapping machines, conveyors, etc.
- o Graphic interface:

  The "Robot Manager" allows the customer to visualize the entire route, and the status and reports on tasks, the robots and communication modules in real time.
- o Diagnostic tool:

The "Robot Manager" provides the customer with a complete statistical analysis of its installation, based on the collection of data related to the robots' performance.

6.8.2 Maintenance services: presentation

- **24/7 hotline**

  The Company provides its customers with a 24/7 telephone assistance service, which provides technical support to operators. The hotline significantly reduces downtime if a problem arises, as well as the customers' loss of productivity.

- **Sale of spare parts to the Linde Material Handling and Hyster-Yale networks**

  The Strategic Partners provide first-level maintenance. The Company therefore provides their networks with a catalog of spare parts that are required for the robots' operations.

- **System maintenance**

  The Company provides software maintenance for the systems it has integrated.

6.8.3 Products with a strong value proposition

Estimated total cost of a manual operation (equipment, installation and wages)*(1)*	**For three teams**
Assumptions:	
Number of operators required	4
Number of trucks required	3
Average value of a material handling truck	€ 15,000
Amortization period	5 years
Cost of maintenance starting in Year 2	**€13,734**
= Total cost of operations for three teams in euros per year	**€362,775**

(1) Teams working 3 x 8 hours, five days per week

Estimated total cost of a robotic truck (equipment and installation)	**For three teams**
<u>Assumptions</u>:	
Unit cost of a robotic truck (truck + robot)	€62,500
Number of robots (1.5 robot vs. manual truck)	5
Amortization period	5 years
Cost of maintenance starting in Year 2	€42,120
Cost of installation of the robotic solution	**€100,000**
= Initial investment in the robotic solution	**€412,500**

Estimated return on investment period	**For three teams**
Payback for the user (number of months)	**13**

The return on investment period mainly depends on the number of teams (one, two or three teams) and the resulting number of operators. Depending on the number of teams and the organization of operations, up to five operators may be required to operate a machine.

As the operators' wages represent the largest cost (over 80%) in material handling operations, it is therefore the main area of potential savings. As an autonomous robot operates according to safety and standard operating procedures and speeds, each manual truck will be replaced, on average, by 1.5 robots.

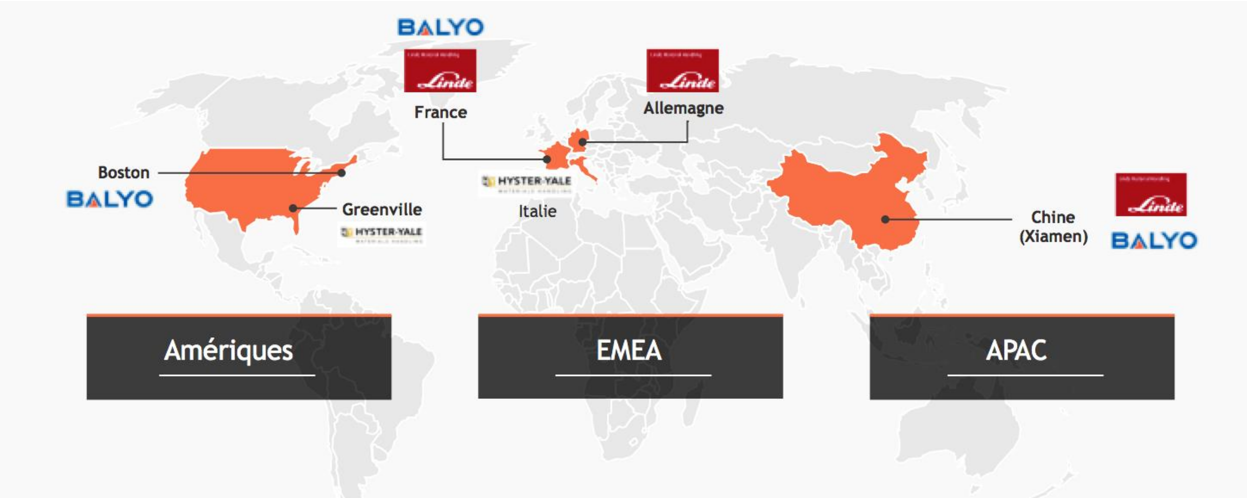
The return on investment ("payback") is rapid (approximately one year for three teams, regardless of the region).

In addition to the immediate financial benefit resulting from wage savings, the Company's solution creates many other benefits for users, including the following:

- less personal injury accidents;
- less arduous work;
- less losses of merchandise;
- improved performance based on a "leaner" process.

6.9 Production

The map below presents the industrial organization implemented by Linde Material Handling and Hyster-Yale:



The production of autonomous material handling trucks essentially consists in assembling components, for the most part manufactured in France, on the trucks produced massively by the Strategic Partners. The Company subcontracts assembly of its devices for the range of autonomous material handling robots marketed in the US and Asia. This assembly, which requires approximately 20 hours of work, is performed on three sites for the time being:

- in Europe, located close to Paris in Moissy-Cramayel;
- in Asia, at Linde Material Handling's production unit located in Xiamen, China; and
- in the United States, by Electrowire, a subcontractor of Hyster-Yale located in Leominster, Massachusetts.

On the date of registration of the Registration Document, the Company has production capacity of 1,000 machines per year, 50% of which is assembled by the subcontractors in China and the United States.

On the date of registration of the Registration Document, the Company has production capacity of 1,000 machines per year. The agreements entered into with the Strategic Partners provide for the transfer of the assembly of these autonomous material handling robots to the Strategic Partners' sites (with regard to Linde Material Handling, mainly in Europe, and with regard to Hyster-Yale, in North America) as soon as volumes reach a certain level (i.e., when current sites can no longer absorb the demand), which should provide the Company with significant production capacity at a high level of competitiveness, and will also improve its gross margin due to a reduction in production costs. The Company anticipates the progressive transfer will start in 2019.

The production costs for the autonomous material handling robots differ in nature (see Section 9.2.1.1 "Sales revenue and gross margin" of the Registration Document):

- mechanical parts;
- wiring harnesses;
- sensors;
- calculation modules;
- assembly time.

6.10 Sales and marketing

The Company's product distribution approach is twofold:

- first, by focusing on the marketing of the technology via a direct approach based on creating a relationship of trust with the decision-making centers of major accounts;
- second, by relying on its Strategic Partners' sales forces for orders from each site.

To this end, the Company has put together an international team of major account managers, as well as a team of business developers, who are responsible for leading the Strategic Partners' networks. The number of people dedicated to sales and marketing increased from seven in 2016 to 16 in 2017.

Between 2016 and 2017, the amount allocated to sales and marketing rose respectively from €3,123,000 to €4,049,000. The increase in sales and marketing expenses results from the Company's decision to grow its commercial network around the world by creating a dedicated team.

The Company has dedicated a significant portion of its investments to the development of tools to simplify training, sales and maintenance processes so that they suit the existing skill sets of its Strategic Partners' sales and service networks.

E-learning

In 2016, the Company launched a simple, configurable training tool. This e-learning tool delivers specific training to each of the dealers in the Linde Material Handling and Hyster-Yale networks after a test on their current knowledge.

In addition to this tool, an application has been made available to the networks. A white-label product, it has been customized for each partner and includes a number of animations and descriptions of the Company's products. This teaching approach reduces the complexity of the solutions perceived by the networks who are used to selling ultra-standardized products.

E-budget

The following is required to prepare an offer for a customer:

- defining a solution that resolves the problem encountered;
- choosing the appropriate machine in the range;
- calculating the exact number of robots required in accordance with the volume of pallets to be transported and the relevant route; and
- estimating the integration and installation budget.

This solid expertise, not only in terms of the products but also their integration into the customer's environment, is key to the growth of the business. It is rarely available within the Strategic Partners' networks.

In 2016, the Company launched a major innovation with its e-budgeting application to allow the networks to independently draft project budgets. This highly intuitive and extremely simple-to-use platform (only a few hours of training are required) is currently available to close to 100 users at Linde Material Handling in EMEA and APAC. In upcoming months, the Company will deploy this platform at the Hyster-Yale dealers in North America.

The international scope of the Company's business was taken into account when all of these tools were developed. They are therefore available in six languages (FR, EN, DE, IT, ES and CH), and can manage multiple currencies. The offers, issued in the form of a PDF file, are tailored to each of the Strategic Partners and include, in particular, their dealers' logos (most of which are independent businesses).

Once the projects have been defined and budgeted, and the customer has accepted the proposal, the Company receives an order from the Linde Material Handling or Hyster-Yale network. The objective is to continue to delegate and use the distribution networks, which is essential to achieve the objective of expanding this business and a true cornerstone for the scalability of the distribution model.

An order received by the Company from Linde Material Handling or Hyster-Yale is currently processed by the local project team (Paris, Boston, Singapore) for execution that generally takes six to nine months. During this phase, the Company is responsible for "customer management".

Over the next 18/24 months, in order to allow for an increase in deployment capacity, a transfer of part of this project engineering task to the Strategic Partners’ local networks is planned. The Company's software suite is currently being upgraded to better distribute the integration process between the Company and its Strategic Partners. The Kion group has hired a large number of engineers and project managers, in particular in Germany, who will be trained on the Company's tools and will progressively participate in this process over the next 18/24 months. This phase reinforces and balances the strong ties between the Company and its Strategic Partners' networks.

Looking at the long term, the Company intends to retain management over the stage that consists in creating the source map for a site, as well as the design of the routes within which the trucks will travel. This is the most sensitive part of the Company's installation expertise and is a major factor in the system's performance.

Finally, to accelerate the completion of this stage, a plan is in place to deliver a mapping system that will become independent from the robots over the medium term. The Company will be able to install a module on any manual material handling truck, and the data collected will then be transferred by cloud and made available to a central mapping team within the Company. This approach will allow the Company to preserve the scalability required for its growth model.

6.11 Geographic organization

Today, the Company's teams are located on two main sites.

The Company’s head office relocated to Ivry sur Seine in December 2017 and has a headcount of 110. This move has allowed the Company to be closer to qualified engineers for potential hirings (and who, for the most part, are located very close to Paris). The production site is located in Moissy-Cramayel (77150) close to Paris and currently employs 12 people.

The second site is based in the region of Boston, Massachusetts in the United States. This office saw a major wave of hirings in 2017 and the team now consists of close to 20 employees.

Finally, the Company is currently putting a team in place in the APAC zone. This team, for the most part based in Singapore (the subsidiary opened at the end of 2017), works throughout the region and has, in particular, technical teams based in Xiamen, China. These technical teams currently work out of Linde Material Handling's offices.

Thanks to the simplicity of installation of the Company's systems, only a small team is required to manage the entire installation of a system. The Company can easily ensure local presence by having one or two individuals in place to support the local networks of the Company's Strategic Partners.

6.12 Customers

As at December 31, 2017, the Company had 223 robots in service in 74 systems, i.e., close to 30 customers with installed systems. As at December 2017, the amount of orders to be delivered totaled €17.6 million. Thanks to its Strategic Partners, the Company has many prestigious customers, such as Procter & Gamble, FM Logistic, Renault, Valéo and BMW.

The Company's products have been chosen as a solution by global leaders.

6.13 Dependency factors

The information on the Company's dependency factors is set out in Sections 4.2.2 "Risks related to dependence on end customers", 4.2.3 "Risks related to dependence on suppliers", 4.2.4 "Risks related to dependence on subcontractors", and 4.2.11 "Risks related to dependence on key persons" of the Registration Document.

6.14 Legal and regulatory environment

The regulatory framework for material handling robots is extremely well defined in current standards, both nationally and internationally.

The Company participates in the ISO/TC 110 standardization committee meetings. This committee works on the next-generation standards for material handling trucks and is attentive to all potential legal and regulatory changes.

French regulations

The law on data protection and freedom ("*Loi Informatique et Libertés*") of January 6, 1978 requires a declaration relative to any and all processing of personal data and potentially a prior authorization for the processing of data considered to be sensitive (i.e., regarding health, religion, violations, exclusion of rights, etc.). This formality is, however, incumbent on the party responsible for data processing, i.e., the party who has the authority to determine the objectives and tools used for the processing - in this case, the Company's customer.

Non-compliance by the Company's customers with this obligation would expose the Company to a fine ordered by the CNIL further to the service of notice (Articles 45 *et seq.* of the Law of January 6, 1978) and potentially criminal penalties (Articles 226-16 *et seq.* of the Criminal Code). In accordance with the data protection and freedom law referred to above, the Company must comply with the instructions received from the party responsible for data processing, i.e., the customer, and take the precautions required to protect the safety and confidentiality of personal data it may come into possession of to prevent the deformation of or damage to this processed data or the communication thereof to unauthorized persons (Articles 34 and 35 of the Law of January 6, 1978).

If the Company fails to comply with these obligations, it could be found liable if it is proven that it failed to advise or was guilty of complicity with the party responsible for the processing of the data.

Furthermore, as the Company's products are, for the most part, based on the use of open frequencies, if these frequencies are regulated in the future in any way, this may affect the development of the Company's products and cause the Company's customers to incur a significant additional cost in order to comply with these standards.

European regulations

On the date of registration of the Registration Document, autonomous material handling robots are considered machines, and the manufacturing thereof must meet the requirements of European Directive 2006/42/CE on Machinery published on June 9, 2006 in the Official Journal of the European Union.

The international technical standard NF EN 1525 December 1997 was established in the framework of a mandate conferred on the European Committee for Standardization by the European Commission and the European Free Trade Association, and supports the terms of the Machinery Directive. This European standard on the safety of driverless handling trucks and related systems provides the means to comply with the essential requirements specific to the Machinery Directive. The Company is a member of the drafting committee for this standard and is a constant participant in the improvement thereof.

According to this European standard:

- is considered a driverless handling truck any motorized vehicle, including a tow truck, designed so as to move automatically within spaces where operational safety does not depend on a driver;
- the system concept includes the control system, which may be a full part of the truck and/or separate therefrom, the guidance tools and the battery charging system.

NF EN 1525 covers specific dangerous phenomena related to automatic features and systems that may occur when the vehicle is turned on, and during operations and maintenance of a driverless truck. It also includes technical rules to limit the materialization of risks or reduce these dangerous phenomena in each situation.

NF EN 1525's safety rules are as follows:

(a) Protection against unauthorized use

For manually-controlled trucks, only for maintenance and emergencies, means must be put in place to prevent any unauthorized use.

(b) Brake system

The truck must be equipped with a mechanical brake system, which:

- operates if power is cut off;
- stops the truck within the limits of the operational reach of the device to detect humans, taking into account the load, speed, friction, slope and reach;
- maintains the stability of the truck and the maximum load allowed on the maximum operational slope specified by the manufacturer;
- operates if the speed or driving controls fail.

In addition, the brakes must comply with the terms of ISO 6292 when the truck operates in manual mode.

(c) Speed control

The parts related to the safety of the speed control system must comply with European standard EN 954-1, category 1. When stability may be impacted, category 2 applies. When a reduction in speed is required to safely stop a truck in the main directions using the human detection features, the control system must comply with category 3.

(d) Controls for maintenance and emergencies

Control features must be designed to be used in emergencies, for maintenance and for any other temporary task specified by the manufacturer. Furthermore, the controls must be connected to the truck when it is used and be sustained action controls. They must be designed to prevent unintentional manual operations.

(e) Battery charging

Individuals must be protected from risks related to accidental contact with the truck's connections powered by battery and the charging system.

Automatic charging systems - with the exception of contact rails, which are insulated - must be designed so that the charging connections are activated only when they are connected to the truck. When the truck moves away from the charging stations, the connections must be deactivated.

(f) Load handling

Systems to handle loads must be designed so that the load cannot move from the positions that the manufacturer has defined, regardless of the mode of operation, including for emergency stops and load transfers.

(g) Steering

The parts related to the safety of the steering system must comply with European standard EN 954-1, category 1. When stability may be impacted, category 2 applies.

(h) Stability

The truck's stability must be ensured for all operating positions and throughout driving operations and load handling, as well as for emergency stops when the truck is used for the purposes for which it was intended. Stability must be verified if the lift height exceeds 1.8 meters. For lift heights equal to or greater than 1.8 meters, verification may be calculation-based. If a failure in the speed control, load handling or steering system can cause a loss of stability at a lift height in excess of 1.8 meters in unmarked or dangerous zones, then it automatically shuts off.

(i) Protection systems

The European standard refers to a number of protection systems that must be installed on the truck. These systems relate to:

- steering;
- the tiller for use with a second driver;
- warning systems;
- emergency stops; and
- detection of humans along the route.

(j) Tow operations

Before starting, an acoustic signal must ring automatically for at least two seconds. The starting speed must be limited to 0.3 meters per second for at least five seconds. The drawbar for the trailers must include warning marks in black/yellow or red/white.

Export regulations

The Company's business is also subject to regulations regarding flows of goods in effect in the countries in which it operates. In this regard, the Company must comply with all of the laws and regulations that apply to exporting and re-exporting.

In the United States, among other laws and regulations, the Company must meet the requirements of the Export Administration Regulations, the International Traffic in Arms Regulations and all of the rules governing the economic and commercial sanctions of the OFAC (Office of Foreign Assets Control).

Within the European Union, the Company must comply with all of the rules related to export control and related economic and commercial sanctions imposed by the institutions of the European Union or any other Member State.

On the date of registration of the Registration Document, the Company has no information indicating that the manufacturing, commercialization or use of its products and services could be prohibited in a State in which these products and services are offered for sale today.

It should be noted that, on the date of registration of the Registration Document, the Company has not been the subject of any administrative or court action and has not been involved in a dispute related to compliance with its obligations under the regulations relative to the manufacturing, commercialization or use of its products and services.

6.15 Social challenges

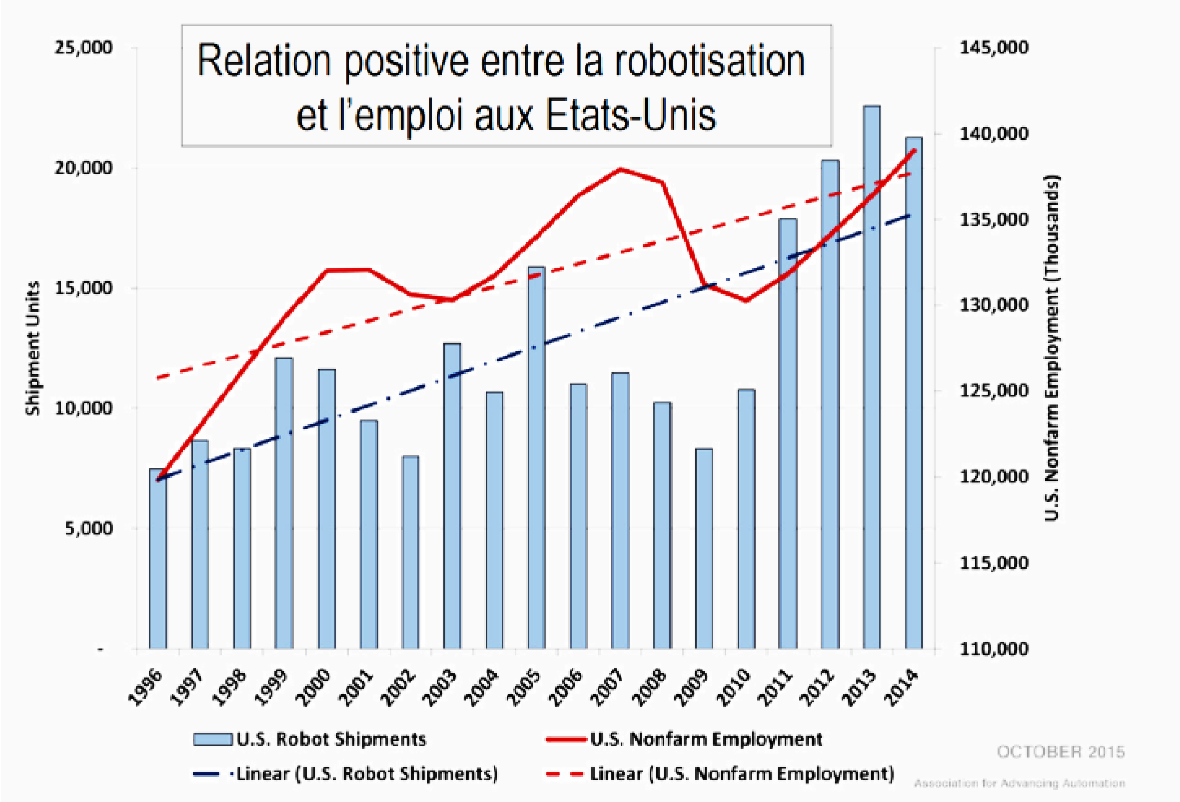
The transformation of material handling trucks into intelligent, autonomous robots that are able to work with humans leads to a change in the forklift operator trade. This is a perfect illustration of the "creative destruction" phenomenon described by Joseph Schumpeter and Alfred Sauvy's "spillage" theory according to which, while technical progress destroys certain trades, this destruction is offset by other jobs created by the same technical progress.

The Company believes that this deep shift in the value chain that creates wealth will require a progressive adjustment of the systems to share wealth to allow everyone to equitably benefit from the new wealth created.

6.15.1 Transitioning trades towards higher added value tasks

Robotization impacts the typology of jobs. By replacing humans for certain tasks and redesigning production processes, it leads to a transformation of trades and the long-term creation of additional higher-value added jobs. The Company notes that a reduction in the number of jobs is rare, but employees are redeployed to higher-added value tasks due to the development of an efficient pairing between humans and the robots that provide services to humans. The majority of the Company's customers use robotics as a growth lever to allow them to produce more with the same number of employees.

The following graph presents the positive relationship between robotization and employment in the United States between 1996 and 2014:



The "Positive Impact of Industrial Robots on Employment" study conducted by Metra Martech, International Federation of Robotics (IFR) in 2013 defends the notion that, between 2017 and 2020, 450,000 to 800,000 new jobs should be created directly throughout the world thanks to robotics. When indirect jobs are added to the equation, up to two million jobs could be created, mostly in industry, renewable energy, and the automotive and electronic sectors. In the end, human intelligence will transition to new trades, new usages and new ways of using technology, and therefore new resources. With robotics, we are experiencing a similar mutation to that of the major waves of industrial mechanization.

6.15.2 Increased productivity at the service of society

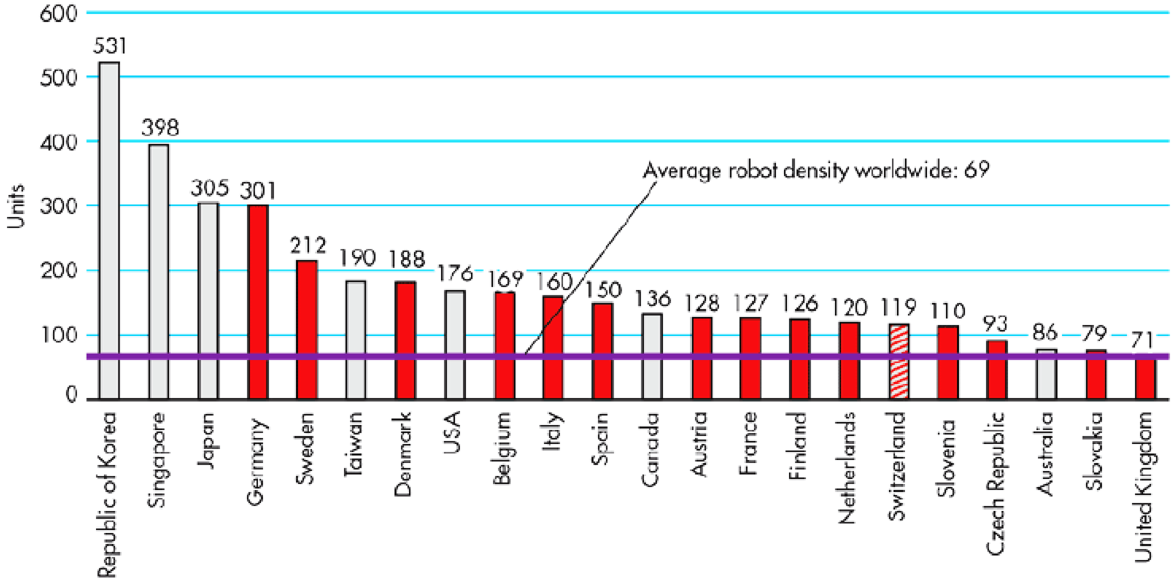
Autonomous material handling robots improve productivity and the competitiveness of businesses. Robotization unquestionably improves the safety, flexibility, regularity and quality of a work station, thereby optimizing the management of production and reducing manufacturing and delivery time lines.

This rise in productivity logically leads to a continuous reduction in the costs of industrial products, which increases purchasing power and therefore favors improved living standards.

From a geographical perspective, the "Positive Impact of Industrial Robots on Employment" study conducted by Metra Martech, International Federation of Robotics (IFR) demonstrates that the most robotized countries are those who are experiencing the greatest growth in industrial added value and the lowest or most stable unemployment rate.

The following graph presents the relationship between the industrialization and robotization of countries:

Number of multi-feature robots (all types) for 10,000 employees in the manufacturing industry.

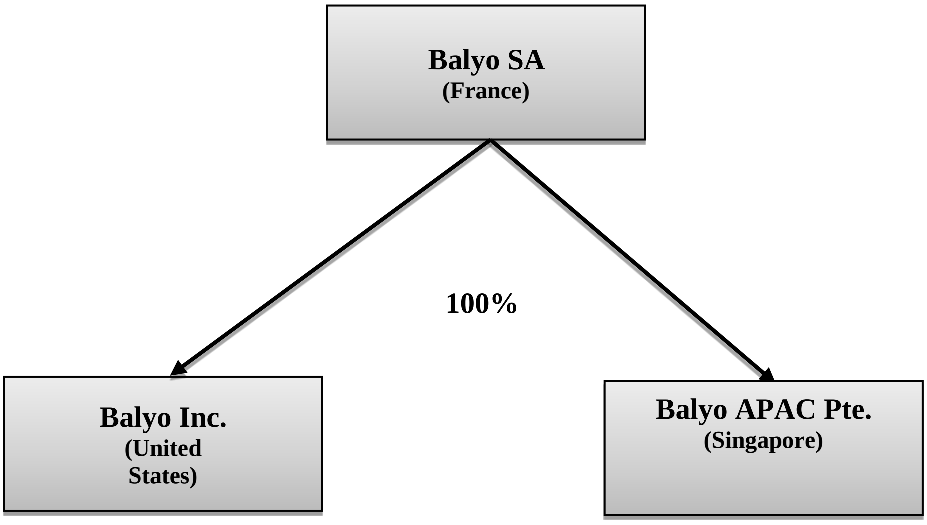


The more robotized the country, the stronger its industry in terms of GDP share and jobs.

7. ORGANIZATION CHART

7.1 Group organization chart

The organization chart below presents the Group as at the date of registration of the Registration Document.



7.2 List of subsidiaries, branches and secondary establishments ("*établissements secondaires*")

Since the relocation of its head office to Ivry sur Seine in December 2017, the Company has had a secondary establishment in Moissy Cramayel, where it performs the assembly of its autonomous material handling vehicles.

Balyo Inc. is a company incorporated in the State of Delaware and has capital of $1,000. Its administrative office is located at 185 Alewife Brook Parkway, Suite 410, Cambridge, MA 02138, United States. Its registered office is located at 2915 Ogletown Road, Newark, DE 19713, United States, and its registration number is 001191617. Balyo Inc.'s headquarters are located at 78-B Olympia Avenue, Woburn, MA 01801, United States. On the date of registration of the Registration Document, all of Balyo Inc.'s capital is held by the Company. Balyo Inc.'s principal business is the design, manufacturing and commercialization in the United States of material handling robots for the industry and logistics sectors.

In addition to a cash agreement between the Company and Balyo Inc. signed on February 12, 2015, the objective of which is to permanently and systematically place Balyo Inc.'s financial transactions under the supervision and management of the Company's treasury department, support is also provided to Balyo Inc.'s teams for the optimization of the procurement of components and the manufacturing of the robots.

Balyo Pte Ltd is a company that was incorporated under the laws of Singapore in October 2017 to support the development of the Company's business in the Asia-Pacific region. It has capital of S$50,000 (composed of 500 shares worth S$100 each) and is located at 96 Robinson Road #11-04 SIF Building, Singapore (068899). On the date of registration of the Registration Document, the Company holds all of the capital of Balyo APAC Pte. Ltd. Balyo APAC's main business is the design, manufacturing and commercialization of material handling robots for the industry and logistics sectors in the Asia-Pacific region.

In addition to a cash agreement between the Company and Balyo APAC Pte. signed in 2018, the objective of which is to permanently and systematically place Balyo APAC Pte.'s financial transactions under the supervision and management of the Company's treasury department, support is also provided to Balyo APAC Pte.'s teams for the optimization of the procurement of components and the manufacturing of the robots (in 2017, Balyo SA invoiced, with no margin, €1,163K in purchases of components to Balyo Inc.), however these agreements have not yet resulted in contracts being entered into between the Group's different entities.

8. REAL PROPERTIES, FACTORIES AND EQUIPMENT

8.1 Major existing or planned tangible assets

As at December 31, 2017, the Company held tangible assets worth a gross value of approximately €1,904.30K.

The tangible assets held by the Company are described in Note 4.2 to the consolidated financial statements for the fiscal years ending on December 31, 2017 and 2016, set out in Section 20.1.1 "Consolidated financial statements prepared according to the IFRS for the fiscal years ending on December 31, 2017 and December 31, 2016" of the Registration Document. The Company leases a certain number of its tangible assets, in particular real properties and some technical equipment.

The Company is of the opinion that the rate of use of its assets is in line with its business and planned growth.

On the date of registration of the Registration Document, few new assets are planned by the Company (see Notes 5.2.2. "Principal investments currently in progress" and 5.2.3 "Principal investments projected" of this Registration Document).

8.2 Description of the real properties

On the date of registration of the Registration Document, the Company did not own any real property.

8.2.1 Lease agreements

No.	Address	Lessor	Tenant	Description of the premises	Term	Annual base rent, including taxes	Reference index	Frequency of rent reviews
1.	240 rue de la Motte 77550 Moissy-Cramayel France	SCI Etche-BMF Senart	Balyo SA	Offices	Nine-year lease, including six years firm Initial end date: February 14, 2023	€238K	INSEE cost of construction index known on the date of effect of the lease	Annually
2.	3, rue Paul Mazy 94200 Ivry sur Seine	Sirius	Balyo SA	Office and business premises	12-year lease, including six years firm Initial end date: January 31, 2030	€671K	INSEE's ILAT index	Annually
2.	185 Alewife Brook Parkway Suite 410 Cambridge, MA 02138 United States	-	Balyo Inc.	Offices		Free of charge	-	-
3.	78-B Olympia Avenue Woburn, MA 01801 United States	Cummings Properties LLC	Balyo Inc.	Offices and warehouse	Five-year lease Initial end date: April 14, 2022	$214K	-	-

8.3 Environmental issues

The nature of the Company's business does not pose any significant risk to the environment.

However, sustainable development is a priority for the Company.

Furthermore, in accordance with Article L. 225-102-1 of the Commercial Code, for the 2017 fiscal year, the Company prepared a report that includes social and environmental information.

9. ANALYSIS OF THE GROUP'S PERFORMANCE

The reader is invited to read the following information on the Group's financial position and earnings along with the entire Registration Document and, in particular, the Group's consolidated financial statements prepared according to the IFRS set out in Section 20.1 "Consolidated financial statements prepared according to the IFRS for the fiscal year ending on December 31, 2017" and Section 20.3 "Condensed consolidated financial statements prepared according to the IFRS as at June 30, 2018" of the Registration Document.

9.1 General presentation

9.1.1 Presentation of the Company

Based on standard material handling trucks, the Company designs, develops, markets and installs autonomous material handling robots that allow businesses and logistics specialists to significantly reduce their pallet handling costs by robotizing their equipment and by improving the safety of the space in which they operate. Today, its solution is available worldwide: Europe, US, Asia, Australia, etc.

As part of its international development, the Company has opened a subsidiary in the United States, Balyo Inc., and a subsidiary in Singapore, Balyo Apac Pte.

Since it was founded, the Company has been financed through:

- increases in capital;
- Research Tax Credit repayments;
- aid for innovation and Bpifrance subsidies;
- Coface prospecting insurance; and
- loans from credit institutions and financial investors.

9.1.2 Sales revenue

The Company's operating income is composed of revenue resulting from the sale of its products and maintenance services.

Over the long term, products should represent close to 70% of the Company's revenue, and maintenance services, approximately 30%.

The Company distributes its products and services to a large number of customers in industry and the logistics sector, essentially through its Strategic Partners, Linde Material Handling (a subsidiary of the Kion Group) and Hyster-Yale.

In 2017, the Company renewed the partnership agreement, initially signed in 2014, with Linde Material Handling for the commercialization of autonomous material handling robots. Linde Material Handling distributes these products to dealers or end customers (see Section 6.7.1 "Linde Material Handling (a subsidiary of the Kion Group)" of the Registration Document). Under this agreement, the Company sells a product to Linde Material Handling, which includes the material handling truck (that it acquires beforehand from Linde Material Handling) in which Balyo's technology has been integrated.

In 2015, the Company signed a partnership agreement with Hyster-Yale through its US subsidiary to grow its presence in North America (see Section 6.7.2 "Hyster-Yale" of the Registration Document). Under this agreement, the Company sells a robotic solution to Hyster-Yale, which it installs on Hyster-Yale's material handling trucks (without acquiring the trucks beforehand).

9.1.3 Production costs

Production costs are mainly composed of:

- the purchase of the material handling truck under the agreement signed with Kion group;
- the purchase of components;
- personnel expenses for the production, installation and maintenance teams;
- and expenses related to the installation of solutions at the customers' sites.

9.1.4 Research and development

The Company conducts research and development to continuously improve its automated system and thereby protect its competitive advantage. Research and development expenses are recorded when they are incurred.

The principal research and development expenses are:

- personnel expenses for the research and development team;
- the purchase of materials and supplies not kept in stock;
- the costs of subcontracting and studies; and
- fees related to intellectual property.

In 2017, the Company spent:

- €232.4K on the creation of prototypes, recorded as tangible assets in the Company's balance sheet, as compared to €316.2K in 2016 (see Section 6 "Business Overview" of the Registration Document);
- €6,775K on research, as compared to €3,068K in 2016 (see Section 6 "Business Overview" of the Registration Document). These are recorded as expenses under research and development expenses as soon as they are incurred.

No research and development expense has been capitalized to date.

The Company benefited from the Research Tax Credit for fiscal 2016 and 2017 (see Section 10.1.4 "Research Tax Credit financing" of the Registration Document). The Research Tax Credit is a tax credit offered to businesses that invest heavily in research and development (expenses eligible for the Research Tax Credit include, in particular, wages and salaries, consumables, expenses related to subcontracting to accredited organizations, and intellectual property costs). The Research Tax Credit is posted as revenue for the relevant fiscal year.

In accordance with IAS 20, subsidies may be recognized as operating income. They may be deducted from research expenses in accordance with the expenses recorded. They represent the benefit granted to the Company that results from savings of interest expenses in the form of repayable zero-interest advances granted by Bpifrance and Coface (see Note 4.10.2. to the financial statements prepared according to the IFRS presented in Section 20.1.1 "Consolidated financial statements according to the IFRS for the fiscal year ending on December 31, 2017" of the Registration Document).

9.1.5 Sales and marketing

The Company has adopted an ambitious commercial strategy:

- in close collaboration with the Strategic Partners' commercial networks;
- by developing simplified marketing tools to convert these networks to the Company's technologies;
- by targeting major accounts through the hiring of a comprehensive, international team; and
- attending specialized fairs in order to raise end customers' awareness of the Company.

Sales and marketing expenses are essentially composed of:

- sales and marketing team wages;
- travel expenses;
- fees; and
- communication expenses.

9.1.6 General and administrative expenses

General and administrative costs are mainly composed of:

- administrative team wages;
- rental/lease expenses;
- fees (lawyers, external consultants); and
- travel expenses.

9.1.7 Financial expenses and revenue

Financial revenue is mainly composed of exchange rate gains, interest collected and the reverse discounting of financial debt.

Financial expenses are mainly composed of:

- loan interest; and
- interest related to the repayable advances.

9.1.8 Principal factors impacting the business

The Company's past performance mainly reflects the launch of marketing for its solution, its investments in research and development, and its marketing expenses.

At this stage of its development, the principal factors that impact the Company's business, its financial situation, earnings, development and prospects are:

- its capacity to continue and accelerate the sale of its solutions;
- its commercial and marketing deployment, in particular thanks to stronger relations resulting from the partnership agreements signed with major material handling operators;
- its capacity to continue to invest in research and development;
- obtaining subsidies and repayable advances; and
- the existence of incentive taxation schemes for businesses that promote technical and scientific research.

9.2 Comparison of the last two fiscal years

Simplified income statement in €K IFRS	**12/31/2017**	**12/31/2016**
Sales revenue	**16,409**	**5,153**
Production costs	*(10,973)*	*(3,642)*
Gross margin	**5,436**	**1,511**
Research and development expenses	*(5,660)*	*(2,413)*
Marketing and sales expenses	*(4,049)*	*(3,122)*
General and administrative expenses	*(4,828)*	*(2,437)*
Payments in shares	*(1,001)*	*(162)*
Operating loss/gain	**(10,102)**	**(6,624)**
Net loss/gain	**(10,627)**	**(6,830)**
Basic earnings per share	- *0.47*	- *0.44*

9.2.1 Composition of operating income and net income

9.2.1.1 Sales revenue and gross margin

Sales revenue corresponds to:

- the sale of solutions (products, installation of the solution); and
- maintenance agreements.

Sales revenue for 2017, like 2016, was for the most part achieved in Europe.

Growth in sales revenue results from the delivery and installation of solutions in partnership with Linde Material Handling and Hyster-Yale Group. In 2016, Balyo installed 86 robots and the number of robots installed to date totals 223 units.

Production costs for the most part cover parts required to assemble the autonomous material handling robots, as well as labor.

In 2017, the Company recorded a gross margin of €5.44 million, representing a 260% increase compared to the prior year. The gross margin represents 33% of the consolidated sales revenue for 2017, compared to 29% in the prior year.

The Company will pursue its efforts to improve its gross margin in future years.

9.2.1.2 Operating expenses by department

The Company carried out a capital increase in the amount of €42.7 million, net of expenses, at the time of its IPO in June 2017. In 2017, the funds raised allowed for stepped-up development of the company through significant investments in R&D (€3.7 million more invested than in 2016) and marketing (€0.9 million more than in 2016), and consolidation of the structure by moving to premises more suited to the company's goals (€2.4 million more invested than in 2016, plus a financial asset of €1.7 million). Along with the investments in R&D and business development, the Company is looking at opportunities for external growth in accordance with the information provided in the framework of its IPO.

Research and development expenses

Since it was founded, the Company has focused its research and development on its automated solution (see Section 6 "Business Overview" of the Registration Document).

Research and development expenses for the fiscal years presented are broken down as follows:

RESEARCH AND DEVELOPMENT EXPENSES (amounts in €K)	**12/31/2017**	**12/31/2016**
Personnel expenses	3,086.8	2,374.9
Purchases of parts for research	1,384.0	172.8
Consulting fees	986.1	83.0
Subcontracting, studies and research	489.5	109.6
Other	735.4	327.2
Research and development	**6,681.7**	**3,067.5**
Research Tax Credit	(1,112.2)	(646.7)
Subsidies	(2.6)	(7.8)
NET TOTAL	**5,566.9**	**2,413.0**

The increase in research and development expenses results from an increase in the number of solutions developed by the Company. The partnership agreements signed with Linde Material Handling first, then with Hyster-Yale required the integration of the Company's solution before it could be installed on each truck in the range designed with these manufacturers.

This work started in 2015 with the products in the Linde Material Handling range, then continued in 2016 and 2017 (a total of six Linde Material Handling products and five Hyster-Yale products), and will continue in 2018.

Also, the Company wishes to maintain its technological advance and continues to invest heavily in improving its solutions.

In 2017, the Company broadened its range of robots, moving from horizontal pallet transport to the first vertical transport, thereby allowing for the stacking of pallets on racks that may reach more than 15 m in height.

The Research Tax Credit, which increased between 2016 and 2017, is deducted from the research and development expenses. This also applies to subsidies.

The number of people dedicated to research and development increased from 38 in 2016 to 72 in 2017.

Sales and marketing

Sales and marketing expenses for the fiscal years presented are broken down as follows:

SALES AND MARKETING (amounts in €K)	**12/31/2017**	**12/31/2016**
Personnel expenses	2,338.4	1,604.8
Travel, assignments and receptions	802.3	612.7
Conferences, fairs, communication expenses	470.9	429.5
Other	437.0	475.5
Sales and marketing	**4,048.6**	**3,122.5**
Subsidies	(2.8)	(0.5)
Subsidies	**(2.8)**	**(0.5)**
NET TOTAL	**4,045.7**	**3,122.0**

The Company has adopted a twofold approach for the marketing of its products and services:

- A direct approach by supporting major industrial groups in deploying Balyo’s solution on the sites they want to robotize, regardless of the location;
- An indirect approach, which relies on the strategic partners’ sales networks (dealer networks) to take local orders.

To meet the requirements of these two approaches, the Company hired two sales teams, one dedicated to key accounts and the other to manage and answer questions from Linde Material Handling's and Hyster-Yale's dealer networks.

The increase in sales and marketing expenses results from the Company's decision to grow its commercial network around the world by creating a dedicated team.

In 2017, Balyo invested in robotics and material handling events in Europe and the United States. It also re-engineered its website and created a portal, which includes a simulation tool for the solution targeting potential customers (e-budget), an online training tool (e-learning) and a management tool for customer installations (e-ticketing).

Balyo also added to its structure by creating dedicated marketing and sales teams, including in the United States where it hired a sales manager.

The number of people dedicated to sales and marketing increased from 16 in 2016 to 27 in 2017.

General and administrative expenses

General and administrative expenses for the fiscal years presented are broken down as follows:

GENERAL AND ADMINISTRATIVE EXPENSES (amounts in €K)	**12/31/2017**	**12/31/2016**
Personnel expenses	1,649.5	979.2
Miscellaneous consulting fees	1,460.2	453.1
Leases	664.9	320.3
Travel, assignments and receptions	326.7	229.9
Other	726.9	454.4
General and administrative expenses	**4,828.3**	**2,436.9**

General and administrative expenses doubled between 2016 and 2017. This increase was caused by an increase in the dedicated teams, a sharp rise in fees (including recruitment expenses), rent/lease expenses (in France and also the United States) and travel expenses. In 2017, the Company consolidated its structure and bolstered its support teams.

The number of people dedicated to "G&A" increased from six in 2016 to 24 in 2017.

9.2.1.3 Financial income

FINANCIAL INCOME AND EXPENSES (amounts in €K)	**12/31/2017**	**12/31/2016**
Cost of net financial indebtedness	**(1.6)**	**(143.4)**

Cash and cash equivalents	7.6	10.3
Extinction of financial liabilities	563.0	0.0
Interest expenses	(572.2)	(153.7)
Other financial income and expenses	**(523.2)**	**(63.0)**
Exchange gain/loss	(389.6)	82.3
Effect of discounting repayable advances	(129.8)	(146.5)
Other financial expenses	0.0	0.0
Other financial income	(3.7)	1.3
Net financial income	**(524.9)**	**(206.3)**

The Company presents the cost of net financial indebtedness separately from the other financial income and expenses (including exchange gains and losses). In 2017, therefore, the cost of net financial indebtedness was almost nil, while it totaled €0.14 million in 2016. However, the other financial expenses totaled €0.52 million in 2017 (taking into account €0.39 million in exchange losses), as compared to €0.06 million in 2016.

9.2.1.4 Corporate tax

The Company did not record a corporate tax expense.

As at December 31, 2017, the Company recorded tax losses that can be carried over indefinitely in France in the amount of €35,448K (as compared to €23,427K as at December 31, 2016). In France, for fiscal years subsequent to December 31, 2012, the charge for these losses is capped at one million euros, increased by 50% of the portion of the profits that exceed this ceiling. The unused balance of the loss can be carried forward to future fiscal years and may be charged under the same conditions with no time limit.

The tax rate applicable to the Company is the rate applicable in France: 33.33%. The rate applicable to its subsidiary in the US is 34%.

9.2.1.5 Basic earnings per share

Earnings per share are calculated by dividing the net earnings attributable to the Company's shareholders by the average weighted number of shares in circulation during the fiscal year.

Earnings per share	12/31/2017	12/31/2016
Net earnings for the period	**(10,626.5)**	**(6,829.9)**
Weighted average number of shares in circulation	22,693,567	15,523,971
Basic earnings per share (€/share)	*(0.47)*	*(0.44)*
Diluted earnings per share (€/share)	*(0.47)*	*(0.44)*

9.2.2 Balance sheet analysis

9.2.2.1 Non-current assets

	12/31/2017	12/31/2016
Total non-current assets	**3,736.6**	**1,016.0**
Intangible assets	270.4	189.6
Tangible assets	1,358.7	674.4
Other non-current financial assets	2,107.4	151.9

Investments in tangible assets mainly relate to the production of prototypes. The increase in investments in tangible assets relates to the development of training, sales and maintenance software in 2016 and 2017: e-budgeting and e-learning (see Section 6.10 "Sales and marketing" of the Registration Document).

Financial assets are mainly composed of additional security deposits for the Company's commercial leases (new head office in Ivry sur Seine and Balyo Inc.'s office in Woburn) and sureties for certain bank financing instruments.

9.2.2.2 Current assets

	12/31/2017	12/31/2016
Total current assets	**50,232.0**	**9,633.3**
Inventories	2,822.4	1,027.1
Customer receivables and related accounts	13,029.4	3,373.7
Other receivables	3,700.1	1,595.8
Cash and cash equivalents	30,680.1	3,636.7

Cash and cash equivalents are composed of short-term bank deposits and term deposits with maturity of less than three months or that are available immediately.

Raw material inventories are essentially composed of truck automation parts.

	12/31/2017	12/31/2016
Net inventory total	**2,822.4**	**1,027.1**
Raw materials	2,777.1	975.3

Work in process	0.0	0.0
Finished product inventory	0.0	142.9
Merchandise	180.7	40.2
Gross inventory total	**2,957.8**	**1,158.4**
Depreciation of raw materials inventory	(135.4)	(121.7)
Depreciation of finished product inventory	0.0	(9.7)
Total depreciation of inventories	**(135.4)**	**(131.3)**
Net inventory total	**2,822.4**	**1,027.1**

The other receivables mainly include:

- the Research Tax Credits recorded for fiscal 2016 and 2017 (€647K in 2016 and €1,112.2K in 2017), the repayment of which has occurred or is to occur in the next fiscal year;
- deductible VAT or VAT credits; and
- prepaid expenses related to yearly contracts.

9.2.2.3 Equity

	12/31/2017	12/31/2016
Equity	**32,626.4**	**(3,613.1)**
Capital	2,237.7	1,272.5
Share premiums	62,242.6	17,588.6
Translation reserve	188.2	(171.0)
Other comprehensive income	12.5	(0.5)
Reserves - Group share	(21,428.1)	(15,472.7)
Income - Group share	(10,626.5)	(6,829.9)

The amount of share capital as at December 31, 2017 is €2,237,715.84 and is divided into 27,971,448 ordinary shares, fully subscribed and paid up, with a par value of €0.08.

The net changes in the Company's equity for fiscal 2016 and 2017 result for the most part from the combination of:

- the loss of €10,626.5K recorded in fiscal 2017;
- increases in capital in fiscal 2017 in the amount of €42,880K (€42,660K of which in the framework of the IPO and the conversion of bonds convertible into shares).

9.2.2.4 Non-current liabilities

	12/31/2017	12/31/2016
Non-current liabilities	**1,559.7**	**3,306.6**
Commitments to employees	143.2	115.2
Non-current financial debts	1,414.4	3,189.2
Provisions and other non-current debts	2.0	2.2

Non-current financial debt covers:

- the non-current portion of the bank loans;
- the non-current portion of the repayable advances granted by public institutions (see Note 4.10.2. to the financial statements prepared according to the IFRS presented in Section 20.1.1 "Consolidated financial statements prepared according to the IFRS for the fiscal years ending on December 31, 2017 and December 31, 2016" of the Registration Document).

Since 2010, the Company has been the beneficiary of seven repayable advance programs (see Section 10.1.3 "Repayable advances and subsidy financing" of the Registration Document).

The decrease in financial debt between 2016 and 2017 mainly results from the repayment of a Bpifrance loan in the amount of €1,000K.

Personnel-related commitments cover the provision for retirement benefits.

9.2.2.5 Current liabilities

	12/31/2017	12/31/2016
Current liabilities	**19,782.5**	**10,955.7**
Current financial debts	1,056.2	3,284.4
Provisions	0.0	54.0
Supplier payables and related accounts	9,230.8	3,708.7
Tax and social security liabilities	2,038.6	1,524.3
Other current liabilities	7,456.9	2,384.4

Current financial debt includes:

- the current portion of the bank loans;
- the current portion of the repayable advances granted by public institutions (see Section 10.1.3 "Repayable advances and subsidy financing" of the Registration Document).

Accounts payable and related accounts were fairly up to date at the end of each period. The increase in accounts payable mainly results from the increase in business as of the end of 2017.

9.3 Comparison between the first half-year ending on June 30, 2018 and the first half-year ending on June 30, 2017

9.3.1 Composition of operating income and net income

9.3.1.1 Income and sales revenue

For the periods in question, sales revenue fully accounted for the Company's income. It consisted of the sale of innovative material handling solutions composed of autonomous material handling robots, the installation of these robots on the sites of industry or logistics operators, and maintenance services, which respectively totaled €9,708K and €6,227K for the first six months of both 2018 and 2017, i.e., an increase of 56% between the two periods.

The Company distributes its products and services to a large number of customers through its Strategic Partners, Linde Material Handling (a subsidiary of the Kion Group) and Hyster-Yale.

	First half-year ending on June 30	
In €K	6/30/2018	6/30/2017
Sales revenue	9,708	6,227
Operating revenue	9,708	6,227

The research tax credits are recorded as a deduction from operating expenses incurred over the period for the company's research and development and therefore are not included in revenue.

9.3.1.2 Operating expenses

Production costs

The costs of merchandise sold rose significantly between the first half of 2017 and the first half of 2018 from €4,275K to €7,560K€, i.e., an increase of 77%.

	First half-year ending on June 30	
In €K	6/30/2018	6/30/2017
Cost of merchandise sold	7,560	4,275

The cost of products and services sold in the first half of 2018 results in a gross margin of 22%, compared to 31% for the first half of 2017. This gross margin erosion results from higher personnel costs related to installation difficulties, as well as a slight increase in raw materials.

Research and development expenses

The costs of research recorded as expenses in prior fiscal years, less the sums received under the Research Tax Credits, are as follows:

	First half-year ending on June 30	
In €K	6/30/2018	6/30/2017
Research expenses	3,166	1,947

In the first six months of 2018 and 2017, the Research Tax Credits recorded as a deduction from research expenses respectively totaled €613K and €383K.

Research expenses increased by 63%, respectively from €1,947K to €3,166K in the first six months of 2017 and 2018. This sharp increase in research expenses results from the Company's goal of accelerating the development of the range of robots made available to industry and logistics operators, as well as the Company's resolution of problems encountered.

The significant increase in Research & Development expenses results from:

- an 81% increase in personnel expenses, with the workforce growing from 42 employees on June 30, 2017 to 72 employees on June 30, 2018;
- an increase in the expenses incurred for the components required to develop prototypes for the new robots (+92% compared to the same period in 2017);
- a decrease in the other expenses, mainly covering travel expenses and consultant fees.

Marketing and sales expenses

Between the first half of 2017 and the first half of 2018, marketing and sales expenses increased by 31% from €2,066K to €2,713K.

	First half-year ending on June 30	
In €K	6/30/2018	6/30/2017
Sales & Marketing expenses	2,713	2,066

The Company has now entered a commercialization phase, and therefore continues to invest in Sales and Marketing activities.

The increase in marketing and sales expenses results from:

- a 62% increase in personnel expenses. As at June 30, 2018, the workforce consisted of 28 employees, compared to 18 employees the previous year. Communication and conference expenses remained stable, decreasing from €239K in the first half of 2017 to €232K in the first half of 2018;
- the other expenses recorded under marketing and sales mainly include travel costs and consultant fees, and declined by 32% between the first half of 2017 and the first half of 2018.

Administrative expenses

Administrative expenses increased from €1,773K to €3,366K between the first half of 2017 and the first half of 2018, i.e., by 90%.

	First half-year ending on June 30	
In €K	6/30/2018	6/30/2017
Overhead	3,366	1,773

The increase in administrative expenses mainly results from:

- a sharp increase in fees (recruitment, legal audit, listing, etc.)
- a strong increase in rent and rental expenses related to the relocation of Balyo SA to the Ivry sur Seine premises and to Balyo APAC in Singapore
- an overall increase in other expenses (taxes, depreciation, insurance premiums, bank charges, etc.)

However, personnel expenses rose only marginally (+6%) over the period.

9.3.1.3 Other operating income and expenses

In the first half of 2018, the Company recorded an expense of €760K for the allocations of BSPCEs and free shares in prior years.

9.3.1.4 Composition of net income

Financial income and expenses

At the end of the first half of 2018, financial income totaled €157K compared to a loss of €330K in the first half of 2017. This increase results from exchange gains recorded for the period, with the exchange rate for the US dollar into euros increasing.

9.3.1.5 Composition of earnings per share

The loss per share issued (weighted average number of shares in circulation during the fiscal year) respectively totaled €0.28 and €0.27 per share for the periods ending respectively on June 30, 2018 and June 30, 2017.

9.3.2 Balance sheet analysis

9.3.2.1 Non-current assets

Non-current assets respectively totaled €3,989K and €3,737K on June 30, 2018 and December 31, 2017.

9.3.2.2 Current assets

Between December 31, 2017 and June 30, 2018, the current assets recorded declined from €50,232K to €41,576K.

This trend mainly results from a decline in cash and cash equivalents, which dropped from €30,680K on December 31, 2017 to €19,209K on June 30, 2018. This decline is slightly compensated by a rise in inventories and customer receivables recorded by the Company, which respectively rose from €2,822K and €13,029K to €3,960K and €14,225K between December 31, 2017 and June 30, 2018.

9.3.2.3 Equity

The Company's equity declined significantly in the first half of 2018 due to the recording of losses over the period. It totaled €32,626K at the end of 2017, and €25,851K on June 30, 2018.

9.3.2.4 Non-current liabilities

Non-current liabilities decreased between December 31, 2017 and June 30, 2018 respectively from €1,560K to €1,379K further to the repayment of repayable advances and OSEO loans.

9.3.2.5 Current liabilities

Current liabilities decreased significantly between December 31, 2017 and June 30, 2018 from €19,782K to €18,334K. As at June 30, 2018, other current liabilities mainly consist of trade payables and other liabilities composed of advances and deposits.

10. CASH AND CAPITAL

The reader is invited to also read Note 4.7 to the consolidated financial statements prepared according to the IFRS presented in Section 20.3 "Condensed consolidated financial statements prepared according to the IFRS as at June 30, 2018" of the Registration Document.

10.1 Information on the Company's capital, liquid assets and sources of financing

As at June 30, 2018, the net amount of the Company's cash and cash equivalents (the sum of the cash and cash equivalents recorded as assets and bank account overdrafts recorded as liabilities) totaled €19,200K.

Since it was founded, the Company has been financed through:

- increases in capital;
- Research Tax Credit repayments;
- aid for innovation, Bpifrance subsidies and Coface prospecting insurance; and
- loans from credit institutions and financial investors.

10.1.1 Capital financing

The Company received a total of €67,740K (prior to the deduction of expenses related to capital increases) from founders' contributions and capital increases that took place between 2007 and 2017.

The table below summarizes the principal capital increases in value to date:

Date	Type of operation	Amount of the capital in €K	Issue premium in €K	Number of shares representing the capital	Par value in €
16-Mar-07	Incorporation	6.0		75	80.00
22-May-07	Increase in capital through the incorporation of reserves	42.0		525	80.00
18-Jun-08	Increase in capital through the incorporation of reserves	104.0		1,300	80.00
23-Jul-10	Division of the nominal share price by 1,000	0.0	0.0	1,898,100	
23-Jul-10	Increase in capital	151.0	1,849.3	1,887,000	0.08
23-Jul-10	Increase in capital	0.8	9.8	10,000	0.08
23-Jul-10	BSA subscription	0.0	17.5		
11-Oct-12	Increase in capital	102.0	2,511.1	1,274,647	0.08
22-Jul-13	Increase in capital	150.9	1,849.1	1,886,792	0.08
28-Aug-13	Exercise of Ratchet BSA 2012	111.3		1,391,654	0.08
4-Dec-14	Exercise of BSPCE	2.4	29.4	30,000	0.08
	As at December 31, 2014			8,380,093	
27-Feb-15	Increase in capital	379.6	7,211.6	4,744,448	0.08
27-Feb-15	Bond redemption (1,668 bonds)	88.2	1,599.6	1,102,099	0.08
5-May-15	BSA subscription	0.0	6.0		0.08
	As at December 31, 2015			14,226,640	
23-Mar-16	Bond redemption (572 bonds)	34.4	653.6	429,997	0.08
26-Apr-16	Increase in capital	100.0	1,900.0	1,250,000	0.08
	As at December 31, 2016			15,906,637	
12-Jun-17	Increase in capital	890.8	44,872.6	11,134,646	0.08
12-Jun-17	Conversion of the bond issue into shares	68.9	2,761.7	860,865	0.08
12-Jun-17	Exercise of BSPCE	0.7	9.1	9,300	0.08
28-Sep-17	Exercise of BSPCE	4.8	91.2	60,000	0.08
12-Oct-17	BSA subscription	0.0	22.0		
	As at December 31, 2017			27,971,448	
27-Jun-18	Exercise of BSPCE	24.0	294.0	300,000	0.08
27-Jun-18	Free allocation of shares	6.2		78,000	0.08
	As at June 30, 2018	2,268.0	65,687.4	28,349,448	

10.1.2 Loan financing

In 2017, the Company repaid all of its bank loans and did not take out any new loan in the first half of 2018.

10.1.3 Repayable advances and subsidy financing

Since 2010, the Company has benefited from seven repayable advance programs. The table below presents the movements related to these five advances and indicates how each advance is allocated:

Details on the repayable advances are presented in Section 9.2.2.4 "Non-current liabilities" of the Registration Document and in Note 4.10.2 to the consolidated financial statements prepared according to the IFRS set out in Section 20.1.1 "Consolidated financial statements prepared according to the IFRS for the fiscal year" of the Registration Document.

The repayment schedule for these advances is described in Note 4.10.2 to the consolidated financial statements prepared according to the IFRS set out in Section 20.1.1 "Consolidated financial statements prepared according to the IFRS for the fiscal year ending on December 31, 2017" of the Registration Document. It is summarized in the following table:

Over the 2016-2017 period, the Company was granted a number of subsidies. In accordance with IAS 20, they reflect the benefit granted to the Company that results from savings of interest expenses in the form of repayable zero-interest advances granted by Bpifrance and Coface (see Note 4.10.2 to the financial statements prepared according to the IFRS set out in Section 20.1.1 "Consolidated financial statements prepared according to the IFRS for the fiscal year ending on December 31, 2017" of the Registration Document. In the first half of 2018, the Company continued to repay the repayable advances.

CURRENT AND NON-CURRENT FINANCIAL DEBT (amounts in €K)	06/30/2018	12/31/2017	12/31/2016	12/31/2015	01/01/2015
Repayable advances	1,172.4	1,414.4	2,166.7	2,233.0	1,466.0
Non-current financial debt	**1,172.4**	**1,414.4**	**3,189.2**	**2,285.5**	**2,134.5**
Repayable advances	1,114.9	1,056.2	340.0	640.5	342.5
Loans from credit institutions	0.0	0.0	43.6	30.0	50.9
Bank overdrafts	19.5	0.0	2.8	2.5	2.7
Current financial debt	**1,134.4**	**1,056.2**	**3,284.4**	**1,361.0**	**2,063.5**
Total financial debt	**2,306.8**	**2,470.7**	**6,473.5**	**3,646.5**	**4,198.0**

10.1.4 Research Tax Credit financing

The Company was granted the Research Tax Credit in fiscal 2016 and 2017.

In 2016, the amount of the Research Tax Credit recorded and repaid totaled €646.7K; in 2017, the Company recorded a Research Tax Credit of €1,112.2K.

The 2015 and 2016 Research Tax Credits were repaid in the following fiscal years. The repayment of the Research Tax Credit recorded for 2017 is still expected in 2018 (see Note 4.6 to the financial statements prepared according to the IFRS set out in Section 20.1 "Consolidated financial statements prepared according to the IFRS for the fiscal year ending on December 31, 2017" of the Registration Document.

10.1.5 Off-balance sheet commitments

10.1.5.1 Property leases/rentals

As at December 31, 2017, the amount of rent and future expenses related to the lease for the head office until the next potential termination period totals €5,315.1K (see Note 6.1 to the financial statements prepared according to the IFRS set out in Section 20.1.1 "Consolidated financial statements prepared according to the IFRS for the fiscal year ending on December 31, 2017" of the Registration Document).

10.2 Cash flows

The annual cash flow variations for the fiscal years in question result mainly from:

- operating losses, and
- financing operations (increases in capital and in financial debt).

10.2.1 Cash flows relating to operating activities

Changes in cash flow relating to operating activities for the fiscal years ending on December 31, 2016 and 2017 respectively total -€3,984.1K and -€12,073.6K, and relate for the most part to operating losses recorded in 2016 and 2017.

	12/31/2017	12/31/2016
Cash flows relating to operating activities	**(12,073.5)**	**(3,984.5)**
Cash flow after cost of debt and taxes	(9,220.1)	(6,215.6)
(+) Elimination of the net cost of financial debt	(1.6)	143.5
Cash flow before cost of debt and taxes	(9,221.7)	(6,072.1)
(-) Change in working capital requirements (net of depreciation for customer receivables and inventory)	(2,851.8)	2,087.6

Working capital requirements decreased in 2016 due to:

- an increase in accounts payable and related accounts in the amount of €2,159K; and
- an increase in advances and deposits received in the amount of €1,361K.
- despite an increase in customer receivables (€1,137K).

Working capital requirements increased in 2017 due to:

- an increase in inventory in the amount of €1,844.4K;
- an increase in customer receivables and related accounts in the amount of €9,830K; and
- despite the increase in advances and customer deposits received in the amount of (€4,834.1K);
- an increase in accounts payable in the amount of (€5,556.5K).

The cash position variation related to operating activities for the first six months of 2018 and 2017 respectively totaled -€10,846K and -€2,481K, mainly due to operating losses in fiscal 2018 and 2017, but also to an increase in working capital requirements in the first half of 2018.

	6/30/2018	6/30/2017
Cash flows relating to operating activities	**(10,846.4)**	**(2,481.7)**
Cash flow after cost of debt and taxes	(6,617.1)	(3,970.0)
(+) Elimination of the net cost of financial debt	(12.1)	12.3
Cash flow before cost of debt and taxes	(6,629.2)	(3,957.6)
(-) Change in working capital requirements (net of depreciation for customer receivables and inventory)	(4,217.3)	1,475.9

Working capital requirements increased in the first half of 2018 due to:

- a decrease in accounts payable and related accounts in the amount of €409K; and
- a decrease in other liabilities in the amount of €1,092K;
- an increase in customer receivables in the amount of €1,282K;

- an increase in inventory in the amount of €1,126K.

In the future, the Company's working capital requirements should increase, even though the Company receives deposits every time it sells one of its solutions. This deposit represents 30% of the price and is paid within 30 days of receipt of the purchase order. However, payment risks are limited as the payments related to the stages referred to above are made by the Company's Strategic Partners.

10.2.2 Cash flows relating to investment activities

	12/31/2017	12/31/2016
Cash flows relating to investment activities	**(2,404.8)**	**(535.9)**
Acquisition of intangible assets	(128.8)	(132.9)
Disposal of tangible assets	0.0	40.0
Acquisition of tangible assets	(929.8)	(368.8)
Changes in suppliers of tangible assets	611.9	
Changes in other non-current financial assets	(1,958.2)	(74.2)

Cash burn related to tangible and intangible investment activities for the fiscal years ending on December 31, 2016 and December 31, 2017 respectively totaled €536K and €2,404.8K. In 2017, this mainly involved the financial assets related to the bank guarantee payable on first demand (*garantie à première demande*) provided to the lessor upon signing the lease for the premises in Ivry sur Seine (€1,758K).
The other investments mainly relate to office equipment and refurbishing of the premises but also to the production of prototypes, respectively totaling €316K and €232.2K.

	6/30/2018	6/30/2017
Cash flows relating to investment activities	**(637.9)**	**(366.0)**
Acquisition of intangible assets	(39.7)	(84.9)
Disposal of tangible assets	(306.0)	(241.5)
Acquisition of tangible assets	(286.3)	5.3
Changes in suppliers of tangible assets		
Changes in other non-current financial assets	(6.0)	(45.0)

Cash burn related to tangible and intangible investment activities for the first half years of 2018 and 2017 respectively totaled €638K and €366K. In 2018, this mainly involved refurbishing expenses related to the relocation of the head office to Ivry sur Seine.

10.2.3 Cash flows relating to financing activities

The Company has carried out a number of capital increases since it was founded (see Section 10.1.1 of the Registration Document), took out bank loans (see Section 10.1.2 "Loan financing" of the Registration

Document) and received advances and subsidies between 2010 and 2017 (see Section 10.1.3 "Repayable advances and subsidy financing" of the Registration Document).
Details on cash flows related to financing operations are provided below.

	12/31/2017	12/31/2016
Cash flows relating to financing activities	**41,574.6**	**5,104.2**
Capital increase net of increase costs	42,660.9	1,991.1
BSA issue	22.0	0.0
Exercise of BSPCE	105.9	
Receipt of conditional advances and subsidies	91.8	1,127.1
Receipt of new loans or convertible bonds	0.0	2,800.0
Net financial interest paid	1.6	(143.5)
Repayment of loans and conditional advances	(1,307.5)	(670.5)

Details on cash flows related to financing operations in the first six months of 2017 and 2018 are provided below.

	6/30/2018	6/30/2017
Cash flows relating to financing activities	**105.1**	**41,517.8**
Capital increase net of increase costs	318.0	42,660.9
Receipt of conditional advances and subsidies	0.0	91.8
Net financial interest paid	12.1	(12.3)
Repayment of loans and conditional advances	(225.0)	(1,222.5)

10.3 Loan conditions and financing structure

The information on financing related to the Company's activities is set out in Section 10.1 "Information on the Company's capital, liquid assets and sources of financing" of the Registration Document.

10.4 Potential restrictions on the use of capital

None.

10.5 Future financing sources for future investments

None.

11. RESEARCH AND DEVELOPMENT, PATENTS, LICENSES, TRADEMARKS AND DOMAIN NAMES

Balyo is a high tech company and the owner of three patents. Its goal is to innovate and provide high-end services that showcase French excellence and expertise. The Company has full ownership of a patent and does not share any intellectual property right related to its business (with the exception of rights that may result from a joint development with its Strategic Partners) (see Section 6.6.4 "Intellectual property" of the Registration Document).

11.1 Innovation policy

Thanks to its innovations in the field of mobile robotics, the Company is growing. The performance of its Research and Development is therefore determining. A significant portion of the Company's expenditure is allocated to research and development. This department employs 64 individuals out of a total payroll of 150 as at December 31, 2017.

The amount of research and development expenses, excluding the Research Tax Credits, recorded over the past two fiscal years is set out in the table below:

Years	Amount of research and development expenses
2017	€5,660K
2016	€2,413K

The patents, trademarks, domain names, software, databases and other intellectual property rights the Company owns represent a portion of its assets and property rights. The Company's intellectual property policy focuses on the protection of its patents, trademarks, domain names, software and databases.

The Company examines whether patent applications are required to protect certain technical processes on a case by case basis.

With regard to trademarks and domain names, the Company usually files applications in the country in which the domain name or trademark will be used.

Also, the Company attaches great importance to ensuring the contractual terms required are in place to protect its business secrets and know-how vis-à-vis its employees and any providers it may call upon. For this purpose, in the employment agreements signed by employees, the Company has included a clause stipulating that all software (and related documentation) and inventions created by an employee as part of his or her job, studies, or research or further to instructions provided by the Company, will become the exclusive property of the Company.

11.2 Balyo patents

11.2.1 Apparatus and method for determining reference elements of an environment

Functionality: Identification of structural elements

Application publication number and date: WO2013153415 – 10/17/2013

Filing number and date: PCT/IB2012001454 – 04/11/2012

Priority number and date: PCT/IB2012001454 – 04/11/2012

Also published as: EP2836853 (A1) / US2015062595 (A1) / US9448062 (B2) / CA2870275 (A1)

This patent protects a process to determine the reference elements of an environment. The process includes the following steps as a minimum: (a) providing a ceiling value and a floor value; (b) measuring, using a distance-measuring sensor, a set of environment point positions, each position comprising at least a first coordinate along a first direction and a second coordinate along a second direction non collinear with the first direction; (c) determining reference elements of the environment comprising the position of the set of environment point positions whose second coordinate is strictly smaller than the ceiling value and strictly higher than the floor value, and whose distance to the distance-measuring sensor, taken along the first direction, is the highest distance in a set of distances of environment points to the distance-measuring sensor, said distances being taken along the first direction.

11.2.2 Automated Guided Vehicles

Functionality: Certified truck

Application publication number and date: EP3219663 – 9/20/2017

Filing number and date: EP16161061.3 – 03/18/2016

Priority number and date: EP16161061.3 – 03/18/2016

Status: Under examination

Next steps: The research report has been received and is very positive about patentability. Rapid issuance is expected.

Also published as: US-2017-0269598 (A1) / CN 107199967 (A) / SG 10201702205X (A) / AU2017201671 (A)

This patent protects an automated guided vehicle that includes a load carrier structure with a fork, a propulsion system, a sensor to collect data on the position of objects located in a detection field and a computer.

The vehicle includes a reference element located in the sensor's field of detection, rigidly attached to a rigid chassis to which the sensor is also attached.

The sensor periodically acquires information on the control position indicating the position of the reference element. The computer periodically compares the control position information with the reference value saved in a memory.

11.2.3 Inspection process and system to implement this process on a storage site

Functionality: Drone positioning

Application publication number and date: EP3220227- 9/20/2017

Filing number and date: EP16161062.1 – 3/18/2016

Priority number and date: EP16161062.1 – 3/18/2016

Status: Under examination

Next steps: The research report has been received and is very positive about patentability. Rapid issuance is expected.

Also published as: US-2017-0269613 (A1) / CN107202571 (A) / AU2017201641 (A) / SG10201702186T (A)

This patent protects an inspection system for a storage warehouse, which includes an automated guided vehicle with a bi-dimensional positioning system and a drone equipped with a measurement sensor to collect measurement data.

The inspection system also includes a position control system to keep the drone above the automated guided vehicle in the vertical direction, an altitude sensor to reach a relative vertical distance between the drone and the automated guided vehicle, and a communication system to transmit the measurement data to a remote server.

The inspection system sends the remote server a series of tri-dimensional coordinates associated with the measurement data, which includes the horizontal coordinates as a function of the bi-dimensional position of the automated guided vehicle on the floor of the storage warehouse and a vertical coordinate as a function of the relative vertical distance of the drone in relation to the automated guided vehicle.

11.2.4 Mapping process and device for an automated vehicle

Functionality: Mapbox

Application publication number and date: Not published

Filing number and date: FR 18 50326 – 01/16/2018

Priority number and date: FR 18 50326 – 01/16/2018

Status: Under examination

Next steps: Pending the research report.

This patent protects a process and device to map a spatial environment for an automated vehicle, in which the spatial environment is roamed by another vehicle with an image capturing device and an acquisition sensor similar to the automated vehicle's spatial environment sensor. A signal from the acquisition sensor originating from the acquisition sensor and an image signal from the image capturing device are obtained simultaneously. During a processing stage, the spatial environment is mapped based on the acquisition sensor's signal and the image signal.

11.2.5 Positioning process and device for vehicles, and vehicles embedding such a device

Functionality: Low-cost positioning system for a robotic truck

Application publication number and date: Not published

Filing number and date: FR1856224 – 7/6/2018

Priority number and date: FR1856224 – 7/6/2018

Status: Under examination

Next steps: Pending the research report

This patent protects a process to position a vehicle in a spatial environment that has sources of light. The sources of light in the spatial environment are detected by a digital camera embedded in the vehicle, and the position of the vehicle in the spatial environment is determined by identifying the sources of light detected by the digital camera in a pre-existing map of the spatial environment.

11.3 Balyo's domain names

balyo	open-agv	openagv
balyo.be	open-agv.be	openagv.be
balyo.cat	open-agv.cc	openagv.cc
balyo.cc	open-agv.com	openagv.com
balyo.com	open-agv.es	openagv.net
balyo.de	open-agv.eu	openagv.org
balyo.eu	open-agv.fr	openagv.es
balyo.fr	open-agv.info	openagv.eu
balyo.cat	open-agv.net	openagv.fr
balyo.info	open-agv.org	openagv.info
balyo.me		
balyo.net		
balyo.org		
balyo.pro		

11.4 The Company's trademarks

The Company uses many trademarks in its activities, as described in the table below (source: INPI):

No.	Registrant	Trademark	Note	Country	Classes	Number	Filing date	Registration date	Status	Expiry
1.	**Company**	DRIVEN BY BALYO	Words	European Union	7, 12, 37, 39, 42	14648381	10/6/2015	10/6/2015	Opposition to the application	10/6/2025
2.	**Company**	BALYO	Words	European Union	7, 12, 37, 39, 42	14648307	10/6/2015	10/6/2015	Registered trademark	10/6/2025
3.	**Company**	BALYO	Semi-figurative	European Union	7, 12, 39	016440901	3/7/2017	3/7/2017	Registered trademark	3/7/2027
4.	**Company**	BaLyo	Semi-figurative	France	7, 12, 37, 39, 42	3560895	3/6/2008	3/6/2008	Registered trademark	3/6/2018
5.	**Company**	BaLyo moveBOX	Semi-figurative	France	7, 12, 37, 39, 42	4058103	1/2/2014	1/2/2014	Registered trademark	1/2/2024
6.	**Company**	XLAM	Semi-figurative	France	7, 12, 39	4021630	7/23/2013	7/23/2013	Registered trademark	7/23/2023
7.	**Company**	openAGV	Semi-figurative	France	7, 9, 12, 37, 39, 42	3937303	7/27/2012	7/27/2012	Registered trademark	7/27/2022
8.	**Company**	BaLyo comBOX	Semi-figurative	France	7, 12, 37, 39, 42	3931174	7/2/2012	7/2/2012	Registered trademark	7/2/2022

No.	Registrant	Trademark	Note	Country	Classes	Number	Filing date	Registration date	Status	Expiry
9.	**Company**	BaLyo cleanBOX	Semi-figurative	France	7, 12, 37, 39, 42	3924301	6/4/2012	6/4/2012	Registered trademark	6/4/2022
10.	**Company**	BaLyo pickBOX	Semi-figurative	France	7, 12, 37, 39, 42	3924310	6/4/2012	6/4/2012	Registered trademark	6/4/2022
11.	**Company**	BaLyo pullBOX	Semi-figurative	France	7, 12, 37, 39, 42	3924317	6/4/2012	6/4/2012	Registered trademark	6/4/2022
12.	**Company**	BaLyo moveBOX	Semi-figurative	France	7, 12, 37, 39, 42	3913393	4/16/2012	4/16/2012	Registered trademark	4/16/2022
13.	**Company**	BaLyo SIMPLEMENT AUTOMATIQUE	Semi-figurative	France	7, 12, 37, 39, 42	3913338	4/16/2012	4/16/2012	Registered trademark	4/16/2022
14.	**Company**	FLYBOX	Words	European Union	7, 12, 39	016440919	3/7/2017	3/7/2017	Registered trademark	3/7/2027
15	**Company**	MOVEBOX	Words	France	7, 12, 37, 39, 42	4058103	1/2/2014	1/2/2014	Registered trademark	1/2/2024
16	**Company**	Rmatic	Words	France	7, 12, 37, 39, 42	4125309	10/13/2014	10/13/2014	Registered trademark	10/13/2024

No.	Registrant	Trademark	Note	Country	Classes	Number	Filing date	Registration date	Status	Expiry
17	**Company**	Pmatic	Words	France	7, 12, 37, 39, 42	4125268	10/13/2014	10/13/2014	Registered trademark	10/13/2024
18	**Company**	Lmatic	Words	France	7, 12, 37, 39, 42	4125297	10/13/2014	10/13/2014	Registered trademark	10/13/2024

11.5 Disputes

Without prejudice to the information provided in the table presented in Section 11.4 "The Company's trademarks" of the Registration Document, on the date of registration of the Registration Document, the Company is not a party to any intellectual property dispute or litigation.

With regard to the "Driven by Balyo" trademark, the Company is of the opinion that this dispute is not significant as it has taken all possible measures to satisfy the claims of the company that has filed the opposition. On July 20, 2016, the Company took the initiative of immediately limiting the "Driven by Balyo" trademark to Class 12 products in order to exclude those that relate to passenger transport. On the date of registration of the Registration Document, the Company is awaiting the decision of the European Union Intellectual Property Office (EUIPO).

12. TRENDS

12.1 Recent trends since December 31, 2017

The Company had outstanding orders[3] in the amount of €23.0 million as at September 30, 2018 (including €8.4 million in new orders recorded in the first quarter of the fiscal year), an increase of more than 47% compared to the order portfolio as at September 30, 2017.

On September 27, 2018, the Company issued its half-year financial statements showing a net loss of €7.7 million for the first half of 2018.

On November 14, the Company announced the renewal of its partnership with Hyster-Yale for a period of 10 years.

12.2 Future prospects and objectives

The Company's objectives, as presented below, do not constitute forward-looking information resulting from a budget process, but are simple objectives based on the strategic choices described in Section 6.3 "Strategy", the Company's development plan and sector-based studies related to the industry in which the Company operates.

These objectives are based on data and assumptions the Company considers reasonable on the date of registration of the Registration Document. These data and assumptions may evolve or change in light of uncertainties related, in particular, to the regulatory, economic, financial, competitive, accounting and tax environment or to other factors of which the Company has no knowledge on the date of registration of the Registration Document. Furthermore, the materialization of certain risks described in Section 4 "Risk Factors" of the Registration Document could impact the Company's business, financial situation, earnings and prospects, and its capacity to achieve its objectives. The achievement of these objectives also presupposes that the Company's strategy, presented in Section 6.3. "Strategy" of the Registration Document, succeeds, as it can also be affected by the materialization of these same risks. The Company therefore cannot provide an undertaking or guarantee on the achievement of the objectives described in the Registration Document and does not undertake to publish or issue potential corrections or updates of this information.

The Company is of the opinion that the autonomous material handling robot market in which it operates offers major growth potential. The Company intends to rely on its competitive advantages (see Section 6.2 "Competitive advantages" of the Registration Document), and, by implementing the strategy presented in Section 6.3 "Strategy" of the Registration Document, aims at becoming a global leader by being capable of offering a comprehensive solution to allow its worldwide customers to automate all of their intralogistics flows. To achieve this objective, the Company intends to globalize and generalize its offering by (i) maintaining its technological leadership and adding to its offering, (ii) stepping up its commercial development, in particular by creating a strategic marketing unit, and (iii) adopting a targeted opportunity-

[3] I.e., receipt by one of the Strategic Partners or by the Company itself of a firm order for a product equipped with the Balyo solution.

based acquisition policy to accelerate the creation of teams, extend the range and/or expand its portfolio of customers.

To this end, the Company has set operational and financial objectives for the current fiscal year (2018) and the medium term (2022) (see Section 6.1 "General presentation" of the Registration Document).

12.2.1 The Company's medium-term objectives

The Company expects a significant increase in its gross margin over the next years, generated by an increase in volumes, which will allow for the optimization of the cost of components and a progressive decrease in the labor time required for assembly and installation. The transfer of assembly operations to the partners will also boost this trend as the cost of the basic trucks will not be included in the Company's income statement. However, this improvement will be progressive.

With regard to 2018, the Company anticipates an operating loss similar to the one recorded in 2017; the difficulties and problems encountered in the first half-year will be resolved over time although it will impact the operating margin for the current year.

12.2.2 2022 objectives

To determine its medium-term goals, the Company has relied on sector-specific studies to establish its operational and financial objectives. On the basis of these studies, the Company has adopted the following objectives to be achieved by 2022:

- a 20% market share of the global autonomous material handling robot market (equivalent to the combined market share of the two industrial partners), based on an assumed rate of robotization of the worldwide fleet of electric material handling trucks in the range of 3%;
- sales revenue in excess of €200 million, with an average sales price for material handling robots (including the sale of equipment and the embedded software) of approximately €45K. The Company notes that, at this stage, no price erosion exists.

12.2.3 Long-term objectives

Furthermore, the Company is of the opinion that its business model should allow for the achievement over time of the following allocation of its sales revenue and profitability:

- 70% of revenue from the sale of autonomous material handling robots (sale of equipment and the embedded technology) and 30% from revenue resulting from sale and provision of services and maintenance;
- an operating margin (operating income, excluding non-recurring expenses, to sales ratio) in the range of 20%.

Note that in fiscal 2017, and although the sales revenue recorded was higher than the figure initially provided (€16.4K million versus €15 million), the Company's operating margin was negative, in the range of -65% (for an amount of -€10.6 million).

These objectives, however, in no way constitute an undertaking by the Company, nor forward-looking data or earnings forecasts within the meaning of Regulation (EC) 809/2004, as amended, and ESMA recommendations related to forecasts in light of the uncertainties and risks factors that may materialize over the period, as described in the preamble to the present paragraph.

13. PROFIT PROJECTIONS OR ESTIMATES

None.

14. ADMINISTRATIVE, EXECUTIVE AND OVERSIGHT BODIES, AND SENIOR MANAGEMENT

On the date of registration of the Registration Document, the Company is a French public limited company (*société anonyme*).

The Company's *modus operandi* is described in the bylaws and in Section 16 "Functioning of the Administrative and Executive Bodies" of the Registration Document.

Fabien Bardinet is the Chairman of the Company's Board of Directors, as well as the Company's Chief Executive Officer.

14.1 Composition of the administrative and executive bodies

14.1.1 Board of Directors

14.1.1.1 Composition of the Board of Directors

Fabien Bardinet was appointed director of Balyo at the Combined General Meeting of July 22, 2013 for a period of six years, i.e., up until the general meeting called to approved the financial statements for the fiscal year ending on December 31, 2018. Mr. Bardinet became chairman of the Board of Directors on April 24, 2017 when Raul Bravo resigned.

Seventure Partners, represented by Sébastien Groyer, was appointed director of Company at the Ordinary General Meeting of June 21, 2016 for a period of six years, i.e., up until the annual ordinary general meeting called to approve the financial statements for the fiscal year ending on December 31, 2021.

Bpifrance Investissement, represented by Xavier Deleplace, and Linde Material Handling, represented by Christophe Lautray, were appointed directors of Company at the Combined General Meeting of February 27, 2015 for a period of six years, i.e., up until the annual ordinary general meeting called to approve the financial statements for the fiscal year ending on December 31, 2020.

At the General Meeting held on April 24, 2017, the following were appointed Independent Directors, subject to the successful IPO on the Euronext Paris market, for a period of four years, i.e., up until the end of the annual ordinary general meeting called to approve the financial statements for the fiscal year ending on December 31, 2020:

- Corinne Jouanny;
- Bénédicte Huot de Luze.

At the same General Meeting, Thomas Duval, co-founder of the Company, was also appointed director of Balyo for a period of four years, which will end at the General Meeting called to approve the financial statements for the year ending on December 31, 2020, as a replacement for Raul Bravo, also a co-founder and Chairman of the Board of Directors since Balyo was created.

On June 12, 2017, the Board of Directors took note of the resignation of Thomas Duval and coopted Hyster-Yale Group, represented by Suzan Taylor, as a director for the remaining period of Mr. Duval’s term, i.e., up until the end of the annual ordinary general meeting called to approve the financial statements for the fiscal year ending on December 31, 2020. This coopting was ratified at the annual ordinary general meeting of the Company held on May 24, 2018.

On the date of this report, the Directors are as follows:

- Fabien Bardinet, Director, Chairman of the Board of Directors and Chief Executive Officer (47 years old, a French citizen);
- Corinne Jouanny, Independent Director (52 years old, a French citizen);
- Bénédicte Huot de Luze, Independent Director (47 years old, a French citizen);
- Seventure Partners, represented by Sébastien Groyer, Director (38 years old, a French citizen);
- Bpifrance Participations, represented by Xavier Deleplace, Director (41 years old, a French citizen);
- Linde Material Handling, represented by Christophe Lautray, Director (56 years old, a French citizen);
- Hyster-Yale Group, represented by Suzan Taylor, Director (55 years old, a US citizen).

Name	**Principal position and mandate in the Company**	**Nationality**	**Date of the initial appointment or latest renewal of the term of office**	**End of the term of office**
Fabien Bardinet	Director Chairman of the Board of Directors and Chief Executive Officer	French	Combined general meeting of July 22, 2013	Ordinary general meeting called to approve the financial statements for the fiscal year ending on December 31, 2018
Seventure Partners, represented by Sébastien Groyer	Director	French	Ordinary general meeting of June 21, 2016	Ordinary general meeting called to approve the financial statements for the fiscal year ending on December 31, 2021
Bpifrance Investissement, represented by Xavier Deleplace	Director	French	Combined general meeting of February 27, 2015	Ordinary general meeting called to approve the financial statements for the fiscal year ending on December 31, 2020
Linde Material Handling, represented by Christophe Lautray	Director	French	Combined general meeting of	Ordinary general meeting called to approve the financial statements for the fiscal year ending on December 31, 2020

			February 27, 2015	
Hyster-Yale UK Ltd, represented by Suzan Taylor	Director	American	Combined general meeting of May 24, 2018 called to approve the Operation	Ordinary general meeting called to approve the financial statements for the fiscal year ending on December 31, 2020
Corinne Jouanny	Independent Director	French	Combined general meeting of April 24, 2017 called to approve the Operation	Ordinary general meeting called to approve the financial statements for the fiscal year ending on December 31, 2020
Bénédicte Huot de Luze	Independent Director	French	Combined general meeting of April 24, 2017 called to approve the Operation	Ordinary general meeting called to approve the financial statements for the fiscal year ending on December 31, 2020

All of the directors have chosen the Company's head office as their address for service: 3, rue Paul Mazy 94200 Ivry sur Seine.

14.1.1.2 Independence of Board members

The term of office of the directors has been reduced for new and future terms from six to four years as part of the Company’s IPO on the Euronext regulated market in Paris. This term complies with the Ninth Recommendation of the Middlenext Code (updated in September 2016).

The Third Recommendation of the Middlenext Code recommends having at least two (2) independent directors on the Board of Directors. In this regard, it should be noted that five (5) criteria underly the independence of Board members under the Middlenext Code, characterized by the absence of any significant financial, contractual or family tie that may alter the member’s independence of judgment:

- they must not be a salaried employee or corporate officer of the Company or of a company in its group, and must not have held such a position within the last five years;
- they must not have a significant business relationship with the Company or its group (a customer, supplier, competitor, provider, creditor, banker, etc.) or have had such a relationship within the last two years;

- they must not be a reference shareholder of the Company or hold a significant percentage of the voting rights;
- they must not have a close family or other tie to a corporate officer or reference shareholder;
- they must not have been a statutory auditor for the Company over the last six years.

With regard to these criteria and the criteria adopted in the Rules of Procedure for the Board of Directors (which state that, "A Director is considered independent when said Director has no significant financial, contractual or family tie (except as a non-significant shareholder) with the Company, its group or its management, which may affect his or her independence of judgment"), the Board of Directors is of the opinion that two of its directors, Corinne Jouanny and Bénédicte Huot de Luze, are independent directors.

The main qualities expected of a director are corporate experience, personal commitment to the work of the Board and within the various Committees of which the director is a member, an understanding of the economic and financial world, an ability to work in a group and respect for the opinions of others, courage to take a position that may potentially be a minority position, a sense of responsibility vis-à-vis shareholders and other stakeholders, and integrity.

14.1.1.3 Equal gender representation within the Board

In accordance with Article L. 225-18-1 of the Commercial Code (pursuant to the Law of January 27, 2011 related to the balanced representation of men and women on boards of directors and supervisory boards and on gender equality in the workplace), at the end of the first general meeting held as of January 1, 2017, the proportion of directors of each gender may not be less than 40% in companies whose shares are admitted for trading on a regulated market.

Further to the IPO, the balanced representation of women and men on the Board of Directors has been complied with, as three women joined the Company's Board of Directors (out of its seven members, i.e., 43%).

14.1.1.4 Other terms of corporate office The table below presents the terms of corporate office of the members of the Board of Directors outside of the Company over the past five years:

Name	Other terms of corporate office Currently held		Terms of corporate office over the past five fiscal years, having ended on this date
	Company	Title	
Fabien BARDINET	ASTROLABE CONSULTING SAS LABRETE ACCUEIL SAS	Chairman Chairman	
Corinne JOUANNY	ALTRAN LAB FONDATION ALTRAN POUR L'INNOVATION	MD Member of the Board of Directors	
Bénédicte LUZE	ARBEVHIO SARL	General Manager	
SEVENTURE PARTNER **Sébastien GROYER (the permanent representative of SEVENTURE PARTNER)**	SKINJAY** DOMAIN THERAPEUTICS** ELIGO BIOSCIENCE** GLOBAL BIOENERGIES**	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors	NANOBIOTIX LUCANE PHARMA PROVICIEL (MLSTATE)
BPI France **Xavier DELEPLACE (the permanent representative of BPI FRANCE)**	AVENCALL COLIBRI SAS COMPARIO GEOLID LINK CARE SERVICES NEOTYS RECOMMERCE SOLUTIONS FJORD TECHNOLOGIES**** ARTEFFECT	Member of the Strategic Committee Strategic Committee advisor Board of Directors advisor Strategic Committee advisor Board of Directors advisor Oversight Committee observer Supervisory Board advisor Supervisory Board advisor Member of the Strategic Committee	
LINDE MATERIAL HANDLING **Christophe LAUTRAY (the permanent representative of LINDE MATERIAL HANDLING)**	BARTHELEMY MANUTENTION SAS BASTIDE MANUTENTION SAS BRETAGNE MANUTENTION S.A. FENWICK-LINDE SAS KION NORTH AMERICA CORP. LINDE MAGYARORSZÁG ANYAGMOZGATÁSI KFT. LINDE MATERIAL HANDLING BATTERY RENTAL SERVICES GMBH LINDE MATERIAL HANDLING (UK) LTD. LINDE MATERIAL HANDLING CESKÁ REPUBLIKA S R.O. LINDE MATERIAL HANDLING GMBH LINDE MATERIAL HANDLING IBÉRICA, S.A.U. LINDE MATERIAL HANDLING ITALIA S.P.A. LINDE MATERIAL HANDLING POLSKA SP. Z O.O. LINDE MATERIAL HANDLING SCHWEIZ AG LINDE HEAVY TRUCK DIVISION LTD LOIRE OCEAN MANUTENTION SAS MANUCHAR S.A. SM RENTAL SAS SUPRALIFT BETEILIGUNGS- UND KOMMUNIKATIONSGESELLSCHAFT MBH SUPRALIFT GMBH & CO. KG	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Chairman of the Advisory Committee Member of the Board of Directors Member of the Supervisory Board Chairman Member of the Board of Directors Member of the Supervisory Board Director Chairman of the Board of Directors Chairman of the Board of Directors Member of the Supervisory Board Chairman of the Board of Directors Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Chairman Member of the Advisory Committee Chairman of the Advisory Committee	EGEMIN GROUP NV KION WAREHOUSE SYSTEMS GMBH LINDE HEAVY TRUCK DIVISION LTD. LINDE HIGH LIFT CHILE S.A. LINDE MATERIAL HANDLING ASIA PACIFIC PTE. LTD.
HYSTER-YALE GROUP **Suzan TAYLOR (the permanent representative of HYSTER-YALE GROUP)**	Auramo OY Bolzoni (Hebei) Forks Manufacturing Co., Ltd. Bolzoni Auramo (Pty) Ltd Bolzoni Auramo AB Bolzoni Auramo BV Bolzoni Auramo Canada Ltd Bolzoni Auramo Inc. Bolzoni Auramo S.L. Bolzoni Auramo Zoo Bolzoni Holding Bolzoni Italia S.r.l. Bolzoni Ltd Bolzoni SARL Bolzoni-Auramo (WUXI) Forklift Truck Attachment Co., Ltd. Hyster Overseas Capital Corporation, LLC Hyster-Yale Acquisition Holding Limited Hyster-Yale Asia-Pacific Pty Ltd Hyster-Yale Australia Holding Pty. Ltd. Hyster-Yale Canada ULC Hyster-Yale Group Limited Hyster-Yale Italia SpA Hyster-Yale Mexico, S.A. de C.V. Hyster-Yale UK Limited LLC "Hans H. Meyer OOO" NMHG Distribution Pty. Limited Nuvera Fuel Cells Europe SrL Yale Materials Handling (UK) Limited	Director Director Director Chairman Director Director Director Director Director Director Director Director Chairman Director Manager Director Director Director Director Director Director Director Director Director Director Director Director	

14.1.1.5 Director biographies

Fabien Bardinet (46 years old) – **Director, Chairman of the Board of Directors and Chief Executive Officer and Company shareholder.** Fabien Bardinet graduated from *Escem* in Tours (1995) and started his career in audits at the S&W Associés firm as a Junior Auditor. In 1996, he joined the Cora Group in Hungary as Deputy Administrative and Financial Director, before moving to international management in the Sofinco Group, where he focused on business development in Hungary, Greece, Morocco and the Netherlands from 1997 to 2006. During the ensuing seven years, he was the Deputy Chief Executive Officer for Aldebaran Robotics. In 2013, Fabien Bardinet was appointed Chief Executive Officer of Balyo. In 2017, he was appointed Chairman of the Company's Board of Directors after Raul Bravo Orellana resigned as director.

Sébastien Groyer (38 years old) – **Representative of Seventure Partners, a director and Company shareholder.** He graduated from the *Université de Technologie de Compiègne* with a degree in biotech engineering and has a PhD in philosophy from *Universite Paris 1 Panthéon-Sorbonne*. From 2002 to 2008, Sébastien Groyer worked at CDC Entreprises (now Bpifrance). In 2008, he joined Masseran Gestion (Caisses d'Epargne Group) as Investment Director. He has been a partner at Seventure Partners since 2012.

Xavier Deleplace (41 years old) – **Representative of Bpifrance Investissement, a director and Company shareholder.** He is a graduate from the Production-Materials Development section of ENSEEG and holds a higher degree in corporate management (DESS CAAE) from the *Ecole Supérieure des Affaires* of Grenoble. In 2000, he started his career at Odyssée Venture as an Investment Manager. From 2006 to 2011, Xavier Deleplace was Investment Manager at Bouygues Telecom Initiatives. Since 2011, he has been the Senior Investment Manager at Bpifrance Investissement - Fonds Ambition Numérique.

Christophe Lautray (56 years old) – **Representative of Linde Material Handling, a director and Company shareholder**. He has degrees from ESSEC Business School (1984), the *Executive Education Program* (1997) and the *Global Leadership Development Circle* (2004) (INSEAD). Christophe Lautray joined Fenwick-Linde in 1991 where he was a Network Director from 1994 to 1998, then Branch Director from 1998 to 1999. He was then appointed Commercial Director and, finally, Chief Executive Officer. Christophe Lautray is currently the Chairman of the European Materials Handling Federation and Chief Executive Officer of Linde Material Handling.

Suzan Schulze Taylor (55 years old) – Representative of Hyster-Yale UK Limited, has been Senior Vice-President and General Secretary of Hyster-Yale Materials Handling, Inc. and Hyster-Yale Group, Inc. since May 2016. Before joining the materials handling group in late 2008, Mrs. Taylor worked for SourceOne Healthcare Technologies Inc. between 2004 and 2005, Platinum Equity, LLC. between 2006 and 2007, and Keithley Instruments Inc. between 2007 and 2008. She previously worked at the Jones, Day law firm as a Corporate Associate specialized in mergers and acquisitions. Mrs. Taylor received a Bachelor of Arts from Williams College in Psychology and a Juris Doctor, *magna cum laude*, from Boston University School of Law.

Corinne Jouanny (52 years years old) – **Independent Director** – is the Innovation Director at Altran. Corinne Jouanny has a PhD in Material Sciences from the *Ecole des Mines* of Paris, and started her career at Altran in 1993. After having led R&D management projects for many years for a broad range of Altran customers, in 2004, she co-founded the Altran Pr[i]me brand, specialized in innovation management, which she still heads today. In November 2014, Corinne Jouanny was appointed Managing Director of Altran Lab, Altran's entity fully dedicated to innovation in France. She is also a member of the Board of Directors of the *Fondation Altran pour l'innovation*.

Bénédicte Huot de Luze (47 years old) – **Independent Director** – is the Delegate General of the *Association pour le management des risques et des assurances de l'entreprise* (Amrae). A chartered accountant and graduate of the Associate in Risk Management program, she created the internal audit and risk management department at KPMG Advisory. Responsible for the Amrae's training division, she participates in the IFA-Sciences Po directors' certification program. She is responsible for the content and conferences of the association, and continues to manage these conferences in collaboration with Amrae's renewed Scientific Committee. Since 2009, she has been the Scientific Director of Amrae.

14.1.2 Chairman and Chief Executive Officer

The Board of Directors meeting held on April 24, 2017 decided to combine the roles of Chairman of the Board and Chief Executive Officer.

Fabien Bardinet is the Chairman and Chief Executive Officer of the Company. In accordance with his management agreement, Fabien Bardinet was appointed Chief Executive Officer by a resolution of the Board of Directors on August 28, 2013 for a period of 36 months. His term of office was renewed for the same period by a new resolution of the Board of Directors dated June 21, 2016. It will expire at the ordinary general meeting called to approve the financial statements for the fiscal year ending on December 31, 2018. He was appointed Chairman of the Company's Board of Directors at the Board of Directors meeting held on April 24, 2017 further to the resignation of Raul Bravo Orellana as Director for the remaining period of Mr. Orellana's term, i.e., until the end of the General Meeting called to approve the financial statements for the fiscal year ending on December 31, 2018.

The Chairman and Chief Executive Officer is vested with the most extensive powers to act in the name of the Company at all times. He exercises these powers within the limits of the corporate object and subject to the powers expressly conferred by law on general meetings and the Board of Directors. He represents the Company in relations with third parties.

The Chairman and Chief Executive Officer represents the Board of Directors and, save in exceptional circumstances, is the only individual authorized to act and speak on behalf of the Board of Directors.

He organizes and oversees the work of the Board of Directors and ensures the Company's decision-making bodies work efficiently and in accordance with good governance principles. He coordinates the work of the Board of Directors and that of the committees.

He ensures that the directors receive in a timely fashion and in a clear and appropriate form the information required to fulfill their obligations.

The Chairman and Chief Executive Officer liaises with the Board of Directors and the Company's shareholders. He monitors the quality of the financial information released by the Company. At regular intervals, he reports on the financial performance of the Company and its prospects to the shareholders and the financial community. At each meeting of the Board of Directors, he reports on the significant events that took place regarding the Company.

He may meet with the statutory auditors to prepare the work of the Board of Directors and the Audit Committee.

In accordance with the Company's bylaws, the Board of Directors may also appoint a Vice-Chairman among its members, if it feels it is appropriate, responsible only for chairing the meetings of the Board of Directors and General Meetings if the Chairman is unavailable. On the date of this report, no Vice-Chairman has been appointed by the Board of Directors.

14.1.3 Deputy Chief Executive Officers

Further to a proposal by the Chief Executive Officer, the Board of Directors may appoint one or more Deputy Chief Executive Officers who may or may not be members of the Board. No more than five Deputy Chief Executive Officers may be appointed.

Deputy Chief Executive Officers must be individuals (and not legal entities) and may not be older than 65. When they turn 65, they are deemed to have automatically resigned.

Deputy Chief Executive Officers may be dismissed at any time by the Board of Directors, acting on the proposal of the Chief Executive Officer.

On the date of registration of the Registration Document, no Deputy Chief Executive Officer has been appointed within the Company.

14.1.4 Advisors

The ordinary general meeting may appoint advisors further to a proposal from the Board of Directors.

The Board of Directors may also appoint advisors, subject to ratification at the next general meeting. No more than three advisors may be appointed, and they sit on the Advisory Board. They are freely selected in accordance with their expertise. They are appointed for a term of four years, which ends at the end of the general meeting called to approve the financial statements for the prior year.

The Advisory Board examines issues that the Board of Directors submits for its examination and opinion. The advisors attend Board of Directors meetings but only in an advisory capacity. They are convened to the Board of Directors meetings under the same conditions as directors.

On the date of this report, no Advisor has been appointed by the General Meeting or the Board of Directors.

14.1.5 Conditions surrounding the preparation of the Board of Directors' work

On July 11, 2017, the Board of Directors adopted Rules of Procedure ("Rules of Procedure"), the objective of which is to define the rules governing the modus operandi and organization of the Board of Directors. The Rules of Procedure were amended at the Board of Directors meeting held on December 28, 2017 to take the right to disqualify (*droit de récusation*) into account.

The Chairman and Chief Executive Officer organizes and directs the work of the Board of Directors, ensures that the directors are able to fulfill their mandate, and, in particular, ensures they have the information and documents required to fulfill their tasks, and that representatives of the employees are lawfully convened and have the information and documents required to fulfill their mandate.

In the framework of the Company's IPO on the Euronext regulated market in Paris, at the meeting of April 24, 2017, the Board of Directors created two committees, the role of which is to assist it with certain specific missions:

14.1.6 Nomination and Compensation Committee:

The main remit of this committee is to provide the Chairman with recommendations on compensation, the retirement and benefits scheme, benefits in kind and other financial entitlements, including, if applicable, allocation of founders' share warrants, stock options or free shares of the Company to the Chairman, Chief Executive Officer and potential members of the Board of Directors who are employees, and to recommend the general policy governing the allocation of stock options or free allocation of Company shares.

The Nomination and Compensation Committee meets at least twice per year according to a schedule established by its Chairman, to discuss an agenda prepared by its Chairman and sent to the members of the Nomination and Compensation Committee. It also meets at the request of its Chairman, the Board of Directors or two of its members.

If the Chairman of the Company's Board of Directors is not a member of the committee, he may be invited to attend the committee meetings. In this case, the committee invites him to present his proposals. He does not have a vote and does not attend deliberations related to his own situation.

The Nomination and Compensation Committee may ask the Chairman of the Board of Directors for the assistance of any senior manager of the Company whose expertise could facilitate the examination of an agenda item. The Chairman of the Nomination and Compensation Committee or the meeting chairman draws the attention of any individual who participates in the deliberations to the confidentiality obligations incumbent on said individual.

At the meeting held on April 24, 2017, the Board of Directors approved the composition of the Compensation Committee as follows:

- Corinne Jouanny, member and Chair of the Compensation Committee,
- Bpifrance, represented by Xavier Deleplace, member of the Compensation Committee,
- Linde Material Handling, represented by Christophe Lautray, member of the Compensation Committee.

In 2017, the Compensation Committee met once.

At this Committee meeting, the reorganization of the Company was discussed, as well as the appointment of a Deputy Chief Executive Officer and his or her compensation. The Compensation Committee also submitted a proposal to the Board of Directors regarding the compensation of Independent Directors.

14.1.7 Audit Committee:

The Company relied on the working group report on audit committees (AMF working group report on audit committees - July 2010) to structure its audit committee. The Audit Committee meets as often as necessary and at least twice per year when the annual and six-month financial statements are prepared, with the Company's statutory auditors if the committee's Chairman considers it necessary, according to a schedule established by its Chairman. The meetings are held before the meeting of the Board of Directors and, if possible, at least two days before said meeting when the Audit Committee's agenda includes an examination of the six-month and annual financial statements, before they are reviewed by the Board of Directors.

The Audit Committee may validly deliberate either at a meeting or by telephone or videoconference, under the same conditions as the Board of Directors, once it has been convened by its Chairman or Secretary, subject to at least half of its members participating in its work.

The Audit Committee makes recommendations by informing the Board of Directors of the number of favorable opinions expressed in relation to the resolutions that the Board of Directors must pass.

The Audit Committee may ask the Chairman of the Board of Directors for the assistance of any senior manager of the Company whose expertise could facilitate the examination of an agenda item. The Chairman of the Audit Committee or the meeting chairman draws the attention of any individual who participates in the deliberations to the confidentiality obligations incumbent on said individual.

Since it was created, the Audit Committee has met twice per year, the first time when the six-month financial statements were prepared for 2017, and the second, for the preparation of the 2017 annual financial statements.

At the meeting held on April 24, 2017, the Board of Directors approved the composition of the Audit Committee as follows:

- Bénédicte Huot de Luze, member and Chair of the Audit Committee,
- Seventure Partners, represented by Sébastien Groyer, member of the Audit Committee.

The work of the Committees has provided an overview of the Company's activities and financial, legal, commercial and employment perspectives. Furthermore, the coordination of the various participants favored communication between the Company's different operational managers. Thanks to this communication, opinions and points of view were positively exchanged, highlighting certain specific issues for which actions plans have been initiated.

14.1.8 Conditions surrounding the organization of the Board's work

14.1.8.1 Organization

The workings of the Board are governed by the terms of the Rules of Procedure adopted by the Board of Directors on July 11, 2017 in accordance with the Seventh Recommendation of the code of reference. They were amended once since this date to take into account the right to disqualify (*droit de récusation*).

In addition to the mandatory Board meetings (review of the annual and half-year financial statements), meetings are held based on business requirements.

The Board of Directors meets at least four times per year and every time circumstances so require.

In 2017, the Board of Directors met eight times. This number, which is relatively high compared to the prior year, results from the IPO completed in the first six months of the year.

In fiscal 2017, the Board met on:

- March 13, 2017;
- April 24, 2017;
- May 19, 2017;
- June 8, 2017;
- June 12, 2017;
- July 11, 2017;
- September 28, 2017;
- December 28, 2017.

In addition, the Chairman took decisions as authorized further to a delegation of the Board of Directors on:

- June 15, 2017;
- October 12, 2018.

The rate of attendance of the directors at meetings in 2017 was 100%.

The main topics discussed at the meetings this year were the planned IPO, as well as strategic, commercial and research and development matters.

14.1.8.2 Board meetings

The Board of Directors meets as often as the interests of the Company require and when convened by the Chairman or by a third of its members either at the registered office or in any other location in France or abroad. The Board of Directors meets at least once per quarter on the initiative of its Chairman.

According to the terms of Article L. 823-17 of the Commercial Code, the Statutory Auditors are convened to all of the meetings of the Board of Directors held to examine or approve the annual or interim financial statements.

Since 2016, the Company has had employee representatives who are invited to participate in the Board of Directors' deliberations.

14.1.8.3 Meeting minutes

The Chairman and Chief Executive Officer draws up the minutes and submits them for approval at the next Board meeting. He inserts them into the minute book once they have been signed by the Chairman and one director.

In 2017, the Board took a certain number of decisions, in particular related to the IPO, the review of the financial statements, the approval of the budget and the examination of conclusions from the work of the Committees.

It submitted the corporate accounts and consolidated financial statements for the fiscal year ending on December 31, 2017 to the General Meeting of Shareholders for its approval.

14.1.8.4 Communication of information to directors

Every director receives all of the documents and information required so that they may fulfill their mandate.

14.1.8.5 Directors' fees

In 2017, the Board of Directors distributed €17,000 in directors' fees to the independent members of the Board of Directors; this is their only remuneration. The allocation was made as a fixed sum and decided at the meeting of the Board of Directors held on December 28, 2017. The breakdown is as follows:

- Corinne Jouanny, €8,500;
- Bénédicte Huot de Luze, €8,500.

The Chairman of the Board of Directors did not receive a directors' fee in fiscal 2017.

A summary table on directors' fees (and other compensation) received by non-executive directors is set out in Table 3 of Section 15.1.4 of this Registration Document in accordance with the Middlenext Code recommendations.

14.1.8.6 Stock warrants (BSA - bons de souscription *d'action*)

On October 12, 2017, the independent directors were offered an opportunity to subscribe to 10,000 BSA each at the subscription price of €1.10 per BSA (this price was set by an independent expert) by the Chairman and Chief Executive Officer as delegated by the Board of Directors. Each BSA allows for subscription to one ordinary share at the price of €6.36 per share for a period of three years, i.e., by October 12, 2020 at the latest.

14.1.9 Limitation to the authority of the Chairman and Chief Executive Officer

In accordance with the law, the Chairman of the Board of Directors or any other individual appointed by the Board of Directors as the Chief Executive Officer is responsible for the general management of the Company. At Balyo, the Chairman and Chief Executive Officer is responsible for general management (also see Paragraph 2 above).

The Chairman and Chief Executive Officer is vested with the most extensive powers to act in the name of the Company in all circumstances, with specific limitations described in the Rules of Procedure of the Board of Directors as amended on December 28, 2017. The Rules of Procedure of the Board of Directors in fact provide that the Chairman and Chief Executive officer may not take or implement certain decisions without the prior approval of the Board of Directors; for example, a modification to the group's main business, a change in the Company's share capital, any operation regarding a restructuring or external growth of the group, the hiring of executives and the convening of general meetings of shareholders.

Furthermore, he exercises these powers within the limits of the corporate object and subject to the powers expressly conferred by law on Shareholders Meetings and the Board of Directors.

It is to be noted that the Company is bound by the acts of the Chairman and Chief Executive Officer even when said acts do not fall within the corporate object, unless it can prove that the third party was aware that the act exceeded this object or could not have been unaware thereof in light of the circumstances, and that the above-mentioned limitations cannot be enforced against third parties.

14.1.10 Terms regarding the participation of shareholders in General Meetings

The terms regarding the participation of shareholders in General Meetings are provided in Section V of the Company's bylaws, more particularly in Articles 21 to 29, it being noted that the statutory provisions that govern the rights of shareholders are provided in Article 13 of said bylaws.

The terms governing the admission and representation of shareholders at general meetings comply with Order No. 2010-1511 of December 9, 2010 regarding the terms of representation of shareholders at general meetings since the statutory amendments adopted by the combined general meeting held on May 9, 2012.

14.1.11 Declarations related to the members of the Board of Directors

To the Company's knowledge, on the date of registration of the Registration Document, there were no family ties between the members of the Board of Directors, the Chairman and the Chief Executive Officer of the Company.

Over the past five years, to the Company's knowledge: (i) none of the persons referred to above was convicted of fraud, (ii) none of the persons referred to above was associated with a bankruptcy, sequestration or liquidation, (iii) no incrimination and/or official public sanction had been made against any of the persons referred to above by the legal or regulatory authorities (including designated professional bodies), and (iv) none of the persons referred to above was prohibited by a court from acting as a member of an administrative, executive or supervisory body of an issuer, or from being involved in the management or business affairs of an issuer.

14.1.12 Conflicts of interest in administrative, executive and oversight bodies, and senior management

Certain members of the Board of Directors are direct or indirect shareholders of the Company and/or hold securities that give access to the Company's capital (see Section 17.2 "Shareholdings and stock options of key persons and other executives and employees" of the Registration Document) or are partners of the Company. In order to resolve potential conflicts of interest within the Board of Directors, rules of procedure took effect on the date the Company's shares were admitted to trading for the first time on the Euronext regulated market in Paris and remind the directors of their duties if a conflict of interest arises (declaration to the Board of Directors and, in particular, abstention). Additionally, these rules of procedure state that, first, directors must inform the Board of Directors of any conflict of interest – even a potential conflict of interest – with the Company and, second, in the event of a conflict of interest, the director in question is excluded from deliberations and must abstain from voting on the related resolution.

To the Company's knowledge, with the exception of the information described in Section 16.2 "Information on service agreements binding members of the administrative or executive bodies of (i) the Company, (ii) any of its subsidiaries, or (iii) one of its shareholders" of the Registration Document, and on the date of registration of the Registration Document, no potential conflict of interest exists between the duties of the members of the Company's Board of Directors and their private interests.

On the date of registration of the Registration Document, to the Company's knowledge, no agreement of any kind exists with shareholders, customers, suppliers or other parties by virtue of which a member of the Board of Directors was appointed a Director.

On the date of registration of the Registration Document, to the Company's knowledge, no restriction accepted by the members of the Company's Board of Directors exists related to the sale of their holdings in the Company's share capital, with the exception of the rules related to the prevention of insider trading.

14.1.13 Company shares held by members of the administrative or executive bodies

On the date of registration of the Registration Document, holdings of Company shares by members of the Company's administrative or executive bodies are described in Section 18 "Principal Shareholders" of the Registration Document.

15. COMPENSATION AND BENEFITS

15.1 Compensation of corporate officers for the fiscal years ending on December 31, 2017 and December 31, 2016

The tables set out below present the compensation and benefits of any kind due and/or paid to corporate officers for the fiscal years ending on December 31, 2017 and December 31, 2016 by (i) the Company, (ii) the companies controlled, within the meaning of Article L. 233-16 of the Commercial Code, by the company in which their mandate is exercised, (iii) the companies controlled, within the meaning of Article L. 233-16 of the Commercial Code, by the company or companies that control the company in which the mandate is exercised, and (iv) the company or companies that control, within the meaning of the same article, the company in which the mandate is exercised. As the Company belongs to a Group on the date of registration of the Registration Document, the information relates to sums paid by all of the companies in the chain of control, whether or not this compensation relates to the mandate exercised in the Company.

Raul Bravo Orellana resigned as a director, and therefore as the Chairman of the Company's Board of Directors, on April 24, 2017. Thomas Duval resigned as Deputy Chief Executive Officer of the Company on April 24, 2017, the date on which he was appointed to the Company's Board of Directors.

Tables 1, 2, 8 and 11 of AMF Recommendation No. 2014-14 related to information to disclose in registration documents on the compensation of corporate officers are presented below.

Tables 3, 4, 5, 6, 7, 9 and 10 of AMF Recommendation No. 2014-14 are not applicable and are therefore not included in the Registration Document.

The information below has been prepared by referring to the Corporate Governance Code for Midcaps, as published in September 2016 by Middlenext, and approved by the AMF as the code of reference.

15.1.1 Summary of compensation paid to executive directors

Table 1 below presents the summary of compensation and stock options and shares granted to executive directors for the fiscal years ending on December 31, 2017 and December 31, 2016.

Table 1 – Summary table of compensation and stock options and shares granted to executive directors

(in euros)	**Fiscal 2017**	**Fiscal 2016**
Raul Bravo Orellana, Chairman of the Board of Directors*		
Compensation due for the fiscal year (details provided in Table 2)	-	-
Valuation of the options granted during the fiscal year	-	-
Valuation of the performance shares granted during the fiscal year	-	-
Total	**-**	**-**
Fabien Bardinet, Chairman and Chief Executive Officer		

(in euros)	**Fiscal 2017**	**Fiscal 2016**
Compensation due for the fiscal year (details provided in Table 2)	281,550	189,997
Valuation of the options granted during the fiscal year	356,533	-
Valuation of the performance shares granted during the fiscal year	-	-
Total	638,083	189,997
Thomas Duval, Deputy Chief Executive Officer**		
Compensation due for the fiscal year (details provided in Table 2)	93,555	93,555
Valuation of the options granted during the fiscal year	-	-
Valuation of the performance shares granted during the fiscal year	-	-
Total	93,555	93,555

* Raul Bravo resigned as Chairman of the Board of Directors on April 24, 2017.

** Thomas Duval resigned as Deputy Chief Executive Officer on April 24, 2017.

15.1.2 Compensation paid to executive directors

Table 2 below presents the breakdown of fixed compensation, variable compensation and other benefits granted to executive directors for the fiscal years ending on December 31, 2017 and December 31, 2016.

Table 2 - Summary of the compensation of executive directors

(in euros)	**Fiscal 2017**		**Fiscal 2016**	
	Amounts due	**Amounts paid**	**Amounts due**	**Amounts paid**
Raul Bravo Orellana, Chairman of the Board of Directors*				
Fixed compensation	-	-	-	-
Variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees	-	-	-	-
Benefits in kind	-	-	-	-
Total	-	-	-	-
Fabien Bardinet, Chairman and Chief Executive Officer				
Fixed compensation	153,750	153,750	125,160	125,160
Variable compensation	62,500**	45,000	45,000	40,500
Exceptional compensation	50,000	50,000	2,000	2,000
Directors' fees	-	-	-	-
Benefits in kind*	15,300	15,300	17,837	17,837
Total	281,550	264,050	189,997	185,497
Thomas Duval, Deputy Chief Executive Officer* **				
Fixed compensation	89,267	89,267	90,215	90,215
Variable compensation			-	-
Exceptional compensation			-	-
Directors' fees			-	-
Benefits in kind**	4,104	4,104	3,340	3,340
Total	93,371	93,371	93,555	93,555

* *These benefits in kind relate to the use of a vehicle and payment by the Company of unemployment insurance for executives ("GSC").*

** *The variable remuneration owed to the Chairman and Chief Executive Officer for fiscal 2017 was paid in 2018.*

*** *The benefits in kind relate to the use of a vehicle.*

In accordance with Article L. 225-100 of the Commercial Code and, as applicable, the Annual General Meeting of the Company called to approve the financial statements for the fiscal year ending on December 31, 2017 was asked to approve the fixed, variable and exceptional components of the total compensation and benefits of all kinds paid or granted to Fabien Bardinet, Chairman and Chief Executive Officer, for the fiscal year ending on December 31, 2017, as they are presented below:

Fabien Bardinet, Chairman and Chief Executive Officer

Elements of the compensation granted for the fiscal year ending on December 31, 2017	**Amounts or accounting valuation**	**Comments**
Annual fixed compensation	€153,750	
Annual variable compensation	€62,500	Determination and execution of the strategy, order intake, results and stock performance => 125% of the initial target bonus[4]
Multi-annual variable compensation	n/a	Fabien Bardinet does not benefit from multi-annual variable compensation.
Exceptional compensation	€50,000	Further to the successful IPO of the Company on Euronext Paris, the Board of Directors granted Fabien Bardinet an exceptional bonus.
Allocation of stock options	n/a	Fabien Bardinet does not benefit from stock options
Free shares and BSPCE	€356,533[5]	The meeting of the Board of Directors held on June 12, 2017 granted 1,000 free shares to Fabien Bardinet. These shares will only be definitively granted on June 12, 2018 if one performance condition has been fulfilled and they must be retained until June 12, 2019. The meeting of the Board of Directors held on June 8, 2017 granted 400.000 BSPCE to Fabien Bardinet at no cost. These BSPCE may only be exercised by tranche of 25% as of their date of

[4] The decision to grant 125% of the target bonus was a discretionary decision on the part of the Board of Directors, it being noted that the performance criteria had been achieved overall.

[5] This indicative/accounting valuation results from an estimate of the value of the free shares allocated during the fiscal year as well as the valuation of the BSPCE allocated during the same fiscal year using the Black & Scholes method.

Elements of the compensation granted for the fiscal year ending on December 31, 2017	Amounts or accounting valuation	Comments
		allocation up until the third anniversary, and their exercise price is €4.11, the price offered for the subscription to one Company share at the time of the IPO. These BSPCE may only be exercised if Fabien Bardinet is still in his position within the company.
Directors' fees	n/a	Fabien Bardinet does not receive any directors' fee in his capacity as Board Chairman.
Benefits of all kinds (granted in light of his position)	€15,300	Benefits in kind relate to the Company's payment of unemployment insurance.
Golden handshake	n/a	Fabien Bardinet does not benefit from a golden handshake.
Non-compete indemnity	No payment	Fabien Bardinet does benefit from a non-compete indemnity*.
Retirement scheme	n/a	Fabien Bardinet does not benefit from a supplementary retirement scheme from the Group.

* Fabien Bardinet undertakes for a period of 24 months after his departure from Balyo not to exercise any role in another company that conducts a business that competes with Balyo's business; not to use a trade secret, know-how or confidential information that belongs to the Company; not to hold any equity in a company that conducts a business that competes with Balyo's business; and not to solicit and/or hire any employee or corporate officer of the Company. In return for this non-compete undertaking, Fabien Bardinet will receive a monthly indemnity allowance equal to 35% of his average growth monthly compensation (including the variable compensation) over the twelve (12) months that precede the date his employment ceases for a period of 18 months. However, the Company is not bound to pay this allowance if the Company's Board of Directors decides not to invoke the non-compete undertaking.

15.1.3 Compensation policy applicable to the Chief Executive Officer in 2018

At its meeting held on March 28, 2018, the Board of Directors, further to a proposal from the Nomination and Compensation Committee dated March 15, 2018, set the principles and criteria to determine the elements that comprise the Chief Executive Officer's compensation.

It is to be noted that the proposal submitted to the Board of Directors by the Nomination and Compensation Committee was based on a compensation benchmark study conducted by the external Korn Ferry firm. This study allowed for an assessment of the levels of responsibility (Hay Points methodology) and a comparison with equivalent levels of responsibility and the benchmark market.

- The overall structure of the compensation applicable to BALYO's Chief Executive Officer is as follows:
- Annual fixed compensation;
- Annual variable compensation (STI – Short-Term Incentive), determined on the basis of predefined performance criteria aligned with the Company's overall strategy;
- Benefits in kind;
- Long-term variable compensation (LTI – Long-Term Incentive); and
- If applicable and at the discretion of the Board of Directors, an exceptional component.

The Chief Executive Officer's compensation has been revised for 2018 to bring it in line with the target compensation (annual fixed compensation + STI) and market practices, as well as to rebalance the STI/LTI compensation ratio to bring it as close as possible to the market practices analyzed.

15.1.3.1 Fixed compensation

The amount of the fixed portion of the annual compensation is determined by taking into account the level of responsibility and experience of the party involved in a general management role, as well as market practices.

This compensation was revised in 2018 in accordance with the policy described in Point 1 and the objective referred to above.

In this regard, the annual fixed compensation of the Chief Executive Officer was set at the sum of €190,000, taking effect retroactively as of January 1, 2018.

15.1.3.2 Annual variable compensation

The target amount of the annual variable compensation is 50% of the annual fixed compensation.

The variable portion of the compensation is determined by taking into account the individual performance of the executive in question, which is evaluated based on both financial and non-financial performance criteria. This variable portion will be determined on the basis of quantitative criteria, with a multiplier effect based on qualitative criteria:

The quantitative performance criteria for 2018 are:

% of the variable portion	Criterion	Progression
40%	Order Intake	Proportional to budget compliance, if Actual < 70% of the target = 0% (the criterion is not

		retained in the basis for calculation)
25%	Net Sales	Proportional to budget compliance, if Actual < 70% of the target = 0% (the criterion is not retained in the basis for calculation)
35%	Annual EBITDA	In line with the budget and performance thresholds defined by the Board of Directors. -*10% per € million below the threshold defined by the Board, +10% per €0.5 million in excess of the threshold*

Qualitative factor

- Application of a multiplication factor on the basis of the achievement of the OKR objectives. These "OKR" objectives, approved by the Board of Directors for 2018, relate to three categories: "*Grow the business to profitability*", "*Prepare growth relay*", "*Consolidate our technological leadership*"
- The value adopted and the average grade composed of all of the objectives

OKR grade	4	4.5	5	5.5	6	6.5	7	7.5	8
Multiplier	0.5	0.7	0.85	0.95	1	1.05	1.15	1.3	1.5

The target variable compensation is €95,000 if all the quantitative criteria are satisfied and the OKR grade is 6.

If the performance criteria are exceeded and the OKR grade is equal to 8, the Chief Executive Officer may obtain variable compensation in excess of €142,500 (without limitation, as there is no limit to the increased progression of the quantitative criteria).

15.1.3.3 Long-Term Incentive (LTI)

The Chief Executive Officer's long-term incentive will now be entirely based on the free allocation of shares related to performance. This long-term incentive is meant to ensure the Chief Executive Officer's activities target the long term and also to retain him, as well as to align his interests with those of the shareholders. The definitive acquisition of the performance shares granted will be subject to the Nomination and Compensation Committee noting that he has satisfied the performance conditions set by the Board of Directors when they are allocated. The performance criteria selected will be demanding and will relate to the performance of the Company and the Group. They will cover a performance period of at least two years.

Presence/performance conditions will be associated with the definitive allocation of shares (vesting), as well as future lock-up constraints, in particular related to the exercise of a corporate office.

Performance condition: average annual growth rate:

- Revenues CAGR >80% during the first two years

Value of the free allocation of shares ("AGA"):

- 91.9% of the spot value of the share
- Vesting: 4 years
- 50% after two years, then 25% for each of the ensuing two years

Unless decided otherwise by the Board of Directors on the recommendation of the Nomination and Compensation Committee, and excluding cases in which the terms governing death and disability apply, and in the case of retirement or the termination/expiry of the Chief Executive Officer's mandate before the end of the acquisition period that applies to performance shares, the allocations completed will be considered null and void.

15.1.3.4 Exceptional compensation

The Board of Directors does not provide for exceptional compensation *per se* as an element of the Chief Executive Officer's compensation. However, the Board of Directors reserves the right to grant him an exceptional bonus that corresponds to compensation for potential successes arising from the implementation of corporate action projects or plans that were not taken into account in the annual objectives set, in particular to compensate success in the implementation of an initiative that significantly contributes to the company's development strategy, such as an external growth operation or the acquisition of technology.

For example, it should be noted that in fiscal 2017, the Chief Executive Officer was granted exceptional compensation in the amount of €50,000 to reward him for the Company's successful IPO on the Euronext regulated market in Paris.

For 2018, the maximum amount that may be paid to the Chief Executive Officer is 50% of the annual fixed compensation, i.e., €95,000.

15.1.4 Directors' fees and other compensation received by non-executive directors

Table 3 related to directors' fees and other compensation received by non-executive directors.

Table 3 - Summary of the compensation of non-executive directors

Non-executive directors	**Amounts allocated during the 2017 fiscal year**	**Amounts allocated during the 2016 fiscal year**
SEVENTURE PARTNERS		
Directors' fees	€0	€0
Other compensation		
Corinne JOUANNY		
Directors' fees	€8,500	€0

Other compensation		
BpiFrance Participations		
Directors' fees	€0	€ 0
Other compensation		
Bénédicte HUOT DE LUZE		
Directors' fees	€8,500	€ 0
Other compensation		
LINDE MATERIAL HANDLING		
Directors' fees	€0	€ 0
Other compensation		
360 Capital Partners*		
Directors' fees		
Other compensation		
HYSTER-YALE GROUP		
Directors' fees	€0	€ 0
Other compensation		
TOTAL	**€17,000**	**€0**

15.1.5 Stock warrants or stock options granted by the Company or any other company in the Group to executive directors during the fiscal year ending on December 31, 2017

Table 4 related to stock warrants or stock options granted by the Company or any other company in the Group to executive directors is set out below.

Information on the allocations of stock warrants and founders' share warrants during the fiscal years ending on December 31, 2016 and December 31, 2017.			
Beneficiary	Raul Bravo Orellana* Chairman of the Board of Directors	Fabien Bardinet Chairman and Chief Executive Officer	Thomas Duval** Deputy Chief Executive Officer
Plan name	NS	BSPCE June 2017	
Date of the general meeting	NS	4/24/2017	
Date of the Board of Directors meeting	NS	6/8/2017	
Total number of shares that may be subscribed	NS	400,000	
Start date for the exercise of the warrants	NS	Exercise timetable: - up to 25% of the BSPCEs as of the date they are issued, - the balance in successive annual tranches of 25% over three years, at the end of each year, - and at the latest within 10 years of the issue date.	
Expiry date		6/8/2027	
Information on the allocations of stock warrants and founders' share warrants during the fiscal years ending on December 31, 2016 and December 31, 2017			
Exercise price		€4.11	
Exercise terms and conditions		Condition related to presence within the Company	

Information on the allocations of stock warrants and founders' share warrants during the fiscal years ending on December 31, 2016 and December 31, 2017.			
Number of shares subscribed as at 12/31/2017		0	
Total number of canceled or obsolete warrants		0	
Warrants remaining at the end of the fiscal year		400,000	

* Raul Bravo resigned as Chairman of the Board of Directors on April 24, 2017.

** Thomas Duval resigned as Deputy Chief Executive Officer on April 24, 2017.

15.1.6 Stock warrants or stock options exercised during the fiscal years ending on December 31, 2017 and December 31, 2016 by the Company's executive directors

Table 5 related to stock warrants or stock options exercised during the fiscal years ending on December 31, 2017 and December 31, 2016 by the Company's executive directors is not applicable and is therefore not included in the Registration Document.

15.1.7 Free shares granted to each corporate officer

Table 6 related to free shares granted to corporate officers

Non-executive directors	**Free shares allocated during the 2017 fiscal year**	**Free shares allocated during the 2016 fiscal year**
Fabien BARDINET	1,000	
Raul BRAVO		
Thomas DUVAL	1,000	
SEVENTURE PARTNERS		
Corinne JOUANNY		
BpiFrance Participations		
Bénédicte HUOT DE LUZE		
LINDE MATERIAL HANDLING		
360 Capital Partners		
HYSTER-YALE GROUP		
TOTAL	**2,000**	**-**

The free shares allocated by the Board of Directors on June 12, 2017 were definitively allocated further to the production of 100 material handling robots in fiscal 2017.

Free shares granted to each corporate officer						
Free shares allocated by the General Meeting of Shareholders during the fiscal year to each corporate officer by the issuer and any group company	Plan number and date	Number of shares allocated during the fiscal year	Valuation of the shares in accordance with the method adopted for the consolidated financial statements	Acquisition date	Vesting date	Performance conditions
AGA 01-2017	Plan No. 1 dated June 12, 2017	2,000	€10,000	June 12, 2018	June 12, 2019	100 robots produced during the 2017 fiscal year

15.1.8 Free shares now vested for each corporate officer

Table 7 related to free shares now vested for each corporate officer is not applicable and is therefore is not included in the Registration Document.

15.1.9 History of stock options granted

Table 8 below presents the history of the stock options granted for the fiscal years ending on December 31, 2017 and December 31, 2016.

Table 8 - History of stock options granted

Information on the allocations of stock warrants and founders' share warrants History of allocations					
Beneficiary	Raul Bravo Orellana*	Fabien Bardinet			Thomas Duval**
	Chairman of the Board of Directors	Chairman and Chief Executive Officer			Deputy Chief Executive Officer
Plan name	BSA 2015	BSPCE 2013	BSPCE June 2015	BSPCE June 2017	BSPCE June 2015
Date of the general meeting	27-Feb-15	22-Jul-13	27-Feb-15	24-Apr-17	27-Feb-15
Date of the Board of Directors meeting	27-Feb-15	28-Aug-13	27-Feb-15	8-Jun-17	27-Feb-15
Total number of shares that may be subscribed	60,000	300,000	430,000	400,000	245,000
Start date for the exercise of the warrants	Exercise timetable: - up to 25% of the BSA as of the date of issue, - the balance in successive annual tranches of 25% over three years, at the end of each year, - and at the latest 10 years after the issue date.	Exercise timetable: - up to 25% per year between the date of allocation and August 28, 2016 - up to 25% between August 29, 2016 and the expiry date - and at the latest 7 years after the issue date.	Exercise timetable: - up to 25% of the BSA as of the date of issue, - the balance in successive annual tranches of 25% over three years, at the end of each year, - and at the latest 10 years after the issue date.	Exercise timetable: - up to 25% of the BSPCEs as of the date of issue, - the balance in successive annual tranches of 25% over three years, at the end of each year, - and at the latest 10 years after the issue date.	Exercise timetable: - up to 25% of the BSA as of the date of issue, - the balance in successive annual tranches of 25% over three years, at the end of each year, - and at the latest 10 years after the issue date.
Expiry date	27-Feb-25	28-Aug-20	27-Feb-25	8-Jun-27	27-Feb-25
Exercise price	€1.60	€1.06	€1.60	€4.11	€1.60
Exercise terms and conditions	Condition related to presence within the Company	Condition related to presence within the Company	Condition related to presence within the Company	Condition related to presence within the Company	Condition related to presence within the Company
Number of shares subscribed as at 12/31/2017	0	0	0	0	0
Total of shares subscribed on the date of registration of the Registration Document	0	300,000	0	0	0
Total number of canceled or obsolete warrants	60,000	0	0	0	0
Warrants remaining at the end of the fiscal year	0	0	430,000	400,000	245,000

* Raul Bravo resigned as Chairman of the Board of Directors on April 24, 2017.

** Thomas Duval resigned as Deputy Chief Executive Officer on April 24, 2017.

15.1.10 Stock options granted to the ten highest-ranking non-corporate officer employees and options and warrants they have exercised, including the other financial instruments that give access to capital ("BSA" stock warrants, "BSAR" redeemable share subscription warrants, "BSPCE" founders' share warrants, etc.)

Stock options granted to the ten highest-ranking non-corporate officer employees and options and warrants they have exercised, including the other financial instruments that give access to capital ("BSA" stock warrants, "BSAR" redeemable share subscription warrants, "BSPCE" founders' share warrants, etc.)	
Plan	BSPCE/BSA
Number of warrants granted by the Company and any other Company in the Group to the ten highest-ranking non-corporate officer employees of the Company and of any Company in the Group, that are valid on the date of the present Registration Document	1,240,000
Total number of shares that may be subscribed by exercising the warrants on the date of registration of the Registration Document	737,500
Subscription price for one share	€1.06, €1.60 and €4.11
Number of warrants exercised in the last fiscal year	60,000

15.1.11 History of the allocations of free shares

Table 10 related to the free allocation of shares is not applicable and is therefore not included in the Registration Document.

15.1.12 Employment agreements, retirement benefits and compensation in the event of retirement/termination

Table 11 below presents a summary of the potential agreements, supplementary retirement scheme, indemnities or benefits due or that may become due in light of a resignation/termination or change in position, and indemnities related to a non-compete clause applicable to executive directors for the fiscal years ending on December 31, 2016 and December 31, 2017.

Executive directors	Employment agreement		Supplementary retirement scheme		Indemnities or benefits due or that may become due in light of a resignation/termination or change in position		Indemnities related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Raul Bravo Orellana **Chairman of the Board of Directors** - Start date of the term of office: 2010, renewed on June 21, 2016 - End date of the term of office: April 24, 2017		X		X		X		X
Fabien Bardinet **Chairman and Chief Executive Officer** - Start date of the term of office: August 28, 2013 - End date of the term of office: at the ordinary general meeting called to approve the financial statements for the fiscal year ending on December 31, 2018.		X		X		X	X	
Thomas Duval **Deputy Chief Executive Officer** - Start date of the term of office: 2010, extended on June 21, 2016 - End date of the term of office: April 24, 2017	X			X		X	X	

On the date of registration of the Registration Document, Thomas Duval alone has an employment agreement. No employment agreement exists nor will retirement benefits or indemnities for resignation/termination be granted to Raul Bravo Orellana and Fabien Bardinet if their duties end. However, Fabien Bardinet has a non-compete clause (see Section 15.1.2 of this Registration Document). It should be noted that (i) Raul Bravo Orellana resigned as director and therefore as Chairman of the Company's Board of Directors on April 24, 2017, and (ii) Thomas Duval resigned as Deputy Chief Executive Officer of the Company on April 24, 2017, the date on which he was appointed to the Company's Board of Directors, before resigning on May 19, 2017.

16. FUNCTIONING OF THE ADMINISTRATIVE AND EXECUTIVE BODIES

The bylaw stipulations described in this section are those of the Company, as amended by the extraordinary general meeting held on April 24, 2017 after the date the Company's shares were listed for the first time on the Euronext regulated market in Paris.

16.1 Terms of office of the members of the administrative and executive bodies

See Section 14.1.1 "Board of Directors" of the Registration Document.

On the date of registration of the Registration Document, Fabien Bardinet is the Chairman and Chief Executive Officer of the Company.

His term of office as director took effect on July 22, 2013 and will expire at the end of the ordinary general meeting called to approve the financial statements for the fiscal year ending on December 31, 2018. His term of office as chairman took effect on April 24, 2017 and will expire at the same time as his term of office as a director.

His term of office as chief executive officer took effect on August 28, 2013 and will expire at the end of the ordinary general meeting called to approve the financial statements for the fiscal year ending on December 31, 2018.

16.2 Information on service agreements that bind the members of the administrative or executive bodies to (i) the Company, (ii) any of its subsidiaries, or (iii) one of its shareholders

On the date of registration of the Registration Document, the service agreements that bind the members of the administrative or executive bodies and that have been put in place within the Company are described in Section 19 "Transactions with Related Companies" of the Registration Document.

16.3 Board of Directors' Committees

This section describes the rules that apply to the committees created when the Company's shares were admitted to trading on the Euronext regulated market in Paris.

In accordance with Article 15 of the Company's bylaws, the Company's Board of Directors decided to create committees responsible for examining issues that the Board of Directors or its Chairman may submit to the committees.

16.3.1 Audit Committee

The principal terms of the Board of Directors' rules of procedure related to the Audit Committee are described below.

16.3.1.1 Composition

The Audit Committee is composed of at least two members of the Board of Directors said Board appoints.

On the date of registration of the Registration Document, the following directors have sat on the Audit Committee since the Company's shares were admitted to trading for the first time on the Euronext regulated market in Paris:

- Bénédicte Huot de Luze, Chair of the Audit Committee; and
- Seventure Partners, represented by Sébastien Groyer.

The management expertise and experience of these individuals result from the different positions and management roles they have filled in the past (see Section 14.1.1.2 "Director biographies" of the Registration Document).

16.3.1.2 Remit

The role of the Audit Committee is to monitor issues related to the preparation and auditing of accounting and financial information, and to ensure the system to monitor risks and conduct internal audits of operations is effective in order to facilitate the Board of Directors' fulfillment of its audit and verification duties in this field.

In particular, the Audit Committee is responsible for:

- monitoring the process to prepare financial information (including the consolidated annual and six-month financial statements);
- monitoring the effectiveness of the internal control, internal audit and risk management systems related to financial and accounting information;
- monitoring the statutory audit of the annual and consolidated financial statements by the Company's statutory auditors;
- ensuring the statutory auditors are independent.

The committee regularly reports to the Board of Directors on its missions and informs it immediately of any difficulty encountered.

16.3.1.3 Mode of operation

The Audit Committee meets as often as necessary and at least twice per year when the annual and six-month financial statements are prepared, with the Company's statutory auditors if the committee's Chairman considers it necessary, according to a schedule established by its Chairman. The meetings are held before the meeting of the Board of Directors and, if possible, at least two days before said meeting when the Audit Committee's agenda includes an examination of the six-month and annual financial statements, before they are reviewed by the Board of Directors.

The Audit Committee may validly deliberate either at a meeting or by telephone or videoconference, under the same conditions as the Board of Directors, once it has been convened by its Chairman or Secretary, subject to at least half of its members participating in the work.

The Audit Committee makes recommendations by informing the Board of Directors of the number of favorable opinions expressed in relation to the resolutions that the Board of Directors must pass.

The Audit Committee may ask the Chairman of the Board of Directors for the assistance of any senior manager of the Company whose expertise could facilitate the examination of an agenda item. The Chairman of the Nomination and Compensation Committee or the meeting chairman draws the attention of any individual who participates in the deliberations to the confidentiality obligations incumbent on said individual.

16.3.1.4 Reports

The Chairman of the Audit Committee provides the Board of Directors with a report on the activities of the Audit Committee at least twice per year to facilitate the deliberations of the Board of Directors.

If, during its work, the Audit Committee identifies a significant risk that it believes is not being managed appropriately, the Chairman immediately informs the Chairman of the Board of Directors thereof.

16.3.2 Nomination and Compensation Committee

The principal terms of the Board of Directors' rules of procedure related to the Nomination and Compensation Committee are described below.

16.3.2.1 Composition

The Nomination and Compensation Committee is composed of at least two members of the Board of Directors said Board appoints.

On the date of registration of the Registration Document, the following directors have sat on the Nominations and Compensation Committee since the Company's shares were admitted to trading for the first time on the Euronext regulated market in Paris:

- Corinne Jouanny, Chair of the Committee;
- Bpifrance, represented by Xavier Deleplace; and
- Linde Material Handling, represented by Christophe Lautray.

16.3.2.2 Remit

In particular, the Nomination and Compensation Committee is responsible for the following:

Nominations:

- presenting the Board of Directors with recommendations on the composition of the Board of Directors and Audit Committee;

- proposing the list of Board of Directors members who can be considered "independent members" in light of the criteria defined by the Governance Code issued by Middlenext, approved as the code of reference by the AMF, to the Board of Directors every year;
- preparing a succession plan for the Company's executives and assisting the Board of Directors in selecting and evaluating executives;
- preparing the list of individuals whose appointment as a director is recommended; and
- preparing the list of members of the Board of Directors whose appointment as a member of a committee may be recommended.

Compensation:

- examining the principal objectives proposed by the Chief Executive Officer in relation to the remuneration of the Company's non-executive directors, including the free share and stock option plans;
- examining the compensation of non-executive directors, including the free share and stock option plans, retirement and benefits schemes, and benefits in kind;
- discussions on the compensation of executive directors in accordance with the principles of exhaustiveness, balance, transparency and measurement, as well as in consideration of the business, market and company's environment;
- providing the Board of Directors with recommendations and proposals regarding:
    - compensation, the retirement and benefits scheme, benefits in kind and other financial entitlements for executive directors, including in the event of termination; and
    - free share and stock option plans or any other similar profit-sharing plan, in particular the personal grants to corporate officers eligible for this type of plan,
- examining the total amount and allocation of the directors' fees, as well as the conditions under which expenses potentially incurred by members of the Board of Directors are reimbursed;
- preparing and presenting the reports, if applicable, described in the Board of Directors' rules of procedure; and
- preparing any other recommendation that may be requested of it by the Board of Directors related to compensation.

In general, the Nomination and Compensation Committee provides appropriate advice and recommendations in the fields referred to above.

16.3.2.3 Mode of operation

The Nomination and Compensation Committee meets at least twice per year according to a schedule established by its Chairman to discuss an agenda prepared by its Chairman and sent to the members of the Nomination and Compensation Committee. It also meets at the request of its Chairman, the Board of Directors or two of its members.

If the Chairman of the Company's Board of Directors is not a member of the committee, he may be invited to attend the committee meetings. In this case, the committee invites him to present his proposals. He does not have a vote and does not attend deliberations related to his own situation.

The Nomination and Compensation Committee may ask the Chairman of the Board of Directors for the assistance of any senior manager of the Company whose expertise could facilitate the examination of an agenda item. The Chairman of the Nomination and Compensation Committee or the meeting chairman draws the attention of any individual who participates in the deliberations to the confidentiality obligations incumbent on said individual.

16.3.2.4 Reports

The Chairman of the Nomination and Compensation Committee ensures that the activity reports provided to the Board of Directors fully inform the Board of Directors and thereby facilitate its deliberations.

An annual report includes a presentation of the activities of the Nomination and Compensation Committee for the prior fiscal year.

In particular, the Nomination and Compensation Committee examines the draft report of the Company on the compensation of executives.

16.4 Corporate governance and statement of compliance with the Middlenext Code

To comply with the requirements of Article L. 225-37 of the Commercial Code, the Company has selected the Middlenext Code as its code of reference.

The table below provides an initial overview of the Middlenext recommendations[6] with which the Company has complied since its shares were admitted to trading on the Euronext regulated market in Paris, and those with which it intends to comply in the future:

To date, the Company has referred to the Middlenext Governance Code for Small and Midcaps issued on December 17, 2009 and amended in September 2016 (hereafter the "**Code of Reference**") in the framework of the implementation of its governance (resolution of the Board of Directors dated April 24, 2017).

The Code of Reference has nineteen (19) recommendations that more specifically concern executive directors and the Board of Directors.

The Code of Reference also includes points to be monitored carefully set out in the Guidelines for Reasonable Corporate Governance for French entities, which reviews the questions the Board of Directors must ask of itself to ensure proper governance.

The Board of Directors is of the opinion that its organization satisfies the recommendations of this Code of Reference.

[6] The Middlenext recommendations set out in the "Corporate Governance Code for Small and Midcaps" is available on the Middlenext website: http://middlenext.com

In this framework, the Board of Directors has implemented a self-assessment process in accordance with the terms of the eleventh recommendation of the Code of Reference. The Board members were invited by the Chairman to fill in a questionnaire on the functioning of the Board of Directors and the preparation of its work. The results of this questionnaire were presented by the Chairman at the December 28, 2017 meeting. The overall grade is 3.8 out of 5.

For the fiscal year ending on December 31, 2017, in addition to the information set out in this report, the status of the application of the Code of Reference's recommendations is as follows:

Middlenext Code recommendations	Adopted	Adoption in progress
Supervisory power		
R1: Director ethics	Partially	(1)
R2: Conflicts of interest	YES	
R3: Composition of the Board - Presence of independent directors	YES	
R4: Board member information	YES	
R5: Organization of Board and committee meetings	YES	
R6: Creation of committees	YES	
R7: Introduction of Board Rules of Procedure	YES	(2)
R8: Choice of directors	YES	
R9: Directors' term of office	YES	
R10: Directors' compensation	Partially	(3)
R11: Introduction of an evaluation of the Board's work	YES	
R12: Relations with "shareholders"	Partially	(4)
Executive power		
R13: Definition and transparency of the compensation of corporate officers	YES	
R14: Succession planning for executives	NO	(5)
R15: Corporate officers and employment contracts	YES	
R16: Golden handshakes	YES	
R17: Supplementary retirement schemes	YES	
R18: Stock options and bonus shares	Partially	(6)
R19: Review of points to be watched	NO	(7)

(1) This recommendation is followed, with the exception of the fact that not all the members of the Board of Directors attended the Company's general meeting.

(2) This recommendation is followed, with the exception of the publication of the rules of procedure, which are available at the Company's head office.

(3) The distribution of directors' fees among the directors was not decided based on the rate of attendance and the time the directors dedicated to their role, but on their capacity as independent members.

(4) The directors have little or no contact with the Company's shareholders, with the exception of the Chairman and some members who participate in the annual general meeting, which is a time that favors discussions with the Company's shareholders.

(5) The Board of Directors has not yet discussed the issue of the succession of the present chief executive officer. The question of the company's continuity will be on the agenda for a Board meeting in fiscal 2018 and will be followed up annually.

(6) Stock options or free shares were allocated to executives and employees in 2017; only some of these allocations - the most recent ones (free shares allocated on June 12, 2017) - are subject to conditions related to presence and performance, in accordance with the Middlenext recommendations. However, the BSPCE allocated on June 8, 2017 are only subject to a condition related to presence. See Sections 15.1.7 and 15.1.9 of this Registration Document.

(7) The Board of Directors has not yet compiled a list of points to be watched. The question of these points to be monitored carefully will be on the agenda for a Board meeting in fiscal 2018 and will be followed up annually.

The Code of Reference may be consulted at the Company's head office. It is also available on the following website: **http://www.middlenext.com**.

16.5 Internal control

As of the fiscal year ending on December 31, 2017, (i) the Chairman of the Company's Board of Directors is required to prepare this report in accordance with the terms of Article L. 225-37 of the Commercial Code, and (ii) the management report of the Company's Board of Directors for the general meeting will also present information on the way in which the Company manages the social and environmental impact of its business and its commitments related to sustainable development, the fight against discrimination and the promotion of diversity, in accordance with Article L. 225-102-1 of the Commercial Code.

On the date of registration of the Registration Document, the Company has defined an internal control system which is currently being implemented, as described below.

16.5.1 Definition and objectives of internal control

Internal control covers a series of tools, conduct, procedures and actions adapted to the specificities of each company, which:

- contributes to the control of its business, the effectiveness of its operations and the efficient use of its resources; and
- must allow it to appropriately manage significant risks, whether these risks are operational, financial or related to conformity.

The system more particularly aims at ensuring:

a) compliance with the laws and regulations;
b) the application of instructions and orientations defined by senior management or the Board of Directors;
c) the proper functioning of the Company's internal processes, in particular those that target the protection of its assets;
d) the reliability of financial information.

Internal control is therefore not limited to a set of procedures or the accounting and financial processes alone.

The definition of internal control does not cover all of the initiatives taken by the Board of Directors or senior management, such as the determination of the Company's strategy and objectives, management decisions, risk management and monitoring of performance.

Furthermore, internal control cannot provide an absolute guarantee that the Company's objectives will be achieved.

16.5.2 Scope of internal control system

The internal control system currently being implemented by the Company aims at covering all operations.

16.5.3 Principal elements of the internal control system

The organization of internal control and risk management procedures within the Company is based on the following principles and tools:

- organization charts and job descriptions regularly updated under the responsibility of each business manager, centralized by the Human Resources Department;
- a series of procedures and memoranda that define responsibilities and duties.

16.6 Organization of the accounting and financial reporting function

The accounting and financial reporting function is managed internally by a team of six individuals, including one Financial Director, Stanislas Piot, two Management Controllers, and three Accountants, including an Accounting Manager. General accounting is performed internally. Payroll is outsourced.

Consolidation of the financial statements
The Company presents consolidated financial statements. The scope of consolidation covers the Company and its US subsidiary Balyo Inc. (Balyo APAC Ltd Pte having had no activity in 2017, it is not part of the consolidation). A chartered accountant consolidates the financial statements in accordance with the IFRS.

Budget monitoring
The Company prepares an annual budget, broken down by month, as well as a three-year plan, both of which are approved by the Board of Directors. Every month, the Company prepares financial statements in which variances with the annual budget are analyzed and explained. Senior management reviews the Company's accounts every month and adopts the action plans required to correct any major discrepancy relative to the budget.

Expenditure commitments: levels of responsibility are integrated into the Company's information system to control expenses *a priori*. Tasks are broken down between the individual who performs accounting entry and the individuals who sign off disbursements.

Closing of the accounts, and annual and consolidated financial statements prepared according to the IFRS
The chartered accounting firm provides payroll services, prepares the year-end tax statements, and also prepares interim and annual closing statements.

17. WORKFORCE

17.1 Human resources

As at June 30, 2018, the Group's headcount totaled 181 (including all of the employees having signed permanent employment agreements [“CDI”] and fixed term employment agreements [“CDI”], interns, employees on work/study programs, and also providers who dedicate 100% of their time to Balyo). As at June 30, 2017, Balyo had 111 employees.

Balyo is first and foremost an engineering and robotic design firm, whose value is mainly based on the ability of its employees to imagine and implement simple technical solutions for complex problems. The ability to attract, retain and motivate talented employees is therefore a major - even vital - key to development.

17.1.1 Number of employees within the Group

The workforce includes individuals who have signed an employment agreement and are part of the workforce as at December 31, excluding non-salaried interns (whether or not they receive some form of remuneration), temporary workers and providers.

The tables below summarize the key figures used to describe employment within the Company in its three geographic subsidiaries over the past two years:

Headcount	12/31/2016	12/31/2017
BALYO SA	65	102
BALYO APAC	2	3
BALYO INC	6	21
Total	73	128

The +55 salaried jobs (net) created are broken down into 70 hirings and 15 departures in 2017.

Furthermore, as at December 31, 2017, Balyo had 31 non-salaried employees in its teams:

	Providers from service companies	Employees of another structure	Volunteers under the French international volunteers in business (“VIE”) program	Independent contractors
BALYO SA	21			
BALYO APAC	2	3	2	
BALYO INC	2			1
Total	25	3	2	1
			Total	31

For the vast majority, these additional workers have joined the Research and Development teams where service providers have been required to manage the rapid growth in the development requirements for new solutions. Employees from other structures meets the need of having employees work in China over lengthy periods as it takes time and is difficult to create a proprietary structure in China.

The increase in headcount is part of the Provisional Job and Skill Management (*gestion prévisionnelle des emplois et des compétences*) plan. The Company is committed to regularly estimating its needs in skills based on its strategic orientations in meetings to prepare budgets and at the Executive Committee meetings. Balyo plans to hire an internal Recruiting Manager in early 2018 as part of its commitment to harnessing this key component of its future development.

Changes in the company's projects and activities, and the skills and expectations of employees in terms of development and career orientation may cause personnel to change teams, positions or take on new responsibilities. Reassignments and internal mobility are managed by the Executive Committee in coordination with middle management. This allows employees to expand their field of activities and acquire new skills. In 2017, the VP positions created were filled for the most part by way of internal promotion. Manager positions thereby freed up were mostly filled by internal reassignments.

The international development of Balyo's business in Asia and North America has also been a source of opportunities for its employees in the form of secondments of differing lengths, full expatriation (management of the subsidiaries, in particular) or brief assignments related to technical assistance and support. In each of these cases, Balyo has taken the measures required so that these changes take place in optimal conditions, ensuring employees and their families are comfortable and safe.

In parallel, the number and share of employees, technicians and supervisors increased significantly in 2017, mainly due to an increase in the assembly and production teams.

Workforce (France) by status	12/31/2016	12/31/2017
Employees, technicians and supervisors	9	19
Engineers and managers	56	81
Employees, technicians and supervisors/Engineers and managers ratio	0.16	0.23

Balyo also continues to favor sustainable jobs:

Percentage of personnel having signed permanent employment agreements ("CDI")	12/31/2016	12/31/2017
BALYO SA	95%	93%
BALYO APAC	100%	100%
BALYO INC	100%	100%

The slight decrease in the rate of permanent employment agreements within Balyo SA results from the hiring of three additional employees on work/study programs (two apprenticeship contracts and one professional training contract).

M/W workforce ratio	12/31/2016	12/31/2017
BALYO SA	55/10	80/22
BALYO APAC	1/1	3/2
BALYO INC	5/1	16/5

In 2017, the rate of women in Balyo's workforce grew from 16% to 23%, reaching the average rate in engineering schools in France from which the vast majority of its employees graduate.

Average age	12/31/2016	12/31/2017
BALYO SA	32.5	31.8
BALYO APAC	30.8	32.5
BALYO INC	38.6	34.9

The numerous hirings in 2017 mainly involved young graduates and young workers (40 employees less than 30 years of age), in particular in France, leading to a slight decline in the average age. However, among the long-term hirings in 2017, 10 employees were over the age of 40.

Breakdown of employees by nationality and geographic zone:

Geographic zone	France		Germany		United States		China		Singapore	
Nationality/Fiscal year	**12/31/2016**	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016**	**12/31/2017**	**12/31/2016**	**12/31/2017**
French	57	93	-	-	2	4	1	2	2	2
Italian	1	-	-	-	-	1	-	-	-	-
Spanish	1	1	-	-	-	-	-	-	-	-
German	-	-	1	2	-	-	-	-	-	-
Irish	1	1	-	-	-	-	-	-	-	-
American	-	-	-	-	4	14	-	-	-	-
Mexican	-	-	-	-	-	2	-	-	-	-
Norwegian	-	1	-	-	-	-	-	-	-	1
Chinese	-	2	-	-	-	-	-	3	-	-

17.1.2 Information on employees

Subject	Balyo
Collective agreement	"Syntec bureau d'études"
Employee representative committee	Yes, since July 2016
Unions	No
Compensation policy	Fixed and variable compensation for all employees
Key persons insurance	Yes
Average seniority	Less than 2 years
Employee profiles	Mainly engineers
Training policy	Not extensive, except for mandatory training

17.1.3 Key persons

The Company is of the opinion that the motivation of its employees, provided by experienced management, is a major asset.

Fabien Bardinet (47 years old) – **Chairman and Chief Executive Officer** (see Section 14.1.1.5 of the Registration Document).

Thomas Duval (42 years old) – **Innovation Director** – is a co-founder of Balyo. A graduate of *École Centrale Paris* (option: systems in extreme milieus-oceans) in 2000, he started his career at Oger International as a Design and Study Engineer (2001-2002). Thomas Duval then started working on a publication regarding mobile robotics, which was published in February 2003 by Dunod. In 2007, he was hired by the Company as a Research and Development Engineer.

Pascal Rialland (43 years old) – **COO** – has a Master's in Industrial and Food Engineering from ENSAT, Toulouse (1998), and an MBA from INSEAD and Tsinghua University in Beijing (2009). He started his career in 1998 as a Production Engineer at SODIAAL in the United States before joining Capgemini as a Consultant. In 1999, he moved to Altran, where he held a number of positions, in particular as a Manager, then as a Regional Director in Ireland, Germany and China. From 2009 to 2015, Pascal Rialland was a freelance consultant. From 2011 to 2012, based in London, he managed operations and the reengineering of a solar services business. In 2013, he joined EK Automation to develop their business in France, Spain and Benelux. In 2015, Pascal Rialland was appointed Balyo's Marketing Director, then EMEA Director in 2016.

Karim Mokaddem (51 years old) – **CTO -** joined BALYO on September 18, 2017. He will be responsible for R&D, innovation and new business incubation in BALYO's different markets. Karim Mokaddem started his career in 1996 as an engineer, then project leader at the *Institut Français du Pétrole* (IFP) in the field of automotive research. He then moved to PSA Peugeot Citroën in 1999, where he held different positions in Research and Engineering: Department Director, Advanced Diesel Powertrain Projects Manager and Scientific Program Manager. In 2011, Karim Mokaddem was appointed Executive Manager of the Hybrid Air Project and its business development at PSA Peugeot Citroën, and also President of TECHNOBOOST, an innovative joint venture put in place by PSA Peugeot Citroën and the French Government dedicated to the development of clean technologies. In 2015, he joined AAQIUS, a Swiss company specialized in clean technologies, as the General Manager to create and head AALPS CAPITAL, a technology investment fund involved in global hydrogen-based mobility. Karim Mokaddem graduated as an engineer from the *Ecole Centrale de Nantes*, and has a PhD in Physics from the *Ecole Centrale de Paris* and an EMBA from London Business School.

Stanislas Piot (48 years old) **– CFO** – is a graduate of *Université de Paris II* in Econometrics and Finance. He started his career at Banque Worms in Hong Kong and then joined the capital market teams of Crédit Lyonnais in Paris before joining Oddo in 2000, where he specialized in IPOs in growth stocks. In 2005, he moved to Natixis, where he spent three years before joining Ipsogen in October 2007 where he managed the IPO on the Alternext market in June 2008. Stanislas Piot then worked at Stentys from May 2010 until March 2017, when he was appointed Balyo's Group Financial Director.

17.2 Shareholdings and stock options of key persons and other executives and employees

Refer to Sections 15 "Compensation and Benefits" and 18 "Principal Shareholders" of the Registration Document.

17.3 Profit-sharing agreements and stock options held by Company employees

17.3.1 Stock options, free shares allocated, stock warrants and founders' share warrants

On the date of registration of the Registration Document, many employees hold BSPCE, BSA or AGA that may give right to 9.24% of the capital if they are fully exercised on the basis of the Company's capital being fully diluted (see Section 21.1.4.7 "Summary of instruments" of the Registration Document).

17.3.2 Employee shareholding and profit-sharing

On the date of registration of the Registration Document, no employee shareholding or corporate savings plan is in place, nor is there a plan in place for profit-sharing within the Company that allows the employees to directly or indirectly acquire Company shares or shares in affiliated companies.

18. PRINCIPAL SHAREHOLDERS

18.1 Breakdown of the share capital and voting rights

The table below presents the structure of the Company's share capital on a non-diluted basis, as of the date of registration of the Registration Document and as at December 31, 2017.

Breakdown of the capital on a non-diluted basis

	12/31/16		12/31/17		Date of registration of the Registration Document	
	Not fully diluted		Not fully diluted		Not fully diluted	
Founders/Managers	1,931,250	12.14%	1,931,250	6.92%	882,642	3.10%
Business Angels	187,486	1.18%	187,486	0.67%	0	0.00%
Seventure Partner	7,083,903	44.53%	7,391,355	26.48%	7,391,355	26.00%
Bpi	4,246,498	26.70%	4,553,950	16.32%	4,553,950	16.02%
360 Capital partner	801,250	5.04%	893,485	3.20%	0	0.00%
Linde Material Handling	1,656,250	10.41%	1,809,976	6.48%	1,809,976	6.37%
Hyster-Yale Group	0	0.00%	1,216,545	4.36%	1,216,545	4.28%
Float	0	0.00%	9,927,401	35.57%	12,574,455	44.23%
	15,906,637	100.00%	27,911,448	100.00%	28,428,923	100.00%

Breakdown of the capital on a diluted basis

	12/31/16		12/31/17		Date of registration of the Registration Document	
	fully diluted		fully diluted		fully diluted	
Founders/Managers	3,644,850	19.72%	5,046,350	16.24%	3,776,515	12.06%
Business Angels	187,486	1.01%	187,486	0.60%		0.00%
Seventure Partner	7,391,355	39.99%	7,391,355	23.78%	7,391,355	23.60%
Bpi	4,553,950	24.64%	4,553,950	14.65%	4,553,950	14.54%
360 Capital partner	893,485	4.83%	893,485	2.88%		0.00%
Linde Material Handling	1,809,976	9.79%	1,809,976	5.82%	1,809,976	5.78%
Hyster-Yale Group	0	0.00%	1,216,545	3.91%	1,216,545	3.88%
Float	0	0.00%	9,978,101	32.11%	12,574,455	40.14%
	18,481,102	100.00%	31,077,248	100.00%	31,322,796	100.00%

* *FCPI Masseran Innovation I; FCPI Masseran Innovation II; FCPI Masseran Innovation III; FCPI Masseran Innovation IV; FCPI Masseran; Patrimoine Innovation 2009; FCPI Masseran Patrimoine Innovation 2010; FCPI Masseran Patrimoine Innovation 2011; FCPI Masseran Patrimoine Innovation 2012; FCPI Masseran Innovation V; FCPI Seventure Innovation 2012; FCPI Seventure Premium 2013; FCPI Masseran Patrimoine Innovation 2013; FCPI Seventure Préférence Innovation 2013; FCPI Masseran Innovation VI; FCPI Seventure Premium 2014; FCPI Masseran Patrimoine Innovation 2014, managed by the management firm Seventure Partners.*

** *FCPI FSN PME Ambition Numérique, managed by the management firm Bpifrance Investissement.*

*** *FCPI Robolution Capital 1, managed by the management firm 360 Capital Partners.*

**** *A limited liability company incorporated under the laws of Germany, controlled by Kion Group AG, a company listed on the Frankfurt stock market.*

18.2 Presentation of major shareholders

On the date of registration of the Registration Document, the shareholders who are known by the Company and who directly or indirectly own more than 2% of the Company's share capital are as follows:

- **Thomas Duval,** a French citizen born on March 29, 1976 in Strasbourg, France, residing at 68, rue de Gergovie, 75014 Paris, France, a co-founder of Balyo and the current Innovation Director, owns 3.10% of the Company's share capital;

- **Fabien Bardinet,** Chairman and Chief Executive Officer, see Section 14.1.1.3 of the present Registration Document, holds a limited number of shares but is a beneficiary of a significant number of founders' share warrants (BSPCE).

- **Seventure Partners**, a French *société anonyme* with capital of €362,624, whose registered office is located at 5-7, rue de Monttessuy, 75007 Paris, France, registered with the Commercial Register of Paris under number 327 205 258, a Company Director, manages innovation-related mutual funds and owns 26.00% of the Company's share capital;

- **Bpifrance Investissement**, a French *société par actions simplifiée* with capital of €20,000, whose registered office is located at 27-31, avenue du Général Leclerc, 94710 Maisons Alfort, France, registered with the Commercial Register of Créteil under number 433 975 224, a Company Director, manages FCPI FSN PME Ambition Numérique, a private equity fund that holds 16.02% of the Company's share capital;

- **Linde Material Handling**, a limited liability company incorporated under the laws of Germany with capital of €25K, whose registered office is located at Carl-von-Linde-Platz, 63743 Aschaffenburg, Germany, registered with the Register of the Court of Aschaffenburg under number HRB 9963, a Company director, owns 6.37% of the Company's share capital. Linde Material Handling and the Company also renewed a partnership agreement on May 8, 2017, as described in Section 6.7.1 "Linde Material Handling (a subsidiary of the Kion Group)" of the Registration Document;

- **Hyster-Yale UK Limited**, a company incorporated under the laws of Great Britain, whose registered office is located at Centennial House Building, 4.5 Frimley Business Park, Frimley, Surrey GU16 7SG (UK), a Company director, owns 4.28% of the Company's share capital. Hyster-Yale and the Company signed a partnership agreement in 2015 and are in the process of extending this agreement. Hyster-Yale acquired equity in Balyo in the framework of the IPO process.

18.3 Voting rights

Each Company share confers one voting right on the owner of the share.

18.4 Shareholders agreement

Holders of securities that grant access to the Company's capital have entered into an agreement dated February 27, 2015 regarding the governance and transfers of the Company's securities. This agreement ended and lost its effect and legal force on the date of IPO completion.

18.5 Control of the Company

On the date of registration of the Registration Document, the Company is not controlled, within the meaning of Article L. 233-3 of the Commercial Code.

The partnership agreement signed on May 8, 2017 by the Company, Linde Material Handing and Kion Group AG provides that, should a significant portion (10% or more) of the Company’s shares be acquired by a competitor of the other party (excluding Hyster-Yale), this other party may terminate the agreement at its discretion as long as said portion gives the competitor a right to representation on the Company’s Board of Directors, thereby enabling it to exercise influence over the agreement. The agreement may also be terminated before its expiry date in the event of a change of control (as defined by Article L. 233-3 of the Commercial Code) or a merger of one of the parties.

There is no clause governing a change of control in the partnership agreement signed on October 29, 2015 by the Company and Hyster-Yale.

18.6 Agreements that may cause a change of control

To the Company's knowledge, on the date of registration of the Registration Document, no agreement exists that could, at a future date, result in a change of control of the Company.

18.7 Description of restructuring operations

None

18.8 Description of transactions to purchase and sell shares by corporate officers

	Transaction date	**Nature of the transaction**	**Financial instrument**	**Unit price**	**Total amount (gross)**
				(in euros)	(in euros)
Bpifrance Investissement	7/28/2017	**Sale**	**Share**	5.385	56,273.25
Bpifrance Investissement	7/28/2017	**Sale**	**Share**	5.4006	1,674.19
Bpifrance Investissement	8/1/2017	**Sale**	**Share**	5.344	7,251.81
Bpifrance Investissement	8/3/2017	**Sale**	**Share**	5.2	130,000.00

Bpifrance Investissement	8/4/2017	**Sale**	**Share**	5.165	129,125.00
Bpifrance Investissement	8/8/2017	**Sale**	**Share**	5.11	618,310
Bpifrance Investissement	8/17/2017	**Sale**	**Share**	5.3168	17,561.39
Bpifrance Investissement	8/18/2017	**Sale**	**Share**	5.3065	15,484.37
Bpifrance Investissement	8/21/2017	**Sale**	**Share**	5.3018	2,624.39
Bpifrance Investissement	9/29/2017	**Sale**	**Share**	6.5924	75,654.38
Bpifrance Investissement	10/2/2017	**Sale**	**Share**	6.5439	11,693.95
Bpifrance Investissement	10/3/2017	**Sale**	**Share**	6.45	69,266.55
Bpifrance Investissement	10/5/2017	**Sale**	**Share**	6.2363	20,891.61
Bpifrance Investissement	10/6/2017	**Sale**	**Share**	6.4459	87,296.82
Fabien Bardinet	6/12/2017	**Purchase**	**Share**	0	0
Fabien Bardinet*	2/12/2018	**Exercise of BSPCE**	**Share**	1.06	318,000.00
Fabien Bardinet*	2/13/2018	**Sale**	**Share**	5.500	825,000.00
Fabien Bardinet*	6/12/2018	**Sale**	**Share**	5.300	795,000.00

*Fabien Bardinet exercised and sold Balyo shares directly and through Astrolab Consulting, of which he is the sole shareholder.

19. TRANSACTIONS WITH RELATED COMPANIES

19.1 Reports of the statutory auditors on the regulated agreements

The regulated agreements are referred to in the special report of the statutory auditors presented below for fiscal 2017.

Since the special report of the statutory auditors for fiscal 2017 was issued, no new regulated agreement has been submitted to the Board of Directors for its approval.

19.2 Reports of the statutory auditors on the regulated agreements and commitments

19.2.1 Report of the statutory auditors on the regulated agreements and commitments for the fiscal year ending on December 31, 2017

General meeting called to approve the financial statements for the fiscal year ending on December 31, 2017

To the General Meeting of BALYO S.A.,

In our capacity as statutory auditors of your company, we hereby present our report on regulated agreements and commitments.

We are responsible for informing you, based on information provided to us, of the characteristics and essential terms of the agreements, as well as the reasons that justify the company's interest in the agreements and commitments of which we have been advised or that we may have identified on the occasion of our mission, without being required to issue an opinion as to their usefulness or merit nor seek to identify the existence of other agreements and commitments. Pursuant to the terms of Article R. 225-31 of the Commercial Code, it is up to you to analyze the benefits associated with these agreements and commitments before you approve them.

Furthermore, where applicable, we are responsible for providing you with the information described in Article R. 225-31 of the Commercial Code related to the execution during the past fiscal year of the agreements and commitments already approved by the general meeting;

We have conducted the analyses we deemed necessary in accordance with the professional standards of the *Compagnie nationale des commissaires aux comptes* related to this mission. These analyses consisted in verifying the consistency of the information provided to us with the underlying source documents.

Agreements subject to the approval of the General Meeting

Agreements and commitments authorized and concluded during the past fiscal year

We hereby inform you that we were not notified of any agreement or commitment authorized and concluded during the past fiscal year that is subject to the approval of the general meeting in accordance with the terms of L. 225-38 of the Commercial Code.

Agreements already approved by the General Meeting

Agreements and commitments approved in prior fiscal years the execution of which continued during the past fiscal year

In accordance with Article R. 225-30 of the Commercial Code, we were informed that the execution of the following agreements and commitments, already approved by the general meeting in prior years, continued during the past fiscal year.

- The Chairman and Chief Executive Officer, Fabien Bardinet, was paid fixed compensation of €153,750 in fiscal 2017.
- The Chairman and Chief Executive Officer, Fabien Bardinet, was paid exceptional compensation of €50,000 further to the success of the IPO.
- The Chairman and Chief Executive Officer, Fabien Bardinet, was paid variable compensation of €45,000 in fiscal 2017.
- The Chairman and Chief Executive Officer, Fabien Bardinet, does not benefit from a supplemental retirement scheme with defined benefits (Article L137-11 of the Social Security Code).
- The Chairman and Chief Executive Officer, Fabien Bardinet, does not benefit from a retirement payment, other than the payments provided by law.
- The Chairman and Chief Executive Officer, Fabien Bardinet, does not benefit from a golden parachute.
- The Chairman and Chief Executive Officer, Fabien Bardinet, benefits from a non-compete clause, which includes the payment of an indemnity equal to 35% of his monthly compensation (including the variable portion) for a period of 12 months.
- The Chairman and Chief Executive Officer, Fabien Bardinet, benefits from the collective retirement and benefits schemes (Article L.242-1 of the Social Security Code).
- The Chairman and Chief Executive Officer, Fabien Bardinet, benefited from the allocation of 400,000 BSPCE.
- The Chairman and Chief Executive Officer, Fabien Bardinet, benefited from the allocation of 1,000 free shares.
- The Chairman and Chief Executive Officer, Fabien Bardinet, has benefited from unemployment insurance for executives ("GSC") since 2013. In 2017, the cost for the Company was €15,300.

La Défense and Paris, April 24, 2018

Statutory Auditors

Deloitte & Associés	SIRIS SARL
Stéphane MENARD	Emmanuel MAGNIER
Partner	Partner

20. FINANCIAL INFORMATION

20.1 Consolidated financial statements prepared according to the IFRS for the fiscal year ending on December 31, 2017

CONSOLIDATED FINANCIAL STATEMENTS PREPARED ACCORDING TO THE IFRS FOR THE FISCAL YEAR ENDING ON DECEMBER 31, 2017

Statement of financial position	Notes	12/31/2017 €K	12/31/2016 €K
ASSETS			
Goodwill			
Intangible assets	4.1	270.4	189.6
Tangible assets	4.2	1,358.7	674.4
Other non-current financial assets	4.3	2,107.4	151.9
Deferred tax assets			
Total non-current assets		**3,736.6**	**1,016.0**
Inventories	4.4	2,822.4	1,027.1
Customer receivables and related accounts	4.5	13,029.4	3,373.7
Other receivables	4.6	3,586.4	1,595.8
Cash and cash equivalents	4.7	30,680.1	3,636.7
Total current assets		**50,118.3**	**9,633.3**
Assets held for sale			
Total Assets		**53,854.9**	**10,649.29**
LIABILITIES			
Equity			
Capital	4.8	2,237.7	1,272.5
Share premiums	4.8	62,242.6	17,588.6
Translation reserve	4.8	188.2	(171.0)
Other comprehensive income	4.8	12.5	(0.5)
Reserves - Group share	4.8	(21,428.1)	(15,472.7)
Income - Group share	4.8	(10,647.2)	(6,829.9)
Share capital, Group share		**32,605.7**	**(3,613.1)**
Total share capital		**32,605.7**	**(3,613.1)**
Non-current liabilities			
Commitments to employees	4.11	143.2	115.2
Non-current financial debts	4.10	1,414.4	3,189.2
Provisions and other non-current debts	4.12.1	2.0	2.2
Non-current liabilities		**1,559.7**	**3,306.6**
Current liabilities			
Current financial debts	4.10	1,056.2	3,284.4
Provisions	4.9	0.0	54.0
Supplier payables and related accounts	4.12.2	9,230.8	3,708.7
Tax and social security liabilities	4.12.3	1,945.6	1,524.3
Other current liabilities	4.12.3	7,456.9	2,384.4
Current liabilities		**19,689.5**	**10,955.7**
Liabilities related to assets held for sale			
Total Liabilities		**53,854.9**	**10,649.3**

Income statement

Income statement	Notes	12/31/2017 €K	12/31/2016 €K
Sales revenue	5.1	16,409.2	5,152.8
Cost of sales	5.1	(10,973.2)	(3,642.3)
Gross margin		**5,436.0**	**1,510.5**
Research and development expenses	5.2.1	(5,680.6)	(2,413.0)
Marketing and sales expenses	5.2.2	(4,048.6)	(3,122.5)
General and administrative expenses	5.2.3	(4,828.3)	(2,436.9)
Payments in shares		(1,001.0)	(161.7)
Operating loss/gain		**(10,122.4)**	**(6,623.6)**
Cost of net financial indebtedness	5.4	(1.6)	(143.4)
Other financial income and expenses	5.4	(523.2)	(63.0)
Financial income		**(524.9)**	**(206.3)**
Loss/gain before income tax		**(10,647.2)**	**(6,829.9)**
Net earnings for the period		**(10,647.2)**	**(6,829.9)**
Group share		*(10,647.2)*	*(6,829.9)*
Non-controlling interests			

Earnings per share	Notes	12/31/2017	12/31/2016
Weighted average number of shares in circulation		22,693,567	15,523,971
Basic earnings per share (€/share)		*(0.47)*	*(0.44)*
Diluted earnings per share (€/share)		*(0.47)*	*(0.44)*

Statement of comprehensive income

BALYO - IFRS Consolidated statement of comprehensive income	12/31/17 €K	12/31/16 €K
Loss for the year	**(10,647.2)**	**(6,829.9)**
Actuarial losses (non-recyclable)	12.9	(9.8)
Consolidation changeover differences	359.2	(83.2)
Comprehensive loss	**(10,275.1)**	**(6,922.9)**

Changes in equity

BALYO Consolidated statement of change in equity	Number of shares in capital	Capital €K	Share premium €K	Reserves and result €K	Exchange differences €K	Actuarial losses €K	Total equity - Group share €K
As at December 31, 2015	*14,226,640*	**1,138.1**	**15,043.87**	**(15,634.5)**	**(87.9)**	**9.3**	**469.0**
Net loss/gain 2016				(6,829.9)			(6,829.9)
Other comprehensive income					(83.2)	(9.8)	(93.0)
Comprehensive loss		1,138.1	15,043.9	(22,464.4)	(171.0)	(0.5)	(6,453.9)
Capital increase in cash	*1,250,000*	100.0	1,900.0				2,000.0
Redemption of convertible bonds (572 bonds)	*429,997*	34.4	653.6				688.0
Capital increase costs			(8.9)				(8.9)
Payments in shares				161.7			161.7
As at December 31, 2016	*15,906,637*	**1,272.5**	**17,588.6**	**(22,302.6)**	**(171.0)**	**(0.5)**	**(3,613.1)**
Net loss/gain 2017				(10,647.2)			(10,647.2)
Other comprehensive income					359.2	12.9	372.1
Comprehensive loss		1,272.5	17,588.6	(32,949.9)	188.2	12.4	(13,888.2)
Capital increase in cash	*11,134,646*	890.8	44,872.6				45,763.4
Redemption of convertible bonds	*860,865*	68.9	2,761.7				2,830.5
Exercise of BSPCE	*69,300*	5.5	100.3				105.9
Capital increase costs			(3,102.5)				(3,102.5)
BSA subscription			22.0				22.0
Cancellation of treasury shares resulting from the liquidity agreement				(126.4)			(126.4)
Payments in shares				1,001.0			1,001.0
As at December 31, 2017	*27,971,448*	**2,237.7**	**62,242.7**	**(32,075.3)**	**188.2**	**12.4**	**32,605.7**

Cash flow table

BALYO - IFRS Consolidated cash flow table	Notes	12/31/2017/	12/31/2016
Cash flows relating to operating activities			
Net loss/gain		**(10,647.2)**	**(6,829.9)**
(+) Amortization of intangible assets	4.1	48.0	28.5
(+) Depreciation of property, plant and equipment	4.2	203.8	174.0
(+) Provisions	4.11	47.4	32.8
(-) Provision reversals	4.9	(54.0)	0.0
(+) Cost of share-based payments	4.8	1,001.0	161.7
(-) Financial interest at amortized cost		127.3	146.5
(-) Gains or losses on disposal of fixed assets		32.9	70.8
(-) Deferred taxes			
Cash flow after cost of debt and taxes		**(9,240.8)**	**(6,215.6)**
(+) Elimination of the net cost of financial debt		(1.6)	143.5
Self-financing capacity before net financial debt and taxes		**(9,242.4)**	**(6,072.1)**
(-) Change in working capital requirements (less depreciation of customer receivables and inventory)		(2,831.2)	2,087.6
Net cash used in operating activities		**(12,073.6)**	**(3,984.5)**
Net cash used in investment activities			
Purchases of intangible assets	4.1	(128.8)	(132.9)
Disposal of tangible assets	4.2	0.0	40.0
Purchases of tangible assets	4.2	(929.8)	(368.8)
Changes in suppliers of tangible assets		611.9	
Change in other non-current financial assets	4.3	(1,958.2)	(74.2)
Net cash used in investment activities		**(2,404.8)**	**(535.9)**
Net cash used in financing activities			
Capital increase net of share capital increase costs	4.8	42,660.9	1,991.1
BSA issue	4.8	22.0	0.0
Exercise of BSPCE	4.8	105.9	
Payment of conditional advances and subsidies	4.10	91.8	1,127.1
Payment of new loans or bond issues redeemable in shares	4.10	0.0	2,800.0
Net financial interest paid	4.10	1.6	(143.5)
Repayment of loans and conditional advances	4.10	(1,307.5)	(670.5)
Net cash used in financing activities		**41,574.6**	**5,104.2**
Impact of currency exchange variations		(50.0)	30.8
Increase (decrease) in cash		**27,046.2**	**614.6**
Cash and cash equivalents at beginning of the year (including current bank overdrafts)		3,633.9	3,019.3
Cash and cash equivalents at end of the year (including current bank overdrafts)		30,680.1	3,633.9
Increase (decrease) in cash		**27,046.2**	**614.6**

		12/31/2017/	12/31/2016
Cash and cash equivalents	4.7	30,680.1	3,636.7
Bank overdrafts	4.10	0.0	(2.8)
Cash and cash equivalents at period end (including current bank overdrafts)		**30,680.1**	**3,633.9**

Information on changes in working capital requirements (€K)	12/31/2017/	12/31/2016
Other non-current assets		
Inventory (less depreciation)	(1,844.4)	(233.0)
Customer receivables and related accounts (less depreciation of customer receivables)	(9,830.0)	(1,137.0)
Other non-current assets	(2,002.3)	(476.9)
Accounts payables and related accounts	5,556.5	2,158.7
Tax and social security liabilities	456.4	415.1
Other current liabilities	4,832.5	1,360.7
Total change	(2,831.2)	2,087.6

NOTE 1. PRESENTATION OF THE BUSINESS AND MAJOR EVENTS

The information below constitutes the Notes to the consolidated financial statements prepared according to the IFRS, and is a full part of the financial statements presented for the fiscal years ending on December 31, 2017 and 2016.

Each fiscal year covers a 12-month period from January 1 to December 31.

1.1 Information on the Company and its business

BALYO (the "Company" or "BALYO") was incorporated in the form of a French *société anonyme* (a public limited company). The consolidated Group (the "Group") includes the parent company, BALYO, and the subsidiary.

Address of the registered office: 3 rue Paul Mazy, 94200 Ivry-sur-Seine, France

Commercial Register number: 483 563 029 (Commercial Register of Melun)

BALYO's business is the design of automation systems for all sectors, and the manufacturing and commercialization of automation systems for all sectors.

Balyo and its subsidiary are referred to hereafter as the "Company" or the "Group".

1.2 Significant events in the fiscal year ending on December 31, 2017

IPO on the Euronext regulated market in Paris - Redemption of the bond issue redeemable in shares ("ORA 2016")

In the first half of 2017, the Company launched its IPO on the Euronext market in Paris. In the framework of this operation, the Company issued 11,134,646 shares at a price of €4.11 (including €0.08 in nominal value) for a gross amount of €45.8 million before consideration of the expenses related to this operation. These shares were subscribed by the historic shareholders, and also by new shareholders, including individual and institutional shareholders.

This operation also included 860,865 new shares resulting from the redemption of the bonds convertible into shares issued in November 2016 (subscribed by the company's historic shareholders) and 69,300 new shares related to the exercise of BSPCE.

Upon conclusion of this operation, the number of shares comprising the capital was 27,911,448.

Early repayment of the “innovation loan”

At the end of June 2017, the Company decided to repay an innovation loan in advance, which loan had been granted in 2016 in the amount of €1,000K. This loan included the payment of interest equal to 4.18% per year (See Note 4.10.1).

Implementation of a liquidity agreement

On July 3, 2017, the Company announced it had signed a liquidity agreement with the Natixis bank. This agreement complies with the French financial markets association (AMAFI) Charter of Professional Ethics dated March 8, 2011 and approved by the *Autorité des marchés financiers* in its decision of March 21, 2011. To implement this agreement, €150,000 were allocated to the liquidity agreement.

Relocation of the registered office

On July 12, 2017, the Company signed a lease with the Sirius group for 12 years, including six firm years, regarding an office and business building located at 3, rue Paul Mazy in Ivry sur Seine, and relocated its registered office from Moissy Cramayel to Ivry. This 3,300 m² building, two-thirds of which are offices, should allow the Company to satisfy its development objectives. As part of this lease, the Company granted a bank guarantee payable on first demand (*garantie à première demande*) to the lessor in the amount of €1.7 million (see Note 4.3).

Creation of a subsidiary in Asia

In October 2017, a subsidiary was created (value of the securities: €55.1K, including €23.8K paid up), but it will only become operational in 2018. As such, it will be included in the scope of consolidation as of January 1, 2018. This Singaporean subsidiary was created to expand the Group's business in Asia-Pacific.

1.3 Events after the 2017 closing

None

NOTE 2. ACCOUNTING PRINCIPLES, RULES AND METHODS

The financial statements are presented in thousands of euros, unless indicated otherwise. Figures have been rounded in the calculation of certain financial information and other information included in these statements. Therefore, the figures presented as totals in certain tables may not correspond to the exact sum of the preceding figures.

2.1 Basis of preparation for the Group's first consolidated financial statements according to the IFRS

Statement of compliance

The present consolidated financial statements were prepared according to the IFRS (International Financial Reporting Standards) accounting reference as adopted by the European Union on December 31, 2017.

This reference is available on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias_fr.htm) and includes the international accounting standards (IAS and IFRS), and the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Interpretations Committee (IFRIC).

The guiding principles, accounting methods and options adopted by the Group are described below.

Principle guiding the preparation of the financial statements

The Group's consolidated financial statements were prepared according to the historical cost principle, with the exception of certain categories of assets and liabilities which are stated in accordance with the terms of the IFRS: employee benefits evaluated according to the projected unit credit method, financial loans and debts evaluated according to the amortized cost method, and derivative financial instruments measured at fair value.

Going concern principle

The Board of Directors adopted the going concern principle based on the cash available as at December 31, 2017, which must cover its projected cash flow needs for the upcoming 12 months.

Accounting methods

In accordance with the terms of IFRS 1, the Group applied all of the standards in effect as at December 31, 2017 to all of the periods presented in the financial statements.

The accounting methods described below were applied in a constant manner to all the periods presented in the financial statements, after taking into account or with the exception of the new standards and interpretations described below:

Standards, amendments to standards and interpretations applicable as of the fiscal year beginning on or after January 1, 2017

The accounting principles adopted are identical to those used to prepare the annual consolidated financial statements according to the IFRS for the fiscal year ending on December 31, 2016, it being noted that no new standard, amendment to a standard or interpretation was adopted and is mandatory as of the fiscal year beginning on or after January 1, 2017.

Standards, amendments and interpretations adopted by the European Union but not yet mandatory for the fiscal years beginning on or after January 1, 2016

- IFRS 9 - Financial Instruments
- IFRS 15 - Revenue from Contracts with Customers
- IFRS 16 - Leases
- Amendments to IFRS 4 - Application of IFRS 9 with IFRS 4

Standards and interpretations published by the IASB and not yet adopted by the European Union on December 31, 2017

- IFRS 14 - Regulatory Deferral Accounts
- IFRS 17 - Insurance Contracts
- IFRIC 22 - Foreign Currency Translations and Advance Consideration
- IFRIC 23 - Uncertainty over Income Tax Treatments
- Amendments to IFRS 2 - Classification and measurement of share-based payment transactions
- Amendments à IFRS 9 – Prepayment features with negative compensation
- Amendments to IAS 28 - Long-term interests in associates and joint ventures
- Amendments to IFRS 10 and IAS 28 - Sales or contributions of assets between an investor and its associate/joint venture
- Amendments to IAS 40 - Transfer of investment properties
- Improvements to the IFRS (2014-2016 cycle)

The Group is currently evaluating the impact resulting from the initial application of these new texts. At this stage, it does not anticipate any significant impact on its financial statements.

With regard to IFRS 15, in 2017, a list of contracts representing a significant portion of the sales revenue was analyzed. This analysis did not indicate that the present standard would have a significant impact on the annual financial statements for 2017. The Group does not plan to apply IFRS 15 in advance.

The Group does not use the technical milestone method but the percentage of completion method to measure the percentage of completion of contracts that fall within the scope of application of IAS 11.

Revenues are only recognized up to the limit of the costs committed and that can be recovered. An expected loss on the contract must be immediately posted under expenses.

Consolidation methods

The Group applies IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements" and IFRS 12, "Disclosure of Interests in Other Entities".

IFRS 10, which covers accounting methods for consolidated financial statements, introduces a single consolidation model, which identifies control as a criterion to be met to consolidate an entity. An investor exercises control over an entity if he has power over said entity, is exposed to the variable returns of the entity or has rights to these variable returns in light of his involvement in this entity, and if he is capable of using his control over the entity to influence the amount of these returns.

The subsidiaries are entities over which the Group exercises control.

The sole subsidiary is consolidated through complete integration as of the date on which the Group gains control over said subsidiary and is de-consolidated on the date on which it is no longer controlled by the Group.

Intragroup balances and transactions are eliminated.

The parent company, Balyo, exercises control over BALYO Inc., which is fully consolidated.

Principal Group companies as at December 31, 2017

As at December 31, 2017, the Group is composed of two entities (including BALYO SA), which are fully consolidated.

Companies	Country	Group control (as a %)	Holdings (as a %)
BALYO SA	France	Parent company	-
BALYO Inc	United States	100%	100%

A subsidiary was created in October 2017 in Singapore, but it did not record any significant transaction in 2017 and will therefore be integrated as of 2018.

2.2 Estimates and judgments

To prepare the financial statements according to the IFRS, the Company's management used estimates and judgments in applying the IFRS accounting methods. These judgments and/or estimates have an impact on the amounts of assets and liabilities, the amounts of potential liabilities on the date the financial statements were prepared, and the amounts presented as revenue and expenses for the fiscal year.

These estimates are based on the going concern assumption and are established based on the information available at the time. They are continuously evaluated on the basis of past experience, as well as various other factors that are considered reasonable and are used to estimate the book value of assets and liabilities. The estimates may be reviewed if the circumstances on which they are based change or if new information becomes available. Actual results could differ significantly from these estimates if different assumptions are used or different circumstances arise.

The judgments, estimates and assumptions based on the information available on the closing dates relate in particular to:

- Recognition of revenue (Note 5.1);
- Accounting treatment of development expenses (Note 4.1);

- Provisions for retirement commitments and other provisions (Note 4.11);
- Allocation of stock warrants, treasury shares or founders' share warrants to employees, executives and external providers (Note 4.8.3).
- Recognition of deferred tax assets (Note 5.5);
- Repayable advances (Note 4.10.2).

These assumptions, which underlie the principal estimates and judgments, are described in the Notes to these financial statements.

2.3 Transactions and financial statements in foreign currencies

2.3.1 Translation of the financial statements

The information provided in the financial statements for each Group entity is evaluated by using the currency in the principal economic environment in which the entity operates ("functional currency").

The Group's financial statements are set out in euros, the currency in which the Group's consolidated financial statements are presented and the Company's functional currency.

The subsidiary's financial statements, which were prepared in a functional currency other than the euro (USD for Balyo Inc.) are translated into euros:

- with regard to assets and liabilities, at the exchange rate in effect at the end of the period;
- with regard to revenue and expenses, at the exchange rate in effect on the date of the transaction or at the average exchange rate for the period if this exchange rate is close to the exchange rates in effect on the date of the transaction.

Translation differences that result from the application of this method are recorded under consolidated equity as "Other comprehensive income".

The rates used to convert the foreign currencies are presented below:

	12/31/2017		12/31/2016		
1 € equal to	Average rate	Closing rate	Average rate	Closing rate	
USD	1.1295	1.1993	1.1066	1.0541	

Source: Banque de France

2.3.2 Conversion of foreign currency transactions

Transactions carried out by the consolidated companies in a currency other than their functional currency are converted at the exchange rate in effect on the date of the different transactions.

Customer receivables, accounts payable and debts in a currency other than the entities' functional currency are converted at the exchange rate in effect on the date of closing. Unrealized gains and losses that result from this conversion are recorded under the net financial result.

Exchange rate gains and losses that result from the conversion of intragroup transactions or receivables or debts in a currency other than the entities' functional currency are recorded under profits and losses.

2.4 Distinction between current and non-current on the balance sheet

The Company distinguishes the current and non-current parts of its assets and liabilities on the balance sheet.

This distinction between current and non-current elements was applied as follows:

- The assets and liabilities set out under working capital requirements for the normal business cycle are classified as "current";
- The assets and liabilities that fall outside of the normal business cycle are presented as "current", on the one hand, and "non-current", on the other, depending on whether the settlement date falls within 12 months or after 12 months, by applying the specific cases described in IAS 1.

NOTE 3. INFORMATION ON THE SECTOR

3.1 The Group's business sector

In light of IFRS 8, the Company only presents one business sector: "the sale of automation solutions for logistics flows". The assets present abroad are not significant.

3.2 Information by key customer

The weight of the Company's principal customers is described in Note 7.2 "Financial risk management and valuation". Customers that represent more than 10% of sales are those that result from the partnership agreements with Linde.

SALES REVENUE by customer (amounts in €K)	**12/31/2017**		**12/31/2016**	
Linde Group (Fenwick)	12,552.0	*76%*	4,190.0	*81%*
Others	3,857.2	*24%*	962.8	*19%*
Total sales revenue	**16,409.2**	*100%*	**5,152.8**	*100%*

NOTE 4. INFORMATION ON THE FINANCIAL POSITION

4.1 Intangible assets

In accordance with IAS 38, the development expenses incurred by the Group must be capitalized when the following criteria have been fulfilled:

- The Group has the intent and technical capacity to bring the development project to completion;
- It is highly probable that the Company will benefit from the future economic impact of the development expenses, which is usually substantiated by the existence of orders or contracts;
- The costs may be measured reliably;
- The Group is able to use or sell the intangible asset;
- The Group has the resources required to complete the project.

The research and development expenses that do not meet the criteria set out above are recorded in the income statement on the "Research and development expenses" line as an expense for the year in which they were incurred.

The other intangible assets mainly relate to software. The cost of acquisition of the software licenses is capitalized at the cost of acquisition and installation cost. These costs are amortized over the estimated useful life of the software.

The intangible assets are amortized according to the straight-line method based on their estimated useful life and are presented below:

Type of asset	Period (in years)
Concessions, software and patents	1, 3, 5 and 20 years

The tables below illustrate the movements that took place over the fiscal year:

GROSS VALUE OF INTANGIBLE ASSETS (amounts in €K)	Concessions, patents and similar rights
Statement of financial position as at December 31, 2016	**262.4**
Additions	128.8
Statement of financial position as at December 31, 2017	**391.2**
AMORTIZATION	
Statement of financial position as at December 31, 2016	**72.8**
Amortization charge	48.0
Statement of financial position as at December 31, 2017	**120.8**
NET BOOK VALUE	
As at December 31, 2016	**189.6**
As at December 31, 2017	**270.4**

The intangible assets do not include any assets whose useful life is indefinite. The depreciation of these intangible assets is fully recorded as a research and development expense.

4.2 Tangible assets

Tangible assets are valued at their cost of acquisition less total depreciation and potential impairment loss. Subsequent expenses are included in the book value of the asset or, if applicable, recorded as a separate asset if it seems likely that the future economic benefits associated with the asset will benefit the Group and that the cost of the asset can be measured reliably. The book value of parts replaced is de-recognized. All of the expenses for repairs and maintenance are recorded as expenses.

Depreciation is calculated according to the straight-line method for the following estimated periods of use:

Items	**Depreciation periods**
Installations, improvements and fittings	10 years
Technical installations	5 to 10 years
Industrial equipment and tools	5 to 10 years
Prototypes	5 years
Transport materials	4 to 5 years
Office equipment	5 to 10 years
Computer hardware	3 years
Furniture	10 years

Residual values, useful lives and the methods to depreciate assets are reviewed at each annual closing and amended, if necessary, on a prospective basis.

The cost of acquisition of assets is incorporated on a gross basis before tax into the cost of acquisition of these assets.

The lease-purchase or lease-financing contracts (movable and immovable property) are recorded in the balance sheet for the fair value of the leased asset or, if the fair value is inferior, the present value of the minimum lease payments when almost all of the risks and benefits inherent in the property are transferred to the lessee. Lease payments are broken down into financial expenses and asset depreciations. The depreciation methods for the assets are identical to those of similar assets acquired by the Group.

Rent payments under contracts considered to be simple leases are recorded as expenses for the fiscal year.

Rent-free provisions at the beginning of the lease and special benefits granted by the lessor are recorded on a straight-line basis over the lease period, thereby reducing the contractual lease expenses.

The table below represents movements over the two relevant periods:

GROSS VALUE OF TANGIBLE ASSETS (amounts in €K)	Prototypes	Other tangible assets	Office equipment	Transport materials/equipment	Advance payments on tangible assets	Total
Statement of financial position as at December 31, 2016	**606.9**	**227.3**	**176.2**	**26.4**	**14.8**	**1,051.5**
Additions	232.4	300.8	396.6			929.8
Disposals	(66.7)					(66.7)
Impact of exchange rate	(6.5)	(3.8)				(10.3)
Transfer	14.8				(14.8)	0.0
Statement of financial position as at December 31, 2017	**780.8**	**524.3**	**572.8**	**26.4**	**0.0**	**1,904.3**
AMORTIZATION						
Statement of financial position as at December 31, 2016	**144.1**	**92.0**	**114.7**	**26.4**	**0.0**	**377.1**
Additions	114.0	42.2	47.6			203.8
Disposals	(33.8)					(33.8)
Impact of exchange rate	(1.1)	0.2				(0.9)
Transfer						0.0
Statement of financial position as at December 31, 2017	**223.2**	**134.4**	**162.2**	**26.4**	**0.0**	**546.2**
NET BOOK VALUE						
As at December 31, 2016	**462.8**	**135.3**	**61.6**	**0.0**	**14.8**	**674.5**
As at December 31, 2017	**557.6**	**389.9**	**410.6**	**0.0**	**0.0**	**1,358.7**

The Group produced new prototypes during the two periods presented. Retirements mainly relate to obsolete prototypes.

The other tangible assets mainly relate to fitting out the Balyo SA premises.

At the end of each period presented in the financial information, the Group reviews the book values of its tangible and intangible assets to determine whether there is any indication that these assets have lost value. If this type of indication exists, the recoverable value of the assets is estimated to determine the impairment loss (if applicable).

If the estimated recoverable value of an asset is less than its book value, the book value of the asset is written down to its recoverable value. An impairment loss is recognized immediately in net income.

If an impairment loss is reversed at a future date, the book value of the asset is increased in line with the revised estimate of its recoverable value if this increased book value is not greater than the book value that would have been determined if no impairment loss had been recorded for this asset in prior fiscal years. The reversal of an impairment loss is recognized immediately under net income.

The depreciation charge for tangible assets totaled €203.8K on December 31, 2017, compared to €174.0K on December 31, 2016. The breakdown by type is as follows:

Depreciation of tangible assets (amounts in €K)	**12/31/2017**	**12/31/2016**
Cost of sales	(13.5)	(11.5)
Marketing and sales expenses	(20.1)	(13.2)
Research and development expenses	(97.4)	(92.2)
General and administrative expenses	(72.8)	(57.2)
TOTAL	**(203.8)**	**(174.0)**

4.3 Financial Assets

The Group's financial assets consist exclusively of loans and receivables.

The financial assets are initially recorded at the cost that corresponds to the fair value of the price paid, increased by the costs of acquisition.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. The following are not included in this category:

- Assets that the entity intends to sell immediately or in the near future and that are classified as held for the purposes of transactions or that were initially accounted for under the fair value option;

- Assets available for sale

The assets for which for which the holder may not recover substantially all of its initial investment, for reasons other than because of credit deterioration, must be classified as available for sale. Non-current financial assets consist of loans, deposits, sureties and liquid assets subject to restrictions. Current financial assets consist for the most part of receivables that are initially recognized at fair value.

IAS 39 "Financial Instruments: Recognition and Measurement" (see IAS 39-58 *et seq.* "Impairment and Uncollectibility of Financial Assets") requires an examination at the end of each reporting period to ascertain whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such indication exists, the entity must apply the terms of the standard related to each category of financial assets in order to determine the amount of the impairment loss to be recorded.

The financial assets are as follows:

FINANCIAL ASSETS (Amounts in €K)	**Loans, sureties and other receivables**	**Non-consolidated equity holdings**	**Total**
Statement of financial position at 31 December 2015	**77.5**	**0.0**	**77.5**
Additions	83.5		83.5
Disposals	(9.3)		(9.3)
Impact of exchange rate	0.2		0.2
Statement of financial position at 31 December 2016	**151.9**	**0.0**	**151.9**
Additions	1,984.4	23.8	2,008.2
Disposals	(50.0)		(50.0)
Impact of exchange rate	(2.7)		(2.7)
Statement of financial position at 31 December 2017	**2,083.6**	**23.8**	**2,107.4**

The financial assets mainly consist of security deposits for the French company's commercial lease. Under "loans and sureties" additions, €1,723K relates to the bank guarantee payable on first demand (*garantie à première demande*) for the lease regarding the premises in Ivry.

The disposals in the fiscal year result from the repayment of the security deposit related to the early repayment of the BPI loan (see 4.10.2).

The non-consolidated equity holdings relate to the subsidiaries created at the end of the year and which have not been consolidated.

4.4 Inventory

Inventory of raw materials and consumables is stated at acquisition cost. A provision for depreciation is created for obsolete or excess items.

Finished products are valued at their production cost, with the exception of those for which, during the production launch stage, the cost price is higher than the sales price, as well as obsolete or excess products. A provision for depreciation is recorded to reduce the inventory of finished products to its realizable value, after deducting the proportional sales costs.

Work-in-process is valued according to the same principles and on the basis of their stage in the production process.

With regard to parts that are no longer used to produce the MOVEBOX, a depreciation is recorded on a case by case basis.

Inventory is valued according to the FIFO (first in, first-out) method. For practical reasons, and unless a significant variance exists, the last known cost of acquisition has been used.

The table below illustrates the movements that took place over the past two fiscal years:

INVENTORIES (amounts in €K)	12/31/17	12/31/16
Raw materials	2,777.1	975.3
Work in process	0.0	0.0
Finished products	0.0	142.9
Merchandise	180.7	40.2
Total gross inventories	**2,957.8**	**1,158.4**
Depreciation of raw materials inventory	(135.4)	(121.7)
Depreciation of finished products	0.0	(9.7)
Total depreciation of inventories	**(135.4)**	**(131.3)**
Total net inventories	**2,822.4**	**1,027.1**

Stocks of raw materials are essentially composed of parts (mechanical or electronic) incorporated into the AGVs' automated system.

4.5 Customer receivables and other receivables

Customer receivables, the due dates of which vary in accordance with the markets and contracts, are usually payable between 30 and 90 days. Customer receivables and other receivables are initially recorded at fair value. Future valuations consider the probability of collection of the receivables, which may lead to a specific impairment being recognized for a doubtful receivable, determined as follows:

• Receivables that are disputed or the subject of litigation are fully impaired when precise evidence demonstrates that collection is impossible;

• With regard to other doubtful receivables, impairments are recorded to adjust the estimated recoverable amounts on the basis of the information available when the financial statements are prepared.

Uncollectable receivables (bad debts) are recognized in the income statement, and existing provisions are reversed.

TRADE RECEIVABLES AND RELATED ACCOUNTS (amounts in €K)	12/31/17	12/31/16
Trade receivables and related accounts	3,017.7	1,892.9
Customers - invoices to be issued	10,011.7	1,480.8
Depreciation of trade receivables and related accounts	0.0	0.0
Total net trade receivables and related accounts	**13,029.4**	**3,373.7**

The provision for depreciation of customer receivables is established mainly on a case by case basis in accordance with the estimated risk of non-collection.

Trade receivables by maturity	12/31/17	12/31/16
Not mature	111.6	1,203.5
Less than 90 days	1759.4	542.4
Between 90 days and 6 months	1114.7	17.7
Between 6 and 12 months	31.9	129.3
Total trade receivables and related accounts	**3017.7**	**1,892.9**

4.6 Other receivables

OTHER RECEIVABLES (amounts in €K)	12/31/17	12/31/16
Research Tax Credit	996.0	647.1
Value added tax	1,696.8	364.0
Movebox return (spread out)	0.0	240.9
Prepaid expenses	224.2	189.8
State, other receivables	113.2	59.7
Personnel and related accounts	2.0	0.0
State, other income	0.0	16.8
Miscellaneous	1.4	7.6
Debtor suppliers	552.8	70.0
Total other receivables	**3,586.4**	**1,595.9**

VAT receivables mainly relate to deductible VAT and the VAT refund requested.

Prepaid expenses relate to current expenses and for the most part to lease, insurance premium and software maintenance expenses.

Research Tax Credit

Balyo SA benefits from the terms of Articles 244 *quarter* B and 49 *septies* F of the General Tax Code related to the research tax credit. The research tax credit is recorded as a deduction from research expenses over the year in which the eligible research expenses are incurred. It is presented as a subsidy in the "Research and development expenses" category.

The receivable recognized as at December 31, 2016 was fully repaid in fiscal 2017.

The other current assets reach maturity within less than one year.

4.7 Cash and cash equivalents

Cash and cash equivalents mainly consist of term deposits with original maturity of at most three months, that do not present a significant interest rate risk or impairment risk and that are readily convertible into cash.

The positive cash flow is as follows:

CASH AND CASH EQUIVALENTS (amounts in €K)	12/31/17	12/31/16
Bank accounts	25,680.0	1,586.3
Term deposits	5,000.1	2,050.4
Total cash and cash equivalents	**30,680.1**	**3,636.7**

Current bank overdrafts are not significant and the term deposits are readily available.

4.8 Equity

Equity instruments

The classification of a financial instrument or one of its components as equity depends on the analysis of its contractual financial characteristics. When the entity that has issued the financial instrument is not contractually obliged to provide the holder with cash or another financial asset, the financial instrument is an equity instrument.

Equity transaction expenses

External expenses directly attributable to equity transactions or instruments are recorded as a deduction from equity, net of tax. The other expenses are recognized as expenses for the fiscal year.

4.8.1 Capital issued

COMPOSITION OF SHARE CAPITAL	12/31/2017	12/31/2016
Capital (in K€)	2,237.7	1,272.5
Number of shares	27,971,448	15,906,637
Share value (in €)	0.08 €	0.08 €

The legal history of the changes in capital (excluding the recognition of expenses for increases in capital) is as follows:

Date	Type of operation	Movement (capital) in €K	Issue premium (€K)	Number of shares that comprise the capital	Par value (€)
	As at December 31, 2014	**670.4**	**6,368.0**	**8,380,093**	
February 27, 2015	Capital increase in cash	379.6	7,211.6	4,744,448	0.08
	Bond redemption (1,668 bonds)	88.2	1,599.7	1,102,099	0.08
June 5, 2015	BSA subscription	0.0	6.0	-	-
	As at December 31, 2015	**1,138.1**	**15,185.3**	**14,226,640**	
March 23, 2016	Capital increase in cash	100.0	1,900.0	1,250,000	0.08
March 23, 2016	Bond redemption (572 bonds)	34.4	653.6	429,997	0.08
	As at December 31, 2016	**1,272.5**	**17,738.9**	**15,906.6**	
June 12, 2017	Capital increase in cash	890.8	44,872.6	11,134,646	0.08
June 12, 2017	Redemption of convertible bonds	68.9	2,761.7	860,865	0.08
June 12, 2017	Exercise of BSPCE	0.7	9.1	9,300	0.08
September 28, 2017	Exercise of BSPCE	4.8	91.2	60,000	0.08
	As at December 31, 2017	**2,237.7**	**65,502.8**	**27,971,448**	

The amounts presented above do not take issue expenses into account.

The changes in capital related to the IPO on Euronext Paris are described in Note 1.2.

4.8.2 Capital management and distribution of dividends

No dividend was distributed in fiscal 2016 and 2017.

4.8.3: Stock warrants (BSA) and founders' share warrants (BSPCE)

Ratchet BSA

In fiscal 2012, 2013 and 2015, the Company issued new shares to which stock warrants were attached as anti-dilution protection (Ratchet BSA).

Each "Ratchet" BSA gives the holder a right to subscribe a variable number of shares at par value. They may only be exercised in the event of a reserved increase in capital during which shares are offered at a price that is lower than the share to which they are attached.

The analysis of these stock warrants pursuant to IAS 32 concluded that it was impossible to categorize these stock warrants as equity instruments, given the variability of the number of shares that could be exercised and the amount of cash provided in exchange.

Furthermore, it is to be noted that these BSA became null and void as of right on the date the Company's shares were admitted for trading on a regulated market.

In this framework, all of the Ratchet BSA were canceled the day after the IPO.

4.8.4: IFRS 2

IFRS 2 "Share-based Payment" requires the recognition of an expense for all share-based payments as benefits granted to employees, Company directors and third parties in the framework of stock option and free share distribution plans, offset by the reserve account under equity for transactions settled through the delivery of shares.

The Group granted BSAs and BSPCEs to certain employees.

Valuation method for BSAs, BSPCEs and free shares

The fair value of the warrants was determined using the Black & Scholes valuation model. The valuation method used to estimate the fair value of the warrants is described below:

- The share price used is equal to the investors' subscription price or based on internal valuations;
- The zero-risk rate is determined based on the average life of the instruments;
- Volatility was determined on the basis of a sampling of comparable companies listed on the market on the date of subscription of the instruments and for a period that is equivalent to the warrants' life.
- With regard to the free allocation of share plans, the fair value of the benefit granted based on the share price on the date of allocation, adjusted in accordance with all of the specific conditions that may impact the fair value (e.g., dividends). As indicated above, no dividend was taken into account during the valuation.

Stock warrants ("BSA")

The table below summarizes the information related to the stock option plans in place, as well as the assumptions adopted for the IFRS 2 valuation:

						Assumptions adopted - fair value calculated according to IFRS 2				
Date	Type	Number of warrants issued	Number of obsolete warrants/options	Number of warrants/options in circulation	Maximum number of shares to be issued	Subscription price per share (€)	Exercise period	Volatility	No-risk rate	Total valuation under IFRS 2 (Black & Scholes) on the grant date
7/29/2010	BSA #1	1,750,000	1,750,000	0	0	€ 1.06	6 years	43.37%	2.28%	€ 107,804.00
2/27/2015	BSA #2	60,000	60,000	0	0	€ 1.60	10 years	31.94%	-0.36%	€ 19,209.00
12/2/2016	BSA #3	100,000	0	100,000	100,000	€ 1.60	10 years	27.69%	-0.34%	€ 34,877.00
10/12/2017	BSA #4	20,000	0	20,000	20,000	€ 6.36	3 years	30.79%	-0.69%	€ 0.00
As at December 31, 2017		**1,930,000**	**1,810,000**	**120,000**	**120,000**					

The exercise rights for the "BSA #1" lapsed prior to the date of the Group's transition to the IFRS. They were subscribed by beneficiaries at the price of €1.06 per BSA.

One quarter of the exercise rights for the "BSA #2 and #3" are acquired every year on each anniversary date of the grant. They were subscribed by beneficiaries at the price of € 1.60 per BSA.

The “BSA #4” can be exercised freely at any time as of the date they are issued and for a period of three (3) years. They were acquired by Balyo’s independent directors at a price of €1.10 per BSA and allow for the subscription to new shares at the price of €6.36 per share.

The exercise of the warrants is not conditional on performance. However, it is contingent on the holders' presence in the Company.

These plans are called "equity settled" plans. The Company has made no commitment to buy back these instruments from the employees.

Founders' share warrants ("BSPCE")

The table below summarizes the information related to the stock option plans in place, as well as the assumptions adopted for the IFRS 2 valuation:

						Assumptions adopted - fair value calculated according to IFRS 2				
Date	Type	Number of warrants issued	Number of obsolete warrants/options	Number of warrants/options in circulation	Maximum number of shares to be issued	Subscription price per share (€)	Exercise period	Volatility	No-risk rate	Total valuation under IFRS 2 (Black & Scholes) on the grant date
12/17/2010	BSPCE #1	150,942	150,942	0	0	€ 1.06	7 years	43.37%	2.28%	€ 65,321.52
3/14/2012	BSPCE #2	29,461	29,461	0	0	€ 1.06	7 years	43.64%	1.40%	€ 12,378.11
10/5/2012	BSPCE #3	40,000	40,000	0	0	€ 1.06	7 years	45.91%	0.81%	€ 17,150.71
8/28/2013	BSPCE #4	360,000	60,000	300,000	300,000	€ 1.06	7 years	45.63%	1.06%	€ 155,041.00
11/13/2013	BSPCE #5	30,000	0	30,000	30,000	€ 1.06	7 years	46.62%	0.82%	€ 13,044.00
4/3/2014	BSPCE #6	90,000	70,000	20,000	20,000	€ 1.06	7 years	43.18%	0.78%	€ 36,546.00
10/3/2014	BSPCE #7	39,300	30,000	9,300	9,300	€ 1.06	7 years	36.17%	0.26%	€ 13,268.00
2/27/2015	BSPCE #8	985,000	175,000	810,000	810,000	€ 1.60	10 years	32.74%	-0.08%	€ 447,898.00
12/16/2015	BSPCE #9	105,000	0	105,000	105,000	€ 1.60	10 years	31.94%	0.02%	€ 46,920.00
5/12/2016	BSPCE #10	85,000	0	85,000	85,000	€ 1.60	10 years	30.66%	-0.36%	€ 35,591.00
12/2/2016	BSPCE #11	125,000	0	125,000	125,000	€ 1.60	10 years	27.69%	-0.34%	€ 47,338.00
4/24/2017	BSPCE #12	170,000	0	170,000	170,000	€ 3.05	10 years	27.46%	-0.31%	€ 260,257.00
6/8/2017	BSPCE #13	1,125,000	0	1,125,000	1,125,000	€ 4.11	10 years	27.17%	-0.40%	€ 1,069,002.43
As at December 31, 2017		**3,334,703**	**555,403**	**2,779,300**	**2,779,300**					

The exercise rights for the "BSPCE #1, #2 and #3" are acquired subject to compliance with the conditions related to performance and presence within the Company (four years of seniority). In 2012, 2014 and 2015, part of the warrants became obsolete as the performance conditions were not fulfilled.

One quarter of the exercise rights for the "BSPCE #4 and BSPCE #5" is acquired every year on the anniversary date of the grant for a period of four years. They were subscribed by beneficiaries at the price of €1.06 per warrant. The exercise of the warrants is subject to a condition related to presence within the Company.

One quarter of the exercise rights for the "BSPCE #6 and BSPCE #7" is acquired immediately on the date of the grant, then by 6.25% per quarter over a period of three years. They were subscribed by beneficiaries at the price of €1.06 per warrant. The exercise of the warrants is subject to a condition related to presence within the Company.

One quarter of the exercise rights for the "BSPCE #8, #9, #10 and #11" is acquired every year as of the date of the grant for a period of four years. They were subscribed by beneficiaries at the price of € 1.60 per warrant. The exercise of the warrants is subject to a condition related to presence within the Company.

One quarter of the exercise rights for the "BSPCE #12" is acquired every year as of the date of the grant for a period of four years. They were subscribed by beneficiaries at the price of €4.11 per warrant. The exercise of the warrants is subject to a condition related to presence. One quarter of the exercise rights for the "BSPCE #13" is acquired every year as of the date of the grant for a period of three years. They were subscribed by beneficiaries at the price of €3.05 per warrant. The exercise of the warrants is subject to a condition related to presence within the Company.

These plans are called "equity settled" plans. The Company has made no commitment to buy back these instruments from the employees.

Free shares

The table below summarizes the information related to the free share plans in place, as well as the assumptions adopted for the IFRS 2 valuation:

Date	Type	Number of warrants issued	Number of obsolete warrants/options	Number of warrants/options in circulation	Maximum number of shares to be issued	Total valuation under IFRS 2 (Black & Scholes) on the grant date
6/12/2017	AGA #1	93,000	4,000	89,000	89,000	€ 465,000.00
12/28/2017	AGA #2	133,500	0	133,500	133,500	€ 855,735.00
As at December 31, 2017		**3,334,703**	**486,103**	**2,839,300**	**2,839,300**	

On June 12, 2017, the Board of Directors allocated 93,000 free shares to employees of the Company pursuant to the authorization granted by the general meeting held on April 24, 2017.

The free shares covered by the "AGA #1" plan are definitively acquired one year following the allocation, subject to a condition related to presence and one related to performance, and cannot be sold for one year.

The free shares covered by the "AGA #2" plan are acquired subject to presence and performance conditions, according to the following schedule:

- 50% on December 28, 2018
- 25% on December 28, 2019
- 25% on December 28, 2020

The fair value of the benefit granted based on the share price on the date of allocation, adjusted in accordance with all of the specific conditions that may impact the fair value (e.g., dividends). As indicated in Note 4.8.2, no dividend was taken into account during the valuation.

Details on the expenses recorded in accordance with IFRS 2 for the two reference periods

		Fiscal 2016					Fiscal 2017				
Type	Grant date	Number of warrants/options in circulation	Probable cost of the plan (€K)	Total charge on issue date (€K)	2016 charge (€K)	Cumulative charge at 12/31/2016 (€K)	Number of warrants/options in circulation	Probable cost of the plan (€K)	Total charge on issue date (€K)	2017 charge (€K)	Cumulative charge at 12/31/2017 (€K)
BSA #1	7/29/2010										
BSA #2	2/27/2015	60,000	19.2	12.1	4.6	16.7	0	19.2	16.7	(2.5)	14.2
BSA #3	12/2/2016	100,000	34.9	0.0	10.0	10.0	100,000	34.9	10.0	15.0	25.0
BSA #4	10/12/2017						20,000	0.0	0.0	0.0	0.0
Total - BSA		**160,000**	**54.1**	**12.1**	**14.6**	**26.7**	**120,000**	**54.1**	**26.7**	**12.5**	**39.2**

		Fiscal 2016					Fiscal 2017				
Type	Grant date	Number of warrants/options in circulation	Probable cost of the plan (€K)	Total charge on issue date (€K)	2016 charge (€K)	Cumulative charge at 12/31/2016 (€K)	Number of warrants/options in circulation	Probable cost of the plan (€K)	Total charge on issue date (€K)	2017 charge (€K)	Cumulative charge at 12/31/2017 (€K)
BSPCE #1	12/17/2010										
BSPCE #2	3/14/2012	9,300	65.3	65.3	0.0	65.3			65.3		
BSPCE #3	10/5/2012										
BSPCE #4	8/28/2013	300,000	155.0	142.0	6.6	148.6	300,000	155.0	148.6	0.0	148.6
BSPCE #5	11/13/2013	30,000	13.0	11.8	1.3	13.0	30,000	13.0	13.0	0.0	13.0
BSPCE #6	4/3/2014	20,000	36.5	19.6	(0.5)	19.1	20,000	36.5	19.1	0.7	19.8
BSPCE #7	10/3/2014	9,300	13.3	8.0	(1.6)	6.3	9,300	13.3	6.3	0.4	6.7
BSPCE #8	2/27/2015	870,000	447.9	265.6	88.5	354.1	810,000	447.9	354.1	44.9	399.1
BSPCE #9	12/16/2015	105,000	46.9	12.6	20.6	33.1	105,000	46.9	33.1	9.6	42.8
BSPCE #10	5/12/2016	85,000	35.6	0.0	18.8	18.8	85,000	35.6	18.8	10.5	29.3
BSPCE #11	12/2/2016	125,000	47.3	0.0	13.5	13.5	125,000	47.3	13.5	20.3	33.8
BSPCE #12	4/24/2017						170,000	260.3	0.0	140.3	140.3
BSPCE #13	6/8/2017						1,125,000	1,069.0	0.0	521.1	521.1
Total - BSPCE		**1,553,600**	**861.0**	**524.8**	**147.1**	**671.9**	**2,779,300**	**2,124.9**	**671.9**	**748.0**	**1,354.6**

		Fiscal 2016					Fiscal 2017				
Type	**Grant date**	**Number of AGA in circulation**	**Probable cost of the plan (€K)**	**Total charge on issue date (€K)**	**2016 charge (€K)**	**Cumulative charge at 12/31/2016 (€K)**	**Number of AGA in circulation**	**Probable cost of the plan (€K)**	**Total charge on issue date (€K)**	**2017 charge (€K)**	**Cumulative charge at 12/31/2017 (€K)**
AGA #1	6/12/2017						89,000	465.0		236.6	236.6
AGA #2	12/28/2017						133,500	855.7		3.9	3.9
Total - AGA		**1,553,600**	**861.0**	**524.8**	**147.1**	**671.9**	**222,500**	**1,320.7**	**0.0**	**240**	**240.5**

As at December 31, 2017, not all of the authorizations granted to the Board of Directors by the General Meetings held between 2008 and December 31, 2017 were used.

4.9 Provisions

A provision is recorded when the Group has an obligation to a third party that results from a prior event and when it is probable that it will cause an outflow of resources in favor of this third party, with no compensation expected that is at least equivalent, and that the future outflow of liquidities may be reliably estimated. The amount recorded as a provision is an estimate of the expense required to settle the obligation, discounted, if necessary, on the date of closing. The provisions for risks include provisions related to current claims and litigation. The amounts of the provisions correspond to the most probable estimate of the risk.

PROVISIONS (Amounts in K€)	12/31/2017			
	Amount - beginning of the period	**Provisions**	**Reversals**	**Amount - End of the period**
Provisions for labor tribunal litigation	**54.0**	**0.0**	**(54.0)**	**0.0**
Total provisions for risks and charges	**54.0**	**0.0**	**(54.0)**	**0.0**

PROVISIONS (Amounts in K€)	12/31/2016			
	Amount - beginning of the period	**Provisions**	**Reversals**	**Amount - End of the period**
Provisions for customer claims/litigation	0.0			0.0
Provision for industrial tribunal litigation	54.0			54.0
Total provisions for risks and charges	**54.0**	**0.0**	**0.0**	**54.0**

Litigation and claims

The group may be involved in legal, administrative or regulatory proceedings in the normal course of its business. No provision was recorded in this regard as at December 31, 2017.

Litigation at labor tribunals

The amounts of the provisions are valued case by case in accordance with the Company's appraisal of the risks to date on the basis of the claims, legal obligations and opinions of the group's attorneys. No provision was recorded in this regard as at December 31, 2017.

4.10 Current and non-current financial debt

CURRENT AND NON-CURRENT FINANCIAL DEBT (amounts in €K)	12/31/2017	12/31/2016
Bond issues redeemable in shares	0.0	0.0
Repayable advances	1,414.4	2,166.7
Loans from credit institutions	0.0	1,022.5
Non-current financial debts	**1,414.4**	**3,189.2**
Bond issues redeemable in shares	0.0	2,898.0
Repayable advances	1,056.2	340.0
Loans from credit institutions	0.0	43.6
Bank overdrafts	0.0	2.8
Current financial debts	**1,056.2**	**3,284.4**
Total financial debts	**2,470.7**	**6,473.5**

The bond issue (€2,800K) and its 2% interest (€40K) were simultaneously redeemed in shares (on the basis of a share price of €4.11 and applying a discount of 20%, i.e., €3.288 per share, the interest led to the issue of 9,284 new shares) on June 12, 2017.

All of the interest provisioned and that represents the discount in cash led to a net profit over the period of €67K.

Breakdown of financial debts by maturity

The maturity of these financial debts can be analyzed as follows for the years under consideration:

CURRENT AND NON-CURRENT FINANCIAL DEBT - REPAYMENT VALUE (amounts in €K)	12/31/2017			
	Gross amount	Less than one year	1 to 5 years	Over 5 years
Repayable advances	2,715.9	1,153.4	1,562.5	
Total financial debts	**2,715.9**	**1,153.4**	**1,562.5**	**0.0**
Current financial debts	*1,153.4*			
Non-current financial debts	*1,562.5*			

CURRENT AND NON-CURRENT FINANCIAL DEBT - REPAYMENT VALUE (amounts in €K)	12/31/2016			
	Gross amount	Less than one year	1 to 5 years	Over 5 years
Bond issues redeemable in shares	2,898.0	2,898.0		
Repayable advances	2,879.1	340.0	2,319.1	220.0
Loans from credit institutions	1,066.1	43.6	772.5	250.0
Bank overdrafts	2.8	2.8		
Total financial debts	**6,846.0**	**3,284.4**	**3,091.6**	**470.0**
Current financial debts	*3,284.4*			
Non-current financial debts	*3,561.6*			

Reconciliation of the value in the balance sheet and the repayment value

RECONCILIATION BALANCE SHEET VALUE/REPAYMENT VALUE (amounts in €K)	Repayment value 12/31/2017	Amortized cost	Fair value	Balance sheet value 12/31/2017
Repayable advances	2,715.9	(245.2)		2,470.7
Total financial debts	**2,715.9**	**(245.2)**	**0.0**	**2,470.7**

RECONCILIATION BALANCE SHEET VALUE/REPAYMENT VALUE (amounts in €K)	Repayment value 12/31/2016	Amortized cost	Fair value	Balance sheet value 12/31/2016
Bank overdrafts	2.8			2.8
Repayable advances	2,879.1	(372.5)		2,506.7
Bond issues redeemable in shares	2,898.0			2,898.0
Loan from credit institutions	1,066.1			1,066.1
Total financial debts	**6,846.0**	**(372.5)**	**0.0**	**6,473.5**

The impact of the amortized cost on the repayable advances corresponds to the restatement of the government loans at a rate that is lower than the market rate (Note 4.10.2).

4. 4.10.1 Borrowings from financial institutions

EVOLUTION OF LOANS (amounts in €K)	Credit institution
At December 31, 2015	**82.5**
(+) Receipt	1,000.0
(-) Repayment	(30.0)
At December 31, 2016	**1,052.5**
(-) Repayment	(1,052.5)
At December 31, 2017	**0.0**

- **Seed loan ("*Prêt Participatif d'Amorçage*")**

On September 7, 2010, BALYO SA obtained a seed loan ("PPA") of €150K for an eight-year period, including a grace period of 12 quarters, from Bpifrance. The rate applied is EURIBOR 3 Months, increased by 5.20% (3.40% for the grace period). This loan, the balance of which totaled €52.5K on December 31, 2016, was fully repaid in 2017.

- **BPI France loan to finance expenditure related to the industrial and commercial launch of an innovation**

On January 14, 2016, BALYO SA obtained a loan of €1,000K from Bpifrance for seven years, including a grace period of eight quarters. The interest rate applied is the average monthly rate of return of long-term government loans, increased by 4.18% and including a floor of 0% in the event of a negative EURIBOR. As at December 31, 2016, the balance of the debt totaled €1,000K. As at December 31, 2017, the debt was fully repaid in advance.

The Group mainly borrows in euros and is not subject to an exchange rate risk relative to these loans. The structure of these loans by interest rate is described in Note 7.2.2 "Interest rate risk".

4.10.2 Repayable advances

In accordance with IAS 20, the benefit of a government loan at a below-market rate of interest is recognized as a government subsidy.

Conditional advances at low interest rates are restated according to the following rules:

- The "loan" granted by the government was recorded and valued according to IAS 39. Therefore, the Group records the corresponding debt at fair value, i.e., with a discount (that corresponds to the rate differential, discounted at the market rate) so that its effective interest rate is that of a normal debt.

- The benefit of the below-market interest rate (which corresponds to the "discount") was valued as the difference between the initial book value of the loan, determined according to IAS 39, and the income received. The identified benefit is stated as a public subsidy. This subsidy is recorded in the income statement as and when the expenses for which this subsidy is intended are incurred by the Group. These subsidies are recorded under the "Research and development expenses" heading.

EVOLUTION OF REPAYABLE ADVANCES AND REDUCED-RATE LOANS (amounts in €K)	Zero-interest loan €1,110K	Zero-interest loan €750K	Zero-interest loan €600K	BPI France €950K	BPI France €200K	COFACE EUROPE	COFACE USA	TOTAL
At December 31, 2015	**858.2**	**240.3**	**506.9**	**772.6**	**53.1**	**173.2**	**269.4**	**2,873.5**
(+) Receipt							127.1	127.1
(-) Repayment		(250.0)	(150.0)		(55.0)	(177.7)	(7.8)	(640.5)
Subsidies								0.0
Finance charges	47.9	9.7	23.7	46.1	1.9	4.5	12.6	146.5
(+/-) Other movements								0.0
At December 31, 2016	**906.1**	**0.0**	**380.5**	**818.7**	**0.0**	**0.0**	**401.3**	**2,506.7**
(+) Receipt							91.8	91.8
(-) Repayment			(112.5)	(142.5)				(255.0)
Subsidies							(2.6)	(2.6)
Finance charges	50.6		18.1	44.7			16.4	129.8
At December 31, 2017	**956.7**	**0.0**	**286.2**	**720.9**	**0.0**	**0.0**	**506.9**	**2,470.7**

- **Bpifrance zero-interest loan**

On December 7, 2015, BALYO SA received a zero-interest loan for innovation ("PTZI") from Bpifrance in the amount of €1,100K, which does not bear interest. Repayments of €220K per year will start on March 31, 2018 for a five-year period. The fair value of this advance was determined on the basis of an estimated interest rate of 5.58% per year. The €244.6K impact was recorded as a subsidy. As the Group did not incur any expenses under this program, no subsidy was recorded in the income statement.

The balance of the debt in terms of its repayment value totaled €1,100K as at December 31, 2017, and was identical as at December 31, 2016.

- **Bpifrance loan**

On March 18, 2010, BALYO SA obtained from Bpifrance a repayable "innovation aid" loan in the amount of €200K, which does not bear interest, for the development of an automatic transport solution for the distribution and logistics sector.

Bpifrance's payments are staggered between the date of signature of the contract and the end of the project. The principal stages are:

- First payment of €80K after the contract was signed (cashed in June 2010),
- Second payment of €80K when funds were requested (cashed in April 2011),
- The balance upon completion of the work, i.e., December 2011.

Once the solution had been successfully launched on the market, repayments were staggered on a quarterly basis as follows:

- €10K at the latest at the end of each quarter in 2013
- €12.5K at the latest at the end of each quarter in 2014
- €13.75K at the latest at the end of each quarter in 2015 and 2016

The fair value of this advance was determined on the basis of an estimated interest rate of 5.90% per year. The €41.9K impact was recorded as a subsidy. The full subsidy was recorded in the income statement before January 1, 2015.

As at December 31, 2016, the debt was fully repaid.

- **Bpifrance zero-interest loan**

On December 20, 2011, BALYO SA obtained a zero-interest loan for innovation ("PTZI") from Bpifrance in the amount of €750K, which does not bear interest, for the development of a new 3D navigation technology. Repayments started on March 31, 2014 for a three-year period, with annual payments of €250K. The fair value of this advance was determined on the basis of an estimated interest rate of 6.56% per year. The €153.3K impact was recorded as a subsidy. The full subsidy was recorded in the income statement before January 1, 2015.

As at December 31, 2016, the debt was fully repaid.

- **Bpifrance zero-interest loan**

On May 24, 2013, BALYO SA obtained a zero-interest loan for innovation ("PTZI") from Bpifrance in the amount of €600K, which does not bear interest, for the creation of an electronic device to robotize standard industrial cleaning machines. Repayments started on December 31, 2015 for a four-year period, with annual payments of €150K. The fair value of this advance was determined on the basis of an estimated interest rate of 5.58% per year. The €134.3K impact was recorded as a subsidy. The full subsidy was recorded in the income statement before January 1, 2015.

As at December 31, 2017, the balance of the debt totaled €286.2K, compared to €380.5K as at December 31, 2016.

- **Repayable aid for innovation**

On March 23, 2014, BALYO SA obtained a repayable "innovation aid" loan in the amount of €950K from Bpifrance, which does not bear interest, for the development of an automatic very high lift storage solution with its mobile robots and with no need for an infrastructure.

Bpifrance's payments were staggered between the date of signature of the contract and the end of the project. The principal stages were:

- First payment of €500K after the contract was signed (received in May 2014);
- The balance upon completion of the work, i.e., August 2015.

Once the solution had been successfully launched on the market, repayments were staggered on a quarterly basis as of March 31, 2017, with a quarterly payment of €47.5K.

The fair value of this advance was determined on the basis of an estimated interest rate of 5.97% per year. The €219.2K impact was recorded as a subsidy. This subsidy was recorded in the income statement before January 1, 2015 in the amount of €166.6K and in the amount of €52.6K in 2015.

The balance of the debt in terms of its repayment value totaled €807.5K as at December 31, 2017, as compared to €950K as at December 31, 2016.

- **Coface advances**

BALYO SA obtained repayable advances from COFACE under a "prospecting insurance" ("*assurance prospection*") contract that covers the geographic zone of the US. BALYO benefits from a three to four-year coverage period, during which its prospecting expenses are guaranteed within a defined budget. After this phase, an amortization phase covering four to five years is triggered during which BALYO SA repays the advance on the basis of a percentage of the sales it achieves in the relevant zones (7% of sales of goods and 14% of sales of services).

The terms are as follows:

	COFACE USA
Prospecting expenses	€ 1,000.00
Coverage period	January 1, 2013 to December 31, 2016
Premium amount	2%
Amortization period	January 1, 2017 to December 31, 2021
Interest rate used to calculated fair value	3.51%
Balance at December 31, 2016	€417K
Balance at December 31, 2017	€508K

**This value is equal to the repayment value.*

4.10.3 Bonds convertible into shares

Further to the analysis of the convertible bonds in accordance with IAS 32, no "equity" component was recorded as the ORA 2014 are redeemable in ABSAs, which, by the nature, do not constitute equity instruments; the conversion option does not comply with the criteria of IAS 32 for recognition as equity. As the ORA 2016 provide for potential redemption in cash, they are also considered financial liabilities.

The bonds convertible into shares are valued at amortized cost.

As at December 31, 2016, the ORA 2016 loan was recorded under current financial debts in light of its estimated maturity (related to the admission of the Company's shares to trading planned on said date).

In 2014, the Company launched three bond issues redeemable in shares bearing the same characteristics:

1/ The Company's extraordinary general meeting held on April 3, 2014 approved an "ORA 2014" bond issue in a maximum amount of €500K redeemable in ordinary shares or in ABSA 2013 through the issue of a maximum number of 500 bonds worth €1,000 each. The issue resolution was adopted on April 3, 2014.

The preferential subscription right was reserved for the Company's current financial investors.

2/ The Company's extraordinary general meeting held on July 23, 2014 approved an "ORA 2014-2" bond issue in a maximum amount of €500K, redeemable in ordinary shares or in ABSA 2013 through the issue of a maximum number of 500 bonds worth €1K each. The issue resolution was adopted on July 23, 2014.

The preferential subscription right was reserved for the Company's current financial investors.

3/ The Company's extraordinary general meeting held on December 19, 2014 approved an "ORA 2014-3" bond issue in a maximum amount of €1,240K, redeemable in ordinary shares or in ABSA 2013 through the issue of a maximum number of 1,240 bonds worth €1K each. The issue resolution was adopted on December 19, 2014.

The preferential subscription right was reserved for the Company's current financial investors.

On November 25, 2016, the Company issued a new bond issue redeemable in shares in the amount of €2,800K through the issue of 2,800 bonds redeemable in ordinary shares with a par value of €1K each, each one attached to a "ratchet" stock warrant.

EVOLUTION OF BOND ISSUES (amounts in €K)	**2014 bond issue**	**2016 bond issue**
At 31 December 2015	**688**	**0**
(+) Receipt		2,800
(-) Repayment	(688)	
(+) Capitalized interest		98
At 31 December 2016	**0**	**2,898**
(+) Receipt		
(-) Repayment		(2,800)
(+) Capitalized interest		(98)
At 31 December 2017	**0**	**0**

4.10.3.1 "2014" bond issues redeemable in shares

On February 27, 2015, a partial conversion was performed at a share price of €1.53. The increase in capital was therefore 1,102,009 ABSA 2015, for a total subscription amount of 1,687,826.64, including the issue premium.

On March 23, 2016, the balance of the bond issues was fully redeemed in shares for a total of €688K, representing an issue of 429,997 ABSA 2015.

4.10.3.2 "2016" bond issues redeemable in shares

A "BSA Ratchet 2015" will be attached to each share issued after conversion and will be inseparable from the share. These BSAs may only be exercised if shares are issued at a price that is lower than €1.60. The interest rate is set at 2%, paid annually.

The redemption assumptions are as follows:

		Redemption assumption	
2016 contract	Ass. 1	Redemption on the date of another round before the deadline	(par value + interest due)/share price
	Ass. 2	Redemption in the event of a sale before the deadline	(par value + interest due)/80% of the share price
	Ass. 3	Redemption in the event of an IPO	At the Company's discretion:

			- (par value + interest due)/share price - in cash, as the ORA are redeemed for an amount equal to the par value, increased by the interest due on said date as well as by a premium equal to 20% of the par value of the redeemed ORAs
	Ass. 4	Redemption on the December 31, 2018 deadline in the event no round takes place before this date	(par value + interest due)/PPAT 1ABSA = 1.60

For assumptions 1 and 3, a 20% discount applies and may, at the bondholders' discretion:

- either be paid in cash at the holder's request
- or the holder may benefit from a 20% discount on the price of the share.

If the bonds are redeemed by the deadline, the bond issue may either be redeemed in cash, at the holder's discretion, or in shares at the defined price (see Assumption 4).

The investors unanimously decided to benefit from the 20% discount on the price of the share instead of payment in cash.

4.11 Employee commitments

Short-term benefits and post-employment benefit schemes with defined contributions

The Group records the amount of short-term benefits, as well as the contributions to be paid for general and mandatory retirement schemes, as "personnel expenses". As it has made no commitments above and beyond these contributions, no provision has been recognized for these schemes.

Post-employment benefit schemes with defined services

Retirement and related compensation schemes and other employee benefits that are considered defined service schemes (schemes in which the Company undertakes to guarantee a defined amount or service level) are recorded in the balance sheet on the basis of an actuarial valuation of the obligations on the date of closing.

This valuation is based on the projected unit credit method and takes personnel turnover and the probability of mortality into account. Potential actuarial variances are recorded under equity as "Other comprehensive income".

Commitments to personnel include the provision for end-of-career compensation, and are valued on the basis of the terms provided in the applicable collective agreement (SYNTEC).

This commitment only relates to employees governed by French law. The principal actuarial assumptions used for the valuation of retirement payments are as follows:

ACTUARIAL ASSUMPTIONS	12/31/2017	12/31/2016
Retirement age	Voluntary retirement from 65/67 years	Voluntary retirement from 65/67 years
Collective agreement	SYNTEC	SYNTEC
Discount rate(IBOXX Corporates AA)	1.68%	1.74%
Mortality table	INSEE 2017	INSEE 2015
Salary revaluation rate	1.5%	1.5%
Turnover rate	Low turnover	Low turnover
Payroll taxes rate	44.71% Non executive 47.14% Executive	45.26% Non executive 45.52% Executive

Changes in the provision for the retirement commitment were as follows:

PERSONNEL COMMITMENTS (amounts in €K)	Retirement benefits
At December 31, 2015	**67.8**
Past service costs	31.2
Financial costs	1.6
Actuarial gains/losses	14.7
At December 31, 2016	**115.2**
Past service costs	45.4
Financial costs	2.0
Actuarial gains/losses	(19.4)
At December 31, 2017	**143.2**

4.12 Other debts

4.12.1 Other non-current liabilities

The non-current liabilities are principally composed of other non-current debts.

4.12.2 Accounts payable and related accounts

ACCOUNTS PAYABLE AND RELATED ACCOUNTS (amounts in €K)	12/31/2017	12/31/2016
Accounts payable	7,850.2	3,566.7
Invoices not received	1,380.6	142.0
Total accounts payable and related accounts	**9,230.8**	**3,708.7**

No discount was applied to accounts payable and related accounts since the amounts do not represent a priority of more than one year as at December 31, 2017.

4.12.3 Other current liabilities, and tax and social debts

TAX AND SOCIAL DEBTS (amounts in €K)	12/31/2017	12/31/2016
Personnel and related accounts	1,055.4	621.1
Social security and other social bodies	911.2	803.9
Other taxes and similar payments	72.0	99.3
Total tax and social security liabilities	**2,038.6**	**1,524.3**

OTHER CURRENT LIABILITIES (amounts in €K)	12/31/2017	12/31/2016
Advances and deposits for customer orders	6,479.5	1,947.2
Suppliers of fixed assets	651.2	39.3
Other debts - repayable advances	244.0	244.0
Other debts	73.9	92.8
Deferred income	8.2	61.0
Total other current liabilities	**7,456.9**	**2,384.4**

The debts related to the repayable advances result from the subsidy recognized in the framework of the repayable below-market advances for which the Company has not yet incurred an expense. This amount totaled €244K as at December 31, 2017, and was identical on December 31, 2016.

4.13 Fair value of financial instruments

The fair value of customer receivables and accounts payable is equal to their value in the balance sheet in light of the very short payment schedule for these debts. The same applies to the other receivables and current debts.

Financial liabilities are broken down into two categories and include:

- Borrowings at amortized cost;
- Financial liabilities recorded at fair value in the income statement.

Financial liabilities recorded at amortized cost

Loans and other financial liabilities are recorded at amortized cost, calculated using the effective interest rate. The portion of the financial debts payable in less than one year is presented as "current financial debts".

The Group's assets and liabilities are valued as follows for each year in accordance with the measurement categories defined by IAS 39:

ASSETS AND LIABILITIES (Amounts in K€)	12/31/2017		Value - Statement of financial poisition as per IFRS 9			
Headings - Statement of financial position	Value of Statement of Financial Position	Fair value	Fair value through profit and loss	Loans and receivables	Debts at amortised cost	Non-financial instruments
Non-current financial assets	2,107.4	2,107.4	0.0	2,107.4	0.0	0.0
Trade receivables and related accounts	13,029.4	13,029.4	0.0	13,029.4	0.0	0.0
Other receivables	556.2	556.2	0.0	556.2	0.0	0.0
Cash and cash equivalents	30,680.1	30,680.1	30,680.1	0.0	0.0	0.0
Total assets	**46,373.1**	**46,373.1**	**30,680.1**	**15,693.0**	**0.0**	**0.0**
Current financial debt	1,056.2	1,056.2	0.0	0.0	1,056.2	0.0
Non-current financial debt	1,414.4	1,414.4	0.0	0.0	1,414.4	0.0
Trade payables and related accounts	9,230.8	9,230.8	0.0	0.0	9,230.8	0.0
Other creditors	7,448.7	7,448.7	0.0	0.0	7,448.7	0.0
Total liabilities	**19,150.2**	**19,150.2**	**0.0**	**0.0**	**19,150.2**	**0.0**

(amounts in €K)	12/31/2016		Value - Statement of financial position according to IAS 39			
Headings - Statement of financial position	Value in the statement of financial position	Fair value	Fair value through profit and loss	Loans and receivables	Debts at amortized cost	Non-financial instruments
Non-current financial assets	151.9	151.9		151.9		
Trade receivables and related accounts	3,373.7	3,373.7		3,373.7		
Other receivables	318.5	318.5		318.5		
Cash and cash equivalents	3,636.7	3,636.7	3,636.7	0.0		
Total assets	**7,480.7**	**7,480.7**	**3,636.7**	**3,844.1**	**0.0**	**0.0**
Current financial debt	3,284.4	3,284.4			3,284.4	
Non-current financial debt	3,189.2	3,189.2			3,189.2	
Trade payable and related accounts	3,708.7	3,708.7			3,708.7	
Other creditors	2,323.4	2,323.4			2,323.4	
Total liabilities	**12,505.6**	**12,505.6**	**0.0**	**0.0**	**12,505.6**	**0.0**

(amounts in €K)	Impact on the income statement at December 31, 2017		Impact on the income statement at December 31, 2016	
	Interest	Variation in fair value	Interest	Variation in fair value
Liabilities				
Liabilities at amortized cost: bank loans	(75.2)		(25.5)	
Liabilities at amortized cost: bond issues	67.0		0.0	
Liabilities at amortized cost: repayable advances	(129.8)		(107.8)	

NOTE 5. INFORMATION ON THE INCOME STATEMENT

5.1 Sales revenue and gross margin

Revenue from contracts corresponds to the fair value of the compensation received or to be received for the goods sold in the framework of the Group's usual business. Revenue from contracts is set out net of value added tax, product returns, discounts and rebates.

Balyo's solutions are sold according to contracts of the construction type (IAS 11) and the revenue is recorded according to the percentage of completion method. According to this method, sales revenue is posted as the work progresses on each contract. Progress is measured by using the costs-incurred method when the Group is able to reliably measure the price of the transaction and total contract costs.

The Group records revenue when the amount can be measured reliably and it is probable that the Group will benefit from the related future economic advantages.

Sales of goods are recorded on the date of transfer of the risks and benefits of ownership, which usually corresponds to the date the products are shipped to the customers.

Revenue related to services (installation and maintenance) is recorded in the period during which the services are rendered.

The Group's standard contracts generally include terms related to a customer acceptance process. However, if no clause on customer acceptance exists in the contract, the revenues are carried forward until the acceptance conditions have been met.

Sales revenue for the past two fiscal years is as follows:

SALES REVENUE AND GROSS MARGIN (amounts in €K)	12/31/2017	12/31/2016
Sales revenue	16,409.2	5,153
Production cost	(10,973.2)	(3,642)
Gross margin	**5,436.0**	**1,511**

5.2 Details on expenses and revenue by department

5.2.1: Research and development expenses

RESEARCH AND DEVELOPMENT EXPENSES (amounts in €K)	12/31/2017	12/31/2016
Personnel expenses	3,086.8	2,374.9
Purchases of parts for research	1,384.0	172.8
Consulting fees	986.1	83.0
Subcontracting, studies and research	489.5	109.6
Other	735.4	327.2
Research and development	**6,681.7**	**3,067.5**
Research Tax Credit	(998.5)	(646.7)
Subsidies	(2.6)	(7.8)
NET TOTAL	**5,680.6**	**2,413.0**

The expenses recorded under "Other" mainly cover travel expenses, maintenance and repairs, lease expenses, and taxes.

5.2.2: Marketing and sales expenses

SALES AND MARKETING (amounts in €K)	12/31/2017	12/31/2016
Personnel expenses	2,338.4	1,604.8
Travel, assignments and receptions	702.7	612.7
Communication	470.9	429.5
Other	539.4	476.0

Sales and marketing	**4,051.4**	**3,123.0**
Subsidies	(2.8)	(0.5)
Subsidies	**(2.8)**	**(0.5)**
NET TOTAL	**4,048.6**	**3,122.5**

The expenses recorded under "Other" cover fees and department-related expenses.

5.2.3: General and administrative expenses

GENERAL AND ADMINISTRATIVE EXPENSES (amounts in €K)	12/31/2017	12/31/2016
Personnel expenses	1,649.5	979.2
Miscellaneous consulting fees	1,460.2	453.1
Leases	664.9	320.3
Travel, assignments and receptions	326.7	229.9
Other	726.9	454.4
General and administrative expenses	**4,828.3**	**2,436.9**

The expenses recorded under "Other" mainly cover insurance costs, taxes, as well as maintenance and repair expenses.

5.3: Workforce and payroll

The Group's average workforce for each of the two past fiscal years was as follows:

AVERAGE NUMBER OF EMPLOYEES at December 31	Fiscal 2017	Fiscal 2016
Managers	**85**	**64**
Non-managers	**14**	**7**
Total employees	**99**	**71**

PAYROLL (amounts in €K)	Fiscal 2017	Fiscal 2016
Gross remuneration	6,653	4,051
Social charges	2,450	1,599
Payroll	**9,103**	**5,650**

5.4 Financial income

Financial income includes:

- the cost of debt
- income related to financial investments

Foreign exchange gains or losses, whether or not they were realized, are also recorded under financial income.

FINANCIAL INCOME AND EXPENSES (amounts in €K)	12/31/2017	12/31/2016
Cost of net financial debt	**(1.6)**	**(143.4)**
Income from cash and cash equivalents	7.6	10.3
Extinguishment of financial liabilities	563.0	0.0
Interest expenses	(572.2)	(153.7)
Other financial income and expenses	**(523.2)**	**(63.0)**
Exchange gains or losses	(389.6)	82.3
Impact of the accretion of repayable advances	(129.8)	(146.5)
Other financial expenses	0.0	0.0
Other financial revenue	(3.7)	1.3
Net financial income	**(524.9)**	**(206.3)**

5.5 Income tax

Income tax covers all taxes due by the Group's different companies, adjusted for deferred taxes. Tax is recognized in the income statement unless it relates to elements recognized under "Other comprehensive income" or directly under "Equity". It is then recorded under "Other comprehensive income" or "Equity".

Deferred taxes are valued according to the balance sheet approach in the amount that the entity expects to pay to or recover from the tax authorities. These deferred taxes are, when applicable, affected by a potential change in the tax rate adopted or quasi-adopted on the date of closing of the financial statements.

A deferred tax asset is recorded if the following conditions are met:

- The entity has sufficient taxable temporary differences with the same tax authority and the same taxable entity or "tax group" ("*groupe fiscal*"), which will result in taxable amounts to which the unused tax losses and tax credits may be charged before they expire;
- It is probable that the entity will generate taxable profits before the expiry of the unused tax losses or tax credits;
- The unused tax losses result from identifiable causes that are unlikely to recur;
- The opportunities related to the management of the entity's taxes will generate a taxable profit during the fiscal year to which the unused tax losses or tax credits may be charged.

As it is unlikely that the entity will make a taxable profit to which it may charge the unused tax losses or tax credits, the deferred tax asset has not been recorded.

The research tax credit for French entities has been entered on the "Research and development expenses" line under operating income.

5.5.1 Deferred tax assets and liabilities

The tax rate applicable to the group is the rate applicable in France: 33.33%. The new finance law in France imposes the progressive application of a tax rate of 28%, then 25% for commitments in excess of five years.

The rate applicable to its subsidiary, BALYO Inc, is 25% (federal rate).

At this time, as the US subsidiary faces a deficit, the federal rate is indicated only. In accordance with the principles described above, no deferred tax asset is recorded in the Group's financial statements beyond the deferred tax liabilities for the periods under consideration.

5.5.2 Reconciliation between the theoretical and effective tax charge

Tax reconciliation (amounts in €K)	**12/31/2017**	**12/31/2016**
Net income	(10,647.2)	(6,922.9)
Consolidated tax	0.0	0.0
Pre-tax income	**(10,647.2)**	**(6,922.9)**
Current tax rate in France	33.33%	33.33%
Theoretical tax at the current rate in France	**(3,549.1)**	**(2,307.6)**
Permanent differences	(1,032.8)	(3.6)
Payments in shares	333.7	53.9
CIR/CICE tax credits	(370.1)	(235.5)
Tax losses not recognized/Recognition of prior tax losses	4,618.3	2,492.8
Group tax income/expense	**(0.0)**	**(0.0)**
Effective tax rate	*0.0%*	*0.0%*

5.5.3 Deferred tax types

DEFERRED TAX TYPES (amounts in €K)	**12/31/2017**	**12/31/2016**
Other temporary timing differences	187.7	127.9
Losses carried forward	(187.0)	0.0
Total items of a deferred tax asset type	**0.7**	**127.9**
Temporary timing differences related to repayable advances	0.7	127.9
Total items of a deferred tax liability type	**0.7**	**127.9**
Net total items of a deferred tax type	**0.0**	**0.0**
In taxes	0.0	0.0

The Group's tax losses that can be carried over indefinitely totaled €35,448K on December 31, 2017, compared to €23,428K on December 31, 2016.

5.6 Earnings per share

Earnings per share are calculated by dividing the net earnings attributable to the Group's shareholders by the weighted average number of ordinary shares in circulation during the period.

Diluted earnings per share are calculated by adjusting the net profit attributable to the holders of ordinary shares and the weighted average number of ordinary shares in circulation for the effects of all potentially dilutive ordinary shares.

As the inclusion of the instruments granting access to capital in a deferred manner (BSA) to calculate the diluted earnings per share is antidilutive, these instruments are not taken into account.

The table below presents the calculation of earnings per share:

BASIC LOSSES PER SHARE (amounts in euros)	**12/31/2017**	**12/31/2016**
Net loss for the period (in €K)	(10,647.2)	(6,829.9)
Weighted average number of shares in circulation	22,693,567	15,523,971
Basic losses per share (€/share)	**(0.47)**	**(0.44)**

As the Group recorded losses in 2016 and 2017, the diluted earnings per share are identical to the net earnings per share.

NOTE 6. OFF-BALANCE SHEET COMMITMENTS

6.1 Property leases

Contractual periods

The real estate leases signed by the Group cover different contractual periods, which depend on the market and the country.

The lease for the Moissy premises was signed for a firm six-year period starting on February 15, 2014. Since the end of 2017 and the relocation of the head office to Ivry sur Seine, the Moissy premises host the assembly activities as well as part of the Research & Development tests. These premises are now treated as a secondary establishment.

The Company was granted a rent-free 12-month period in 2014. This benefit was staggered over the firm lease period, i.e., six years.

The commercial lease signed for the Ivry premises covers six firm years as of February 1, 2018. The premises were made available to the company on November 1, 2017.

Expenses and commitments

The amount of rent recorded at the end of December 2017 and commitments for the next potential exit period can be analyzed as follows:

				Commitment until the next termination period		
Property leases	**Lease start date (1)**	**Lease end date**	**Contractual expenses as at 12/31/2017**	**At most one year**	**From 1 to 5 years**	**More than five years**
Lease for MOISSY	2/15/2014	2/15/2020	199.8	237.7	267.4	0.0
Lease for IVRY	2/1/2018	1/31/2024	0.0	735.0	3,207.0	868.0
		TOTAL	**199.8**	**972.7**	**3,474.4**	**868.0**

6.2 Commitments under operating leases

The Company has signed lease agreements. Further to an analysis, they have been treated as operating leases in accordance with the terms of IAS 17.

The assets involved are long-term rental agreements for vehicles. The remaining fees to be paid are spread out as follows:

Remaining fees to be paid		
At one year	Between 1 and 5 years	More than 5 years
21.9	15.4	

6.3 Principal partnership agreements

6.3.1 Partnership agreement with Linde Material Handling

On November 4, 2014, the Company signed a three-year global industrial and commercial partnership agreement with Linde Material Handling Group.

Linde Material Handling, a European leader in material handling, is the parent company of Fenwick, the Group's French brand.

Under this partnership agreement, the Company and Linde Material Handling develop and market a range of autonomous material handling robots under the "Linde Robotics" brand.

The Company and Linde Material Handling have agreed to create a joint sales force to effectively promote and market the autonomous material handling robots. The Company has appointed a manager responsible for this team.

The agreement also provides that the Company will train Linde Material Handling's employees responsible for distribution and the maintenance of the autonomous material handling robots in the range.

According to the terms of this agreement, either party may terminate the agreement as of right, subject to providing notice by postal mail, and with no compensation being due to the other party:

- in the event of a change in the direct ownership of the other party, a merger or a spin-off;
- in the event of the acquisition of 10% or more of the capital by a direct competitor of Linde.

Furthermore, should Linde sell its stake in the Company, the Company may terminate the partnership agreement at its discretion.

In light of the commercial success achieved and the caliber of the partnership, an extension thereto for a period of 10 years was initiated in late 2016 (six years, with a potential extension thereof to 10 years). The final agreement should be signed in early May 2017.

6.3.2 Partnership agreement with Hyster-Yale

On October 29, 2015, through its US subsidiary Balyo Inc., the Company signed a global industrial and commercial partnership agreement with the Hyster-Yale Group.

Under this agreement, Hyster-Yale provides the Company with preferential access to the material handling market in North America via its two historic brands: Hyster (mainly positioned in the heavy industrial truck segment) and Yale (mainly positioned in the electric truck segment).

This three-year agreement aims at extending the presence of the Company's solutions in North America to offer Hyster-Yale's customers a complete range of autonomous material handling robots that covers all of their requirements. The Company and Hyster-Yale have agreed to create a joint sales force to effectively promote and market the autonomous material handling robots. The Company has appointed a manager responsible for this team.

The agreement also provides that the Company will train Hyster-Yale's employees responsible for distribution and the maintenance of the autonomous material handling robots in the range. This agreement does not have a clause related to a change in ownership.

As at December 31, 2017, the partnership agreement with Hyster-Yale was under renegotiation.

NOTE 7. OTHER INFORMATION

7.1 Related parties

7.1.1 Transactions with related parties

According to IAS 24 "Related Party Disclosures", a related party is an individual or entity that is related to the entity that is presenting its financial statements.

Related parties may include any of the following:

- an individual or company that has control over the Group;
- a company affiliated with the Group;
- an important member of the Company's management team (or a member of his family).

A transaction with a related party means a transfer of merchandise, the provision of services, or obligations that bind the Group and the related party.

The related parties identified as at December 31, 2017 and December 31, 2016 are as follows:

- ASTROLABE, whose chairman is Fabien Bardinet (Chairman and Chief Executive Officer of Balyo SA) invoiced various services in the amount of €23K in fiscal 2015. In 2016 and 2017, it did not issue any invoices.

- The Linde Group, as a shareholder, member of the Board of Directors and a business partner of the Company. The flows are as follows:

In €K	**December 31, 2017**	**December 31, 2016**
Sales revenue	12,556.0	4,190.0
Purchases with the Linde Group	(2,940.0)	(1,095.0)
Customer receivables	2,080.0	1,787.0
Deposits received	4,977.0	
Accounts payable	3,099.0	2,532.8

- Hyster-Yale Group, as a shareholder, member of the Board of Directors and a business partner of the Company. The flows are as follows:

In USD thousands	**December 31, 2017**	**December 31, 2016**
Sales revenue	4,257	

Purchases with the Hyster-Yale Group	(6.9)	
Customer receivables	(495.2)	
Deposits received	1,271.6	
Accounts payable	1.3	

7.1.2 Compensation of executives and directors

No post-employment benefit is granted to members of the Board of Directors. The Group has defined and limited the definition of senior executives to mean executive directors only. The compensation paid to members of the Board of Directors can be analyzed as follows (in €K):

Compensation of corporate officers	12/31/2017	12/31/2016
Fixed compensation	153.7	123.8
Variable compensation	94.0	44.0
Exceptional compensation	50.0	18.8
Private unemployment insurance	15.3	13.7
Directors' fees	17.0	0.0
Share-based payments	356.5	140.0
TOTAL	**686.5**	**340.3**

7.2 Financial risk management and valuation

BALYO may be exposed to various types of financial risks: market risks, credit risks and liquidity risks. For each type of risk, BALYO implements simple tools that are appropriate for the size of the Company to minimize the potentially adverse effects of these risks on its financial performance. BALYO's policy is to refrain from purchasing financial instruments for speculative purposes.

7.2.1 Credit risk

The credit risk is the risk of financial loss the Group may run if a customer or counterparty to a financial instrument fails to comply with its contractual obligations.

The Group examines its customers' solvency risk. This solvency assessment takes into account information that relates solely to the Group's internal operations, as well as environmental elements, such as its geographical location, overall financial position and prospects within its sector.

The Group is not exposed to a significant credit risk, which mainly relates to customer receivables. The net book value of the receivables recognized shows the fair value of the net flows receivable as estimated by senior management based on information available on the date of closing. The Group has not taken guarantees or potential netting arrangements for its liabilities with the same maturity into account to perform impairment tests on the financial assets.

There are no significant financial assets past due but not impaired.

All of the Group's banks have successfully passed the solvency tests required by EU regulations.

- Customer receivables

A credit risk exists when a potential loss may occur if a customer cannot comply with its undertakings by the defined deadline. The Group requires the payment of deposits from its customers when they place an order. Customer receivables held with the Linde Group correspond to the percentage of sales revenue achieved with the Group. The Group is of the opinion that there is little risk of non-payment under this partnership.

7.2.2 Interest rate risk

The interest rate risk is managed by the Group's senior management along with its principal partner banking institutions. In recent fiscal years, the Group's policy has been to contract loans at a variable rate. However, as at December 31, 2017, all of the remaining financial debts were contracted at a fixed rate.

7.2.3 Exchange rate risk

The Group is exposed to the risk of exchange rate fluctuations impacting commercial and financial transactions in a currency other than the functional currency of the Group entity that records the transaction.

- Breakdown of sales revenue in foreign currencies

Consolidated sales as at December 31, 2017 were invoiced for the most part in EUR (77%) and in USD (23%).

Consolidated sales as at December 31, 2016 were invoiced for the most part in EUR (96%) and in USD (4%).

Intra-group transactions are for the most part conducted in the currency of the company that issues the invoice, which hedges the risk.

- Breakdown of expenses in foreign currencies

Expenses are for the most part incurred in euros, with the exception of the subsidiaries' local expenses incurred in the local currency.

Local expenses incurred by the company in the United States in USD represented 21% of total current expenses as at December 31, 2017, compared to 10% on December 31, 2016.

7.2.4 Liquidity risk

Cash and cash equivalents as at December 31, 2017 totaled €30.7 million (see Note 4.7). A going concern analysis has been performed (see Note 2.1).

The Company performed a specific review of its liquidity risk and is of the opinion that, as at December 31, 2017, it is able to meet its future commitments over the next 12 months.

None of the Group's financial debts is subject to a covenant.

7.3 Statutory auditor fees

STATUTORY AUDITOR FEES (amounts in €K)	Fiscal 2017				Fiscal 2016			
	Auditing		Services directly related to the audit		Auditing		Services directly related to the audit	
	Amount (ex. tax)	%	Amount (ex. tax)	%	Amount (ex. tax)	%	Amount (ex. tax)	%
ECOVIS	35.4	*27%*	18.6	*41%*	22.0	*34%*	13.8	*27%*
DELOITTE	98.1	*73%*	27.0	*59%*	43.1	*66%*	36.4	*73%*
Total fees	**133.5**	**100%**	**45.6**	**100%**	**65.1**	**100%**	**50.2**	**100%**
Annual total	**179.2**				**115.3**			

20.2 Report of the statutory auditors on the consolidated financial statements for the fiscal year ending on December 31, 2017

Report of the Statutory Auditors

on the consolidated financial statements

Fiscal year ending on December 31, 2017

To the General Meeting of BALYO,

Opinion

In performing the audit entrusted to us by your general meeting, we conducted an audit of BALYO's consolidated financial statements for the fiscal year ending on December 31, 2017, which are attached to the present report.

We certify that the consolidated financial statements fairly present, in accordance with the IFRS adopted in the European Union, the assets and financial position at the end of the fiscal year, as well as the overall performance of the individuals and entities within the scope of the consolidation.

The opinion provided above is in line with the content of our report to the Audit Committee.

Basis for the opinion

Audit terms of reference

We conducted our audit in accordance with professional standards applicable in France. We are of the opinion that we have collected sufficient and relevant information on which to base our opinion.

Our responsibilities under these standards are indicated in the section "Responsibilities of the statutory auditors regarding the audit of the consolidated financial statements" in this report.

Independence

We conducted our audit in compliance with the rules governing independence and that apply to us for the period running from January 1, 2017 to the date of issue of our report and, in particular, we did not provide services that are prohibited by Article 5.1 of Regulation (EU) No. 537/2014 or by the French *Code de déontologie de la profession de commissaire aux comptes*.

Furthermore, services other than the audit of the financial statements that we provided during the fiscal year to your company and the entities it controls and that are not indicated in the management report or notes to the consolidated financial statements relate to the IPO and impact of the application of IFRS 15.

Basis for our assessments - Key points of the audit

Pursuant to Articles L. 823-9 and R. 823-7 of the Commercial Code related to the basis for our assessments, we draw your attention to the key points of the audit related to the risks of material misstatements which, in our professional judgment, were the most significant for the audit of the fiscal year's consolidated financial statements, as well as the responses we brought to these risks.

These assessments covered the audit of the consolidated financial statements as a whole and contributed to shaping our opinion expressed above. We do not express an opinion on isolated elements of these consolidated financial statements.

Sales revenue estimate:

Note 5.1 to the consolidated financial statements

Risk identified

BALYO SA conducts a significant portion of its business based on construction-type contracts for which sales revenue is recorded as the project moves forward. The progress measured on the closing of accounts results from the difference between the cumulated costs incurred and recorded as expenses and the estimated costs on completion of the project.

The sales revenue and margin to be recorded for the fiscal year (as well as, if applicable, any provision for a loss upon completion) therefore directly depend on completion estimates calculated for the projects and the ability to reliably estimate the price of the transaction and the total costs of the contract.

The company regularly updates these cost estimates and potentially sales estimates. The operational teams also rely on their experience when they review these estimates.

Reliance on their judgment to calculate these estimates is nevertheless significant in light of uncertainties that necessarily impact long or complex operations.

These elements led us to view the system to monitor and assess the reasonable nature of the project completion estimates as a key point of the audit and therefore to adjust our work regarding the review of long-term contracts.

Our response

We focused on projects whose risk profile is the most significant (in terms of criteria such as size, level of technicity in achieving completion, the completion margin rate or variation), and, for each of these projects we:

Analyzed the contractual terms and the company's commitments;

Met with the project managers and sought information on the project's risks, uncertainties and changes;

Compared the estimated revenue on completion with contractual or formal information;

Corroborated the degree of progress in light of the explanations provided or, depending on the case, based on technical documents, correspondence with the customers involved or specific analyses, and the recognition of costs;

Reviewed estimates of future costs based on the analysis of deviations in relation to the initial and/or prior budget and, as applicable, compelling source information such as contracts signed or quotes and cost tracking sheets;

As applicable, assessed the reasonable nature of the assumptions adopted and the provisions created in light of the risks and uncertainties facing the project by consulting the documentation available (scenarios or analyses prepared by the company, correspondence with the customer or experts, etc.) and by relying on our experience from prior fiscal years.

Capital transactions

Note 1.2 to the consolidated financial statements

Risk identified

Balyo SA launched its IPO on the Euronext market in Paris. In the framework of this operation, the Company issued 11,134,646 shares at a price of € 4.11 (including €0.08 in nominal value) for a gross amount of €45.8 million before consideration of the expenses related to this operation.

As a result of this operation, the company issued 860,865 new shares resulting from the redemption of the bonds convertible into shares issued in November 2016 and 69,300 new shares related to the exercise of BSPCE.

These uncommon operations significant impact equity.

Based on this information, we consider this operation to be a key point of the audit and therefore adjusted our work on the review of equity.

Our response

We reviewed all of the legal documentation related to these operations to check the elements that impact the Company's equity were recorded correctly, and, in particular:

The impact on share capital;

The calculation of the issue premium in light of the costs of the capital increase incurred;

The determination and valuation of the costs of transactions chargeable against equity;

The relevance of the information provided in the notes to the financial statements;

Audit of the accounting treatment of the new shares issued as well as the exercise of the 69,300 new shares related to the exercise of the BSPCE.

Audit of the information related to the group provided in the management report

In accordance with the standards governing the profession that apply in France, we also conducted the specific audit provided by law on the information related to the group set out in the Board of Directors' management report.

We have no observation to make with regard to the fairness of such information and its consistency with the consolidated financial statements.

As required by law, we inform you that your company has not designated an independent third-party organization to audit the social, environmental and societal information presented in the management report, as provided in Article L225-102-1 of the Commercial Code.

Information resulting from other legal and regulatory obligations

Appointment of the Statutory Auditors

We were appointed statutory auditors for BALYO at the general meeting held on November 25, 2016 (in the case of Deloitte & Associés) and the general meeting held on July 1, 2010 (in the case of SIRIS).

As at December 31, 2017, Deloitte & Associés and SIRIS were respectively in the second and eighth year of their uninterrupted assignment, or the first year after the company's shares were admitted for trading on a regulated market.

Responsibilities incumbent on management and those charged with the company's governance related to the consolidated financial statements

It is up to management to draw up consolidated financial statements that present a fair view, in accordance with the IFRS as adopted in the European Union, and to implement the internal controls it considers necessary for the preparation of consolidated financial statements that do not contain material misstatements, whether or not said misstatements result from fraud or error.

When the consolidated financial statements are drawn up, it is incumbent on management to assess the company's ability to continue to operate, to present - if applicable - the information required related to continuity of operations in these financial statements, and to apply the standard accounting policy for a going concern, unless the company is to be liquidated or cease operating.

It is incumbent on the audit committee to monitor the preparation process for financial information and the efficacy of the internal control and risk management systems, as well as, if applicable, the internal audit with regard to procedures on the preparation and treatment of accounting and financial information.

The consolidated financial statements were approved by the board of directors.

Responsibilities incumbent on the statutory auditors related to the audit of the consolidated financial statements

Audit objective and process

It is our role to prepare a report on the consolidated financial statements. Our objective is to be reasonably assured that the consolidated financial statements taken as a whole are free from material misstatements. Reasonable assurance means a high level of assurance, without guaranteeing, however, that an audit conducted in accordance with the professional standards systematically identifies any material misstatement. Misstatements can arise from fraud or error and are considered material when they may be reasonably be expected, together or separately, to influence economic decisions that the users of the financial statements make based on said financial statements.

As indicated in Article L. 823-10-1 of the Commercial Code, our duty in auditing the financial statements does not consist in guaranteeing the viability or quality of the management of your company.

During an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises his professional judgment throughout the audit. Furthermore:

- He identifies and assesses the risk that the consolidated financial statements may contain material misstatements, whether due to fraud or error, defines and implements audit procedures for these risks, and collects information he deems sufficient and appropriate as a basis for his opinion. The risk of not identifying a material misstatement resulting from fraud is greater than that of not identifying a material misstatement resulting from an error, as fraud may imply collusion, forgery, willful omissions, false declarations and circumvention of internal control;
- He takes cognizance of the internal control that is relevant to the audit to define appropriate audit procedures in the specific circumstances and not in order to express an opinion on the efficacy of the internal control;
- He assesses the appropriate nature of the accounting methods adopted and the reasonable nature of the accounting estimates made by management, as well as related information provided in the consolidated financial statements;

- He assesses the appropriateness of management's application of the standard accounting policy for a going concern and, depending on the information collected, the existence or absence of a material uncertainty related to events or circumstances that may call into question the company's ability to continue to operate. This assessment is based on information collected until the date of his report, it being noted, however, that subsequent circumstances or events could call into question the going concern. If he concludes that a material uncertainty exists, he draws the attention of readers of his report to the information provided in the consolidated financial statements regarding said uncertainty or, if this information is not provided or is not applicable, he issues an opinion with a reservation or refuses to issue an opinion;
- He examines all of the consolidated financial statements and whether they reflect the underlying operations and events so as to provide a fair presentation thereof;

Regarding financial information on the persons or entities within the scope of the consolidation, he collects information that he considers sufficient and appropriate to express an opinion on the consolidated financial statements. He is responsible for managing, supervising and completing the audit of the consolidated financial statements and well as the opinion expressed as to said statements.

Report to the audit committee

We provide a report to the audit committee which, in particular, presents the scope of the audit work and the work program implemented, as well as the conclusions drawn from our work. We also bring to its attention, if applicable, material weaknesses in the internal control we identified regarding procedures for the preparation and treatment of accounting and financial information.

The information provided in the report to the audit committee includes the material misstatements that we consider to be the most significant in the audit of the consolidated financial statements for the fiscal year and that therefore constitute key points of the audit which we must describe in this report.

We also provide the audit committee with the declaration referred to in Article 6 of Regulation (EU) No. 537/2014 confirming our independence, within the meaning of the rules applicable in France as defined, in particular, by Articles L. 822-10 to L. 822-14 of the Commercial Code and in the French *Code de déontologie de la profession de commissaire aux comptes*. If applicable, we discuss the risks that may affect our independence and related safeguard measures taken with the audit committee.

Paris and Neuilly-sur-Seine, April 24, 2018

Statutory Auditors

SIRIS	Deloitte & Associés
Emmanuel MAGNIER	Stéphane MENARD

20.3 Condensed consolidated financial statements prepared according to the IFRS as at June 30, 2018

Financial position

Statement of financial position	Notes	06/30/2018 €K	12/31/2017 €K
ASSETS			
Goodwill			
Intangible assets	4.1	392.4	270.4
Tangible assets	4.2	1,483.0	1,358.7
Other non-current financial assets	4.3	2,113.4	2,107.4
Total non-current assets		**3,988.7**	**3,736.6**
Inventories	4.4	3,960.2	2,822.4
Customer receivables and related accounts	4.5	14,225.1	13,029.4
Other non-current assets	4.6	4,181.5	3,700.1
Cash and cash equivalents	4.7	19,209.0	30,680.1
Total current assets		**41,575.9**	**50,232.0**
Total Assets		**45,564.6**	**53,968.6**
LIABILITIES			
Equity			
Capital	4.8	2,268.0	2,237.7
Share premiums	4.8	62,530.4	62,242.6
Translation reserve	4.8	13.2	188.2
Other comprehensive income	4.8	15.2	12.5
Reserves - Group share	4.8	(31,275.3)	(21,428.1)
Income - Group share	4.8	(7,700.3)	(10,626.5)
Equity, Group share		**25,851.2**	**32,626.4**
Total equity		**25,851.2**	**32,626.4**
Non-current liabilities			
Commitments to employees	4.11	177.9	143.2
Non-current financial debts	4.10	1,172.4	1,414.4
Provisions and other non-current debts	4.12.1	28.9	2.0
Non-current liabilities		**1,379.2**	**1,559.7**
Current liabilities			
Current financial debts	4.10	1,134.4	1,056.2
Provisions	4.9	0.0	0.0
Accounts payables and related accounts	4.12.2	8,828.0	9,230.8
Tax and social security liabilities	4.12.3	2,215.6	2,038.6
Other current liabilities	4.12.3	6,156.2	7,456.9
Current liabilities		**18,334.2**	**19,782.5**
Total Liabilities		**45,564.6**	**53,968.6**

Income statement

Income statement	Notes	06/30/2018 €K	06/30/2017 €K
Sales revenue	5.1	9,708.1	6,226.8
Cost of sales	5.1	(7,561.0)	(4,274.9)
Gross margin		**2,147.1**	**1,952.0**
Research and development expenses	5.2.1	(3,166.1)	(1,947.3)
Marketing and sales expenses	5.2.2	(2,712.7)	(2,065.9)
General and administrative expenses	5.2.3	(3,365.6)	(1,773.0)
Payments in shares		(759.9)	(463.9)
Operating loss/gain		**(7,857.2)**	**(4,298.1)**
Cost of net financial indebtedness	5.4	12.1	(12.3)
Other financial income and expenses	5.4	144.8	(317.3)
Financial income		**156.9**	**(329.7)**
Loss/gain before income tax		**(7,700.3)**	**(4,627.7)**
		(7,700.3)	**(4,627.7)**
Group share		*(7,700.3)*	*(4,627.7)*
Non-controlling interests			

Earnings per share	Notes	30/06/2018	30/06/2017
Weighted average number of shares in circulation		27,979,802	17,372,942
Basic earnings per share (€/share)		**-0.28**	**-0.27**
Diluted earnings per share (€/share)		**-0.28**	**-0.27**

Statement of comprehensive income

BALYO - IFRS Statement of comprehensive income	06/30/2018 K€	06/30/2017 K€
Loss for the year	**(7,700.3)**	**(4,627.7)**
Actuarial losses (non-recyclable)	2.7	14.2
Consolidation changeover differences	(175.0)	204.9
Comprehensive loss	**(7,872.5)**	**(4,408.7)**

Changes in equity

Consolidated statement of change in equity	Number of shares in capital	Capital €K	Share premium €K	Reserves and result €K	Exchange differences €K	Actuarial gains/losses €K	Total equity - Group share €K
At December 31, 2016	*15,906,637*	**1,272.5**	**17,588.6**	**(22,302.6)**	**(171.0)**	**(0.5)**	**(3,613.1)**
Net loss/gain June 2017				(4,627.7)			(4,627.7)
Other comprehensive income					204.9	14.2	219.1
Comprehensive gain/loss				(4,627.7)	204.9	14.2	(4,408.7)
Capital increase in cash	*11,134,646*	890.8	44,872.6				45,763.4
Redemption of convertible bonds	*860,865*	68.9	2,761.7				2,830.5
Capital increase costs			(3,102.5)				(3,102.5)
Exercise of BSPCE	*9,300*	0.7	9.1				9.9
Payments in shares				463.9			463.9
At June 30, 2017	*27,911,448*	**2,232.9**	**62,129.5**	**(26,466.5)**	**33.8**	**13.7**	**37,943.4**
At December 31, 2017	*27,971,448*	**2,237.7**	**62,242.7**	**(32,054.6)**	**188.2**	**12.4**	**32,626.4**
Net loss/gain June 2018				(7,700.3)			(7,700.3)
Other comprehensive income					(175.0)	2.7	(172.2)
Comprehensive gain/loss		2,237.7	62,242.7	(39,754.9)	13.2	15.2	24,753.8
Exercise of BSPCE	*300,000*	24.0	294.0				318.0
Final free allocation of shares	*78,000*	6.2	(6.2)				0.0
Cancellation of treasury shares resulting from the liquidity agreement				19.4			19.4
Payments in shares				759.9			759.9
At June 30, 2018	*28,349,448*	**2,268.0**	**62,530.4**	**(38,975.6)**	**13.2**	**15.2**	**25,851.1**

Cash flow table

BALYO - IFRS Consolidated cash flow table	Notes	06/30/2018	06/30/2017
Net cash used in operating activities			
Net income		**(7,700.3)**	**(4,627.7)**
(+) Amortization of intangible assets	4.1	34.2	17.7
(+) Depreciation of property, plant and equipment	4.2	184.4	88.8
(+) Provisions	4.11/4.9	63.1	23.7
(-) Provision reversals	4.9	0.0	(14.5)
(+) Cost of share-based payments	4.8	759.9	463.9
(-) Financial interest at amortized cost		41.6	66.1
(-) Gains or losses on disposal of fixed assets		0.0	12.1
Cash flow after cost of debt and taxes		**(6,617.1)**	**(3,970.0)**
(+) Elimination of the net cost of financial debt		(12.1)	12.3
Self-financing capacity before net financial debt and taxes		**(6,629.2)**	**(3,957.6)**
(-) Change in working capital requirements (less depreciation of customer receivables and inventory)		(4,217.3)	1,475.9
Net cash used in operating activities		**(10,846.4)**	**(2,481.7)**
Net cash used in investment activities			
Purchases of intangible assets	4.1	(39.7)	(84.9)
Purchases of tangible assets	4.2	(306.0)	(241.5)
Change in liabilities on tangible assets		(286.3)	5.3
Change in other non-current financial assets	4.3	(6.0)	(45.0)
Net cash used in investment activities		**(637.9)**	**(366.0)**
Net cash used in financing activities			
Capital increase net of share capital increase costs	4.8	318.0	42,660.9
Payment of conditional advances and subsidies	4.10	0.0	91.8
Net financial interest paid	4.10	12.1	(12.3)
Repayment of loans and conditional advances	4.10	(225.0)	(1,222.5)
Net cash used in financing activities		**105.1**	**41,517.8**
Impact of currency exchange variations		5.0	(18.7)
Increase (decrease) in cash		**(11,374.3)**	**38,651.4**
Cash and cash equivalents at beginning of the year (including current bank overdrafts)		30,680.1	3,633.9
Cash and cash equivalents at period end (including current bank overdrafts)		19,189.6	42,285.3
Increase (decrease) in cash		**(11,490.6)**	**38,651.4**

		06/30/2018	06/30/2017
Cash and cash equivalents	4.7	19,209.0	42,451.3
Bank overdrafts	4.10	(19.5)	(166.0)
Cash and cash equivalents at period end (including current bank overdrafts)		19,189.6	42,285.3

Information on changes in working capital requirements (€K)	06/30/2018	06/30/2017
Inventory (less depreciation)	(1,125.5)	(1,252.8)
Customer receivables and related accounts (less depreciation of customer receivables)	(1,281.9)	(3,794.9)
Other non-current assets	(478.1)	(331.5)
Accounts payables and related accounts	(408.9)	2,725.2
Tax and social security liabilities	169.2	180.9
Other current liabilities	(1,092.1)	3,949.0
Total change	(4,217.3)	1,475.9

Notes to the consolidated financial statements

(Unless indicated otherwise, the amounts indicated in this note are in thousands of euros)

NOTE 1. PRESENTATION OF THE BUSINESS AND MAJOR EVENTS

1.1 Information on the Group and its business

BALYO ("BALYO") was incorporated in the form of a French *société anonyme* (a public limited company). The consolidated Group (the "Group") includes the parent company, BALYO, and its subsidiaries. The fiscal year covers a 12-month period from January 1 to December 31.

Address of the registered office: 3, rue Paul Mazy, 94200 Ivry-sur-Seine, France

Commercial Register number: 483 563 029 (Commercial Register of Créteil)

BALYO's business is the design of automation systems for all sectors, and the manufacturing and commercialization of automation systems for all sectors.

Balyo and its subsidiaries are referred to hereafter as the "Company" or the "Group".

1.2 Significant events in the half-year ending on June 30, 2018

During the first half of 2018, the Company continued its development and recorded an increase of 56% in its sales revenue compared to the same period in the prior year. However, this trend was delayed by technical problems related to the development and onsite deployment of new robots.

On June 28, 2018, the Board of Directors allocated 209,298 free shares, which will be definitively acquired subject to conditions related to presence and performance.

1.3 Events after closing

None

NOTE 2. ACCOUNTING PRINCIPLES, RULES AND METHODS

The financial statements are presented in thousands of euros, unless indicated otherwise. Figures have been rounded in the calculation of certain financial information and other information included in these statements. Therefore, the figures presented as totals in certain tables may not correspond to the exact sum of the preceding figures.

2.1 Basis of preparation for the Group's consolidated financial statements according to the IFRS

Statement of compliance

The Group prepared its financial statements, approved by the Board of Directors on September 26, 2018, in accordance with the standards and interpretations published by the International Accounting Standards Board (IASB) and adopted by the European Union on the date they were prepared, presented with fiscal 2017 as a comparison, the financial statements of which were prepared according to the same standard.

These standards are available on the European Commission's website (http://ec.europa.eu/finance/company-reporting/index_en.htm) and include the international accounting standards (IAS - International Accounting Standards - and IFRS - International Financial Reporting Standards), and the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Interpretations Committee (IFRIC).

The guiding principles, accounting methods and options adopted by the Group are described below.

Principle guiding the preparation of the half-year financial statements

The half-year financial statements, presented as condensed financial statements, were prepared according to IAS 34 ("Interim Financial Reporting") as adopted by the European Union, which allows for the presentation of a selection of explanatory notes.

The half-year financial statements do not include all the information and notes that are presented with annual financial statements. Therefore, they should be read along with the Group's financial statements prepared according to the IFRS for the fiscal year ending on December 31, 2017, subject to specificities regarding the preparation of interim financial statements described below.

The Group's consolidated financial statements were prepared according to the historical cost principle, with the exception of certain categories of assets and liabilities which are stated in accordance with the terms of the IFRS. The categories in question are indicated in the following notes.

Going concern principle

The Board of Directors adopted the going concern principle based on the cash available as at June 30, 2018, which must cover its projected cash flow needs for the upcoming 12 months.

Accounting methods

The accounting principles adopted are identical to those used to prepare the annual consolidated financial statements for the fiscal year ending on December 31, 2017, with the exception of the application of the following new standards, amendments to a standard or interpretations adopted by the European Union and that the Group must apply as of January 1, 2018:

- IFRS 9 - Financial Instruments
- IFRS 15 - Revenue from Contracts with Customers
- Clarifications to IFRS 15
- IFRIC 22 - Foreign Currency Translations and Advance Consideration
- Amendments to IFRS 2 - Classification and measurement of share-based payment transactions
- Amendments to IFRS 4 - Application of IFRS 9 with IFRS 4
- Improvements to the IFRS (2014-2016 cycle)

The application of these new standards had no impact on the financial statements for the period ending on June 30, 2018.

The Group decided not to apply in advance the standards, amendments and interpretations adopted by the European Union or not yet adopted by the European Union but whose early application would have been possible and that will take effect after June 30, 2018. These relate mainly to the following standards and amendments, which will take effect for fiscal years beginning on or after January 1, 2019:

- IFRS 16 - Leases
- Amendments to IFRS 9 - Prepayment features with negative compensation

As indicated in the notes to the annual financial statements for 2017, and in light of the current analysis, the Group cannot yet estimate whether the impact on the consolidated financial statements of the application of IFRS 15 “Leases”, approved by the IASB and to be applied for the first time for fiscal years beginning on or after January 1, 2019, will be material.

The Group does not plan to apply this standard in advance once it has been adopted. The information related to operating leases (rent and outstanding rent) are provided in Note 6.1 to the financial statements as at December 31, 2017.

Change in accounting methods

IFRS 15 “Revenue from Contracts with Customers”

The Group adopted IFRS 15 as at January 1, 2018, the date the standard took effect in the European Union. In light of the non-material impact identified, IFRS 15 was applied retrospectively in relation to ongoing contracts, according to the “simplified retrospective” transition method.

The information for fiscal 2017, presented as a comparison, did not require an adjustment.

The Group’s consolidated sales revenue corresponds to the sales revenue resulting from Project activities. Before recording the sales revenue, IFRS 15 requires an identification of the contract and the different performance obligations contained therein. The number of performance obligations depends on the types of contracts and activities. Most of the Group’s contracts only contain a single performance obligation. The fundamental principle of IFRS 15 is that the recording of the sales revenue from contracts with customers is tied to the fact that the entity’s service does not create an asset that the entity could use otherwise, and the entity has an enforceable right to the payment of the service performed up until the date in question.

The analyses performed by the Group did not identify a material impact on the Group’s annual sales revenue.

IFRS “Financial Instruments”. As of January 1, 2018, the Group applies the terms of IFRS 9 “Financial Instruments”

IFRS 9 “Financial Instruments” sets out the requirements for the recognition and measurement of assets, financial liabilities and certain contracts to purchase or sell non-financial items. This standard replaces IAS 39 “Financial Instruments” which applied up until December 31, 2017 in terms of recognition and measurement.

Phase I - Classification and measurement of financial assets

The terms of IFRS 9 regarding the classification and measurement of financial assets are based on the business management model and the contractual characteristics of the financial assets. When this standard was implemented, the Group proceeded with a review of the characteristics, in particular regarding remuneration, of its financial assets. In light of the Group’s practices related to the management of its financial assets, and as the Group does not own any complex financial instruments, it was concluded that all of the Group’s financial assets complied with the “Solely Payment of Principal and Interests (SSPI)” criterion, as defined by IFRS 9. The financial assets recorded at amortized cost according to IAS 39 therefore were not the subject of a change in accounting methods when IFRS 9 first applied.

Loans and receivables are now recognized as “Financial assets at amortized cost,” and the assets available for sale are recognized as “Equity instruments” and are still presented in the balance sheet as “Other financial assets" (see details in Note 4.13 "Carrying value and fair value of financial assets and liabilities by accounting category"). This new approach has no impact on the Group's consolidated financial statements.

Phase II - Impairment model (credit loss model) for financial assets

The standard also brought changes to the impairment model for the Group's financial assets as IFRS 9 now imposes a credit loss model. An analysis of the portfolios of trade and financial receivables was conducted. The Group opted for the simplified method to measure the impairment of its trade receivables. A study of the history of recognized losses resulting from these receivables did not identify any significant amount.

The credit risk related to financial receivables and loans was measured according to the terms of the full IFRS 9 method. No significant increase in the credit risk was identified.

Phase III – Hedge accounting

The group did not enter into any hedge contract.

Principal Group companies as at June 30, 2018

As at June 30, 2018, the Group is composed of three entities (BALYO SA, BALYO Inc. and BALYO APAC), which are fully consolidated.

Companies	Country	Group control (as a %)	Holdings (as a %)
BALYO SA	France	Parent company	-
BALYO Inc	United States	100%	100%
BALYO APAC	Singapore	100%	100%

BALYO APAC was created in late 2017 and was consolidated for the first time as of January 1, 2018.

NOTE 3. INFORMATION ON THE SECTOR

3.1 The Group's business sector

As a result of the application of IFRS 8, the Company only presents one business sector: "the sale of automation solutions for logistics flows". As at June 30, 2018, the assets present abroad are not significant in terms of the Group as a whole.

3.2 Information by key customer

The weight of the Company's principal customers is described in Note 7.2 to the financial statements as at December 31, 2017 ("Financial risk management and valuation"). The Group signed two partnership agreements with major leaders in the materials handling sector, the Linde Group (a subsidiary of the Kion group) and the Hyster-Yale group. These partnership agreements result in these two groups almost constituting the Group's sole customers (the €215.3K achieved in June 30, 2018 were generated by historic customers and not the partnerships).

SALES REVENUE by customer (amounts in €K)	06/30/2018		06/06/2017	
Linde (Kion group)	8,419.9	*87%*	4,543.4	*73%*
Hyster-Yale	1,072.9	*11%*	1,400.3	*22%*
Others	215.3	*2%*	283.1	*5%*
Total sales revenue	**9,708.1**	*100%*	**6,226.8**	*100%*

NOTE 4. INFORMATION ON THE FINANCIAL POSITION

4.1 Intangible assets

As of the first six months of 2018, the Company started to capitalize development expenses for recognition as intangible assets. These expenses relate to the development of an ERP dedicated to the management of all the phases of a robot's useful life. For this purpose, all of the capitalization criteria were considered to be satisfied.

The development costs recorded as assets are amortized on a straight-line basis over their useful life, i.e. five years after the end of the development period.

In the first half of 2018, capitalized expenses totaled €116K.

The tables below illustrate the movements that took place over the two fiscal years presented:

GROSS VALUE OF INTANGIBLE ASSETS (amounts in €K)	Concessions, patents and similar rights	Intangible assets in progress (development expenses)	Total
Statement of financial position as at December 31, 2016	**262.4**	**0.0**	**262.4**
Additions	84.9		
Statement of financial position as at June 30, 2017	**347.3**	**0.0**	**347.3**
Statement of financial position as at December 31, 2017	**391.2**	**0.0**	**391.2**
Additions	39.7	116.3	155.9
Impact of exchange rate	0.2		
Statement of financial position as at June 30, 2018	**431.0**	**116.3**	**547.3**
AMORTIZATION			
Statement of financial position as at December 31, 2016	**72.8**	**0.0**	**72.8**
Additions	17.7		
Statement of financial position as at June 30, 2017	**90.5**	**0.0**	**90.5**
Statement of financial position as at December 31, 2017	**120.8**	**0.0**	**120.8**
Additions	34.2		
Statement of financial position as at June 30, 2018	**154.9**	**0.0**	**154.9**
NET BOOK VALUE			
At June 30, 2017	**256.8**	**0.0**	**256.8**
At December 31, 2017	**270.4**	**0.0**	**270.4**
At June 30, 2018	**276.1**	**116.3**	**392.4**

The intangible assets do not include any assets whose useful life is indefinite. The depreciation of these intangible assets is fully recorded as a research and development expense.

4.2 Tangible assets

The table below represents movements over the periods presented:

GROSS VALUE OF INTANGIBLE ASSETS (amounts in €K)	Prototypes	Other tangible assets	Office equipment	Transport equipment	Advances payments for tangible assets	Total
Statement of financial position at 31 December 2016	**606.9**	**227.3**	**176.2**	**26.4**	**14.8**	**1,051.5**
Additions	179.5	43.8	18.2			241.5
Disposals	(36.2)				(0.1)	(36.3)
Impact of exchange rate	(4.2)	(2.8)				(6.9)
Statement of financial position at 30 June 2017	**746.1**	**268.3**	**194.5**	**26.4**	**14.7**	**1,249.8**
Statement of financial position at 31 December 2017	**780.8**	**524.3**	**572.8**	**26.4**	**0.0**	**1,904.3**
Additions	61.6	173.2	71.3			306.0
Impact of exchange rate	1.4	2.2				3.6
Statement of financial position at 30 June 2018	**843.8**	**699.7**	**644.1**	**26.4**	**0.0**	**2,214.0**
AMORTIZATION						
Statement of financial position at 31 December 2016	**144.1**	**92.0**	**114.7**	**26.4**	**0.0**	**377.1**
Amortization charge	54.0	16.2	18.6			88.8
Disposals	(24.2)					(24.2)
Impact of exchange rate	(0.7)	(0.2)				(0.9)
Statement of financial position at 30 June 2017	**173.1**	**108.0**	**133.3**	**26.4**	**0.0**	**441.7**
Statement of financial position at 31 December 2017	**223.2**	**134.4**	**162.2**	**26.4**	**0.0**	**546.2**
Amortization charge	73.1	44.1	67.2			184.4
Impact of exchange rate	0.4	0.6				1.0
Statement of financial position at 30 June 2018	**296.7**	**179.1**	**229.4**	**26.4**	**0.0**	**731.6**
NETBOOK VALUE						
At 30 June 2017	**573.0**	**160.3**	**61.2**	**0.0**	**14.7**	**809.0**
At 31 December 2017	**557.6**	**389.9**	**410.6**	**0.0**	**0.0**	**1,358.7**
At 30 June 2018	**547.1**	**520.6**	**414.6**	**0.0**	**0.0**	**1,483.0**

The increase in tangible assets over the period results from the relocation to the premises of the new head office in Ivry sur Seine as well as the development of new material handling prototypes based on trucks in the Linde and Hyster-Yale ranges.

The depreciation charge for tangible assets totaled €184.4K on June 30, 2018, compared to €88K on December 31, 2017. The breakdown by type is as follows:

Depreciation of tangible assets (amounts in €K)	**06/30/2018**	**06/30/2017**
Cost of sales	0.0	(5.9)
Marketing and sales expenses	0.0	(8.5)
Research and development expenses	(47.5)	(42.7)
General and administrative costs	(137.0)	(31.6)
TOTAL	**(184.5)**	**(88.8)**

4.3 Financial Assets

The financial assets are as follows:

FINANCIAL ASSETS (amounts in €K)	Loans, sureties and other receivables	Non-consolidated equity holdings	Total
Statement of financial position at 31 December 2016	**151.9**	**0.0**	**151.9**
Additions	45.0		45.0
Impact of exchange rate	(2.5)		(2.5)
Statement of financial position at 30 June 2017	**194.3**	**0.0**	**194.3**
Statement of financial position at 31 December 2017	**2,083.6**	**23.8**	**2,107.4**
Additions		7.3	7.3
Disposals	(2.5)		(2.5)
Impact of exchange rate	1.1		1.1
Statement of financial position at 30 June 2018 2017	**2,082.2**	**31.1**	**2,113.4**

4.4 Inventory

The table below illustrates the movements that took place over the two fiscal periods presented:

INVENTORIES (amounts in €K)	06/30/2018	12/31/2017
Raw materials	3,835.5	2,777.1
Merchandise	260.1	180.7
Total gross inventories	**4,095.6**	**2,957.8**
Depreciation of raw materials inventory	(135.4)	(135.4)
Total depreciation of inventories	**(135.4)**	**(135.4)**
Total net inventories	**3,960.2**	**2,822.4**

Stocks of raw materials are essentially composed of parts (mechanical or electronic) incorporated into the AGVs' automated system. The increase in these inventories results from growth in the Group’s business in the first half of 2018.

4.5 Customer receivables and other receivables

TRADE RECEIVABLES AND RELATED ACCOUNTS (amounts in €K)	06/30/2018	12/31/2017
Trade receivables and related accounts	3,583.4	3,017.7
Customers - invoices to be issued	10,641.8	10,011.7
Depreciation of trade receivables and related accounts	0.0	0.0
Total net trade receivables and related accounts	**14,225.1**	**13,029.4**

The provision for depreciation of trade receivables is established mainly on a case by case basis in accordance with the estimated risk of non-collection.

4.6 Other receivables

OTHER RECEIVABLES (Amounts in K€)	06/30/2018	12/31/2017
Research tax credit	1,722.8	1,109.7
Value added tax	1,404.3	1,696.8
Prepaid expenses	453.2	224.2
State, other receivables	167.1	113.2
Staff and related accounts	15.0	2.0
Debtor suppliers	416.8	552.8
Others	2.3	1.4
Total other receivables	**4,181.5**	**3,700.1**

VAT receivables mainly relate to deductible VAT and the VAT refund requested.

Prepaid expenses relate to current expenses and for the most part to lease, insurance premium and software maintenance expenses.

Research Tax Credit

Balyo SA benefits from the terms of Articles 244 *quarter* B and 49 *septies* F of the General Tax Code related to the research tax credit. The research tax credit is recorded as a deduction from research expenses over the year in which the eligible research expenses are incurred. It is presented as a subsidy in the "Research and development expenses" category.

The other current assets reach maturity within less than one year. As at June 30, 2018, the Research Tax Credit for 2017 has not yet been repaid.

4.7 Cash and cash equivalents

Positive cash flow prior to bank account overdrafts is as follows:

CASH AND CASH EQUIVALENTS (amounts in €K)	06/30/2018	12/31/2017
Bank accounts	14,208.9	25,680.0
Term deposits	5,000.1	5,000.1
Total cash and cash equivalents	**19,209.0**	**30,680.1**

Current bank overdrafts are not significant and the term deposits are readily available.

4.8 Equity

4.8.1 Capital issued

COMPOSITION OF SHARE CAPITAL	06/30/2018	12/31/2017
Capital (in €K)	2,268.0	2,237.7

Number of shares	28,349,448	27,971,448
Including ordinary shares	28,349,448	27,971,448

4.8.2 Capital management and distribution of dividends

The Group did not distribute any dividends in the first half of 2018.

4.8.3: Stock warrants (BSA), founders' share warrants (BSPCE) and free shares

Stock warrants ("BSA")

The table below summarizes the information related to the stock option plans in place, as well as the assumptions adopted for the IFRS 2 valuation:

							Assumptions - calculation of fair value in accordance with IFRS 2				
Date	Type	Number of warrants issued	Number of void options	Number of options exercised	Number of options in circulation	Maximum number of options to be issued	Subscription price per share	Exercise period	Volatility	No-risk rate	Total IFRS 2 valuation (Black & Scholes) on the date of allocation
7/29/2010	BSA #1	1,750,000	1,750,000		0	0	€1.06	6 years	43.37%	2.28%	€ 107,804.00
2/27/2015	BSA #2	60,000	60,000		0	0	€1.60	10 years	31.94%	-0.36%	€ 19,209.00
12/2/2016	BSA #3	100,000	0		100,000	100,000	€1.60	10 years	27.69%	-0.34%	€ 34,877.00
10/12/2017	BSA #4	20,000	0		20,000	20,000	€6.36	3 years	30.79%	-0.69%	€ 0.00
At June 30, 2018		**1,930,000**	**1,810,000**	**0**	**120,000**	**120,000**					

The exercise rights for the "BSA #1" lapsed prior to the date of the Group's transition to the IFRS. They were subscribed by beneficiaries at the price of €1.06 per BSA.

One quarter of the exercise rights for the "BSA #2 and #3" are acquired every year on each anniversary date of the grant. They were subscribed by beneficiaries at the price of €1.60 per BSA. The exercise of the warrants is not conditional on performance. However, it is contingent on the holders' presence in the Company.

The “BSA #4” can be exercised freely at any time as of the date they are issued and for a period of three (3) years. They were acquired by Balyo’s independent directors at a price of €1.10 per BSA and allow for the subscription to new shares at the price of €6.36 per share.

The exercise of the warrants is not conditional on performance. However, it is contingent on the holders' presence in the Company. These plans are called "equity settled" plans. The Group has made no commitment to buy back these instruments from the employees.

Founders' share warrants ("BSPCE")

The table below summarizes the information related to the stock option plans in place, as well as the assumptions adopted for the IFRS 2 valuation:

							Assumptions - calculation of fair value in accordance with IFRS 2				
Date	Type	Number of warrants issued	Number of void options	Number of options exercised	Number of options in circulation	Maximum number of options to be issued	Subscription price per share	Exercise period	Volatility	No-risk rate	Total IFRS 2 valuation (Black & Scholes) on the date of allocation
12/17/2010	BSPCE #1	150,942	120,942	30,000	0	0	€1.06	7 years	43.37%	2.28%	€ 65,321.52
3/14/2012	BSPCE #2	29,461	20,161	9,300	0	0	€1.06	7 years	43.64%	1.40%	€ 12,378.11
10/5/2012	BSPCE #3	40,000	40,000		0	0	€1.06	7 years	45.91%	0.81%	€ 17,150.71
8/28/2013	BSPCE #4	360,000	60,000	300,000	0	0	€1.06	7 years	45.63%	1.06%	€ 155,041.00
11/13/2013	BSPCE #5	30,000	0	0	30,000	30,000	€1.06	7 years	46.62%	0.82%	€ 13,044.00
4/3/2014	BSPCE #6	90,000	70,000	0	20,000	20,000	€1.06	7 years	43.18%	0.78%	€ 36,546.00
10/3/2014	BSPCE #7	39,300	30,000	0	9,300	9,300	€1.06	7 years	36.17%	0.26%	€ 13,268.00
2/27/2015	BSPCE #8	985,000	175,000	0	810,000	810,000	€1.60	10 years	32.74%	-0.08%	€ 447,898.00
12/16/2015	BSPCE #9	105,000	0	0	105,000	105,000	€1.60	10 years	31.94%	0.02%	€ 46,920.00
5/12/2016	BSPCE #10	85,000	0	0	85,000	85,000	€1.60	10 years	30.66%	-0.36%	€ 35,591.00
12/2/2016	BSPCE #11	125,000	0	0	125,000	125,000	€1.60	10 years	27.69%	-0.34%	€ 47,338.00
4/24/2017	BSPCE #12	170,000	0	0	170,000	170,000	€3.05	10 years	27.46%	-0.31%	€ 260,257.00
6/8/2017	BSPCE #13	1,125,000	0	0	1,125,000	1,125,000	€4.11	10 years	27.17%	-0.40%	€ 1,069,002.43
At June 30, 2018		**3,334,703**	**516,103**	**339,300**	**2,479,300**	**2,479,300**					

The exercise rights for the "BSPCE #1, #2 and #3" are acquired subject to compliance with the conditions related to performance and presence within the Company (four years of seniority). In 2012, 2014 and 2015, part of the warrants became obsolete as the performance and departure conditions were not fulfilled.

One quarter of the exercise rights for the "BSPCE #4 and BSPCE #5" is acquired every year as of the date of the grant and then for a period of three years. They were subscribed by beneficiaries at the price of €1.06 per warrant. The exercise of the warrants is subject to a condition related to presence within the Company.

One quarter of the exercise rights for the "BSPCE #6 and BSPCE #7" is acquired immediately on the date of the grant, then by 6.25% per quarter over a period of three years. They were subscribed by beneficiaries at the price of €1.06 per warrant. The exercise of the warrants is subject to a condition related to presence within the Company.

One quarter of the exercise rights for the "BSPCE #8, #9, #10, #11 and #12" is acquired every year as of the date of the grant and then for a period of three years. They were subscribed by beneficiaries at the price of €1.60 per warrant. The exercise of the warrants is subject to a condition related to presence within the Company.

One quarter of the exercise rights for the "BSPCE #13" is acquired every year as of the date of the grant and then for a period of three years. They were subscribed by beneficiaries at the price of €4.11 per warrant. The exercise of the warrants is subject to a condition related to presence within the Company.

These plans are called "equity settled" plans. The Group has made no commitment to buy back these instruments from the employees.

Free shares

The table below summarizes the information related to the free share plans in place, as well as the assumptions adopted for the IFRS 2 valuation:

Date	Type	Number of warrants issued	Number of void options	Number of options exercised	Number of options in circulation	Maximum number of options to be issued	Total IFRS 2 valuation (Black & Scholes) on the date of allocation
6/12/2017	AGA #1	93,000	15,000	78,000	0	0	€ 465,000.00
12/28/2017	AGA #2	133,500	0	0	133,500	133,500	€ 855,735.00
6/28/2018	AGA #3	209,298	0	0	209,298	209,298	€ 941,841.00
At June 30, 2018		**435,798**	**15,000**	**78,000**	**342,798**	**342,798**	

AGA #1 plan

On June 12, 2017, the Board of Directors allocated 93,000 free shares to employees of the Company pursuant to the authorization granted by the general meeting held on April 24, 2017.

The free shares covered by the “AGA #1” plan are definitively acquired one year following the allocation, subject to a condition related to presence and one related to performance, and cannot be sold for one year.

The acquisition conditions having been fulfilled, the Company’s Board of Directors took note of the definitive allocation of 78,000 AGA#1 on June 27, 2018. This allocation resulted in the issue of 78,000 ordinary shares with a par value of €0.08 each and a related increase in the share capital of €6,240.

AGA #2 plan

On December 28, 2017, the Board of Directors allocated 133,500 free shares to employees of the Company pursuant to the authorization granted by the general meeting held on April 24, 2017.

The free shares covered by the “AGA #2” plan are acquired subject to presence and performance conditions, according to the following schedule:

- 50% on December 28, 2018
- 25% on December 28, 2019
- 25% on December 28, 2020

The fair value of the benefit granted based on the share price on the date of allocation, adjusted in accordance with all of the specific conditions that may impact the fair value (e.g., dividends). As indicated in Note 4.8.2, no dividend was taken into account during the valuation.

AGA #3 plan

On June 28, 2018, the Board of Directors allocated 209,298 free shares to employees of the Company pursuant to the authorization granted by the general meeting held on May 24, 2018.

The free shares covered by the “AGA #2” plan are acquired subject to presence and performance conditions, according to the following schedule:

- 50% on June 28, 2020
- 25% on June 28, 2021
- 25% on June 28, 2022

The fair value of the benefit granted based on the share price on the date of allocation, adjusted in accordance with all of the specific conditions that may impact the fair value (e.g., dividends). As indicated in Note 4.8.2, no dividend was taken into account during the valuation.

Valuation method for BSAs, BSPCEs and free shares

The fair value of the warrants was determined using the Black & Scholes valuation model. The valuation methods used to estimate the fair value of the warrants is described below:

- The share price used is equal to the investors' subscription price or based on internal valuations.
- The zero-risk rate is determined based on the average term of the instruments.

- Volatility was determined on the basis of a sampling of companies in Balyo's business sector listed on the market on the date of subscription of the instruments and for a period that is equivalent to the warrants' term.
- With regard to the free allocation of share plans, the fair value of the benefit granted based on the share price on the date of allocation, adjusted in accordance with all of the specific conditions that may impact the fair value (e.g., dividends). As indicated above, no dividend was taken into account during the valuation.

Information on the expenses recognized in accordance with IFRS 2 for the two reference periods

Type	Grant date	6/30/2017 Number of warrants/options in circulation	Probable cost of the plan (€K)	Total charge on issue date (€K)	2017 charge (€K)	Total charge at 06/30/2017 (€K)	6/30/2018 Number of warrants/options in circulation	Probable cost of the plan (€K)	Total charge on issue date (€K)	2018 charge (€K)	Total charge at 06/30/2018 (€K)
BSA #1	7/29/2010										
BSA #2	2/27/2015	60,000	19.2	16.7	1.2	18.0					
BSA #3	12/2/2016	100,000	34.9	10.0	7.8	17.8	100,000	34.9	25.0	3.5	28.5
BSA #4	10/12/2017						20,000	0.0	0.0	0.0	0.0
Total - BSA		**160,000**	**54.1**	**26.7**	**9.0**	**35.7**	**120,000**	**34.9**	**25.0**	**3.5**	**28.5**

Type	Grant date	6/30/2017 Number of warrants/options in circulation	Probable cost of the plan (€K)	Total charge on issue date (€K)	2017 charge (€K)	Total charge at 06/30/2017 (€K)	6/30/2018 Number of warrants/options in circulation	Probable cost of the plan (€K)	Total charge on issue date (€K)	2018 charge (€K)	Total charge at 06/30/2018 (€K)
BSPCE #1	12/17/2010										
BSPCE #2	3/14/2012										
BSPCE #3	10/5/2012										
BSPCE #4	8/28/2013	300,000	155.0	148.6	0.0	148.6		155.0	148.6	0.0	148.6
BSPCE #5	11/13/2013	30,000	13.0	13.0	0.0	13.0	30,000	13.0	13.0	0.0	13.0
BSPCE #6	4/3/2014	20,000	36.5	19.1	0.4	19.5	20,000	36.5	19.8	0.2	20.0
BSPCE #7	10/3/2014	9,300	13.3	6.3	0.2	6.6	9,300	13.3	6.7	0.1	6.9
BSPCE #8	2/27/2015	870,000	447.9	354.1	30.8	384.9	810,000	447.9	399.1	19.3	418.3
BSPCE #9	12/16/2015	105,000	46.9	33.1	4.6	37.7	105,000	46.9	42.8	1.8	44.6
BSPCE #10	5/12/2016	85,000	35.6	18.8	7.0	25.8	85,000	35.6	29.3	3.4	32.7
BSPCE #11	12/2/2016	125,000	47.3	13.5	10.2	23.7	125,000	47.3	33.8	4.6	38.4
BSPCE #12	4/24/2017	170,000	260.3	0.0	85.1	85.1	170,000	260.3	140.3	46.2	186.5
BSPCE #13	6/8/2017	1,125,000	1,069.0	0.0	294.4	294.4	1,125,000	1,069.0	521.1	219.8	741.0
Total - BSPCE		**2,839,300**	**2,124.9**	**606.6**	**432.8**	**1,039.4**	**2,479,300**	**2,124.9**	**1,354.6**	**295.5**	**1,650.1**

Type	Grant date	6/30/2017 Number of warrants/options in circulation	Probable cost of the plan (€K)	Total charge on issue date (€K)	2017 charge (€K)	Total charge at 06/30/2017 (€K)	6/30/2018 Number of warrants/options in circulation	Probable cost of the plan (€K)	Total charge on issue date (€K)	2018 charge (€K)	Total charge at 06/30/2018 (€K)
AGA #1	6/12/2017						0	465.0	236.6	153.4	390.0
AGA #2	12/28/2017						133,500	855.7	3.9	305.5	309.5
AGA #3	6/28/2018						209,298	941.8		1.9	1.9
Total - AGA							**342,798**	**2,262.6**	**240.5**	**460.9**	**701.4**

4.9 Provisions

PROVISIONS (amounts in €K)	06/30/2018 Amount - beginning of the period	Provisions	Reversals	Amount - end of the period
Provisions for customer claims/litigation		26.8		26.8
Total provisions for risks and charges	**0.0**	**26.8**	**0.0**	**26.8**

Litigation and claims

The group may be involved in legal, administrative or regulatory proceedings in the normal course of its business.

Litigation at labor tribunals

The amounts of the provisions are valued case by case in accordance with the Company's appraisal of the risks to date on the basis of the claims, legal obligations and opinions of the group's attorneys.

4.10 Current and non-current financial debt

CURRENT AND NON-CURRENT FINANCIAL DEBT (amounts in €K)	06/30/2018	12/31/2017
Repayable advances	1,172.4	1,414.4
Non-current financial debt	**1,172.4**	**1,414.4**
Repayable advances	1,114.9	1,056.2
Bank overdrafts	19.5	0.0
Current financial debt	**1,134.4**	**1,056.2**
Total financial debt	**2,306.8**	**2,470.7**

Breakdown of financial debts by maturity

The maturity of these financial debts can be analyzed as follows as at June 30, 2018:

CURRENT AND NON-CURRENT FINANCIAL DEBT - REPAYMENT VALUE (amounts in €K)	06/30/2018			
	Gross amount	Due in less than one year	1 to 5 years	Over five years
Repayable advances	2,490.9	1,208.4	1,282.5	0.0
Bank overdrafts	19.5	19.5	0.0	0.0
Total financial debts	**2,510.4**	**1,227.9**	**1,282.5**	**0.0**
Current financial debts	*1,227.9*			
Non-current financial debts	*1,282.5*			

CURRENT AND NON-CURRENT FINANCIAL DEBT - REPAYMENT VALUE (amounts in €K)	12/31/2017			
	Gross amount	Due in less than one year	1 to 5 years	Over five years
Repayable advances	2,715.9	1,153.4	1,562.5	0.0
Total financial debts	**2,715.9**	**1,153.4**	**1,562.5**	**0.0**
Current financial debts	*1,153.4*			
Non-current financial debts	*1,562.5*			

Reconciliation of the value in the balance sheet and the repayment value

RECONCILIATION BALANCE SHEET VALUE / REPAYMENT VALUE (amounts in €K)	Repayment value 06/30/2018	Amortized cost	Fair value	Balance sheet 06/30/2018
	2,490.9	(203.6)	0.0	2,287.3
				0.0
	2,510.4	**(203.6)**	**0.0**	**2,306.8**

RECONCILIATION BALANCE SHEET VALUE / REPAYMENT VALUE (amounts in €K)	Repayment value 12/31/2017	Amortized cost	Fair value	Balance sheet 12/31/2017
	2,715.9	(245.2)	0.0	2,470.7
	2,715.9	**(245.2)**	**0.0**	**2,470.7**

The impact of the amortized cost on the repayable advances corresponds to the restatement of the government loans at a below-market rate (Note 4.10).

Repayable advances

EVOLUTION OF REPAYABLE ADVANCES AND SUBSIDIES (amounts in €K)	Zero-interest loan €1,100K	Zero-interest loan €600K	BPI France €950K	COFACE USA	TOTAL
At December 31, 2017	**956.7**	**286.2**	**720.9**	**506.9**	**2,470.7**
(-) Repayment	(55.0)	(75.0)	(95.0)	0.0	(225.0)
Financial charges	25.6	6.3	19.1	(9.4)	41.6
At June 30, 2018	**927.3**	**217.5**	**645.0**	**497.5**	**2,287.3**

- **Bpifrance zero-interest loan €1,100K**

On December 7, 2015, BALYO SA received a zero-interest loan for innovation ("PTZI") from Bpifrance in the amount of €1,100K, which does not bear interest. Repayment started on March 31, 2018 for five years, in an annual amount of €220K. The fair value of this advance was determined on the basis of an estimated interest rate of 5.58% per year. The €244.6K impact was recorded as a subsidy. As the Group did not incur any expenses under this program, no subsidy was recorded in the income statement.

The balance of the debt in terms of its repayment value totaled €1,045K as at June 30, 2018, as compared to €1,100K as at December 31, 2017.

- **Bpifrance zero-interest loan €600K**

On May 24, 2013, BALYO SA obtained a zero-interest loan for innovation ("PTZI") from Bpifrance in the amount of €600K, which does not bear interest, for the creation of an electronic device to robotize standard industrial cleaning machines. Repayment started on December 31, 2015 for four years, in an annual amount of €150K. The fair value of this advance was determined on the basis of an estimated interest rate of 5.58% per year. The €124.3K impact was recorded as a subsidy. The full subsidy was recorded in the income statement before January 1, 2015.

As at June 30, 2018, the balance of the debt totaled €217.5K, compared to €286.2K as at December 31, 2017.

- **Repayable aid for innovation**

On March 23, 2014, BALYO SA obtained a repayable "innovation aid" loan in the amount of €950K from Bpifrance, which does not bear interest, for the development of an automatic very high lift storage solution with its mobile robots and with no need for an infrastructure.

Bpifrance's payments are staggered between the date of signature of the contract and the end of the project. The principal stages are:

- First payment of €500K after the contract was signed (received in May 2014);
- The balance upon completion of the work, i.e., August 2015.

In light of the commercial success, repayments were staggered on a quarterly basis as of March 31, 2017, with a quarterly payment of €47.5K.

The fair value of this advance was determined on the basis of an estimated interest rate of 5.97% per year. The €219.2K impact was recorded as a subsidy. This subsidy was recorded in the income statement before January 1, 2015 in the amount of €166.6K and in the amount of €52.6K in 2015.

The balance of the debt in terms of its repayment value totaled €645K as at June 30, 2018, as compared to €720.9K as at December 31, 2017.

- **Coface advances**

BALYO SA obtained repayable advances from COFACE under a "prospecting insurance" ("*assurance prospection*") contract that covers the geographic zones of Europe and the US. BALYO benefits from a three to four-year coverage period, during which its prospecting expenses are guaranteed within a defined budget. After this phase, an amortization phase covering four to five years is triggered during which BALYO SA repays the advance on the basis of a percentage of the sales it achieves in the relevant zones (7% of sales of goods and 14% of sales of services).

The terms are as follows:

	COFACE USA
Prospecting expenses	€ 1,000.00
Coverage period	January 1, 2013 to December 31, 2016
Premium amount	2%
Amortization period	January 1, 2017 to December 31, 2021
Interest rate used to calculate fair value	3.51%
Balance at December 31, 2017	€508K
Balance at June 30, 2018	€497K

This value is equal to the repayment value.

4.11 Employee commitments

Commitments to personnel include the provision for end-of-career compensation, and are valued on the basis of the terms provided in the applicable collective agreement (SYNTEC).

This commitment only relates to employees governed by French law. The principal actuarial assumptions used for the valuation of retirement payments are as follows:

ACTUARIAL ASSUMPTIONS	6/30/2018	12/31/2017
Retirement age	Voluntary retirement from 65/67 years	Voluntary retirement from 65/67 years
Collective agreement	SYNTEC	SYNTEC
Discount rate(IBOXX Corporates AA)	1.75%	1.68%
Mortality table	INSEE 2017	INSEE 2017
Salary revaluation rate	1.5%	1.5%
Turnover rate	Low turnover	Low turnover
Payroll taxes rate	44.71% Non executive 47.14% Executive	44.71% Non executive 47.14% Executive

Changes in the provision for the retirement commitment were as follows:

PERSONNEL COMMITMENTS (amounts in €K)	Retirement benefits
At December 31, 2017	**143.2**
Past service costs	35.1
Financial costs	1.2
Actuarial gains/losses	(1.6)
At June 30, 2018	**177.9**

4.12 Other debts

4.12.2 Accounts payable and related accounts

ACCOUNTS PAYABLE AND RELATED ACCOUNTS (amounts in €K)	06/30/2018	12/31/2017
Accounts payable	6,814.9	7,850.2
Invoices not received	2,013.2	1,380.6
Total accounts payable and related accounts	**8,828.0**	**9,230.8**

No discount was applied to accounts payable and related accounts since the amounts do not represent a priority of more than one year as at June 30, 2018.

4.12.3 Other current liabilities, and tax and social debts

TAX AND SOCIAL DEBTS (amounts in €K)	06/30/2018	12/31/2017
Personnel and related accounts	1,144.0	1,055.4
Social security and other social bodies	980.6	911.2
Other taxes and similar payments	91.0	72.0
Total tax and social security liabilities	**2,215.6**	**2,038.6**

OTHER CURRENT LIABILITIES (amounts in €K)	6/30/2018	12/31/2017
Advances and deposits for customer orders	5,319.7	6,479.5
Suppliers of fixed assets	364.9	651.2
Other debts - Repayable advances	244.0	244.0
Other debts	48.4	73.9
Deferred income	179.2	8.2
Total other current liabilities	**6,156.2**	**7,456.9**

The amount of advances and customer deposits results from the development of the Group's business and mainly relates to project activities.

The deferred income relates to maintenance activities and will be recognized as sales revenue at less than 12 months of maturing.

4.13 Fair value of financial instruments

The Group's assets and liabilities are valued as follows for each year in accordance with the measurement categories defined by IFRS 9:

(amounts in €K)	06/30/2018		Value - Statement of financial poisition as per IFRS 9			
Headings - Statement of financial position	Value of Statement of Financial Position	Fair value	Fair value through profit and loss	Loans and receivables	Debts at amortized cost	Non-financial instruments
Non-current financial assets	2,113.4	2,113.4		2,113.4		
Trade receivables and related accounts	14,225.1	14,225.1		14,225.1		
Other receivables	434.1	434.1		434.1		
Cash and cash equivalents	19,209.0	19,209.0	19,209.0	0.0		
Total assets	**35,981.7**	**35,981.7**	**19,209.0**	**16,772.6**	**0.0**	**0.0**
Current financial debt	1,134.4	1,134.4			1,134.4	
Non-current financial debt	1,172.4	1,172.4			1,172.4	
Trade payables and related accounts	8,828.0	8,828.0			8,828.0	
Other creditors	5,975.0	5,975.0			5,975.0	
Total liabilities	**17,109.8**	**17,109.8**	**0.0**	**0.0**	**17,109.8**	**0.0**

ASSETS AND LIABILITIES (amounts in €K)	12/31/2017		Value - Statement of financial position as per IFRS 9			
Headings - Statement of financial position	Value of Statement of Financial Position	Fair value	Fair value through profit and loss	Loyears and receivables	Debts at amortised cost	Non-financial instruments
Non-current financial assets	2,107.4	2,107.4	0.0	2,107.4	0.0	0.0
Trade receivables and related accounts	13,029.4	13,029.4	0.0	13,029.4	0.0	0.0
Other receivables	556.2	556.2	0.0	556.2	0.0	0.0
Cash and cash equivalents	30,680.1	30,680.1	30,680.1	0.0	0.0	0.0
Total assets	**46,373.1**	**46,373.1**	**30,680.1**	**15,693.0**	**0.0**	**0.0**
Current financial debt	1,056.2	1,056.2	0.0	0.0	1,056.2	0.0
Non-current financial debt	1,414.4	1,414.4	0.0	0.0	1,414.4	0.0
Trade payables and related accounts	9,230.8	9,230.8	0.0	0.0	9,230.8	0.0
Other creditors	7,448.7	7,448.7	0.0	0.0	7,448.7	0.0
Total liabilities	**19,150.2**	**19,150.2**	**0.0**	**0.0**	**19,150.2**	**0.0**

(amounts in €K)	Impact on the income statement at June 30, 2018		Impact on the income statement at June 30, 2017	
	Interest	Variation in fair value	Interest	Variation in fair value
Liabilities				
Liabilities at amortized cost: bank loans	0.0		(79.0)	
Liabilities at amortized cost: bond issues	0.0		67.0	
Liabilities at amortized cost: repayable advances	(41.6)		(66.1)	

NOTE 5. INFORMATION ON THE INCOME STATEMENT

5.1 Sales revenue and gross margin

The sales revenue and gross margin for the two periods presented are as follows:

SALES - By customer (amounts in K€)	06/30/2018		06/30/2017	
Projects and maintenance contracts (ongoing services)	9,422.5	*97%*	5,687.8	*91%*
After-sales and demo	285.6	*3%*	539.0	*9%*
Total sales	**9,708.1**	*100%*	**6,226.8**	*100%*

SALES REVENUE AND GROSS MARGIN (amounts in €K)	06/30/2018	06/30/2017

Sales revenue	9,708.1	6,226.8
Cost of sales	(7,560.2)	(4,274.9)
Gross margin	**2,147.9**	**1,952.0**

5.2 Details on expenses and revenue by department

5.2.1: Research and development expenses

RESEARCH AND DEVELOPMENT EXPENSES (amounts in €K)	**06/30/2018**	**06/30/2017**
Personnel expenses	2,836.6	1,566.6
Purchases of parts for research	762.7	396.9
Other	179.9	368.8
Research and development	**3,779.2**	**2,332.3**
Research Tax Credit	(613.1)	(382.5)
Subsidies		(2.6)
NET TOTAL	**3,166.1**	**1,947.3**

The expenses recorded under "Other" mainly cover travel expenses, fees, maintenance and repairs, lease expenses, and taxes.

5.2.2: Marketing and sales expenses

SALES AND MARKETING EXPENSES (amounts in €K)	**06/30/2018**	**06/30/2017**
Personnel expenses	2,082.6	1,285.8
Travel, assignments and receptions	368.3	293.2
Communication expenses	232.3	239.2
Other	29.6	248.1
Sales and marketing	**2,712.7**	**2,066.4**

Subsidies		(0.5)
Subsidies	**2,712.7**	**(0.5)**
NET TOTAL	**2,712.7**	**2,065.9**

The expenses recorded under "Other" cover travel costs, consultant fees and other expenses.

5.2.3: General and administrative expenses

GENERAL AND ADMINISTRATIVE EXPENSES (amounts in €K)	**06/30/2018**	**06/30/2017**
Personnel expenses	944.5	888.6
Miscellaneous consulting fees	570.8	175.7
Leases/rentals	634.7	200.7
Travel, assignments and receptions	315.8	145.5
Other	899.8	362.6
General and administrative expenses	**3,365.6**	**1,773.0**

The expenses recorded under "Other" mainly cover rent, rental charges, travel costs, consultant fees, insurance and banking expenses and taxes.

5.3: Workforce and payroll

The workforce grew from 158 employees as at December 31, 2017 to 181 as at June 30, 2018, taking into account the providers fully dedicated to working for Balyo.

PAYROLL (amounts in €K)	**06/30/2018**	**06/30/2017**
Gross remuneration	4,847	3,153
Social charges	1,817	1,157
Fees for providers 100% dedicated to Balyo	919	257
Payroll	**7,583**	**4,567**

5.4 Financial income

FINANCIAL INCOME AND EXPENSES (amounts in €K)	6/30/2018	6/30/2017
Cost of net financial debt	**12.1**	**(12.3)**
Income from cash and cash equivalents	12.1	0.7
Extinguishment of financial liabilities	0.0	563.0
Interest expenses	0.0	(576.0)
Other financial income and expenses	**144.8**	**(317.3)**
Exchange gains/losses	186.5	(252.4)
Impact of the accretion of repayable advances	(41.6)	(66.1)
Other financial revenue	0.0	1.1
Net financial gain/loss	**156.9**	**(329.7)**

5.5 Income tax

Deferred tax assets and liabilities

The tax rate applicable to the Company is the rate applicable in France, i.e., 28% up to €500K in profits and 33.33% thereafter. This rate will decline progressively to reach 25% as of 2022.

The rate applicable to its subsidiary, BALYO Inc., is 25% (federal rate).

At this time, as the US subsidiary faces a deficit, the federal rate is indicated only. In accordance with the principles described above, no deferred tax asset is recorded in the Group's financial statements beyond the deferred tax liabilities for the years under consideration.

No material change was recorded as at June 30, 2018 in relation to deferred taxes compared to the annual consolidated financial statements as at December 31, 2017.

5.6 Earnings per share

The table below presents the calculation of earnings per share:

BASIC LOSSES PER SHARE (Amounts in K€)	06/30/2018	06/30/2017
Net loss of the period	(7,700.3)	(4,627.7)
Weighted average number of shares in circulation	27,979.8	17,372,942
Basic losses per share (€/share)	**(0.28)**	**(0.27)**
Diluted losses per share (€/share)	**(0.28)**	**(0.27)**

As the Group recorded losses as at December 31, 2017 and June 30, 2018, the diluted earnings per share are identical to the net earnings per share.

NOTE 6. OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments as at June 30, 2018 did not change significantly since December 31, 2017.

NOTE 7. OTHER INFORMATION

Related parties

Transactions with related parties

The transactions with related parties continued on the same basis as in 2017, with no significant change (see Note 7.1 to the financial statements as at December 31, 2017).

Report of the Statutory Auditors

on the half-year financial information

To the Shareholders,

In performing the audit entrusted to us by your General Meeting and in accordance with Article L. 451-1-2 III of the Monetary and Financial Code, we proceeded with:

- A limited review of the condensed interim consolidated financial statements of BALYO related to the period January 1 to June 30, 2018, as attached to the present report.
- An audit of the information provided in the half-year business report.

These half-year condensed consolidated financial statements were prepared under the responsibility of the Board of Directors. We are responsible for providing an opinion on these financial statements based on our limited review.

1. Conclusion regarding the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review mainly consists in discussions with management members responsible for accounting and financial aspects and for implementing analytical procedures. This work is less extensive than the work required for an audit performed in accordance with professional standards applicable in France. Therefore, the assurance that the financial statements, taken together, do not contain material misstatements in the framework of a limited review is a moderate assurance, lower than that obtained from an audit.

In our limited review, we did not identify material misstatements that would cast doubt on the compliance of the condensed consolidated half-year financial statements with IAS 34 - the IFRS standard as adopted in the European Union regarding interim financial reporting.

2. Specific audit

We also proceeded with an audit of the information provided in the half-year business report, which provides comments on the condensed consolidated half-year financial statements that were the subject of our limited review. We have no observation to make with regard to the fairness of such information and its consistency with the condensed consolidated half-year financial statements.

Paris-La Défense and Paris, September 27, 2018

Statutory Auditors

Deloitte & Associés	SIRIS
Stéphane MENARD	Emmanuel MAGNIER

20.4 Pro forma consolidated financial information

None.

20.5 Date of the last financial statements

The last financial statements of the Company audited by the statutory auditors and set out in the Registration Document relate to the consolidated financial statements as at December 31, 2017.

20.6 Dividend payment policy

20.6.1 Dividends paid over the last three fiscal years

Since it was founded, the Company has not paid any dividends.

20.6.2 Dividend payment policy

There are no plans to initiate a dividend payment policy in the short term given the stage of development of the Company.

20.7 Legal and arbitration proceedings

The Company may be involved in legal, arbitration, administrative or regulatory proceedings in the normal course of its business. The Company creates a provision as soon as a reasonable probability exists that these types of proceedings will lead to costs payable by the Company or its subsidiaries and that the amount thereof may be reasonably estimated.

The Company is not aware of any state, legal or arbitration proceeding, whether pending or threatened, that may or did have a significant impact over the past 12 months on the financial position or performance of the Company and/or on the Company on the date of registration of the Registration Document. However, the Company is aware of legal proceedings in the framework of its ongoing activities. The Company recognizes a provision for these proceedings, the amounts of which have been reasonably estimated.

20.8 Significant changes in the financial or commercial position

To the Company's knowledge, there have been no significant changes in the financial or commercial position of the Company since June 30, 2018.

21. ADDITIONAL INFORMATION

In the framework of a planned IPO of the Company on the Euronext regulated market in Paris, an extraordinary general meeting of the Company held on April 24, 2017 approved an amendment to its bylaws and to the composition of the Company's Board of Directors, as they are described in Sections 21.2 "Act of incorporation and bylaws" and 14.1 "Composition of the administrative and executive bodies" of the Registration Document, on the condition that the Company's shares are admitted to trading on the Euronext regulated market in Paris.

21.1 Share capital

21.1.1 Amount of share capital

On the date of registration of the Registration Document, the Company's share capital totaled €2,237,715.84, divided into 27,971,448 shares with a par value of eight centimes of a euro (€0.08) each, all fully subscribed and paid up and all of the same category.

21.1.2 Securities not representing capital

None.

21.1.3 Acquisition of treasury shares by the Company – Share buy-back program

On the date of registration of the Registration Document, the Company did not own any of its shares.

On the date of registration of the Registration Document, the Company had issued securities and granted the following rights, which give their holders immediate or future access to the Company's share capital or voting rights.

The extraordinary general meeting of shareholders approved a resolution on April 24, 2017 authorizing the Board of Directors to implement a share buyback program for the Company's shares in accordance with the terms of Article L. 225-209 of the Commercial Code and the General Regulations of the *Autorité des marchés financiers*, for a period of 18 months starting on the date of the meeting (it being noted that the Company may not use this authorization before the Company's shares are admitted to trading for the first time on the Euronext regulated market), under the conditions described below:

- These shares may be purchased for the following purposes:
  - for retention and subsequent remittance for exchange or payment as part of any future external growth operations, up to 5% of the number of shares that constitute the Company's share capital,
  - to implement stock option plans, free allocation of shares and employee ownership operations reserved for members of employee savings plans, in accordance with Articles L. 3331-1 *et seq.* of the Labor Code, or to allocate shares to employees and/or executive directors of the Company and of the companies related to it;
  - to allocate the shares at the time the rights attached to securities granting access to the Company's capital are exercised;

- to cancel of all or part of the shares in the framework of a decrease in capital;
- for operations on the secondary market or to promote the liquidity of the Company's shares under the terms of a liquidity agreement entered into with an investment firm, in compliance with an ethics charter recognized by the *Autorité des marches financiers*;
- for the use thereof in the framework of any hedging transaction for Company commitments regarding financial instruments, in particular related to changes in the price of the Company's shares; or
- for any market practice that may be recognized by law or the *Autorité des marchés financiers*.

- The maximum amount of the funds dedicated to the share buyback program is €10 million;
- The maximum purchase price per share may not exceed 300% of the price of the share at the time the Company's shares are admitted to trading.

The Company's acquisitions under the present authorization may in no event cause the Company to directly or indirectly own more than 10% of its share capital.

21.1.4 Potential capital

21.1.4.1 Founders' share warrants ("BSPCE")

On the date of registration of the Registration Document, the full exercise of the BSPCEs allocated and still in circulation would give rise to the creation of 2,431,075 new ordinary shares.

Plan name	BSPCE Dec-10 (1)	BSPCE Aug-13 (2)	BSPCE Nov-13 (3)	BSPCE Apr-14 (4)	BSPCE Oct-14 (4)	BSPCE Feb-15 (5)	BSPCE Dec-15 (5)	BSPCE May-16 (5)	BSPCE Dec-16 (6)	BSPCE Apr-17 (6)	BSPCE June-17 (6)
Allocation date	3/14/2012	8/28/2013	11/13/2013	04/03/2014	10/03/2014	02/27/2015	12/16/2015	05/12/2016	12/02/2016	04/24/2017	06/08/2017
Decision-making body	GM	Board of Directors as mandated by the general meeting of 07/22/2013		Board of Directors as mandated by the general meeting of 4/3/2014		Board of Directors as mandated by the general meeting of 2/27/2015			Board of Directors as mandated by the general meeting of 11/25/2016	Board of Directors as mandated by the general meeting of 4/24/2017	
Number of BSPCE	9,300	300,000	30,000	20,000	9,300	870,000	105,000	85,000	125,000	170,000	1,125,000
Number of AGA											
Total number of shares that may be subscribed	9,300	300,000	30,000	20,000	9,300	870,000	105,000	85,000	125,000	170,000	1,125,000

Number of beneficiaries who are corporate officers	0	1 (Fabien Bardinet)	0	0	0	2 (Fabien Bardinet and Thomas Duval)	0	0	0	0	1 (Fabien Bardinet)
Number of beneficiaries who are not corporate officers	1	0	1	1	1	7	3	4	4	1	35
Exercise price	€1.06	€1.06	€1.06	€1.06	€1.06	€1.06, and thereafter, the market value of an ordinary share	€1.60	€1.60	€1.60	€1.60	€4.11
Total number of shares subscribed on the date of registration of the Registration Document	9,300	300,000	30,000	0	6,975	80,000	0	0	12,500	0	10,000

(1)
From the time they are issued and up until December 12, 2017, subject to seniority:

At least four years, reduced to one year if the Company is the subject of a merger, its shares are admitted to trading on a regulated market or stock exchange in France or abroad, or one or more of the Company's shareholders sells more than 50% of the Company's shares to one or more third parties under "joint control" (within the meaning of Article L. 233-3 of the Commercial Code). All of the BSPCEs may be exercised by any employee who has at least one year of seniority, it being noted that the issue of new shares resulting from the exercise of the BSPCEs must take place before the legal completion of said event, after which the unexercised BSPCEs will become obsolete.

(2)

As of August 28, 2013 and until the expiry of a seven-year period, i.e., until August 28, 2020.

The BSPCEs may only be exercised by a fraction of at most one quarter during the following four periods: (i) from the opening date until August 28, 2014; (ii) from August 29, 2014 until August 28, 2015; (iii) from August 29, 2015 until August 28, 2016, and (iv) from August 29, 2016 until the date of expiry.

In the event of (i) an acquisition by a third party of the Company's voting rights and capital that lead to a change in control over the Company (as defined in Article L. 233-3 of the Commercial Code) (ii) or the takeover of the Company by another Company, the merger of the Company with one or more other companies into a new company, or the spinoff (within the meaning of Article L. 236-1 of the Commercial Code) of the Company as a contribution to existing companies or new companies, if these operations cause a change in control over the Company (as defined in Article L. 233-3 of the Commercial Code), the BSPCEs may be exercised by the holders still employed at the latest on the date said event materializes.

(3)

As of November 13, 2013 and until the expiry of a seven-year period, i.e., until November 12, 2020.

The BSPCEs may only be exercised by a fraction of at most one quarter during the following four periods: (i) from the opening date until November 12, 2014; (ii) from November 13, 2014 until November 12, 2015; (iii) from November 13, 2015 until November 12, 2016, and (iv) from November 13, 2016 until the date of expiry.

In the event of (i) an acquisition by a third party of the Company's voting rights and capital that lead to a change in control over the Company (as defined in Article L. 233-3 of the Commercial Code) (ii) or the takeover of the Company by another Company, the merger of the Company with one or more other companies into a new company, or the spinoff (within the meaning of Article L. 236-1 of the Commercial Code) of the Company as a contribution to existing companies or new companies, if these operations cause a change in control over the Company (as defined in Article L. 233-3 of the Commercial Code), the BSPCEs may be exercised by the holders still employed at the latest on the date said event materializes.

(4)

Exercise timetable: - up to 25% of the BSPCEs upon the expiry of a 12-month period from their date of issue - then the balance in successive tranches of 6.25% of the balance per quarter over three years - and at the latest seven years after the issue date.

In the event of a merger by takeover of the Company by another company or if one or more of the Company's shareholders sells to one or more third parties, acting alone or together, a number of shares that results in a transfer of more than 50% of the Company to this or these third parties, or if the Company's shares are admitted to trading on a regulated or organized market, the rights to exercise the BSPCEs will be accelerated so that the relevant beneficiaries can exercise all of the BSPCEs that are not yet exercisable on the date of completion of said operation.

(5)
Exercise timetable - up to 25% of the BSPCEs as of their issue - then the balance in successive annual tranches of 25% over three years, at the end of each year, - and at the latest 10 years after the issue date.

In the event of a merger by takeover of the Company by another company or the sale by one or more Company shareholders to one or more third parties, acting alone or together, of a number of shares that causes a transfer of more than 50% of the Company to this or these third party(ies), the exercise of the BSPCEs may be accelerated, subject to a resolution of the Board of Directors, so that the beneficiaries can exercise all of the BSPCEs not yet exercisable on the date of completion of the operation.

(6)
Exercise timetable - up to 25% of the BSPCEs as of their issue - then the balance in successive annual tranches of 25% over three years, at the end of each year, - and at the latest 10 years after the issue date.

In the event of a merger agreement merging the Company with another company, or the sale by one or more Company shareholders to one or more third parties, acting alone or together, of a number of shares that causes a transfer of control (within the meaning of Article L. 233-3 of the Commercial Code) of the Company to this or these third party(ies), the exercise of the BSPCEs will be accelerated so that any holder may subscribe a number of ordinary shares that corresponds to 100% of his BSPCEs that are not yet exercisable on the date of completion of said operation in addition to the number of ordinary shares which he may subscribe by exercising the BSPCEs that are already exercisable.

21.1.4.2 Stock warrants ("BSA")

Description	BSA 2015	BSA 2016	BSA 2017*
Allocation date	2/27/2015	12/2/2016	10/12/2017
Decision-making body	Board of Directors as mandated by the general meeting of 2/27/2015	Board of Directors as mandated by the general meeting of 11/25/2016	Board of Directors as mandated by the general meeting of 4/24/2017
Number of BSA	60,000	100,000	20,000

Number of BSA that are void at 12/31/2017	60,000	0	0
Total number of shares that may be subscribed as at 12/31/2017	0	100,000	20,000
Number of beneficiaries who are corporate officers	1 (Raul Bravo Orellana)	0	2
Number of beneficiaries who are not corporate officers	0	1	0
Exercise price	€1.60	€1.60	6.36
Exercise terms and conditions	Exercise timetable: - up to 25% of the BSA as of the date they are issued, - then the balance in successive annual tranches of 25% over three years, at the end of each year, - and at the latest 10 years after the issue date.		Exercise timetable: - at any time after the date of issue - at the latest on October 12, 2020

	In the event of a merger of the Company with another company, or the sale by one or more Company shareholders, to one or more third parties, acting alone or together, of a number of shares that causes a transfer of more than 50% of the Company's share to this or these third party(ies), the exercise of the BSAs may be accelerated, subject to a resolution of the Board of Directors, so that any holder can exercise all of his BSAs not yet exercisable on the date the operation takes place.	In the event of a merger agreement merging the Company with another company, or the sale by one or more Company shareholders to one or more third parties, acting alone or together, of a number of shares that causes a transfer of control (within the meaning of Article L. 233-3 of the Commercial Code) of the Company to this or these third party(ies), the exercise of the BSAs will be accelerated so that any holder can subscribe a number of ordinary shares that corresponds to 100% of his BSAs that are not yet exercisable on the date of completion of said operation in addition to the number of ordinary shares for which he may subscribe by exercising the BSAs that may already be exercised.	
Total number of shares subscribed on the date of registration of the Registration Document	0	0	0

On the date of registration of the Registration Document, the full exercise of the 120,000 BSAs allocated and still in circulation would lead to the creation of 120,000 new ordinary shares.

* The BSA 2017 were purchased by two independent directors of Balyo (Mrs. Jouanny and Mrs. Huot de Luze); they paid the sum of €1.10 per BSA, i.e., €11,000 each. See Note 4.8.4 to the 2017 consolidated financial statements.

21.1.4.3 Free allocation of shares

On the date of registration of the Registration Document, 342,798 free shares were allocated and still in circulation, and could lead to the creation of 342,798 ordinary shares.

	June-17	Dec-17	June-18
Allocation date	6/12/2017	12/28/2017	6/27/2018
Decision-making body	Board of Directors as mandated by the general meeting of 04/24/2017	Board of Directors as mandated by the general meeting of 4/24/2017	Board of Directors as mandated by the general meeting of 5/24/2018
Number of AGA	93,000	133,500	209,298
Total number of shares that may be subscribed	93,000	133,500	209,298
Number of beneficiaries who are corporate officers	1 (Fabien Bardinet)	0	1 (Fabien Bardinet)
Number of beneficiaries who are not corporate officers	92	5	39
Exercise price	N/A	N/A	N/A
Acquisition period	One year from the date of allocation, i.e., from June 12, 2017 to June 11, 2018	Three years from the date of allocation, i.e., from December 28, 2017 to December 27, 2020	Four years from the date of allocation, i.e., from June 27, 2018 to June 27, 2022
Holding period	Length of the retention period from the date of acquisition one year, i.e., from June 12, 2018 to June 11, 2019	Length of the retention period from	Length of the retention period from 50% after two years from the Allocation Date for Tranche A, i.e., until June 27, 2020. 25% after three years from the Allocation Date for Tranche B, i.e., until June 27, 2021.

			25% after three years from the Allocation Date for Tranche B, i.e., until Monday, June 27, 2022.
Performance criterion	Performance condition Production by Balyo and its subsidiary of at least 100 autonomous material handling trucks over the period that runs from January 1 to December 31, 2017.	Performance condition Production by Balyo and its subsidiary of at least 300 autonomous material handling trucks over the period that runs from January 1 to December 31, 2018.	Performance condition Achievement by the Company of a compound annual growth rate in excess of 80% for fiscal 2018 and 2019, i.e., consolidated sales revenue for fiscal 2019 in the amount of €53 million.
Total number of shares created on the date of registration of the Registration Document	78,000	0	

21.1.4.4 Bonds convertible into shares

In order to raise the funds required to continue its business activities and prepare for the admission of the Company's shares to trading, the general meeting held on November 25, 2016 approved the issue of 2,800 bonds convertible into ordinary shares (the "**ORAs**"), with a par value of €1K (the "**Par Value**"), for a total principal amount of €2,800K. These ORAs, as well as their interest, were converted on the date the Company’s shares were admitted for trading on the Euronext regulated market in Paris (“**IPO**”), thereby creating 860,865 new ordinary shares.

21.1.4.5 Stock option plans

None.

21.1.4.6 Free allocation of shares

Further to the success of the admission of the Company’s shares for trading on the Euronext regulated market in Paris (“**IPO**”), the Board of Directors allocated 1,000 free shares to all the Group’s employees.

21.1.4.7 Summary of dilutive instruments

The total number of ordinary shares that may be created through the exercise of the securities that give access to capital on the date of registration of the Registration Document would result in the issue of 2,893,973 shares, i.e., maximum dilution of 10.18% on the basis of the capital existing today and 9.24% on the basis of diluted capital.

21.1.5 Authorized capital

The extraordinary general meeting of May 24, 2018 conferred its authority and/or powers on the Board of Directors under the following conditions:

Subject of the resolution	No.	Validity period as at May 24, 2018	Maximum nominal amount	Methods to determine the minimum unit subscription or purchase price
Authorization granted to the Board of Directors to acquire Company shares.	10	18 months	10% of the share capital by 24-month period	
Delegation of authority granted to the Board of Directors to increase the share capital, with maintenance of the shareholders' preferential subscription right	11	26 months	€1,130,000	(1)
Delegation of authority granted to the Board of Directors to increase the share capital, with suppression of the shareholders' preferential subscription right and by a public offering	12	26 months	€650,000	(2)
Delegation of authority granted to the Board of Directors to increase the share capital, with suppression of the shareholders' preferential subscription right and by private investment	13	26 months	€450,000 and 20% of the share capital per year	(3)
Authorization granted to the Board of Directors to set the issue price for the securities to be issued in the framework of the twelfth and thirteenth resolutions, up to a ceiling of 10% of the capital per year	14	26 months	10% of the share capital by 24-month period	(3)
Delegation of authority granted to the Board of Directors to increase the share capital in favor of a category of beneficiaries, with suppression of the	15	26 months	Equity security: €225,000	(4)

Subject of the resolution	No.	Validity period as at May 24, 2018	Maximum nominal amount	Methods to determine the minimum unit subscription or purchase price
shareholders' preferential subscription right in their favor			Debt security: 15.000.000	
Authorization granted to the Board of Directors to increase the number of securities to be issued in the framework of the eleventh, twelfth, thirteen and fifteenth resolutions	16	18 months	15% of the initial issue decided in the framework of the eleventh, twelfth, thirteen and fifteenth resolutions	(5)
Delegation of authority granted to the Board of Directors to increase the share capital through the incorporation of reserves, income, premiums or other sums whose capitalization is authorized	17	26 months	Overall cap of €1,130,000	(1)
Delegation of authority granted to the Board of Directors to increase the share capital to compensate benefits in kind granted to the Company, excluding a public exchange offer	18	26 months	Equity security: 10% of the capital Debt security: 15.000.000	(1)
Delegation of authority granted to the Board of Directors to increase the share capital in favor of members of an employee savings plan, with suppression of the shareholders' preferential subscription right in their favor	19	26 months	€65,000	(6)

Subject of the resolution	No.	Validity period as at May 24, 2018	Maximum nominal amount	Methods to determine the minimum unit subscription or purchase price
Authorization granted to the Board of Directors to proceed with free allocations of existing or future shares, entailing the shareholders' waiver of their preferential subscription right	20	26 months	4.5% of the share capital	(1)
Authorization granted to the Board of Directors to grant options that give a right to the subscription for new Company shares or the purchase of existing shares, entailing the shareholders' waiver of their preferential subscription right	21	38 months	4.5% of the share capital	(7)
Delegation of authority granted to the Board of Directors to issue Company stock warrants, with suppression of the shareholders' preferential subscription right, in favor of a category of persons (partners and corporate officers)	22	38 months	2% of the share capital	(8)
Authorization to be granted to the Board of Directors to reduce the share capital by canceling shares previously bought back in the framework of a share buyback program	23	18 months	10% of the share capital by 24-month period	(1)

Methods to determine the minimum unit subscription or purchase price per share

(1) At least equal to the par value of the share.

(2) At least equal to the minimum value defined in applicable laws and regulations at the time the present authorization is used, i.e., currently the weighted average price of the Company's share on the Euronext regulated market in Paris over the three trading sessions that precede the determination of the issue price, potentially decreased by a maximum discount of 5%, after this amount is corrected, if applicable, to take the effective date of entitlement into account.

(3) At least equal to the weighted average price of the Company's share on the Euronext regulated market in Paris over the three trading sessions that precede the determination of the issue price, potentially

decreased by a maximum discount of 20%, after this amount is corrected, if applicable, to take the different effective date of entitlement into account.

(4) At least equal to the weighted average price of the Company's share on the Euronext regulated market in Paris over the 20 trading sessions that precede the date of determination of the issue price, potentially decreased by a maximum discount of 15%, after this amount is corrected, if applicable, to take the different effective date of entitlement into account.

(5) The same price as the price adopted for the initial issue.

(6) Equal to (i) 80% of the weighted average price of the Company's share on the Euronext regulated market over the 20 trading sessions that precede the date of the decision that sets the date subscriptions are open when the period of unavailability provided in the savings plan is less than 10 years, and (ii) 70% of this average when said period of unavailability is greater than or equal to 10 years. However, the General Meeting expressly authorizes the Board of Directors, at its discretion, to reduce or eliminate the discounts referred to above, within the limits of the laws and regulations, to, inter alia, take the legal, accounting, tax and social schemes applicable in the countries of residence of members of a savings plan who are beneficiaries of the capital increase into consideration. In accordance with Article L. 3332-21 of the Labor Code, the Board of Directors may also decide to replace all or part of the discount with a free allocation of existing or future shares or other securities that give access to the Company's capital, with the total benefit resulting from this allocation, and, if applicable, the discount referred to above not exceeding the total benefit that the members of the savings plan would have received if the differential was 20% or 30% when the period of unavailability provided in the plan is higher than or equal to 10 years. The Board of Directors may also decide to allocate shares to be issued or already issued or other securities that give access to the Company's capital to be issued or already issued, for free as profit-sharing, subject to the monetary countervalue thereof, valued at the subscription price, not exceeding the limits provided in Article L. 3332-11 of the Labor Code.

(7) The subscription price will be equal to at least 80% of the weighted average of the Company's share price on the Euronext regulated market in Paris over the 20 trading sessions that precede the Board meeting. The purchase price will be equal to the highest of the following two amounts: (a) 80% of the weighted average price of the Company's share on the Euronext regulated market in Paris over the 20 trading sessions that precede the Board meeting and (b) the average purchase price for the shares held by the Company under Articles L. 225-208 and/or L. 225-209 of the Commercial Code.

(8) The sum of the warrant subscription price and its exercise price will be at least equal to the weighted average price of the Company's share over the 20 trading sessions that precede the date on which the Board of Directors will use said authorization. The purchase price for the BSA will be determined by an independent expert, in accordance with the AMF's recommendation

.

21.1.6 Information on the capital of any member of the Company subject to an option or a conditional or unconditional agreement to be put under option

None.

21.1.7 History of the share capital

In the previous two fiscal years, the Company's share capital changed as follows:

Transaction		**Shares issued**	**Nominal value of the increase**	**Par value of a share**	**Issue premium**	**Total nominal amount of share capital**	**Total number of shares in circulation**
Date recorded by the Board of Directors	Type	Number					
March 23, 2016	Increase in capital through the automatic redemption of ORAs	429,997	€34,399.76	€0.08	-	€1,172,530.96	14,656,637
March 31, 2016	Increase in capital through the issue of shares	1,250,000	€100K	€0.08	€1.52	€1,272,530.96	15,906,637
June 12, 2017	Increase in capital through the issue of shares resulting from the exercise of BSPCE	9,300	€744	€0.08	€1.52	€1,273,274.96	15,915,937
June 12, 2017	Increase in capital through the redemption of ORAs	860,865	€68,869.20	€0.08	€3.21	€1,342,144.16	16,776,802
June 12, 2017	Increase in capital through the issue of shares and redemption of ORAs	11,134,646	€890,772	€0.08	€4.03	€2,232,915.84	27,811,448

June 12, 2017	Increase in capital through the issue of shares resulting from the exercise of BSPCE	60,000	€744	€0.08	€1.52	€2,237,715.84	27,971,448
February 12, 2018	Inicrease in capital through the issue of shares resulting from the exercise of BSPCE	300,000	€24,000	€0.08	€0.98	€2,261,715.84	28,271,448
June 12, 2018	Free allocation of shares	78,000	€6,240	€0.08	€0	€2,267,955.84	28,349 448

21.1.8 Breakdown of the Company's capital and voting rights on the date of registration of the Registration Document

Refer to the table in Section 18.1"Breakdown of the share capital and voting rights" of the Registration Document.

21.2 Act of incorporation and bylaws

The Company's bylaws were drawn up in accordance with the provisions applicable to a public limited company ("*société anonyme*") incorporated under French law.

The principal stipulations set out below took effect on the date the Company's shares were admitted to trading for the first time on the Euronext regulated market in Paris.

21.2.1 Corporate purpose (Article 2 of the bylaws)

The purpose of the Company in France and abroad is:

- the design of automated systems in all fields;
- the manufacturing and commercialization of automated systems for all sectors;
- the creation, acquisition and operation in any form and in any manner whatsoever of all businesses that have a similar or related purpose;
- the Company's ownership by any means of any company created or to be created that may relate to its corporate purpose, in particular by way of the creation of new companies, contributions, partnerships, subscriptions or buybacks of securities or shares, a merger, alliance or joint venture, or an economic interest grouping or management consortiums;
- and, more generally, any industrial, commercial and financial property or capital transactions that may directly or indirectly relate to the corporate purpose and any other similar or related purpose that may favor the expansion or development of the Company.

21.2.2 Fiscal years (Article 6 of the bylaws)

The fiscal year starts on January 1 and ends on December 31 of each year.

21.2.3 Provisions in the bylaws and elsewhere relating to members of the administrative and executive bodies

21.2.3.1 Composition of the Board of Directors (Article 15 of the bylaws)

I. - The Company is administered by a Board of Directors consisting of at least three (3) members and no more than eighteen (18) members.

The number of directors (including the permanent representatives of directors who are legal entities) over the age of 70 may not constitute more than one third of the acting directors. When the number of directors over the age of 70 exceeds this proportion, the most senior is deemed to have resigned at the end of the general meeting called to approve the financial statements for the fiscal year in which this situation occurred.

II. - The directors are appointed for a four-year term. Their mandate ends at the end of the ordinary general meeting of shareholders called to approve the financial statements for the past year, held during the year in which the mandate of said director expires.

They may be dismissed at any time by the ordinary general meeting of shareholders.

III. - The Board of Directors elects a Chairman among its members who must be an individual (and not an entity) and may not be over the age of 70, failing which the appointment will be null and void. When the Chairman reaches this age limit, he is deemed to have resigned.

The Chairman represents the Board of Directors. He organizes and directs the work of the Board and reports on this work to the general meeting. He ensures the proper functioning of the Company's bodies and guarantees that the directors are able to fulfill their mission.

The Board of Directors may also appoint a Vice-Chairman among its members, if it feels it is appropriate, responsible only for chairing the meetings of the Board of Directors and general meetings if the Chairman is unavailable. The Chairman or Vice-Chairman, as applicable, organizes and directs the work of the Board and reports on this work to the general meeting.

The Chairman and Vice-Chairman are appointed for a period that may not exceed their term as a director. They may be re-elected, subject to the terms of the first paragraph of this article. The Board of Directors may dismiss them from their position at any time.

If the Chairman and Vice-Chairman are unavailable, at each meeting, the Board appoints one of the members present to chair the meeting.

The Board also appoints the person who must act as secretary, and who is not required to be a Board member.

The Board may decide to create committees responsible for studying issues that the Board or its Chairman submits for their examination and opinion. The Board defines the composition and remit of the committees, which conduct their work under their responsibility.

The directors receive directors' fees, the amount of which is set by the general meeting and remains the same until a new resolution is passed.

The Board divides the directors' fees amongst its members as it deems appropriate. It may in particular grant the directors who are members of the committees referred to above a portion that is higher than that allocated to the other directors.

21.2.3.2 Meetings of the Board of Directors (Article 16 of the bylaws)

I. - The Board of Directors meets as often as the interests of the Company require and when convened by the Chairman or by a third of its members either at the registered office, in France or abroad. Meetings are convened by any form of written communication, including by postal or electronic mail, at least eight days before the date of the meeting, when convened for the first time, and 24 hours before the meeting, when it is convened for the second time, with the exception (in these two cases) of cases in which the members of the Board of Directors are all present or represented or have waived the notice periods referred to above (this waiver may be made by any form of written communication, including by electronic mail).

The Board of Directors will meet at least once per quarter on the initiative of its Chairman.

II. - A register of attendance is signed by the directors who attend a meeting.

The presence of half of the members of the Board of Directors is required for the Board to have a quorum to deliberate.

The resolutions of the Board of Directors require a majority of the votes of the members present or represented. In the event of a tied vote, the vote of the meeting Chairman will not break the tie.

III. - The Board of Directors will provide in its rules of procedure that, for the purposes of quorum and majority, the Directors attending the meeting by videoconference or telecommunication that enables them to be identified and ensures their effective participation will be deemed present in accordance with applicable regulations.

This provision does not apply to the adoption of the following resolutions:

- the selection between two methods of exercising executive management (single or two-person),
- the appointment, compensation and dismissal of the Chairman, Chief Executive Officer and Deputy Chief Executive Officers,
- the preparation of the annual financial statements and consolidated financial statements, and the preparation of the management report and group management report.

21.2.3.3 Powers of the Board of Directors (Article 17 of the bylaws)

The Board of Directors determines the general direction of the Company's business and oversees its implementation in accordance with its corporate purpose. It may address all issues that relate to the proper operation of the Company and settle any matters concerning it.

In addition, the Board of Directors determines the methods used to manage the Company. It decides whether the role of Chief Executive Officer will be exercised by the Chairman of the Board of Directors or by another individual.

Any limitation to the authority of the Board of Directors is unenforceable against third parties.

The Board of Directors conducts the reviews and audits that it deems appropriate. Each director must receive the information necessary to accomplish his mission and may obtain all documents he deems useful. His requests are sent to the Chairman of the Board of Directors.

21.2.3.4 Directors' compensation (Article 19 of the bylaws)

Fixed or variable compensation (or both) may be granted by the Board of Directors to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officers, and, in general, to any individual in any position or who has any type of mandate. This compensation is recorded under operating expenses.

21.2.3.5 Advisors ("*censeurs*") (Article 15 of the bylaws)

The ordinary general meeting may appoint advisors on a proposal from the Board of Directors. The Board of Directors may also appoint advisors, subject to ratification at the next general meeting. No more than three advisors may be appointed, and they sit on the Advisory Board. They are freely selected in accordance with their expertise. They are appointed for a period of four years, which ends at the end of the general meeting called to approve the financial statements for the prior year.

The Advisory Board examines issues that the Board of Directors submits for its examination and opinion. The advisors attend Board of Directors meetings but only in an advisory capacity. They are invited to the Board of Directors meetings under the same conditions as directors.

21.2.3.6 Methods for exercising general management (Article 14 of the bylaws)

The Chairman of the Board of Directors or any other individual appointed by the Board of Directors as the Chief Executive Officer is responsible for the general management of the Company under his responsibility.

The Board of Directors selects one of the two management methods referred to above under the following conditions:

- A majority of all the members of the Board of Directors approves the choice;
- The option adopted may only be changed upon the expiry of one year.

The shareholders and third parties will be informed of the choice made by the Board in accordance with the laws and regulations.

When the Chairman of the Board of Directors is responsible for general management, the terms below related to the Chief Executive Officer apply to said Chairman.

21.2.3.7 Chief Executive Officer - Deputy Chief Executive Officers (Article 18 of the bylaws)

I. – The Board of Directors appoints a Chief Executive Officer who may be one of its members and who must be an individual (not a legal entity) not over the age of 65, failing which the appointment will be null and void. When the Chief Executive Officer reaches this age limit, he is deemed to have resigned.

The Chief Executive Officer has the broadest of powers to act at all times in the name of the Company, subject, in particular, to the corporate purpose and limitations expressly provided by law and applicable to shareholders' meetings. He represents the Company. Any limitation to the authority of the Chief Executive Officer is unenforceable against third parties.

The Chief Executive Officer may ask the Board of Directors to call a meeting of the Board with regard to a specific agenda item. If the Chief Executive Officer is not a director, he may attend the meetings of the Board of Directors but only in an advisory capacity.

The Board of Directors may dismiss the Chief Executive Officer at any time. However, if the decision to dismiss is taken without sufficient grounds, it may give rise to damages unless the Chairman is also the Chief Executive Officer.

II. - Further to a proposal of the Chief Executive Officer, the Board of Directors may appoint one or more Deputy Chief Executive Officers who may or may not be directors. No more than five Deputy Chief Executive Officers may be appointed.

Deputy Chief Executive Officers must be individuals (not legal entities) and may not be older than 65. When they turn 65, they are deemed to have automatically resigned.

Deputy Chief Executive Officers may be dismissed at any time by the Board of Directors, acting on the proposal of the Chief Executive Officer.

III. - Vis-à-vis third parties, the powers of the Chief Executive Officer and potentially the Deputy Chief Executive Officers are those conferred by law. In the framework of the Company's internal organization, the Board of Directors may impose limits on these powers.

21.2.4 Rights, preferences and restrictions attached to the Company's shares

21.2.4.1 Voting rights (Article 26 of the bylaws)

The principle set out in Article L. 225-123, paragraph 2, of the Commercial Code related to double voting rights for all shares fully paid up for which proof is provided of registration in the name of the same shareholder for at least two years is expressly excluded. Therefore, the voting right attached to the shares is, in any event, proportional to the capital they represent, subject to the terms of Article L. 225-10 of the Commercial Code.

21.2.4.2 Rights to dividends and profits (Articles 13 and 30 of the bylaws)

(a) Rights and obligations attached to the shares

I. - Each share gives right to ownership of corporate assets in an amount proportional to the amount of the capital they represent.

In addition, each share gives right to an equal share of the Company's profits.

II. - Shareholders are only responsible within the limits of the nominal amount of the shares they own.

III. - Ownership of a share implies acceptance of the Company's bylaws and the resolutions of the shareholder meetings.

IV. - Any time the ownership of a number of shares is required to exercise any right, in particular in the event of an exchange, consolidation or allocation resulting from an increase or decrease in capital, a merger, or any other operation affecting the Company, the owners of isolated shares or of a number of shares inferior to the number required to allocate a whole number of shares or to exercise the rights in question may only exercise the rights if they take personal responsibility for the consolidation and, potentially, the purchase or sale or the number of shares required.

(b) Determination, allotment and distribution of profits

At least one twentieth of the profits for the fiscal year, less, if applicable, prior losses, is withdrawn and allocated to a reserve fund called the "legal reserve". This withdrawal is no longer mandatory when the reserve reaches a total of one tenth of the share capital. Withdrawals resume when, for any reason, the reserve falls under this amount.

Distributable profits are composed of the profits for the fiscal year, less prior losses, as well as the sums to be allocated to reserves in accordance with the law and bylaws, increased by the retained earnings.

The general meeting may withdraw sums, in the proportion it decides, from the distributable profits that it deems appropriate to allocate them to any mandatory, ordinary or extraordinary reserves, or to carry them forward. If a balance remains, it is divided equally among all of the shares as a dividend.

Furthermore, the general meeting may resolve to distribute the sums withdrawn from the optional reserves either to provide or complete a dividend or as an exceptional distribution, in which case the resolution expressly indicates the reserve items from which the withdrawals are made.

With the exception of a reduction in capital, no distribution may take place in favor of the shareholders when the shareholders' equity is or becomes (after the distribution) inferior to the amount of the capital increased by the reserves, the distribution of which is not authorized by law or the bylaws.

A revaluation reserve may not be distributed; it may be wholly or partially incorporated into the capital.

21.2.4.3 Limitation period of dividends

Dividends not claimed within a period of five years from the date of payment shall be forfeited in favor of the Government.

21.2.4.4 Preferential subscription right

All of the Company's shares give right to a preferential subscription right to capital increases.

21.2.4.5 Limitation of voting rights

The Company's bylaws do not include any stipulation that limits a shareholder's potential voting rights.

21.2.4.6 Identifiable bearer securities (Article 12 of the bylaws)

The Company may enforce the legal provisions related to the identification of holders of securities giving immediate or future voting rights at its own shareholders' meetings.

21.2.5 Methods for modifying the rights of shareholders

The extraordinary general meeting alone is empowered to amend the bylaws. It may not, however, increase the obligations of shareholders, subject to operations resulting from an exchange or a duly approved and executed consolidation of shares.

21.2.6 General meetings of shareholders

21.2.6.1 Meetings (Article 25 of the bylaws)

The meeting is chaired by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman or, in his absence, by a director appointed by the Board.

The duties of vote-tellers are fulfilled by two shareholders present and who accept, who hold the largest number of shares either personally or as a proxy. These two shareholders and the Chairman constitute the meeting officers.

If only one vote-teller is appointed further to the successive refusals of shareholders, the work performed by the meeting officers is nonetheless considered valid.

The officers appoint a secretary who may or may not be a shareholder.

21.2.6.2 Meeting powers (Articles 27 and 28 of the bylaws)

(a) Ordinary general meeting

I. - Ordinary general meetings are called to make any decision that does not change the bylaws.

They are called at least once per year under the conditions set by the law and regulations in effect to approve the financial statements for the prior fiscal year.

II. - The deliberations of an ordinary general meeting, called further to an initial notice, are valid only if all the shareholders present, represented or having voted by correspondence own at least one fifth of the shares that give right to a vote.

No quorum is required if a second meeting notice is necessary.

Its resolutions require the majority of the votes of the shareholders present or represented, including those of the shareholders who voted by correspondence.

(b) Extraordinary general meeting

I. - The extraordinary general meeting alone is empowered to amend the bylaws in all of their provisions. It may not, however, increase the obligations of shareholders, subject to operations resulting from an exchange or a duly approved and executed consolidation of shares.

II. - The deliberations of an extraordinary general meeting, called further to an initial notice, are valid only if all the shareholders present, represented or having voted by correspondence own at least one fourth of the shares that give right to a vote. If a second meeting notice is required, the shareholders present, represented or having voted by correspondence must own one fifth of the shares that give right to a vote. If this quorum is not met, the second meeting may be postponed to a date no later than two months after the initial date of the second meeting.

Its resolutions require a majority of two-thirds of the votes of the shareholders present or represented, including those of the shareholders who voted by correspondence.

III. - As a legal exception to the rules set out above, a general meeting that approves an increase in capital through the incorporation of reserves, profits or issue premiums may vote under the quorum and majority conditions of an ordinary general meeting.

Furthermore, at extraordinary general meetings called to deliberate on the approval of a contribution in kind or the granting of a specific benefit, the contributing party or beneficiary cannot vote either on his own or as a proxy.

21.2.7 Access to meetings - Proxies

I. - Any shareholder, by simply proving his identity, is entitled to attend the general meetings and participate in deliberations, regardless of the number of shares he holds, subject, however, to all payments due for such shares having been paid up and to said shares being registered or entered into an account in accordance with the terms and time lines defined by the regulations in effect.

II. - Proxy voting:

A shareholder may be represented in accordance with the terms and methods described in the regulations in effect.

Legal representatives of shareholders who are legally incompetent and individuals who represent shareholder entities participate in the meetings, whether or not they are shareholders on a personal basis.

III. - Remote voting:

Any shareholder may vote by correspondence by using a form and sending it to the company pursuant to the terms of the law or by using an electronic remote voting form with the shareholder's electronic signature, if applicable.

The electronic signature must be based on a reliable identification process that guarantees it relates to the deed in which it is indicated.

In the case of a vote using an electronic form or a proxy provided with an electronic signature, said vote takes place in accordance with the terms of the regulations in effect either in the form of an electronic signature that is secured, within the meaning of Decree 2001-272 of March 30, 2001, or further to a reliable identification process that guarantees it relates to the deed in which it is indicated.

The Board of Directors may accept voting forms and proxies that are received by the company after the deadline provided by the regulations in effect.

IV. - Teletransmission and telecommunication methods:

Any shareholder may participate in the general meetings by teletransmission (videoconference) or telecommunications when these methods satisfy technical specifications that guarantee (i) actual participation in the general meeting (ii) and the deliberations are transmitted continuously and simultaneously.

V. - Access by members of the employee representative committee

Two members of the employee representative committee appointed by the committee in accordance with the terms of the law may attend the general meetings. At their request, they must be allowed to speak in deliberations that require the unanimous approval of the shareholders.

21.2.8 Mechanisms to delay, defer or prevent a change of control

The Company bylaws do not contain means for delaying, deferring or preventing a change of control.

21.2.9 Crossings of bylaw thresholds

There is no specific stipulation regarding the crossings of statutory thresholds in the Company's bylaws.

In accordance with Article L 233-7 of the Commercial Code, any individual or entity that acts alone or jointly and comes to directly or indirectly hold a number of shares that represent more than the twentieth, tenth, three-twentieths, fifth, quarter, three-tenths, third, half, two-thirds, eighteen-twentieths or nineteen-twentieths of the capital or voting rights informs the Company by registered letter with an acknowledgment of receipt and the *Autorité des marchés financiers* of the total number of shares or voting rights it holds at the latest before the close of trading on the fourth market day that follows the day on which the threshold was crossed.

This information is also provided by the same deadline when the number of shares or voting rights held drops below the thresholds referred to above.

A shareholder who does not comply with the obligation to file the declarations incumbent on him as provided herein regularly will lose his voting rights attached to the shares that exceed the portion that was not legally declared at any shareholder meeting that might take place up until the expiry of a period of two years following the date on which notice is served.

21.2.10 Specific stipulations governing changes of capital

There is no specific stipulation in the Company bylaws governing changes in its capital.

21.3 Pledge of Company assets or shares

On the date of registration of the Registration Document, none of the Company’s assets or shares that comprise the Company's capital is the subject of a pledge.

22. MAJOR CONTRACTS

The Group's major contracts are described in Sections 6.7 “Strategic Partners", in particular Sections 6.7.1 "Linde Material Handling (a subsidiary of the Kion Group)" and 6.7.2 "Hyster-Yale" of the Registration Document.

With the exception of these agreements, the Company has not entered into major agreements other than those entered into in the normal course of business.

23. INFORMATION FROM THIRD PARTIES, EXPERT STATEMENTS, AND DECLARATIONS OF INTEREST

Other that the estimates projected by the Company, the Registration Document includes information on the business and segments in which the Company operates (Chapter 6 "Business Overview" of the Registration Document) from independent studies (in particular, "Of Robots and Men – in Logistics - Towards a Confident Vision of Logistics in 2025", a study conducted in 2016 by the Roland Berger consulting firm) or information that is available to the public, in particular on the websites of the Company's partners (Linde Material Handling, Hyster-Yale and Procter & Gamble, in particular).

To the Company's knowledge, this information has been reproduced accurately and no event or fact has been omitted that would cause this information to be inaccurate or misleading. Nevertheless, the Company cannot guarantee that a third party who uses different methods to collect, analyze or calculate data on these business segments would reach the same results.

24. DOCUMENTS ACCESSIBLE TO THE PUBLIC

Copies of the Registration Document are available at no cost at the Company's registered office. The Registration Document is also available on the Company's website (www.balyo.com) and the *Autorité des marchés financiers'* website (**www.amf-france.org**).

Throughout the period of validity of the Registration Document, the following documents (or a copy thereof), may be consulted:

- the Company's bylaws;
- all reports, correspondence and other documents, historical financial information, evaluations and statements made by an expert at the request of the Company, a portion of which is included or referred to in the Registration Document; and
- historical financial information included in the Registration Document.

All of these legal and financial documents related to the Company and that must be made available to shareholders in accordance with current regulations may be consulted at the Company's registered office.

The regulated information (within the meaning of the General Regulation of the AMF) is also available on the Company's website.

25. INFORMATION REGARDING INVESTMENTS

Information on companies in which the Company has a stake that may have a significant impact on the appraisal of its assets, financial position or earnings is set out in Section 7.1 "Group organization chart" of the Registration Document.

26. APPENDICES

26.1 Appendix 1 - Glossary

"Autorité des Marchés Financiers/AMF"	Means the French authority responsible for ensuring compliance with the rules that govern the French stock market.
"AGV/Automated Guided Vehicles"	Means an automatic truck capable of autonomously transporting loads.
"Concession"	Means the commercial contract entered into *intuitu personae* according to which a dealer purchases merchandise from a company it intends to market under said company's trademark and that grants it exclusivity for a period of time and a defined geographic area.
"Dealer"	Means the intermediary who has an exclusive right to sell the products of a manufacturer in a given region.
“Registration Document”	Means Balyo's Registration Document, registered by the *Autorité des marchés financiers* and published prior to the initial offering period for a better appreciation by the market of the issuer.
"Driven by Balyo"	Refers to the technology developed and marketed by Balyo that transforms standard material handling trucks into autonomous material handling robots capable of perceiving their environment, interacting with the components thereof (robot fleets, automatic doors, conveyors, etc.) and working with humans.
"EBITDA"	Means earnings before interest, tax, depreciation and amortization.
"Euronext Paris"	Means the regulated market on which shares, bonds, warrants and trackers are traded.
"Stacking"	In logistics, means the piling of intermodal transport units, i.e., the piling of pallets, containers, packages or other receptacles on top of each other.
"Group"	Means Balyo and its consolidated subsidiaries considered as a whole.
"IFRS"	Means the International Financial Reporting Standards intended to standardize the presentation of financial information that is shared internationally.
"MOVEBOX"	Means the solution to transform a standard or automatic handling truck into an autonomous handling truck.
"OEM"	Means an original equipment manufacturer who purchases a product to integrate it into another product, with the final product being sold on another market or to an end consumer.
"Operation"	Means the initial public offering of the Company's shares on the Euronext regulated market in Paris.
"Strategic Partners"	Means Linde Material Handling and Hyster-Yale, with whom Balyo jointly creates and markets a range of autonomous material handling robots.

"Scalability"	Means the capacity of a product to adapt to a change in scale of demand (an increase), in particular its capacity to retain its functionalities and performance in the presence of high demand.
"Company/Balyo"	Means Balyo S.A.

26.2 Appendix 2 - BALYO announces its sales revenue for Q1 2018: €4.5 million

- **+116% growth in sales revenue**
- **€5.9 million in orders placed during the quarter**
- **8% increase in orders placed: €19.1 million as at March 31, 2018**

Ivry-sur-Seine, **France**; **Woburn**, **MA**, **United States**, April 26, 2018, 6:00 pm – **BALYO** (FR0013258399, Ticker: BALYO, eligible for the PEA-PME plan), a technological leader in the design and development of innovative robotic solutions for material handling trucks, announces its sales revenue for Q1 2018 today.

Fabien Bardinet, **Chairman and Chief Executive Officer**, stated: *"Q1 2018 results are in line with our objectives. Our sales revenue more than doubled in comparison to Q1 2017, and our growth prospects are very promising. Thanks to a solid order book driven by the dynamic rise in orders placed throughout the quarter, we anticipate a further increase in our business in the coming quarters. All of the teams required to support this growth today are now in place and we are confident that we will achieve our performance targets in 2018 and thereafter."*

In millions of euros	Q1 2017	Q1 2018
Sales revenue*	2.1	4.5

** Unaudited data*

Business activity in Q1 2018

BALYO's business has continued to grow since the beginning of the financial year, reaching sales revenue of €4.5 million in Q1 2018, an 116% increase compared to the same period in 2017.

To keep pace with this upward trend resulting from customer demand, BALYO hired 10 employees during the quarter, bringing the total workforce to 169 as at March 31, 2018, compared to 159 on December 31, 2017.

€19 million in orders placed

Taking into account €5.9 million in new orders placed in Q1 2018, the order book as at March 31, 2018 totaled €19.1 million, compared to €17.6 million as at December 31, 2017, and €12.0 million one year ago.

This rise in orders reflects the strong demand for BALYO's robotic solutions - boosted by the increase in deployment capabilities - in particular from major industrial customers both in France and abroad.

Strategy and outlook

Thanks to the new hires, BALYO will continue to expand its deployment capabilities throughout 2018 and to invest in Research & Development, in particular in the fields of perception and traffic management, two areas that are particularly innovative and provide customers with a high return on their investment.

In light of the foregoing, the Company confirms its objective of reaching €200 million in sales revenue by 2022.

Next financial release: sales revenue for Q2 2018 on July 26, 2018, after the market closes.

ABOUT BALYO

Balyo transforms standard forklift trucks into standalone intelligent robots thanks to its breakthrough proprietary Driven by Balyo™ technology. The geoguidance navigation system developed by Balyo allows vehicles equipped with the system to locate their position and navigate autonomously inside buildings. Within the automated handling vehicle market, Balyo has entered into two strategic agreements with Kion Group AG (Linde Material Handling's parent company) and Hyster-Yale Group, two major operators in the material handling sector. Balyo is present in three major geographic regions (Americas, Europe and Asia-Pacific). Its sales revenue reached €16.4 million in 2017. For more information, please visit our website at www.balyo.com.

CONTACTS

BALYO	**NewCap**
Stanislas Piot	Financial Communication and Investor Relations
Financial Director	Pierre Laurent/Louis-Victor Delouvrier
investors@balyo.com	Tel: +33 1 44 71 98 53
	balyo@newcap.eu

26.3 Appendix 3 - BALYO announces its sales revenue for Q3 2018: +56% to €9.7 million

- **Record number of orders received over the quarter: €7.5 million**
- **50% increase in the order portfolio, totaling €20.2 million as at June 30, 2018**

BALYO will host a conference call today at 2:30 PM. To participate, please dial +33 (0) 1 7071 0159 followed by the PIN code: 116 234 28 #.

Ivry-sur-Seine, **France,** July 26, 2018, 8:00 AM – **BALYO** (FR0013258399, Ticker: BALYO, eligible for the PEA-PME plan), a technological leader in the design and development of innovative robotic solutions for material handling trucks, announces its sales revenue today for Q2 and H1 2018.

Fabien Bardinet, **Chairman and Chief Executive Officer**, stated: *"Our sales performance this quarter reached a new record. With a 56% increase in sales revenue over the first six months, our growth has been solid, although slightly behind our half-year target. The ramping up of deliveries of the latest generation of robots was more complex to implement than expected. To correct these delays, we have launched a number of extensive projects which will yield positive results in H2 when we intend to deliver approximately 200 robots. Thanks to the additions to our teams and the continuous progression of the number of installed robots and orders placed, we are confident that we will achieve this year's goal: an increase of over 80% in sales revenue."*

In millions of euros	**2018**	**2017**	**Change (%)**
Q1 sales revenue	4.5	2.1	+116%
Q2 sales revenue	5.2	4.1	+25%
Total sales revenue	**9.7**	**6.2**	**+56%**

** Unaudited data*

Business activity in the first half of 2018

BALYO's dynamic performance continued in the second quarter, achieving sales revenue of €5.2 million - a 25% increase compared to Q2 2017. For the first half of 2018,, BALYO recorded sales revenue of €9.7 million - a 56% increase compared to H1 2017.

In the first six months of this year, BALYO installed 72 robots, representing a strong rise: as at June 30, 2018, 296 robots were in service, i.e., +96% growth compared to the 151 robots installed as at June 30, 2017. In H2 2018, BALYO targets the delivery of approximately 200 robots.

An order portfolio worth €20.2 million

Taking into account €7.5 million in new orders placed in Q2 2018 - a new record, as the Company did not receive any grouped purchase orders this quarter - as at June 30, 2018, orders totaled €20.2 million, a 50% increase over the prior year.

Thanks to the many orders received in Q2 2018, sales reached a new record, exceeding Q3 2017 when the Company recorded a total of €7.8 million in new orders, essentially in the form of grouped orders from key accounts. By nature, grouped orders (numerous sites for the same customer, most often in different countries) are difficult to plan for from one quarter to another. The Company is currently discussing promising projects for upcoming quarters with a number of key accounts. This robust business activity illustrates the strong customer demand for BALYO's robotic solutions and the positive impact of the Company's industrial partnerships.

Strategy and outlook

Thanks to new additions to its teams, BALYO will continue to deploy its robotic solutions, and announces today that it is currently managing more than 120 projects on three continents for its customers.

The Company therefore confirms its roadmap to 2022 and the €200 million sales revenue objective for the same period. For 2018, BALYO plans on revenue growth 80% higher than in 2017 along with a reduction in its losses.

Next financial release: annual 2018 results on September 27, 2018, after close of trading.

ABOUT BALYO

BALYO transforms standard forklift trucks into standalone intelligent robots thanks to its breakthrough proprietary Driven by Balyo™ technology. The geoguidance navigation system developed by BALYO allows vehicles equipped with the system to locate their position and navigate autonomously inside buildings. Within the automated handling vehicle market, BALYO has entered into two strategic agreements with Kion Group AG (Linde Material Handling's parent company) and Hyster-Yale Group, two major operators in the material handling sector. BALYO is present in three major geographic regions (Americas, Europe and Asia-Pacific). Its sales revenue reached €16.4 million in 2017. For more information, please visit our website at www.balyo.com.

CONTACTS

BALYO	**NewCap**
Stanislas Piot	Financial Communication and Investor Relations
Financial Director	Pierre Laurent/Louis-Victor Delouvrier
investors@balyo.com	Tel: +33 1 44 71 98 53
	balyo@newcap.eu

26.4 Appendix 4 - BALYO publishes its results for the first half of 2018

- **56% increase in sales revenue compared to H1 2017**
- **€19.2 million in cash available at June 30, 2018**
- **2018 operating loss similar to that of 2017**

Ivry-sur-Seine, **France,** September 27, 2018, 8:00 AM – **BALYO** (FR0013258399, Ticker: BALYO, eligible for the PEA-PME plan), a technological leader in the design and development of innovative robotic solutions for material handling trucks, announces its results today for the first half of the 2018 fiscal year, as approved by the Board of Directors on September 26, 2018.

Fabien Bardinet, **Chairman and Chief Executive Officer**, stated: *"The increase in sales revenue in the first six months of 2018 confirms the dynamic sales performance of our solutions. Our teams have been bolstered thanks to the hiring of 25 additional employees since the beginning of the year and the recent appointment of an Industrial Director, who is a specialist in the development and industrialization of robots. We are therefore now able to accelerate the production and deployment of our solutions as of H2 2018.*
As we encountered difficulties with deliveries in the first half of the year, we will not be able to reach our goal of reducing our operating loss. We now forecast an operating loss in 2018 that will be similar to that of 2017. The work performed by Balyo's teams is exceptional; our range of products is unique in terms of both substance and geographic availability, and my confidence in terms of our development prospects has never been so high."

In millions of euros	**June 30, 2018**	**June 30, 2017**
Sales revenue	**9.71**	**6.23**
Cost of sales	-7.56	-4.28
Gross margin	**2.15**	**1.95**
Gross margin ratio	**22.1%**	**31.3%**
Research and development	-3.17	-1.95
Sales and marketing	-2.71	-2.07
Overhead	-3.37	-1.77
Payments in shares	-0.76	-0.46
Operating loss/gain	**-7.86**	**-4.30**
Financial income	**0.16**	**-0.33**
Net loss/gain	**-7.70**	**-4.63**
Cash position	**19.21**	**42.3**

Financial results for the first half of 2018

As announced when the half-year sales revenue was published, revenue totaled €9.7 million, a 56% increase compared to the first half of 2017, and a clear indication that the Company's dynamic performance continues. BALYO's market success is also illustrated by an increase in orders placed: €20.2 million at June 30, 2018 - a 50% increase over the previous year.

The decline of the gross margin - 22.1% over the period - results from difficulties encountered in deploying our solutions on site. The new composition of our growing teams along with the implementation of new-generation robots had a major impact on the installation time lines, which were much greater than the Company's initial forecasts. These problems were progressively corrected and the Company is confident in its ability to improve the gross margin in the second half of 2018.

Furthermore, in light of the delays referred to above, the Company launched a number of structural initiatives leading to a significant rise in R&D and Sales and Marketing expenditure, and increased its personnel. The Company's workforce grew from 111 employees on June 30, 2017 to 181 as at June 30, 2018.

In parallel, the Company is pursuing its international development strategy, mainly in the United States and Southeast Asia, and expanding its product range with its two industrial partners, as well as developing tools to support its growth.

The increase in these expenses boosts BALYO's growth, but led to a deterioration of its operating income: -€7.9 million, compared to -€4.3 million one year ago.

After taking into account balanced financial income of €0.2 million, net financial income totals -€7.7 million compared to -€4.6 million in the first half of 2017.

Cash available as at June 30, 2018 totaled €19.2 million.

Significant events in H1 2018 and post-closing

In the second quarter of 2018, the Company reached a record level of business activity, with €7.5 million in new orders and no grouped order. Sustained demand for BALYO's innovative solutions continues quarter after quarter, as also illustrated by the steady deployment of our robots.

In fact, at the end of H1 2018, the number of robots installed and in service totaled 296, representing solid growth (96%), compared to the 151 robots installed as at June 30, 2017.

With deliveries stepping up in the second half of the year, a portion of the first half-year's delays should be rectified.

In parallel, BALYO's teams are managing more than 120 projects on three continents. The robots installed at BALYO's customers move hundreds of thousands of pallets every month, covering more than 10,000 km every day.

Strategy and outlook

BALYO is continuing to implement its development plan and the integration of its technological solutions at leading international industrial groups thanks to structural investments that are necessary to ensure market growth. The Company continues to work towards its objective of €200 million in sales revenue by 2022 and an operating margin rate of 20% over the medium term.

The half-year financial report is available on the Company's website under the "Investors" heading: https://www.balyo.fr/Societe/Investisseurs.

Next financial release: sales revenue for the third quarter on October 31, 2018, after the market closes.

ABOUT BALYO

BALYO transforms standard forklift trucks into standalone intelligent robots thanks to its breakthrough proprietary Driven by Balyo™ technology. The geoguidance navigation system developed by BALYO allows vehicles equipped with the system to locate their position and navigate autonomously inside buildings. Within the automated handling vehicle market, BALYO has entered into two strategic agreements with Kion Group AG (Linde Material Handling's parent company) and Hyster-Yale Group, two major operators in the material handling sector. BALYO is present in three major geographic regions (Americas, Europe and Asia-Pacific). Its sales revenue reached €16.4 million in 2017. For more information, please visit our website at www.balyo.com.

CONTACTS

BALYO	NewCap
Stanislas Piot	Financial Communication and Investor Relations
Financial Director	Louis-Victor Delouvrier/Thomas Grojean
investors@balyo.com	Tel: +33 1 44 71 98 53
	balyo@newcap.eu

26.5 Appendix 5 - BALYO announces its sales revenue for Q3 2018: +47% to €14.7 million

- **Record number of orders received in a quarter: €8.4 million**
- **Total orders reach an all-time high of €23.0 million as at September 30, 2018**

BALYO will host a conference call today at 6:30 PM.

To participate, please dial +33 (0) 1 70 71 01 59 followed by the PIN code 63154939#.

Ivry-sur-Seine, **France,** October 30, 2018, 6:00 PM – **BALYO** (FR0013258399, Ticker: BALYO, eligible for the PEA-PME plan), a technological leader in the design and development of innovative robotic solutions for material handling trucks, announces its sales revenue today as at September 30, 2018 as well as for Q3 2018.

Fabien Bardinet, **Chairman and Chief Executive Officer**, stated: "*Once again, our growth was solid over the quarter and continues at the steady rate we have seen since the beginning of the year, reflecting the success of the deployment of BALYO's innovative robotic solutions in the warehouses and plants of global industry leaders. With the arrival of our new Industrial Director and our stronger hiring strategy, we are now in a position to progressively step up our delivery rate. Total orders have also reached an all-time high, demonstrating the keen interest of a rising number of major industry and logistics operators in BALYO's technology. Based on this growing interest, along with our solid deployment capabilities, we are confident about our short and medium-term business prospects*."

In millions of euros	2018	2017	Change (%)
Q1 sales revenue	4.5	2.1	+116%
Q2 sales revenue	5.2	4.1	+25%
Q3 sales revenue	**5.0**	**3.7**	**+33%**
Sales revenue as at September 30	**14.7**	**10.0**	**+47%**

** Unaudited data*

Business activity in Q3 2018

BALYO's dynamic performance continued in the third quarter, achieving sales revenue of €5.0 million - a 33% increase compared to Q3 2017. As at September 30, 2018, BALYO recorded sales revenue of €14.7 million - a 47% increase compared to the same period of 2017.

Total orders reach an all-time high of €23.0 million

BALYO achieved a record level of business activity as a result of the numerous orders received in Q3 2018. As was the case in the previous quarter, BALYO did not receive any grouped purchase orders over the three summer months, once again demonstrating that an increasing number of businesses are adopting its technological solution.

Taking into account Q3's record orders totaling €8.4 million, total orders as at September 30, 2018 amount to €23.0 million, a 31% increase compared to the same period of 2017.

This momentum augurs well for future orders. As the robotization of warehouses is of strategic importance and BALYO is a leader in this area, opportunities for the Group to interact with key decision-makers in major industrial groups are increasing steadily. Furthermore, the advantages the technological flexibility of BALYO's solution presents are particularly sought-after as its integration into existing logistics flows and our customers' software infrastructure is simple and rapid. Finally, with more than 150 projects currently in the delivery phase on the three continents, the Group's growth prospects are exceptional.

Strategy and outlook

BALYO intends to make up for part of the delays recorded in first half of 2018 in Q4 thanks to structural investments, including the strategic appointment of an Industrial Director and a stronger HR policy. Based on these positive dynamics and upward order trend, the Company once again confirms its roadmap to 2022 and the €200 million sales revenue objective for the same period.

Next financial release: annual sales revenue for 2018. Publication scheduled for January 31, 2019.

ABOUT BALYO

BALYO transforms standard forklift trucks into standalone intelligent robots thanks to its breakthrough proprietary Driven by Balyo™ technology. The geoguidance navigation system developed by BALYO allows vehicles equipped with the system to locate their position and navigate autonomously inside buildings. Within the automated handling vehicle market, BALYO has entered into two strategic agreements with Kion Group AG (Linde Material Handling's parent company) and Hyster-Yale Group, two major operators in the material handling sector. BALYO is present in three major geographic regions (Americas, Europe and Asia-Pacific). Its sales revenue reached €16.4 million in 2017. For more information, please visit our website at **www.balyo.com**.

CONTACTS

BALYO	**NewCap**
Stanislas Piot	Financial Communication and Investor Relations
Financial Director	Louis-Victor Delouvrier/Thomas Grojean
investors@balyo.com	Tel: +33 1 44 71 98 53
	balyo@newcap.eu