

## Archos & VinSmart announce their strategic partnership with the ambition to become one of the key players in the consumer tech industry across Europe by 2020

### Transaction highlights

- **Investment of Vingroup in the share capital of Archos, through VinSmart, one of its subsidiaries, subject to the satisfaction of certain conditions precedent**
- **Issuance to VinSmart of Archos shares (representing up to approximately 29.5% of Archos' share capital) and share subscription warrants**
- **Upon exercise of all the share subscription warrants, VinSmart's participation in Archos' share capital could represent up to 60%**
- **Collaboration agreement between Archos and VinSmart applying to the production and distribution of electronic products**

**Paris (France) and Hanoi (Vietnam) – April 29, 2019** – Archos (Euronext Paris: JXR), the European pioneer in consumer electronics, and Vingroup JSC (Ho Chi Minh Stock Exchange: VIC), the major Vietnamese multidisciplinary private economic group, with a market capitalization of nearly 16 billion \$, announce today the conclusion of a long-term equity and commercial partnership.

Archos, renown as a European key player in consumer electronics, has shipped over 20 million units of Google Android™ devices over the last 10 years, reaching a global presence in more than 25,000 sales points. Today, the company is democratizing solutions with high innovation value in 3 segments: mobile devices, artificial intelligence (AI) and Internet of Things (IoT), blockchain.

Awarded by both Forbes and Nikkei Asia magazines, respectively in the Asia's Fab 50 2018 and in the Asia's top 300 most dynamic businesses, Vingroup today operates in 8 major segments: property, hospitality and entertainment, consumer retail, industries, healthcare, education, agriculture and technology, and aims at becoming an international-standard technology/industry/services company. In 2018, Vingroup massively invested in the automotive and tech industries. Vingroup has established its subsidiaries VinSmart and VinTech to boost its technology-related businesses and to roll-out a comprehensive ecosystem of smart AI-enabled devices. VinSmart, the entity with which the partnership with Archos is launched, operates in particular in the production of smartphones and smart electronics devices.

The partnership aims at achieving the following objectives:

- developing Vingroup's business in smart electronics devices and smartphones and increasing Vingroup's market share in Europe in the consumer tech industry;
- establishing cooperation opportunities between Archos and Vingroup and its subsidiaries; and
- providing Archos with new financial resources and stabilizing Archos' share capital ownership, with a new reference shareholder.

In the framework of the partnership, Archos shall benefit from VinSmart's strong R&D support in various fields: new generation materials, AI, robotics, etc. It will take advantages of VinSmart's partnerships with

leading technology companies. It will access VinSmart's manufacturing facilities having a significant production capacity, to speed up its new products development cycle and to reduce its time to market.

In the meantime, Archos' track record expertise in the consumer electronics market will contribute to VinSmart's expansion in Europe. By distributing VinSmart's comprehensive line-up of smartphones, embedding best-of-breed innovations, available under the Vsmart brand name, Archos will contribute to extend VinSmart's brand awareness across Europe and increase its sales in the area.

## Main characteristics of the transaction

The members of Archos board of directors unanimously approved the principle of the transaction in a board meeting held on April 26, 2019.

## Securities issuances

Archos shall issue 27,460,000 new shares (the "**Shares**") to VinSmart at a subscription per share of EUR 0.281<sup>1</sup>.

Archos shall also issue 71,000,000 share subscription warrants (the "**Warrants**"), each Warrant giving right to one ordinary Archos share. The Warrants shall be issued at a fixed subscription price equal to EUR 0.06<sup>2</sup> per Warrant and each Warrant shall be exercisable during a 2-year period from their issuance, at a fixed exercise price per Warrant equal to EUR 0.281.

Both Shares and Warrants issuances would be based on the 14<sup>th</sup> resolution of Archos' shareholders general meeting held on March 19, 2019 and a resolution to be submitted to the approval of the next Archos' annual shareholders general meeting for the increase of the current share issuance cap.

The issuance of the Shares shall represent up to approximately 29.5% of the share capital of Archos. Upon exercise of all the Warrants, the total number of Shares and shares issued upon exercise of the Warrants would represent in aggregate 60.0% of the share capital of Archos.

The funds received by Archos in the framework of these issuances will allow Archos to invest in marketing in a targeted way for its mobile solutions in Europe, in partnership with major European retailers, to continue its research and development projects and to support its return to growth.

## Conditions

The completion of both the Shares and the Warrants issuances would be conditional on the satisfaction of certain conditions precedent, among which the obtention of necessary regulatory approvals and the adoption of the resolution which will be proposed to the next shareholders meeting of Archos to increase the current share issuance cap from 60 million shares to 100 million shares (it being specified that VinSmart can waive this condition precedent at its sole discretion, in which case the number of Warrants issued for the benefit of VinSmart would be reduced to 32 540 000 Warrants).

The admission of the Shares and of the potential shares to be issued, as the case may be, upon exercise of the Warrants to trading on the regulated market of Euronext Paris will be subject to the prior approval of the French financial markets authority ("**AMF**"), following the filing of an admission prospectus by Archos.

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<sup>1</sup> Being the closing share price of Archos share on April 23, 2019.

<sup>2</sup> Based on a Black & Scholes valuation.

## Lock-up undertakings

VinSmart shall not sell or otherwise transfer any of the Shares before the expiry of a 12-month period beginning on the issuance date of the Shares (subject to customary exceptions).

In the framework of this transaction, Archos management accepted similar lock-up undertakings:

- Mr. Loïc Poirier, for a period of 3 years as from the closing date (unless he leaves his functions as CEO of Archos before such date), and
- Mr. Henri Crohas, for a period of 1 year as from the closing date (unless he leaves his functions as Chairman of Archos board of directors before such date).

## Changes in Archos and Logic Instrument governance

The composition of the board of directors of both Archos and Logic Instrument shall evolve, so that at closing of the issuance of the Shares, VinSmart shall hold a number of Board representatives equal to half of the total number of Board members less 1, rounded upwards (if applicable).

## Collaboration agreement

Archos and VinSmart entered into a collaboration agreement providing notably that Archos shall become a distributor of VinSmart products in Europe, that all new smartphones distributed via Archos shall be under the brand “Vsmart” or other brands developed by VinSmart and that Archos tablets and other devices, excluding smartphones, will be marketed in Asia under the brand “Vsmart”. Lastly, VinSmart shall manufacture Archos products including smartphones, tablets and other products.

## Theoretical future impact of the Shares and Warrants issuances

For illustration purpose, the impact of the issuance of the Shares and of the shares to be issued, as the case may be, upon exercise of all the Warrants would be as follows:

- Impact on the shareholders' equity per share (on the basis of shareholders' equity as of December 31, 2018 and of the number of shares composing Archos' share capital as of April 26<sup>th</sup> 2019, i.e. 65,637,605 shares):

	Shareholders' equity per share (in EUR)	
	Non-diluted basis	Diluted basis <sup>(1)</sup>
Before issuance	EUR 0.34	EUR 0.34
After issuance of the Shares	EUR 0.32	EUR 0,32
After issuance of the shares upon exercise of all the Warrants	EUR 0.33	EUR 0.33

<sup>(1)</sup> Assuming the issuance of a maximum of 960 000 shares resulting from securities giving access to the share capital existing on the date hereof (being the ORA issued to EIB).

- Impact on the stake of a shareholder currently owning 1% of the share capital of Archos (on the basis of the number of shares composing Archos' share capital as of April 26<sup>th</sup> 2019, i.e. 65,637,605 shares):

	Shareholders' stake (in %)	
	Non-diluted basis	Diluted basis <sup>(1)</sup>
Before issuance	1.00%	0.99%
After issuance of the Shares	0.71%	0.70%
After issuance of the shares upon exercise of all the Warrants	0.40%	0.40%

<sup>(1)</sup> Assuming the issuance of a maximum of 960 000 shares resulting from securities giving access to the share capital existing on the date hereof (being the ORA issued to EIB).

## About ARCHOS

Archos, a pioneer in consumer electronics, continues to innovate and revolutionize the consumer electronics market. Among others, the French manufacturer was first with an HDD MP3 player in 2000, a multimedia player in 2003, Google Android powered tablets in 2009, a connected Smart Home in 2014 and PicoWAN, the first collaborative network dedicated to the IoT, in 2016. Today, Archos designs and democratizes solutions with high innovation value in three segments: smart devices, AI & IoT, blockchain. With headquarters in France, offices in Europe and in Asia, Archos is a strong European player. Archos is listed on Compartment C of the regulated market of Euronext Paris, ISIN Code: FR0000182479.

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