



Compensation of executive directors resulting from the decision of the Board of Directors on February 11, 2016

The sole executive directors of the company are André Harari, Chairman of the Board of Directors, and Daniel Harari, Chief Executive Officer.

They are not under any employment contract to the company and they are not the beneficiaries of any special arrangement or specific benefits concerning deferred compensation, severance compensation, or pension liabilities committing the company to pay any form of indemnity or benefit in the event of termination of their functions, or at the time of their retirement, or more generally subsequent to the termination of their functions.

Compensation of executive directors comprises a fixed portion and an annual variable portion. It does not include any multi-year variable portion. The company does not award them bonuses in any form.

André Harari and Daniel Harari hold no stock options.

Despite the significant development of the company's financial results between 2013 and 2015, the Chairman and the Chief Executive Officer have expressed the wish that the Board maintain their total compensation unchanged for fiscal 2016.

At its meeting on February 11, 2016, the Board of Directors has therefore maintained unchanged their total compensation of €600,000 conditional upon fulfilment of annual targets. The fixed portion will continue to represent 40% of total compensation conditional upon fulfilment of annual targets (i.e. €240,000) and the variable portion 60% (i.e. €360,000).

The Board has also maintained unchanged for 2016 the four quantitative criteria (to the exclusion of any qualitative criteria) expressed in terms of annual targets, reflecting the company's strategy of profitable activity and earnings growth, determining their variable compensation, together with their relative weighting that had been set for 2015 and 2014: (i) a criterion measuring the contributive value of growth in sales activity (accounting for 50%); (ii) consolidated income before tax, excluding net financial expense and non-recurring items (accounting for 30%); (iii) consolidated free cash flow excluding net financial expense, non-recurring items, income tax, and after restatement of certain items (accounting for 10%); and (iv) a criterion measuring the contributive value of recurring contracts (accounting for 10%).

For each of these four criteria, the corresponding variable portion is equal to zero below certain thresholds, it is 100% if annual targets are met in full, and it is capped at 200% if annual targets are exceeded. Between these thresholds, it is calculated on a linear basis. The results are then weighted by the relative weight for each criterion. Only the annual targets and corresponding thresholds are revised each year, according to the Group's objectives for the fiscal year.

Consequently, variable compensation is equal to zero if none of these thresholds is met, and is capped at 200% of the target-based variable compensation if the annual targets are exceeded on all criteria and result in a ceiling of 200% for each of them.

Total compensation is therefore comprised between 40% and 160% of annual target-based compensation.

André Harari and Daniel Harari receive attendance fees allocated to the Board.

The compensation of the Chairman and of the Chief Executive Officer will be reviewed and set by the Board of Directors at its meeting on February 9, 2017 for the three-year period from 2017 through 2019, coinciding with the period covered by the new strategic roadmap.