Gévelot

# Annual Report

## Financial year 2019

*This is a free translation into English of the 2019 Annual Report issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France. In case of discrepancy the French version prevails.*

# Annual General Meeting of 11 June 2020

## Gevelot Group


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## 2019 Accounts


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*Société Anonyme* (public limited company) with a registered capital of 26 932 500 euros
Head Office, Direction and Administration:
6, boulevard Bineau
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562 088 542 R.C.S. Nanterre – SIRET N° 562 088 542 00369

www.gevelot-sa.fr


## Financial year 2019

# Administration of Gévelot S.A.

## Board of Directors

| | |
|---|---|
| Chairman & Managing Director | Mario MARTIGNONI |
| Directors | Roselyne MARTIGNONI |
| | Claudine BIENAIMÉ |
| | Armelle CAUMONT-CAIMI |
| | Charles BIENAIMÉ |
| | Pascal HUBERTY |
| | Jacques FAY |

## Management

| | |
|---|---|
| Managing Director | Mario MARTIGNONI |
| Deputy Managing Director | Philippe BARBELANE |

## Auditors

| | |
|---|---|
| Permanent | PricewaterhouseCoopers Audit (PwC)<br>represented by Yan RICAUD |
| | RSM PARIS<br>represented by Régine STEFAN |

## Listing Sponsor

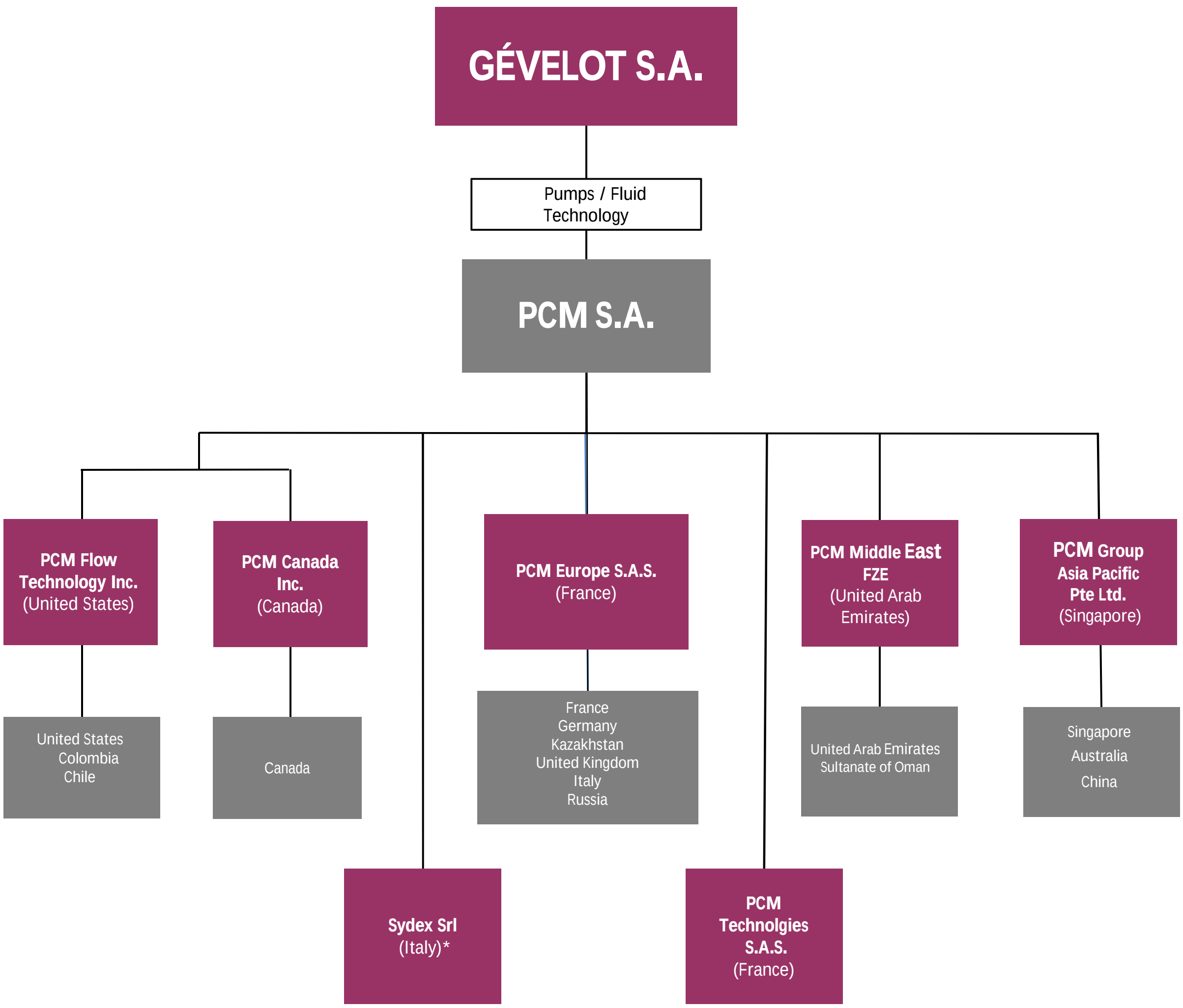
| | |
|---|---|
| Permanent | Stock Exchange Company Gilbert Dupont<br>represented by Jérôme Guyot |

## Managers of subsidiaries

PUMPS Sector

| | |
|---|---|
| Chairman and Managing Director | Mario MARTIGNONI |
| Deputy Managing Director | Frédéric GARDE |

# GROUP COMPANIES



# Agenda

of the Annual General Meeting of 11 June 2020

- Management Report of the Board of Directors on the progress of the Company during the financial year 2019,
- Auditors' Reports on the period's Individual and Consolidated Financial Statements,
- Approval of the Individual Financial Statements for period ending 31 December 2019,
- Approval of the Consolidated Financial Statements for period ending 31 December 2019,
- Approval of the Conventions referred to in Article L.225-38 of the French Commercial Code,
- Appropriation of earnings for financial year 2019,
- Discharge of Directors,
- Directors,
- Powers,
- Other questions

# Overview of Gévelot Group

## Annual key figures

(in thousands of euros)

| | 2019 | 2018 Restated[1] | 2019/2018 Percentage change | 2018 Published | 2017 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Turnover excluding tax** | **103 730** | 94 225 | [2] *10,1* | 94 225 | 89 486 |
| *Turnover originating outside France* | *80 429* | *72 670* | *10,7* | *72 670* | *67 246* |
| EBITDA * | 7 986 | 6 553 | - | 6 553 | 2 955 |
| **Current operating income** | **8 551** | 7 373 | - | 7 373 | 3 505 |
| Non-current operating income and (expenses)[3] | (145) | (31) | - | (31) | 21 100 |
| **Operating income** | **8 406** | 7 342 | - | 7 342 | 24 605 |
| Financial income (loss) | 2 145 | 593 | - | 593 | (1 710) |
| **Current pre-tax income** | **10 551** | 7 935 | - | 7 935 | 22 895 |
| **Net income from continuing activities** | **8 937** | 6 180 | - | 6 180 | 14 485 |
| Net income from discontinued activities[4] | - | - | - | - | (12 539) |
| **Net income from consolidated companies** | **8 937** | 6 180 | - | 6 180 | 1 946 |
| Proportion of interest not conferring control | 283 | 199 | - | 199 | 116 |
| **Income attributable to parent company** | **8 654** | 5 981 | - | 5 981 | 1 830 |
| Earnings per share attributable to parent company (in euros) | 11.25 | 7.62 | - | 7.62 | 17.51 |
| Cash flow from operations | [5] 13 937 | 9 222 | - | 9 222 | 21 233 |
| **Equity** | **199 225** | 191 793 | 3,9 | 192 127 | 196 981 |
| *Indebtedness / Equity (in %)* | *6.2* | *5.5* | - | *5.4* | *6.6* |
| *Headcount* | *711* | *623* | *14,1* | *623* | *631* |

* EBITDA : gross operating surplus

| | 2019 | 2018 Restated | | 2018 Published | 2017 |
|---|---|---|---|---|---|
| [1] end of the periodic reassessment of land and buildings for administrative or commercial purposes | | | | | |
| [2] at constant scope and exchange rates + 6.8 % | | | | | |
| [3] including revenue of contractual renegotiation / termination | - | - | | - | 22 056 |
| [4] including capital loss on disposal of the Extrusion Sector | - | - | | - | (16 676) |
| [5] including IFRS 16 impact | 2 060 | - | | - | - |

| Gévelot S.A. | 2019 | 2018 | 2019/2018 Percentage change | 2017 |
|---|---|---|---|---|
| **Turnover excluding tax** | **798** | 565 | 41.2 | 2 155 |
| Operating income (loss) | (706) | (800) | - | 312 |
| Financial income | 3 107 | 3 254 | - | 1 667 |
| Current pre-tax income | 2 401 | 2 454 | -2.2 | 1 979 |
| Exceptional items[6] | 107 | 701 | - | (5 047) |
| **Net income (loss)** | **3 142** | 3 214 | - | (2 981) |
| Cash flow from operations | 3 093 | 2 707 | - | 1 287 |
| Net dividend per share (in euros) | 1,80 | 1,80 | - | 1,80 |
| *Headcount* | *5* | *5* | - | *5* |

| | 2019 | 2018 | | 2017 |
|---|---|---|---|---|
| [6] including sale of the Extrusion Sector | - | 800 | | (4 992) |

# 2019 ACCOUNTS

# Management and corporate governance report

**Ladies and gentlemen,**

**Pursuant to the Law and our articles of incorporation we have convened the General Meeting of shareholders to inform you of the activity of our Company and its Subsidiaries over the past financial year and submit the Annual Accounts as well as the Consolidated Accounts ending 31 December 2019 for your approval and to provide you with information regarding our company's governance** (Articles L.225-37-4 al.6; L. 225-68 al.6 and L. 226-10-1 of the French Commercial Code).

Pursuant to the provisions of article L.255-102-1 of the French Commercial Code and the effects of the transposition of the European Directive on extra-financial reporting, we will publish an extra-financial Performance Declaration for FY 2019 in a Report appended to this Management Report.
An independent third party organisation will conduct a verification.

## Group's Activities and Results

**The scope mainly consists of the Pumps Sector, owned through its subsidiary PCM SA. The other sector is the Holding's real estate activity.**

**Consolidated turnover for FY 2019 amounted to €103.7 M against €94.2 M in 2018, up 10.1%.**
**After adjusting for currency and scope fluctuations, the increase was 6.8%.**
**The new scope includes the activity of the Canadian Cougar Companies acquired in September 2019.**

FY 2019 was impacted by strong Oil & Gas business at the international level on all of our markets, with the exception of Asia Pacific, in particular through an acquisition in Canada, while the Food and Industry markets recorded growth, including in the sale of Food systems.

Consolidated turnover for the other activities amounted to €0.2 M, compared to €0.1 M in 2018.

### Detailed comments on the consolidated results

**The Group's consolidated operating income in 2019 amounted to a profit of €8.6 M against €7.4 M in 2018.**

The contribution of the Pump Sector grew and was positive by €9.1 M (positive by €7.9 M in 2018). Progress of the activity and better cost control explain this improvement.

The contribution of the real estate activity of the Holding company was negative for €0.6 M.
**The operating profit for 2019 was €8.4 M** against a profit of €7.3 M in 2018.

**The 2019 consolidated financial result produced a profit of €2.1 M against €0.6 M** the previous year, due to the increase in income from cash management (€0.6 M) and positive exchange effects in 2019 (€0.9 M) which were neutral in 2018 (-€0.1 M).

**In 2019, the net expense for consolidated income taxes was €1.6 M against €1.7 M in 2018,** a year which included €1.8 M in current income tax expenses minus €0.1 M of deferred taxes.

**The net consolidated income for 2019 of consolidated companies showed a profit of €8.9 M against €6.2 M in 2018.**

The proportion of income attributable to minority interests amounted in 2019 to a profit of €0.3 M against €0.2 M in 2018.

**To conclude, the consolidated net income (Group share) for 2019 recorded a profit of €8.7 M against €6.0 M in 2018.**

**Cash flow remained positive, rising to €13.9 M against €9.2 M in 2018.** The increase was due firstly to the increase in income (+€2.7 M) and secondly to the application of the IFRS 16 standard (+€1.6 M).

*The contribution of the different Sectors to the consolidated results of the whole is explained in the Appendix to the Consolidated Financial Statements (Note 18).*

### Group Investments

2019 investments, essentially in the Pump Division, amounted to €4.3 M (including €0.7 M intangible) against €3.2 M (including €0.2 M intangible) in 2018.

### Jobs

**The Group's workforce on 31 December 2019, excluding temporary staff, totalled 711 people, including 339 outside France,** against 623 people, including 263 outside France in late December 2018.

## Consolidated balance sheet structure

**The total consolidated balance sheet at the end of 2019 amounted to €296.4 M against €280.5 M at the end of 2018, i.e. a €15.9 M increase.**

Non-current assets of €52.9 M were up €16.8 M. This increase was mainly due to the goodwill recorded on the year (+€7.7 M), to changes in scope (+€5.0 M), to the first application of the IFRS 16 standard linked to finance leasing contracts (+€1.9 M) and to other net changes for the year (+€2.2 M).

Current assets of €254.2 M were down €0.9 M.
The reclassification of bank deposits of more than three months to €50.6 M and the decrease in other receivables (-€0.5 M) and current tax receivables (-€0.7 M) were generally offset by the increase in inventories (+€6.9 M) in trade receivables (+€7.2 M) and cash (€36.8 M).
Excluding reclassification, cash declined by €13.8 M.

€199.2 M in net equity was up by €7.4 M, corresponding to: +€8.9 M in 2019 of consolidated results, -€1.5 M of dividends paid to third parties, +€0.8 M of foreign currency translation -€0.7 M of purchase of minority shares and - €0.1 M miscellaneous.

Provisions for contingencies and expenses, at €3.3 M, were down €0.2 M due to provisions for pensions (+€0.3 M).

Debts of €93.9 M €increased by €8.3 M due to the following factors: financial liabilities (+€1.9 M including +€4.2 M related to the application of IFRS 16, decreased by a net loan variation of €2.3 M), and trade payables (+ €6.4 M) including earn out payables (+€5.5 M), liabilities on contracts (+€1.3 M) and suppliers (-€0.5 M).

## Consolidated financial structure

The consolidated net financial structure (current financial assets and cash and cash equivalents, net of borrowings from credit establishments and other financial liabilities) was still positive and amounted to €148.3 M, down €15.7 M compared to FY 2018 due to falling current financial assets for €50.6 M (reclassification of bank deposits over three months) and the €1.9 M increase in financial debt, offset by the net cash increase of €36.8 M.

**In total, current assets amounted to €243.5 M extensively covering all third party debts of less than a year, amounting to €84.5 M.**

To summarise, the "Debt / Equity" ratio stood at 6.2% against 5.5% at the end of 2018.

The “Debt / Turnover" ratio amounted to 11.9% against 11.1% at the end of 2018.

The total financial cost of the debt stood in late 2019 at €212 K (0.2% of sales turnover) against €216 K in late 2018 (0.2% of sales).

## Activity of the Parent Company

**The turnover of Gévelot S.A., the parent company, was €789 K in 2019 against €565 in 2018.**

Rents of €254 K were up €18 K on the previous year.

They consisted of rentals of office space at Levallois-Perret made available to a subsidiary and other third party companies.

Services invoiced at €544 K, increased by €214 K due primarily to increased services offered by the Finance Department.

Other products and miscellaneous at €101 K were stable.
Overall, operating income amounted to €898 K against €670 K, an increase of €228 K.

Operating expenses at €1,604 K against €1,470 K in 2018 were up €134 K.
Purchases and external expenses at €523 K were down €42 K.
Other taxes and duties at €112 K were stable.
Payroll expenses at €829 K increased by €176 K due in 2019 to strengthen the Group's financial management.

These new costs were partially recharged to subsidiaries.

Depreciation expenses were stable at €58 K.
Other expenses at €82 K were up €3 K.

**The year's operating income recorded a negative €706 K against a negative €800 K in 2018.**

The financial income was still positive and amounted to €3,107 K against €3,254 K in 2018.
In 2019, it mainly consisted of a dividend of €2,254 K received from PCM SA (€3,005 K in 2018), net foreign exchange profits of €238 K (€130 K, also negative, in 2018) and €615 K in Financial Products (€379 K in 2018).

**Current pre-tax income was positive at €2,401 K against €2,454 K in 2018.**

**Extraordinary income,** excluding allowances / write-backs of net provisions for tax expenses related to prior tax audits, **was a negative €46 K against a positive €54 K in 2018.**

In the absence of own tax and after a €787 K tax benefit related to the tax integration scheme**, the net profit of Gévelot SA in 2019 amounted to €3,142 K against €3,214 K in 2018.**

## Activity of the Subsidiary (PCM SA)

The main information on the PCM SA presented below is taken from the Annual Accounts prepared in accordance with local rules.

### Financial information (in thousands of euros)

| Subsidiary | Turnover | Operating income | Financial income | Extraordinary income |
|---|---|---|---|---|
| PCM SA | 1.3 | 0.6 | 6.6 | -0.1 |

| Subsidiary | Net income | Cash flow | Industrial Investments | Financial Investments |
|---|---|---|---|---|
| PCM SA | 5.5 | 5.9 | 0.1 | 22.9 |

### Staffing on 31 December 2019

| Subsidiary (excluding temporary staff) | Total |
|---|---|
| PCM SA | 3 |

## Group's research and development activities

For the entire Group, spending on research and development concerning the Pumps Sector amounted in 2019 to around 3.5% of turnover, including €1.3 M eligible for Research tax credits, and generated tax credits amounting to €0.4 M.

In terms of Research and Development, the positioning of the customer at the centre of innovations and the implementation of the “Agile” method have allowed the Group to rapidly find commercial outlets for new technological developments (calculated thickness stator, X-Bond, new 9 E and 17 E hydraulics for the ALS, on-site Maintenance, Pump Portal).

This year also marked the acceleration of cooperation with Sydex Srl, the Italian subsidiary acquired in 2016, with the introduction of several products in the catalogue and a clear strategy in “Booster pumps”.

## Group outlook for 2020

### Parent company

The turnover of Gévelot SA will again consist of rental products and services.

In terms of financial products, a dividend should be received from our subsidiary, a reduction on that received in 2019.

The highly negative effects expected from the Covid-19 situation, leading to a severe economic and financial crisis, could impact us. Our resources, namely: rents and service benefits could be affected leading to a decline in operating income.

In addition, our financial result is expected to remain profitable but will lower considerably.

Ultimately, the positive net profits of the holding company are expected to sharply decline.

### Pumps Sector

FY 2020 began with the Coronavirus health crisis and puts the Pumps Sector in a very uncertain situation in all markets and all locations.

In this context, all efforts are concentrated on the continuation of business, the satisfaction of customer needs, employee safety and rationalisation and cost control in its various markets.

## Risk Management

As part of the description of the main risks to which the Group is exposed, the following points can be retained.

### General Risks

#### 1. Market risks

The specific activity of Oil Pumps is sensitive to changes in oil prices. Brent crude fell below $27 a barrel in March 2020, the lowest level since November 2003, due to persistent concerns about the impact of the coronavirus epidemic on the consumption of crude oil, while fears of oversupply increased after Saudi Arabia increased production and reduced prices after the crisis within OPEC in early March 2020.

Commercial performance in other fields of the Pumps Sector (Food and Industry markets) is mainly linked to economic activity, in France and abroad.

#### 2. Country Risks

The Group is exposed to Country risks for a proportion of its activity, mainly in the oil-related sector, due in particular to its presence in areas showing important geopolitical risks (Middle East, Africa, Latin America).

### Financial risks

Through its activities, the Group is exposed to various types of financial risk. These risks are related to the Group's industrial and commercial activities, its financing needs as well as its investment policy, in particular internationally. Risks mainly consist of variations in the exchange and interest rates.

#### 1. Financial risks associated with industrial and commercial activities

- **Operational currency risks**

The Gévelot Group is exposed in its industrial and commercial activities to financial risks that could result from the variation of the exchange rates of certain currencies due to the location of its main production site in the Euro zone and its sales zones located all over the world and involving billing in foreign currencies, mainly American or Canadian dollars.

The management of currency risk of the Pumps and Fluid Technology activity is based on a principle of the Group's production entities invoicing commercial entities in the local currency of the latter. This inter-company invoicing is covered by foreign exchange forwarding of their settlement in the case of significant sums.

The same principle applies to sales outside the Group for foreign currency billing of Customers. Futures hedging is set up as soon as a significant currency sales operation arises.

The Group does not perform firm exchange hedging on future sales; the operating margin is therefore subject in the future to variations depending on the evolution of exchange rates.

- **Exchange risks: Cash flow, cash flow equivalents**

The evolution of North American currency parity is closely monitored and investments are made with reputable banks.

- **Price variation risks**

The Group is sensitive to price variations in raw materials. A price increase has been observed and could significantly impact operational margins. To limit the impact, the Group has developed several international supply sources.

- **Credit risks**

The Group pays special attention to the security of payments for goods and services delivered to its customers.

European customers show no significant individual risks and are generally subject to recovery systems by specialised companies. The major export customers positioned in areas of major geopolitical risks are subject to specific monitoring.

#### 2. Cash flow risks linked to financing activities

The Group mainly self-finances its industrial and commercial activities, particularly due to its solid financial structure strengthened in 2014, and very rarely calls on the banking sector for its international investments.

- **Risks of interest rate variation**

When deemed necessary, the Group sets up tools to cover interest rate variations for high-amount, long-term variable interest loans. For this, the Group's Cash Department analyses the portfolio and suggests the appropriate tools to Subsidiaries (interest rate swaps) to limit future risks within the limits of appropriate and controlled costs.

### 3. Financial risks related to investment transactions made abroad

**- Country risks**

The Group holds assets in countries where the political and economic stability is not assured; these assets, however, represent an insignificant percentage of the Group's assets. A specific insurance policy covering investments present in the different countries has been taken out for each case.

**- Exchange risks**

The Group holds investments abroad and outside the Euro zone, whose net assets are exposed to the risk of currency rate adjustment. Net assets in the USA, China and the Near and Middle East do not have a specific coverage today.

### 4. Financial risks related to cash management

The Group's investment securities portfolio consists mainly of monetary investments. The Group has some marketable securities (4.8% of cash) based on indices, whose capital is not guaranteed, but do have protective barriers. Yield rates are close to those of the market.

## Information about payment deadlines

*(Invoices received and issued but not settled)*

In compliance with article D441-4 of the French Commercial Code, modified by Decree No. 2017-350 dated 20 March 2017 - art. 1, below is the table of the breakdown of trade payables and customer debts that are due.

| Invoices received not settled at the close date but are outstanding (French Commercial Code - Article D.441-4 I - 1°) | | | | | | |
|---|---|---|---|---|---|---|
| | 0 days | 1 - 30 days | 31 - 60 days | 61 - 90 days | 91 days and more | Total (1d & more) |
| (A) Late payment segments | | | | | | |
| Number of invoices | 2 | | | | | 7 |
| Total amount of invoices (including taxes) | €4 K | | €11 K | €1 K | €25 K | €37 K |
| % of total amount of the year's purchases (including taxes) | 0.50% | | 1.60% | 0.09% | 3.53% | 5.22% |
| % of the year's turnover (including taxes) | | | | | | |
| (B) Invoices excluded from (A) relating to disputed or non-entered payables and debts | | | | | | |
| Number of excluded invoices | | | | | | |
| Total amount of excluded invoices | | | | | | |
| (C) Reference payment deadlines used (contractual or legal deadline - article L. 441-10 I or article L. 441-11 of the French Commercial Code) | | | | | | |
| Contractual deadlines used to calculate late payments | Contractual deadlines compliant with the General Purchasing Terms and Conditions | | | | | |

| Invoices issued but not settled on the date of close but are outstanding (French Commercial Code - Article D.441-4 I - 2°) | | | | | | |
|---|---|---|---|---|---|---|
| | 0 days | 1 - 30 days | 31 - 60 days | 61 - 90 days | 91 days & more | Total (1d & more) |
| (A) Late payment segments | | | | | | |
| Number of invoices | 2 | | | | | 5 |
| Total amount of invoices (including taxes) | €24 K | | €15 K | | €21 K | €36 K |
| % of total amount of the year's purchases (including taxes) | | | | | | |
| % of the year's turnover (including taxes) | 2.16% | | 1.35%. | | 1.91% | 3.26% |
| (B) Invoices excluded from (A) relating to disputed or non-entered payables and debts | | | | | | |
| Number of excluded invoices | | | | | | |
| Total amount of excluded invoices | | | | | | |
| (C) Reference payment deadlines used (contractual or legal deadline – article L. 441-10 I or article L. 441-11 of the French Commercial Code) | | | | | | |
| Contractual deadlines used to calculate late payments | Contractual deadlines compliant with the General Sales Terms and Conditions | | | | | |

## Allocation of income

The following results will be proposed at the next Shareholders' Annual General Meeting:

| | |
|---|---|
| Profit for the fiscal year | €3,141,790.45 |
| Retained earnings from prior years | €14,790,887.37 |
| Total to allocate | €17,932,677.82 |
| . Dividend: - €1,231,200.00. | |
| . Retained earnings balance after allocation:....................................... | €16,701,477.82 |

The total dividend amounts to €1.60 per share for 769,500 shares, or €1,231,200.00 and will be available for distribution from 19 June 2020.

In compliance with article 243 bis of the French General Tax Code, it is specified that the whole proposed dividend is eligible for a 40% rebate benefiting natural persons domiciled for tax purposes in France, as provided for in article 158-3 -2° of the French General Tax Code.
This rebate is only applicable in the case of an irrevocable and comprehensive formally-taken option, according to the progressive income tax scale, when filing the beneficiary's annual tax return. In the absence of such an option, the dividend to be paid to these individuals fiscally resident in France falls within the scope of application of the single standard deduction (PFU) without application of the 40% deduction.
Before its payment, the dividend is subject to social contributions and, unless exemption is duly requested by the taxpayer, to the compulsory non-definitive levy of 12.8% as set out in article 117 quater of the French General Tax Code, as an instalment of income tax.

It is recalled that the following dividends have been distributed over the past three years as these dividends were fully eligible for the 40% rebate mentioned in Article 158.3.2° of the French General Tax Code:

| Financial Year | Net | Tax credit | Number of shares served | overall |
|---|---|---|---|---|
| **2016** | 1.80 | for the record | 820,500 | 820,500 |
| **2017** | 1.80 | for the record | 769,500 | 820,500 |
| **2018** | 1.80 | for the record | 769,500 | 769,500 |

## Financial Markets

In 2019, the share price on Euronext Growth Paris evolved as follows:

| | Euros |
|---|---|
| Price at the end of 2018 | 179.00 |
| Lowest price | 172.00 |
| Highest price | 202.00 |
| Price at the end of 2019 | 199.00 |
| Number of shares traded in 2019 | 17,915 |
| Number of shares traded in 2018 | 104,088 |

(*) *including 51,000 under the share repurchase program*

On 31 March 2020, the share price was €143 with a trading volume observed since the start of the year of 13,906 shares.

## Shareholding

On 31 December 2019, the Gévelot company was controlled for more than two thirds of capital primarily through:

- the SOPOFAM, Company, more than a third,
- the ROSCLODAN Company, more than a twentieth,

None of the Companies controlled by Gévelot hold shares in this Company.

The Capital of the Company is not subject to any detention by the Group's Staff, whatever the context and origin.

## Events after the reporting period

### Holding

In a difficult environment, the Group will continue its rental offer on its tertiary properties in Levallois-Perret. Particular attention will be paid to the recovery of debts and potential amenities on payment times.

### Pumps Sector

The medical, financial and economic crisis caused by the Covid-19 coronavirus in the first quarter of 2020 makes the outlook uncertain. To date, it is not possible to measure the precise impact on business.
In late March, the Pumps Division observed uneven slowdown in orders taken: while its Food & Industry markets appeared at first to resist the crisis better, especially in Europe, its Oil & Gas markets suffered a significant reduction in demand from its customers, both in the Middle East and North America.
Many adaptation measures were immediately implemented in all Group entities, both to protect the safety of employees, and to factor in the observed or future slowdown in sales (working from home, partial furlough, etc.).
The external acquisition strategy will nevertheless continue, especially internationally.

## Corporate governance

### MiddleNext

In terms of governance, Gévelot SA has followed the recommendations of the “Middlenext” Code of Corporate Governance since April 2014 (revised in September 2016).

### General Management’s operation

Since opting for the unitary mode by the Board of Directors in October 2002, the Chairman of the Board is also the CEO.
A deputy managing director has been designated by the Board of Directors on the proposal of the Chairman & CEO.

### Functioning of social organisations

The Board of Directors comprises seven members: three women and four men.
The Board of Directors met 4 times in 2019.

### Directors and Corporate Officers

The renewal of Ms Roselyne Martignoni, Mr Mario Martignoni and Mr Jacques Fay’s CMI’s mandates as members of the board will be submitted to the General Meeting.

### List of mandates and functions

In application of the provisions of Article L 225-102-1 of the French Commercial Code, we here list the functions performed by each of the corporate officers of the Gévelot company in the past fiscal year.

Mr Mario MARTIGNONI, CEO and Director,
covers the following functions within the Group:
Chairman & CEO and Director of PCM SA.
Director and Chairman of the Board of PCM Group Italia Srl (Italy)
Director of PCM Kazakhstan LLP (Kazakhstan)
Director of PCM Muscat LLC (Oman)
Director of PCM Middle East FZE (UAE)
Director of PCM Flow Technology Inc. (United States)
Director of PCM Group Asia Pacific Pte. Ltd. (Singapore)
Director of PCM Artificial Lift Solutions Inc. (Canada)
Director of PCM Canada Inc. (Canada)
Director of Cougar Machine Ltd (Canada)
Director of Cougar Wellhead Services Inc (Canada)
Director of PCM Trading Shanghai Co., Ltd. (China)
Director of PCM Suzhou Co. Ltd (China)
Director of Sydex Srl (Italy)

Functions outside the Group:
Chairman & CEO of Sopofam SA
Sole Director of Martignoni 1518 Srl (Italy) *
** Position held since 28/02/2020*

Mr Philippe BARBELANE, Deputy Managing Director,
covers the following functions within the Group:
Director of PCM SA
Functions outside the Group: none

Ms Claudine BIENAIMÉ, Director,
covers the following functions within the Group:
Director of PCM SA
Functions outside the Group:
Chairman & CEO of Société Immobilière du Boisdormant SA
Director and Managing Director of Rosclodan SA
Director and Managing Director of Sopofam SA
Manager of SCI Pressbourg Etoile
Expert on the Audit Committee of Publicis Groupe SA

Ms Roselyne MARTIGNONI, Director,
covers the following functions within the Group:
Director of PCM SA
Functions outside the Group:
Director of Sopofam SA
Director of Rosclodan SA

Mr Charles BIENAIMÉ, Director,
does not hold any other function within the Group
Functions outside the Group:
Board Member of La Financière Meeschaert
Managing Director of S.E.G.F.M (Société d'Etudes et de Gestion Financière Meeschaert)
Chairman & CEO of Rosclodan SA
Director and Managing Director of the Boisdormant SA company

Mr Jacques FAY, Director,
covers the following functions within the Group:
Director of PCM SA
Functions outside the Group: none

Mr Pascal HUBERTY, Director,
does not hold any other function within the Group
Functions outside the Group:
Business Development Manager Division Groupe Coveris
Manager of SCI Les Blés

Ms Armelle CAUMONT-CAIMI, Director,
covers the following functions within the Group:
Director of PCM SA
Functions outside the Group: none

## Conventions agreed with corporate officers

(Art. L.225-37-4, 2° of the French Commercial Code).
These are conventions besides those bearing on current operations agreed at normal conditions.

No conventions have been signed, directly or through an intermediary, between any corporate officers or any shareholders owning a fraction of voting rights in excess of 10% of a company and another company whose first directly or indirectly owns more than half of the capital.

## Valid delegations for capital increases

None.

## Other Delegations pending validity

None.

## Other legal and fiscal information

### Non-deductible expenses

*(articles 39-4 and 223 quater of the French General Tax Code)*

For Gévelot SA, reinstatements of overheads in taxable income in FY 2019 amounted to €34,996 against €26,476 in 2018. No tax is applicable due to the fiscal deficit that may be carried forward.

**This Report will be filed with the clerk's office at the Commercial Court in accordance with the Law.**

**The Board of Directors**

# Consolidated Financial Statements at 31 December 2019

# Consolidated balance sheet at 31 December 2019

| I.F.R.S. accounting basis<br>**ASSETS**<br>*(in thousands of euros)* | | Net amount at 31.12.2019 | Net amount at 31.12.2018 restated |
|---|---|---|---|
| Goodwill | *Note 4* | 10 062 | 1 788 |
| Intangible assets | *Note 4* | 1 502 | 1 098 |
| Tangible capital assets | *Note 4* | 32 195 | 32 612 |
| Right-of-use assets | *Note 4* | 8 254 | - |
| Non-current financial assets | *Note 5* | 486 | 420 |
| Deferred tax assets | *Note 14* | 287 | 149 |
| Interests in associated companies | | 77 | 37 |
| **TOTAL FIXED ASSETS (I)** | | **52 863** | **36 104** |
| Inventories | *Note 6* | 33 162 | 26 247 |
| Trade accounts receivable | *Note 7* | 45 898 | 38 727 |
| Other receivables | *Note 8* | 3 283 | 3 772 |
| Matured tax claim | *Note 14* | 435 | 1 195 |
| Current financial assets | *Note 5* | 34 753 | 85 322 |
| Cash and cash equivalents | *Note 9* | 125 973 | 89 179 |
| **TOTAL CURRENT ASSETS (II)** | | **243 504** | **244 442** |
| **GRAND TOTAL (I + II)** | | **296 367** | **280 546** |

| I.F.R.S. accounting basis<br>**LIABILITIES**<br>*(in thousands of euros)* | | Net amount at 31.12.2019 | Net amount at 31.12.2018 restated |
|---|---|---|---|
| Equity attributable to consolidating company | | 197 255 | 189 580 |
| Equity attributable to interests not conferring control | | 1 970 | 2 213 |
| **TOTAL EQUITY (I)** | | **199 225** | **191 793** |
| Non-current provisions | *Note 11* | 3 067 | 2 635 |
| Non-current financial liabilities | *Note 13* | 2 677 | 7 254 |
| Non-current lease liabilities | *Note 13* | 5 031 | - |
| Deferred tax liability | *Note 14* | 1 626 | 1 714 |
| Other accounts payable | *Note10* | 5 530 | - |
| **TOTAL NON-CURRENT LIABILITIES (II)** | | **17 931** | **11 603** |
| Trade accounts payable | | 12 094 | 12 621 |
| Accounts payable to asset suppliers | | - | - |
| Current provisions | *Note 11* | 233 | 458 |
| Contract liabilities | *Note 15* | 53 140 | 51 881 |
| Other accounts payable | *Note 10* | 8 917 | 8 888 |
| Matured tax liability | *Note 14* | 152 | 92 |
| Current financial liabilities | *Note 13* | 2 690 | 3 210 |
| Current lease liabilities | *Note 13* | 1 985 | - |
| **TOTAL CURRENT LIABILITIES (III)** | | **79 211** | **77 150** |
| **TOTAL LIABILITIES (II+III)** | | **97 142** | **88 753** |
| **GRAND TOTAL (I + II + III)** | | **296 367** | **280 546** |

The Group has applied IFRS 16 for the first time on January 1, 2019. Due to the transition method chosen, the comparative data are not restated.

Notes 1 to 26 form an integral part of the consolidated financial statements.

# Consolidated income statement at 31 December 2019

## (I.F.R.S. accounting basis)

| INCOME STATEMENT (in thousands of euros) | | Period 2019 | Period 2018 |
|---|---|---|---|
| **Turnover** | *Note 18* | **103 730** | **94 225** |
| Other income from operating activities | | 5 606 | 5 232 |
| **Current operating income** | *Note 15* | **109 336** | **99 457** |
| Current operating expenses | *Note 16* | (100 785) | (92 084) |
| **CURRENT OPERATING INCOME** | *Note 18* | **8 551** | **7 373** |
| Other operating income | *Note 18* | 17 | 131 |
| Other operating expenses | *Note 18* | (162) | (162) |
| **OPERATING INCOME** | *Note 18* | **8 406** | **7 342** |
| Income from cash and cash equivalents | | 1 528 | 953 |
| Cost of financial debt | | (212) | (216) |
| **Cost of net financial debt** | | **1 316** | **737** |
| Other financial income | | 4 771 | 7 026 |
| Other financial expenses | | (3 942) | (7 170) |
| **RESULTS OF OPERATIONS** | *Note 17* | **2 145** | **593** |
| **PRE-TAX INCOME OF CONSOLIDATED COMPANIES** | *Note 18* | **10 551** | **7 935** |
| Income tax expense | *Note 14* | (1 617) | (1 716) |
| **NET INCOME OF CONSOLIDATED COMPANIES** | | **8 934** | **6 219** |
| Share of income from equity method companies | | 3 | (39) |
| **NET CONSOLIDATED INCOME** | *Note 18* | **8 937** | **6 180** |
| **PROPORTION OF INTERESTS NOT CONFERRING CONTROL** | | **283** | **199** |
| **PROFIT (LOSS) ATTRIBUTABLE TO PARENT COMPANY** | | **8 654** | **5 981** |
| EARNINGS PER SHARE | | 11,25 € | 7,62 € |

The Group has applied IFRS 16 for the first time on January 1, 2019. Due to the transition methods chosen, the comparative date are not restated.

Earnings per share is calculated by dividing the net income distributable to shareholders by the weighted average number of ordinary shares in circulation during the period, excluding the ordinary shares bought by the Group or held as treasury shares. There are no potential dilutive shares.

769,500 is the number of shares on which earnings per share is calculated for the period of 2019 and 784,730 for the period of 2018 (see Note 3 - Share capital).

Notes 1 to 26 form an integral part of the consolidated financial statements

# COMPREHENSIVE INCOME AND EQUITY

## Comprehensive income 2019

| (in thousands of euros) | | | Period 2019 | Period 2018 |
|---|---|---|---|---|
| **CONSOLIDATED NET INCOME** | | | **8 937** | **6 180** |
| Other comprehensive income from continuing operations | Gross amount | Tax income/(expen | | |
| A) Recyclable items | | | | |
| . Translation adjustments | 818 | - | 818 | 421 |
| B) Non recyclable items | | | | |
| . Actuarial gains and losses | (170) | 43 | (127) | 134 |
| **Other comprehensive income net of tax** | | | **691** | **555** |
| **COMPREHENSIVE INCOME** | | | **9 628** | **6 735** |

## Statement of changes in equity

| (in thousands of euros) | Capital (see Note 3) | Treasury shares (see Note 3) | Translation adjustments | Actuarial gains/(losses) | Consolidated reserves | Equity Group share | Share of interests not conferring control | Total equity |
|---|---|---|---|---|---|---|---|---|
| **POSITION AT 31.12.2017[(*)]** | **28 718** | **-** | **304** | **(555)** | **166 191** | **194 658** | **1 989** | **196 647** |
| Treasury share transactions | (1 785) | - | - | - | (8 415) | **(10 200)** | - | **(10 200)** |
| Distributions (1.80 € per share of 35 €) | - | - | - | - | (1 389) | **(1 389)** | - | **(1 389)** |
| Comprehensive income 2018 | - | - | 396 | 134 | 5 981 | **6 511** | 224 | **6 735** |
| **POSITION AT 31.12.2018[(*)]** | **26 933** | **-** | **700** | **(421)** | **162 368** | **189 580** | **2 213** | **191 793** |
| Distributions (1.80 € per share of 35 €) | - | - | - | - | (1 523) | **(1 523)** | - | **(1 523)** |
| Changes in scope | - | - | - | - | - | **-** | (673) | **(673)** |
| Comprehensive income 2019 | - | - | 671 | (127) | 8 654 | **9 198** | 430 | **9 628** |
| **POSITION AT 31.12.2019** | **26 933** | **-** | **1 371** | **(548)** | **169 499** | **197 255** | **1 970** | **199 225** |

[(*)] amounts restated (see Note 1.D)

# Statement of consolidated cash flow 2019

| CONSOLIDATED CASH FLOW (in thousands of euros) | | 2019 | 2018 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Net earnings from consolidated companies** | | **8 934** | **6 219** |
| Elimination of expenses and income not affecting cash flow or related to activities: | | | |
| - Amortisation and provisions | | 5 183 | 2 960 |
| - Discounting of financial assets and liabilities | | - | (7) |
| - Change in deferred tax | *Note 14* | (189) | (66) |
| - Capital gains (losses) on disposal, net of tax | | 9 | 116 |
| **Cash flow from operations of consolidated companies (1) (2)** | | **13 937** | **9 222** |
| **Dividends received from equity-method companies** | | **-** | **-** |
| - Change in inventories | | (4 875) | 1 198 |
| - Change in trade receivables | | (5 853) | 8 851 |
| - Change in other operating receivables | | 1 368 | (607) |
| - Change in trade payables | | (1 008) | 1 878 |
| - Change in other operating payables | | 824 | (3 887) |
| **Change in working capital requirement** | | **(9 544)** | **7 433** |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | | **4 393** | **16 655** |
| **INVESTING ACTIVITIES** | | | |
| - Acquisitions of intangible and tangible capital assets | *Note 4* | (4 315) | (2 141) |
| - Increases in financial assets | | (106) | (17 619) |
| **Total** | | **(4 421)** | **(19 760)** |
| - Disposals of intangible and tangible capital assets net of tax | | 17 | 133 |
| - Decreases in financial assets | | 50 661 | 435 |
| **Total** | | **50 678** | **568** |
| Changes in working capital requirement and sundry | | 1 | - |
| **Acquisition of canadian entities** | | **(7 577)** | **-** |
| **NET CASH FLOWS FROM INVESTING ACTIVITIES** | | **38 681** | **(19 192)** |
| **FINANCING ACTIVITIES** | | | |
| - Dividends allocated to parent company shareholders | | (1 523) | (1 389) |
| - Repurchase of treasury shares | | - | (10 200) |
| **Total** | | **(1 523)** | **(11 589)** |
| - Initiation of borrowings and financial debts | *Note 13* | 640 | 81 |
| - Repayment of borrowings and financial debts (3) | *Note 13* | (4 859) | (3 638) |
| **Change in borrowings and financial debts** | | **(4 219)** | **(3 557)** |
| Sundry | | - | - |
| **Transactions with minority shareholders** | | **(673)** | **-** |
| **NET CASH FLOWS FROM FINANCING ACTIVITIES** | | **(6 415)** | **(15 146)** |
| Impact of reclassification of discontinued activities | | - | - |
| **NET CASH FLOWS** | | **36 659** | **(17 683)** |
| Cash position at opening | | 89 178 | 107 100 |
| Cash position at closing | *Note 9* | 125 973 | 89 178 |
| Foreign exchange profits / (losses) from cash flows | | (136) | 239 |
| | | **36 659** | **(17 683)** |

(1) Taxes disbursed (net of refunds) during the financial year are mentioned under Note 14.

(2) including K€ 408 disbursements under leases of low-value assets / short-term leases during the financial year.

(3) including K€ 2 179 disbursements under leases during the financial year.

# Notes to the Consolidated Financial Statements at 31 December 2019

# Notes to the consolidated financial statements at 31 December 2019

## Note 1: Accounting rules and methods – Selected financial data

As of 21 April 2020, the Board of Directors closed the accounts of Gévelot SA and approved the disclosure of its consolidated financial statements at 31 December 2019.

Notes 1 to 26 form an integral part of the consolidated financial statements. Unless otherwise specified, all amounts are stated in thousands of euros.

### A. ACCOUNTING RULES AND METHODS

The Gévelot Group's consolidated financial statements were prepared in accordance with international principles and standards governing the measurement and presentation of financial information, namely IFRS [(1)] (International Financial Reporting Standards), as adopted by the European Union.

The consolidated financial statements are stated in thousands of euros, the Euro being the Group's operating and reporting currency.

The accounting methods set out below were consistently applied to all periods presented in the consolidated financial statements, unless otherwise specified.

**New mandatory application texts**

Under the IFRS 16 standard, since 1 January 2019, the Group has assets representing the right to use rented properties in exchange for debts representing the obligation to pay such a right.

In the Group, leasing contracts relate primarily to:
- premises housing the business' subsidiaries;
- Industrial equipment;
- the fleet of vehicles, office equipment and IT.

The Group applies practical relief so as not to enter the right of use (the debt for lease obligation) of low-value assets (replacement value of underlying assets worth less than 5000 US dollars) as well as short-term contracts (which on their date of effect, have a maturity of up to twelve months and do not include a purchase option).

Virtually all the contracts the Group have signed have fixed payments only. Also, some contracts include a combination of rental and services. In this case, the various components are split. Service provision is recorded directly in the income statement.
The rental period considered for the application of the Standard for each of the contracts is the non-cancellable period.

Exceptionally, the Group takes into account the renewal options it could claim when the Board believes it is reasonably certain that these options will be exercised. This is perhaps the case on some properties rented by foreign subsidiaries.

In the case of commercial leases in France (3-6-9 years), the Group used a maximum of 9 years in accordance with the recommendations of the ANC (French Accounting Standards Authority - Autorité des Normes Comptables). However, the IFRS Interpretation Committee stated on 26 November 2019 that as long as the lessor or the lessee was economically encouraged not to terminate the lease, since it would incur a significant termination penalty, the contract would be enforceable beyond the date on which the contract could be terminated. The analysis of the contracts concluded on the absence of adjustments relating to significant fittings. The contractual period was therefore selected.

The discount rate used to value the rent debt is the implicit interest rate or incremental borrowing rate if the implicit interest rate is not readily determinable. The incremental borrowing rate is the interest rate obtained by the borrowing entity at the beginning of the lease, to finance the acquisition of the leased property. This rate is obtained by adding the government bond rate with durations similar to the initial contract period and the entity's credit spread. The Group regularly reviews discount rates.

Temporary differences arising from leases lead to the recognition of deferred tax.

In terms of presentation in the financial statements, the interest expense on lease obligations is recorded as "financial expenses" in the income statement. The Group has also opted for classifying the payment of such interest as "operational flows" and the share corresponding to the repayment of lease obligations as " financing flows" in the cash flow statements.

As part of the first application of the IFRS 16 standard, the Group has elected to apply the simplified retrospective method, without restatement of comparative periods of the financial statements. Under this method, for all contracts not having received practical relief, the Group recorded, on 1 January 2019, the assets representing the right to use the leased property at that date, in consideration of debts representing the obligation to pay that right.

For all contracts restated in this way, the valuation of the right of use corresponds to the value of the lease liability value adjusted by rental amounts paid in advance and / or payable rental amounts. Consequently, the first application of the standard has no impact on the Group's equity.

[1] IFRS as adopted by the European Union is available on the website of the European Commission (https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_fr)

The Group has adopted practical relief which does not require an impairment test at the transition date.

The amount entered on 1 January 2019 as rights of use and as lease obligations amounted to €1,868 K (see notes 4.3 and 13.6). The weighted average incremental borrowing rate applied to the lease debt on the transition date is 4.8%.

The reconciliation of the debt on lease obligations and off-balance sheet commitments on 1 January 2019 is as follows:

| | | |
|---|---|---|
| - | **Lease commitments** | **€1,680 K** |
| - | Exemptions | -€37 K |
| - | Liabilities' appreciation difference | €331 K |
| - | Discounting | -€106 K |
| - | **Lease obligations** | **€1,868 K** |

The provisions of IFRIC 23 interpretation are applied by the Group on 1 January 2019 retrospectively, without adjusting comparatives in the first application. Its application had no significant impact on the Group's accounts.

The other texts published by IASB and adopted by the European Union and becoming effective on 1 January 2019 have no significant impact on the Gévelot Group.

**New texts applied in advance**

The Group applied no amendment and no standard or interpretation in advance.

**New texts not yet adopted by the European Union**

The potential impact of main texts published by the IASB or IFRIC but having not yet been the subject of an adoption by the European Union to the closing date, is being analysed. However, the Group does not expect that other potentially applicable texts to accounting years beginning on 1 January 2020 have a significant impact on the Group's accounts.

No application in advance is envisaged at this stage.

**Presentation of the consolidated financial statements**

The balance sheet is presented in current then non-current format. Are considered as current, all assets and liabilities directly relating to the operating cycle, the duration of which cannot exceed twelve months. Financial assets and liabilities are by definition classified as non-current items except for their short-term portions (under one year) which are classified as current.

The consolidated statement of income is presented as expenses and income.

## 1.1. Accounting Principles specific to Consolidation

### 1.1.1 Scope of consolidation

The Consolidated financial statements fully consolidate the accounts of Gévelot SA and the subsidiaries over which it has sole direct or indirect control. The date on which it took or relinquished control determines that on which the company is included or excluded from the scope of full consolidation.

Companies not exclusively controlled by Gévelot SA are recognised by the equity method if it has significant influence in them.

### 1.1.2 Conversion of accounts stated in foreign currencies

The financial statements of foreign subsidiaries are converted into euros in the following manner:

- balance sheet items are converted at the exchange rate applying on the date of closing,
- income statement items are converted at the average rate,
- cash flows are converted at the average rate.

The translation adjustments included in consolidated equity thus result from:

- the difference in opening equity between the prior period's closing rates and those of the current period,
- the difference between the average exchange rate and the closing rate, for the period's income or loss and for other changes in equity.

### 1.1.3 Transactions in foreign currencies

Transaction in foreign currencies are converted into euros using the rate of exchange applying on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted at the rate applying at closing, and the resulting differences are recognised in the income statement as exchange gains or losses. Non-monetary assets and liabilities denominated in foreign currencies are recognised at the historical rate applying on the date of the transaction.

Nota: the applicable rates are stated in Note 2.

## 1.2 Accounting Principles specific to the Balance Sheet

### 1.2.1 Business combinations

Business combinations are recognised using the acquisition method in accordance with IFRS 3.

On the date of acquisition, goodwill is measured as being the aggregate of the cost of the business combination and the acquirer's proportionate interest in the net worth of the acquiree's identifiable assets, liabilities and any acquired liabilities.

Goodwill is not amortised. It is subjected to an impairment test annually or more frequently if events or changes in circumstances indicate that their value has decreased.

Any recognised depreciation is irreversible.

The impairment tests used by the Group are described under heading « Impairment of non-financial assets » in Note 1.2.4.

### 1.2.2 Intangible assets

Intangible assets acquired separately are recognised in the balance sheet at their historical cost and amortised over their useful life using the straight-line method.

Intangible assets acquired as part of business combinations are recognised in the balance sheet at their fair value on the date of acquisition.

Research expenses are expensed in the period in which they are incurred, as are non-capitalised development costs that do not meet IAS 38 capitalisation criteria.

So, development costs must be capitalised (IAS 38) if the company can demonstrate that :

- the project is clearly identified and the costs of the asset thus capitalised are clearly separable and can be reliably measured, and that intends and has the technical and financial capacity to see the project through to completion,
- it is probable that the future economic benefits that are attributable to asset will flow to the enterprise.

Intangible assets are amortised using the straight-line method over the estimated useful live for each category of assets.

Useful life:

Development costs: the life of the underlying projects, generally between 3 and 15 years.

Software: estimated useful live of between 2 and 15 years.

Others (patents, etc.): the estimated useful live, limited to 20 years.

The impairment testing methods adopted by the Group are described under heading « Impairment of fixed assets » in Note 1.2.4.

### 1.2.3 Tangible capital assets

Tangible capital assets, primarily comprising property, plant and equipment, are carried at cost less accumulated depreciation and impairment, in accordance with IAS 16.

**Cost price of fixed assets**

The gross tax amount of acquisition costs directly attributable to fixed assets is incorporated into their acquisition cost.

According to the standard treatment described in IAS 23 prior to effective application of its revision, borrowing costs are charged to expenses in the period they are incurred.

**Rights of use**

Group property acquired through finance leasing is treated in the consolidated balance sheet and income statement as if it was acquired by borrowing.

Consequently, for all leases (excluding contracts for low value assets and contracts lasting less than 12 months), the Group records assets (representative of the right to use the leased asset for the term of the contract) and a debt (under the obligation to pay rent) on the balance sheet.

Leasing repayments are eliminated and replaced with:

- an amortisation expense corresponding to the assets concerned,

- a financial expense on the loan.

Properties under direct financing leases are amortised using the straight-line method over their estimated useful life in the same way as other similar assets, or over the duration of the contract of the latter if shorter and if the Company is not certain to become owner thereof on maturity.

**Amortisation**

Amortisation is calculated using the straight-line method for asset components having distinct useful lives which are generally as follows:

- Land: not amortised,
- Buildings (structural work, conversion work, facade rendering and cleaning, weatherproofing): 10 to 40 years,
- Plant and equipment: 3 to 40 years, barring exceptions,
- Computer hardware: 3 to 5 years.

The residual values and useful lives of assets recognised at their historical costs are reviewed on each closing. Losses or gains on asset disposals are measured by comparing the revenue from the disposal with the carrying amount of the sold asset. They are recognised in the income statement under «Other operating income and expenses ».

### 1.2.4 Impairment of fixed assets

Assets with an indefinite useful life and goodwill are not amortised and are subject to a depreciation test at least once every year and whenever there is an indication of a loss of value. Other redeemable assets are tested for depreciation when due to particular events or circumstances, the recoverable value might be less than the book value.

A non-exhaustive list of external or internal indicators used in this estimate is provided below:

- External indices:
  - greater than usual decline in market value,
  - major changes in the technical, economic and legal environment having a negative impact on the company,
  - an increase in interest rate,

- Internal indices:
  - obsolescence or physical degradation not provided for under depreciation,
  - below-forecast economic performances,
  - material changes in the manner in which this asset is used.

The depreciation included in the accounts corresponds to the surplus between the book value and the recoverable value. The depreciation test is performed where required at the level of individual assets or at the level of CGUs (Cash Generating Units) when assets cannot be valued individually. For the purposes of depreciation tests, goodwill that cannot be tested individually are grouped together within the group of CGUs that is expected to benefit from the synergies of business combinations.

The recoverable value of an asset (a CGU or a group of CGUs) is the higher of its costs to sell (or net selling price) and its value in use.

The net selling price is the amount obtainable from the sale of an asset in a bargained transaction between knowledgeable, willing parties, less derecognition costs.

Value in used is the discounted present value of estimated future cash flows expected to arise from the continuing use of an asset on the basis of plans or budgets established over a maximum period of 3 years. Beyond which flows are extrapolated indefinitely by applying a constant or diminishing growth rate.

The Group has defined its cash generating units as follows:

- Each Company is deemed an independent CGU,
- a specific discount rate has been determined for each business segment (see Note 4).

This discount rate equals the rate of return on risk-free investments adjusted by a « share » market risk premium and risks specific to the business segment.

### 1.2.5 Financial assets

Financial assets consist mainly of loans, receivables and investments as part of cash management (see below).

They are initially recognised at the cost of their fair value of the price paid plus acquisition costs. Then they are measured at amortised cost using the effective interest method.

Impairment is recognised to cover expected credit losses and actual risk of non-recovery of receivables. The amount of impairment is determined statistically for credit risk and separately on an individual basis for the non-recovery risk.

The Group assesses whether contractual cash flows are solely repayments of principal and interest payments on the principal amount outstanding (« SPPI » criterion).

For the purposes of this evaluation, the term « principal » means the fair value of the assets at their initial recognition. "Interest » means consideration for the time value of money, the credit risk associated with the principal amount outstanding for a given period of time and the other risks and expenses that relate to a basic loan, as well as a margin.

In determining whether the contractual cash flows are solely payments of principal and interest payments on the principal amount outstanding, the Group considers the contractual terms of the financial instrument. In particular it needs to assess whether the financial asset has a contractual term liable to change the timing or the amount of the contractual cash flows so that it no longer satisfies this condition. During this assessment, the Group takes into account the following:

- contingencies that could change the amount or schedule of cash flows,

- conditions likely to adjust the contractual coupon rate, including the characteristics of the variable rate,

- the early payment and extension clauses and

- conditions limiting the Group's possibility of using the cash flows of specific assets.

An early repayment clause may be consistent with the « SPPI » criterion if its amount represents the outstanding principal and interest thereon.

The Group defines its management intention and economic model it attends to apply to the financial assets owned. The information taken into account is as follows:

- the methods and objectives defined for the portfolio and their implementation. The aim is to know if the Management's strategy is focused on obtaining products of contractual interest, maintaining the specific interest rate profile, matching the ownership period of financial assets with that of the liabilities financing them or of expected cash flow or to create cash flow by selling those assets,

- the way performance of the portfolio is assessed and communicated to the Group's Management,

- risks that have an impact on the performance of the economic model (and of financial assets whose ownership is part of that economic model) and the way those risks are managed and,

- the frequency, value and distribution over time of sales of financial assets in previous periods, the reasons behind those sales and expectations with respect to future sales.

The Group has not opted for the fair value method.

#### Trade and other accounts receivable

Receivables are initially recognised at their fair value (generally equal to the amount invoiced) then measured at their write-down cost using the effective interest rate method, after deduction of impairment provisions.

Trade accounts receivable are written off when they are settled, or when almost all risks and benefits are transferred to a third party in the event of a sale.

#### Cash management

Cash and cash equivalents include cash and short-term investments (under three months) without realisable impairment risk and for which the risk of change in value is negligible. The investment options used are those offered by the leading financial institutions and comprise either bank term deposits or investment fund monetary securities without any special identified risks.

Investments maturing in more than three months are not recognised as cash and are reclassified as « Current financial assets ». These investments consist of fixed-term bank deposits or structured products that offer capital guarantees or protection barriers.

### 1.2.6 Inventories and work in progress

Under IAS 2 « Inventories », the cost of inventories must include all purchase costs, conversion costs and other costs incurred in bringing the inventories to their present location and condition; commercial rebates, discounts and other similar items are deducted to measure the cost of acquisition.

Inventories are measured using the average weighted price or cost method.

Inventories are required to be stated at the lower of cost and net realisable value.

The net realisable value is equal to the estimated selling price less the costs remaining to be incurred for the completion of the products and the realization of the sale.

Inventories do not include the borrowing cost.

Raw materials, goods and other supplies are measured using one of the following methods, depending on the site: last known purchase price, weighted average unit price.

Manufactured products (in-process and finished products) are valued at their production cost including:

- the cost of consumables,
- direct production costs,
- indirect production costs if they can reasonably be linked to the production of the goods.

If the net realisable value falls below the carrying amount, a provision for the difference is funded.

### 1.2.7 Equity

The Group strives to maintain an adequate level of return on its capital while continuing to make safe management decisions. The consolidating company has not resorted to delegation with regard to equity instruments. The Group is not subject to any particular external restrictions with regard to the capital of its entities.

All treasury shares held by the Group are recognised at acquisition cost and subtracted from equity. Income from any sale of treasury shares is subtracted immediately from the increase in equity, so that any capital gains or losses will not affect net income on the year.

### 1.2.8 Provisions

#### Defined and similar benefit plans

There are various retirement benefit plans for certain employees in the Group based on national legislations and practices.

Retirement benefit plans, the related severance benefits and other fringe benefits are analysed as defined benefit plans (plans whereby the Group undertakes to guarantee a particular amount or level of defined benefit). They are recognised in the balance sheet on the basis of actuarial estimates of the benefits on the date of closing using the Projected Unit Credit Method, less the fair value of the Plan's related assets. Contributions paid into the Plans, which are analysed as Defined Benefit Plans, that is, when the Group's only obligation is to pay the contributions, are charged to the period's expenses.

In France, the Group has taken out benefit plans for its employees. The provision stated in the consolidated financial statements is measured in accordance with IAS 19 and includes the related welfare expenses.

The Group books a provision equal to liabilities, net of the fair value of financial assets of the regime.

The actuarial gains or losses are the effects of differences between the assumptions used and what has actually occurred or changes in the assumptions used to calculate the benefits and the assets covering them:

- staff turnover,
- pay rises,
- discount rate,
- mortality rate,
- rate of return of assets.

#### Other social benefits

A provision is funded for bonuses awarded on the occasion of national work medal awards or under company agreements. It is measured according to the probability of employees reaching the qualifying seniority for each grade and is discounted to present value.

#### Other provisions

A provision is recognised when the Group has a current obligation (legal or constructive) as a result of past events and a reliable estimate of the expected cost can be made, and extinguishment of which should consist in an outlay of resources representing economic benefits for the Group without at least an equivalent amount in return. Provisions correspond to risks and specifically identified expenses.

Other long-term provisions are discounted to present value if their effect is significant.

Any liabilities correspond to potential obligations resulting from past events the existence of which will only be confirmed by the occurrence of future uncertain events beyond the entity's control or current obligations for which an outlay of resources is unlikely. These liabilities are not recognised in the balance sheet, except for those corresponding to business combinations. They are disclosed in information on off-balance sheet liabilities.

### 1.2.9 Financial liabilities

Financial liabilities are recognised at amortised cost. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any profit or loss related to derecognition is recorded in profit or loss.

Shares premiums and costs and call premiums are stated as deductions to loans and are taken into account in determining the effective interest rate.

The fair value of current financial liabilities is close to their balance sheet value given the stability of interest rates. The difference is not significant. The fair value is determined using level 1 (fair value based on quoted prices in an active market).

### 1.2.10 Deferred tax

In accordance with IAS 12 « Income taxes », deferred taxes are recognised for all taxable temporary differences between the carrying amounts of the assets and liabilities and their taxable values by applying the current rates of tax and tax rules in force on that date or those that will apply when the temporary difference is absorbed.

Future tax relief resulting from the carryover of tax deficits is only recognised when realisation thereof is probable.

Deferred tax assets and liabilities, whatever their maturity, were offset if they concern the same taxable entity and if the latter intends either to settle the net amount or realise the asset and settle the liability simultaneously.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

## 1.3 Accounting Principles specific to the Income Statement

### 1.3.1 Revenue from Contracts with Customers

In accordance with IFRS 15 « Revenue from Contracts with Customers » sales of goods less any discounts granted are recognised as turnover on the date the seller has transferred the control of goods to the buyer. Generally, this takes place on delivery of goods.

Most of the Group's sales are accounted at a point in time. For some specific pumps for which the Group has a right to partial payment, the revenue is recognized over time. Furthermore, the Group provides services for very short periods and recognises the corresponding revenue over the time.
There are no significant variable elements in the contracts.

### 1.3.2. Current operating Result and Operating Result

Standard IAS 1 requires a minimum number of items to be included in the income statement:

- Operating result,
- Finance costs,
- Share of the profit or loss of equity-method companies,
- Profit or loss of discontinued operations or disposals,
- Tax expense,
- Profit or loss (broken down into Group share and minority interests share).

Therefore, Operating Result can be defined as the difference between all income and expenses not resulting from financial activities, equity-method companies, discontinued activities or disposals and tax.

Operating result includes the Contribution Economique Territoriale (CET). CET has two components : the Contribution Foncière des Entreprises (CFE) and the Cotisation sur la Valeur Ajoutée des Entreprises (CVAE). CFE is based on the rental value of goods subject to property tax. CVAE is equal to 1.5% of added value. CET is capped at 3% of added value. If the added value of the Group's French activities is far higher than the taxable income on these same activities, the Group considers CET as an operating expense rather than an income tax, hence its recognition under operating result.

<u>Research Tax Credits</u>
Research Tax Credits of the French companies of the Group are recorded as operating income in the item « Operating subsidies ».

The Gévelot Group has opted to present a Current Operating Result, which is defined as the difference between Operating Result as defined above and « Other operating income and expenses » which include unusual and infrequent events. The latter are very limited in scope but cannot be presented as exceptional or extraordinary items. They primarily include the profit or loss from asset disposals, losses in value on non-current assets, restructuring costs and the cost of litigation settlements.

The Current Operating Result is a notional balance provided for a better understanding of the company's performance.

### 1.3.3 Financial income and expenses

#### 1.3.3.1 Cost of net financial debt

The net cost of financial debt comprises all the results produced by items making up net financial debt during the period (bank borrowings and investments, gains or losses from transactions in short-term investments).

#### 1.3.3.2 Other financial income and expenses

The other financial income and expenses mainly include the results of currency hedging transactions.

## 1.4 Segment reporting

In accordance with IFRS 8, the segment reporting is presented by business segments defined by internal organizational systems and the Group's management structure.

The Group's chief operating decision maker is the Board of Directors.

A single business segment has been defined for the Gévelot Group:

- Pumps / Fluid Technologies.

Gévelot S.A. items, that cannot be assigned directly to the operating sector such as defined above are included under « other activities ».

## B. SIGNIFICANT EVENTS

In early September 2019, PCM Canada Inc. acquired a 100% stake in Cougar Wellhead Services Inc. and 100% Cougar Machine Ltd. for a total cost of $12.8 MCAD (€8.6 M), with an earn-out of up to $8.1 MCAD (€5.5 M). This cost included a reversal of the net financial debt of $4.3 MCAD (€2.9 M) existing at the date of completion of the transaction. These acquisitions generated goodwill worth $14.5 MCAD (€9.9 M). $2.5 MCAD (€1.7 M) were assigned to industrial equipment.

Furthermore, PCM Canada Inc. acquired 25% of PCM Artificial Lift Solutions Inc. of which it previously owned 75% for $1.0 MCAD (€0.7 M). This company is now 100% owned by PCM Canada Inc.

## C. SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of consolidated accounts in compliance with IFRS standards requires taking into account assumptions and estimates that affect the amounts of assets and liabilities shown in the balance sheet, the contingent liabilities mentioned in the appendix, and the expenses and income shown in the income statement. These estimates and assumptions are made by the Management based on its past experience and various other factors deemed to be reasonable. However, the current economic and financial environment makes it difficult to get an understanding of business prospects. It is possible that actual amounts will subsequently differ from estimates and assumptions made initially. These assumptions and estimates concern mainly:

**a) Values used for impairment tests**

Assumptions and estimates that are made to determine the recoverable value of goodwill, intangible and tangible fixed assets, relate in particular to market prospects required for the evaluation of cash flows and the applied discount rates. Any change in these assumptions could have a significant effect on the recoverable amount of those assets. The main assumptions used by the Group are described in Note 4.4.

**b) Valuation of pension obligations**

The Group participates in defined-contribution or defined benefit pension plans. The liabilities related to the latter are calculated on the basis of actuarial calculations based on assumptions such as the discount rate, future salary increases, the staff turnover rate, the rate of mortality and the rate of return on assets. The valuation procedure is described in Note 1.2.8 and the assumptions used in Note 12. The Group considers that the actuarial assumptions used are appropriate and justified in current conditions. However, these liabilities might evolve in the event of change in assumptions.

## D. CHANGES TO FINANCIAL STATEMENTS PREVIOUSLY PUBLISHED

The Group's accounts on 31 December 2018, presented for comparative purposes, were restated as described below with respect to previously published financial statements.
The Group has decided not to assess land and buildings for administrative and commercial purposes according to the method of periodic reassessment. Indeed, these investments were made with a view to long-term ownership in order to occupy the premises or to receive regular income. The cost approach is more appropriate because it avoids the volatility that could generate a reassessment at excessively frequent intervals. Moreover, the effects on the Group financial statements are not significant.

Consequently, the financial statements for FY 2018 have been restated. The main impacts on the consolidated financial statements in 2018 are:
- On the balance sheet:
  - the decrease of fixed assets;
  - the decrease in equity;
  - the decrease in deferred tax liabilities.

These modifications have no effect on the income statement and the cash flow statement.
The effect on 1 January 2018 and on 31 December 2018 was a €334 K decrease in equity (0.2%) and a €398 K decrease in fixed assets (0.1% of total assets) (see Note 26 on the restatement of the consolidated financial statements 2018).

## E. POST-BALANCE SHEET EVENTS

Negative effects are expected on the business and profitability due to the medical, economic and financial crisis caused by the Covid-19 coronavirus which has affected the whole world since last December. New uncertainties are emerging and could impact our initial forecasts.
Following the recommendations of the AMF, a new communication will be issued in the event of more significant impacts.
The solid Group's financial structure should allow it to cope with the expected difficulties.

# Note 2 : Information on consolidation scope

Gévelot S.A., a public limited company with a capital of 26 932 500 euros, is the parent company of the Gévelot Group. It is listed on Euronext Growth and registered in France under the number 562088542 RCS Nanterre.

## 2.1. Consolidation scope at 31 December 2019

The following companies are fully consolidated (excluding Torqueflow - Sydex Ltd consolidated by equity method):

| COMPANIES | HEAD OFFICE | SIREN N°<br>SIRET N° | % controlled<br>at<br>31.12.2019 | <br>at<br>31.12.2018 | % interests<br>at<br>31.12.2019 |
|---|---|---|---|---|---|
| **HOLDING** | | | | | |
| **Gévelot S.A.** | 6, boulevard Bineau<br>92300 Levallois-Perret (France) | 562088542<br>56208854200369 | | | |
| **PUMPS / FLUID TECHNOLOGY** | | | | | |
| **PCM S.A.** | 6, boulevard Bineau<br>92300 Levallois-Perret (France) | 572180198<br>57218019800184 | 99,99 | 99,99 | 99,94 |
| **PCM Technologies S.A.S.** | 6, boulevard Bineau<br>92300 Levallois-Perret (France) | 802419960<br>80241996000017 | 99,99 | 99,99 | 99,94 |
| **PCM Europe S.A.S.** | 6, boulevard Bineau<br>92300 Levallois-Perret (France) | 803433972<br>80343397200018 | 99,99 | 99,99 | 99,94 |
| **PCM Manufacturing France S.A.S.** | 6, boulevard Bineau<br>92300 Levallois-Perret (France) | 803933399<br>80393339900013 | 99,99 | 99,99 | 99,94 |
| **PCM Deutschland GmbH** | Wiesbadener Landstrasse 18<br>65203 Wiesbaden (Germany) | | 99,99 | 99,99 | 99,94 |
| **PCM Group UK Ltd.** | Pilot Road - Phoenix Parkway<br>Corby, Northamptonshire NN17 5YF (United Kingdom) | | 99,99 | 99,99 | 99,94 |
| **PCM Group Italia Srl** | Via Rutilia 10/8 sc. B<br>20141 Milano (Italy) | | 99,99 | 99,99 | 99,94 |
| **Sydex Srl** | Via Lord Baden Powell 24<br>36045 Lonigo (Italy) | | 54,99 | 54,99 | 54,97 |
| **Sydex Singapore Ltd** | 158 Kallang Way<br>#02-16 Performance Building<br>Singapore (349245) (Singapore) | } 90 % owned<br>} by Sydex Srl<br>} | | | |
| **Sydex USA LLC** | 9302 Deer Run Road<br>Waxhax, NC 28173 (United States) | } 62 % owned<br>} by Sydex Srl | | | |
| **Sydex Flow Ltda** | Praceta Vale da Romeira, nº 12<br>2840 - 449 Seixal (Portugal) | } 60 % owned<br>} by Sydex Srl | | | |
| **Torqueflow - Sydex Ltd** | Unit 2CB Deer Park Farm Industrial Estate<br>Knowle Lane<br>Eastleigh, Hampshire SO50 7PZ (United Kingdom) | } 40 % owned<br>} by Sydex Srl<br>} | | | |
| **PCM Kazakhstan LLP** | Office 46, Business Center "Grand Nur Plaza", 29A microregion<br>130000 Aktau (Kazakhstan) | | 99,99 | 99,99 | 99,94 |
| **PCM Rus LLC** | Voronezhskaya ulitsa 96, business center " Na Ligovskom", Office 171-179<br>192007 Saint Petersburg (Russia) | | 99,99 | 99,99 | 99,94 |
| **PCM Flow Technology Inc.** | 2711 Centerville Road, Suite 400, Lynn CanneLongo<br>Lynn CanneLongo Wilmington,<br>Delaware 19808 (United States) | | 99,99 | 99,99 | 99,94 |
| **PCM USA Inc.** | 11940 Brittmoore Park Drive<br>Houston Texas 77041 (United States) | }<br>} wholly owned | | | |
| **PCM Colombia SAS** | Calle 104, No. 14A-45, Oficina 302<br>Bogota (Colombia) | } by<br>} PCM Flow Technology Inc. | | | |
| **PCM Chile SpA** | Compania de Jesus # 1068, Oficina 201<br>Providencia, Santiago (Chile) | }<br>} | | | |
| **PCM Canada Inc.** | 101,5618 54th Avenue Bonnyville Alberta (Canada)<br>Delaware 19808 (United States) | | 99,99 | 99,99 | 99,94 |
| **PCM Artificial Lift Solutions Inc.** | hosted by Cougar 3712-56 Avenue<br>Edmonton, AB T6B 3R8 (Canada) | }<br>} wholly owned | | | |
| **Cougar Wellhead Services inc.** | 3712-56 Avenue<br>Edmonton, AB T6B 3R8 (Canada) | } by<br>} PCM Canada Inc. | | | |
| **Cougar Machine Ltd.** | 3712-56 Avenue<br>Edmonton, AB T6B 3R8 (Canada) | }<br>} | | | |
| **PCM Group Asia Pacific Pte. Ltd.** | 47, Kallang Pudding Road, #08-10<br>Singapore 349318 (Singapore) | | 99,99 | 99,99 | 99,94 |
| **PCM Trading (Shanghaï) Co. Ltd.** | Room 10A01, Shanghai Mart No. 2299<br>West Yan'an Road, Changning District<br>200336 Shanghaï (China) | | 99,99 | 99,99 | 99,94 |
| **PCM (Suzhou) Co. Ltd.** | Plant 12&13, Zhonglu Ecological Park<br>Ping Wang Town, Jiangsu Province<br>215221 Wujiang City (China) | | 99,99 | 99,99 | 99,94 |
| **PCM Group Australia Pty Ltd** | 113/45 Gilby Road, Mount Waverley<br>Victoria, Vic 3149 (Australia) | | 99,99 | 99,99 | 99,94 |
| **PCM Middle East FZE** | Dubai Airport Free Zone, Office 741, 5 East Wing<br>P.O. Box 293527, Dubai (United Arab Emirates) | | 99,99 | 99,99 | 99,94 |
| **PCM Muscat LLC** | Al Zubair Building, Building 8, Office 801<br>P.O. Box 167, PC 103, Muscat (Sultanate of Oman) | | 99,99 | 99,99 | 99,94 |

## 2.2. Comments on the scope of consolidation and controlling interests

- Cougar Wellhead Services Inc. and Cougar Machine Ltd. were acquired in September 2019. They are now 100% owned by PCM Canada Inc.
- In november 2019, PCM Canada Inc. acquired 25 % of PCM Artificial Lift Solutions Inc.. This company is now 100% owned by PCM Canada Inc.

- There was no other change in the scope of consolidation in 2019.

- To our knowledge, there are no significant restrictions on subsidiaries transferring funds to the parent company, Gévelot S.A., in the form of cash dividends or repayments of loans or advances.

## 2.3. Exchange rates used for financial statements prepared in foreign currencies

The companies' balance sheet items were translated at the closing exchange rate on 31 December 2019 and their expense and income account items were translated using the following rates:

| | Closing rate | | Average rate | |
|---|---|---|---|---|
| Currency | 31/12/2019 | 31/12/2018 | FY 2019 | FY 2018 |
| 1 US dollar | €0.89020 | €0.87340 | €0.89320 | €0.84640 |
| 1 GB pound | €1.17540 | €1.11790 | €1.13990 | €1.13020 |
| 1 Chinese yuan | €0.12790 | €0.12700 | €0.12930 | €0.12810 |
| 1 Canadian dollar | €0.68500 | €0.64080 | €0.67310 | €0.65350 |
| 1 Chilean peso | €0.00120 | €0.00130 | €0.00130 | €0.00130 |
| 1 Colombian peso | €0.00027 | €0.00027 | €0.00027 | €0.00029 |
| 1 Australian dollar | €0.62520 | €0.61650 | €0.62090 | €0.63300 |
| 1 Omani rial | €2.31640 | €2.26500 | €2.32230 | €2.20560 |
| 1 United Arab Emirates dirham | €0.24280 | €0.23740 | €0.24340 | €0.23120 |
| 1 Russian ruble | €0.01430 | €0.01250 | €0.01380 | €0.01350 |
| 1 Kazakhstani tenge | €0.00230 | €0.00230 | €0.00230 | €0.00250 |

## Note 3 : Share capital

| (in euros) | At 31/12/2018 | | | FY 2019 | At 31/12/2019 | | |
|---|---|---|---|---|---|---|---|
| | Ordinary | Treasury | Total | Cancelled | Ordinary | Treasury | Total |
| **Ordinary shares** | | | | | | | |
| Number | 769 500 | - | 769 500 | - | 769 500 | - | 769 500 |
| Par value | 35 | - | 35 | - | 35 | - | 35 |
| **Total** | **26 932 500** | **-** | **26 932 500** | **-** | **26 932 500** | **-** | **26 932 500** |

**Composition of share capital:**

At 31 December 2019, authorized share capital totalled 26,933 thousand euros, comprising 769,500 ordinary shares with a par value of 35 euros each, issued and fully paid up.

At 31 December 2019, the Group does not hold any of its own shares.

The Group does not have any stock option plans (purchase and / or subscription) under which options on Company shares are awarded to certain employees and senior managers.

# Note 4 : Goodwill, intangible and tangible capital assets

## 4.1. Goodwill, intangible and tangible capital assets

| 31.12.2019 | Goodwill | Development costs | Software and other | In progress | Advances and down payments | Intangible assets |
|---|---|---|---|---|---|---|
| **Gross value** | | | | | | |
| **At the beginning of period** | 5 591 | 2 467 | 5 043 | - | - | 7 510 |
| Acquisitions and increases | 7 720 | 1 | 304 | 330 | 22 | 657 |
| Disposals | - | - | (50) | - | - | (50) |
| Transfers | - | - | 9 | 10 | - | 19 |
| Translation adjustments | 791 | - | 8 | - | - | 8 |
| **At the end of period** | 14 102 | 2 468 | 5 314 | 340 | 22 | 8 144 |
| **Amortisation and depreciation** | | | | | | |
| **At the beginning of period** | (3 803) | (2 307) | (4 105) | - | - | (6 412) |
| Expenses | - | (42) | (218) | - | - | (260) |
| Net depreciation | - | - | - | - | - | - |
| Disposals | - | - | 40 | - | - | 40 |
| Transfers | - | - | (4) | - | - | (4) |
| Translation adjustments | (237) | - | (6) | - | - | (6) |
| **At the end of period** | (4 040) | (2 349) | (4 293) | - | - | (6 642) |
| Net value at the beginning of period | 1 788 | 160 | 938 | - | - | 1 098 |
| **Net value at the end of period** | 10 062 | 119 | 1 021 | 340 | 22 | 1 502 |

| 31.12.2018 | Goodwill | Development costs | Software and other | In progress | Advances and down payments | Intangible assets |
|---|---|---|---|---|---|---|
| **Gross value** | | | | | | |
| **At the beginning of period** | 5 426 | 2 468 | 4 895 | - | - | 7 363 |
| Acquisitions and increases | - | - | 162 | - | - | 162 |
| Disposals | - | - | (58) | - | - | (58) |
| Transfers | - | (1) | 37 | - | - | 36 |
| Translation adjustments | 165 | - | 7 | - | - | 7 |
| **At the end of period** | 5 591 | 2 467 | 5 043 | - | - | 7 510 |
| **Amortisation and depreciation** | | | | | | |
| **At the beginning of period** | (3 631) | (2 250) | (3 852) | - | - | (6 102) |
| Expenses | - | (57) | (270) | - | - | (327) |
| Net depreciation | - | - | - | - | - | - |
| Disposals | - | - | 58 | - | - | 58 |
| Transfers | - | - | (34) | - | - | (34) |
| Translation adjustments | (172) | - | (7) | - | - | (7) |
| **At the end of period** | (3 803) | (2 307) | (4 105) | - | - | (6 412) |
| Net value at the beginning of period | 1 795 | 218 | 1 043 | - | - | 1 261 |
| **Net value at the end of period** | 1 788 | 160 | 938 | - | - | 1 098 |

## 4.2. Tangible assets fully owned

| | 31.12.2019 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Land | Buildings | Plant and machinery | Other | In progress | Advances and down payments | Tangible assets |
| **Gross value** | | | | | | | |
| **At the beginning of period** | **3 188** | **18 645** | **34 292** | **4 912** | **661** | **-** | **61 698** |
| Reclassification of finance lease assets | (820) | (1 690) | (2 538) | - | (403) | - | **(5 451)** |
| **At 1 January 2019** | **2 368** | **16 955** | **31 754** | **4 912** | **258** | **-** | **56 247** |
| Acquisitions and increases | - | 1 777 | 981 | 333 | 564 | 3 | **3 658** |
| Disposals | (1) | (32) | (291) | (361) | (2) | - | **(687)** |
| Changes in scope | - | - | 4 238 | 161 | - | - | **4 399** |
| Transfers | - | 36 | 163 | (41) | (170) | - | **(12)** |
| Translation adjustments | 14 | 135 | 564 | 30 | - | | **743** |
| **At the end of period** | **2 381** | **18 871** | **37 409** | **5 034** | **650** | **3** | **64 348** |
| **Amortisation and depreciation** | | | | | | | |
| **At the beginning of period** | - | **(3 441)** | **(22 222)** | **(3 423)** | **-** | **-** | **(29 086)** |
| Reclassification of finance lease assets | - | 32 | 1 431 | - | - | - | **1 463** |
| **At 1 January 2019** | - | **(3 409)** | **(20 791)** | **(3 423)** | **-** | **-** | **(27 623)** |
| Expenses | - | (515) | (1 915) | (372) | - | - | **(2 802)** |
| Net depreciation | - | - | - | - | - | - | **-** |
| Disposals | - | 32 | 285 | 354 | - | - | **671** |
| Changes in scope | - | - | (1 984) | (78) | - | - | **(2 062)** |
| Transfers | - | - | (10) | 14 | - | - | **4** |
| Translation adjustments | - | (18) | (310) | (13) | - | - | **(341)** |
| **At the end of period** | **-** | **(3 910)** | **(24 725)** | **(3 518)** | **-** | **-** | **(32 153)** |
| Net value at 1 January 2019 | 2 368 | 13 546 | 10 963 | 1 489 | 258 | - | **28 624** |
| **Net value at the end of period** | **2 381** | **14 961** | **12 684** | **1 516** | **650** | **3** | **32 195** |

| | 31.12.2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Land | Buildings | Plant and machinery | Other | In progress | Advances and down payments | Tangible assets |
| **Gross value** | | | | | | | |
| **At the beginning of period** | **3 419** | **17 256** | **34 241** | **4 934** | **151** | **-** | **60 001** |
| Acquisitions and increases | 1 | 1 203 | 927 | 298 | 640 | - | **3 069** |
| Disposals | (248) | (1) | (1 185) | (306) | - | - | **(1 740)** |
| Transfers | - | 17 | 89 | (12) | (130) | - | **(36)** |
| Translation adjustments | 16 | 170 | 220 | (2) | - | | **404** |
| **At the end of period** | **3 188** | **18 645** | **34 292** | **4 912** | **661** | **-** | **61 698** |
| **Amortisation and depreciation** | | | | | | | |
| **At the beginning of period** | - | **(3 043)** | **(20 978)** | **(3 385)** | **-** | **-** | **(27 406)** |
| Expenses | - | (497) | (2 289) | (303) | - | - | **(3 089)** |
| Net depreciation | - | - | - | - | - | - | **-** |
| Disposals | - | 126 | 1 133 | 232 | - | - | **1 491** |
| Transfers | - | - | - | 34 | - | - | **34** |
| Translation adjustments | - | (27) | (88) | (1) | - | - | **(116)** |
| **At the end of period** | **-** | **(3 441)** | **(22 222)** | **(3 423)** | **-** | **-** | **(29 086)** |
| Net value at the beginning of period | 3 419 | 14 213 | 13 263 | 1 549 | 151 | - | **32 595** |
| **Net value at the end of period** | **3 188** | **15 204** | **12 070** | **1 489** | **661** | **-** | **32 612** |

## 4.3. Rights-of-use

| | 31.12.2019 | | | | | |
|---|---|---|---|---|---|---|
| | Land | Buildings | Plant and machinery | Other | In progress | Total |
| **Gross value** | | | | | | |
| Reclassification of finance leases | 820 | 1 690 | 2 538 | - | 403 | 5 451 |
| Impact of the first application of IFRS 16 | - | 1 411 | 16 | 441 | - | 1 868 |
| **At 1 January 2019** | **820** | **3 101** | **2 554** | **441** | **403** | **7 319** |
| Acquisitions and increases | - | 1 004 | 258 | 364 | - | 1 626 |
| Disposals and decreases | - | (279) | - | (70) | - | (349) |
| Changes in scope | - | 1 785 | 1 271 | 72 | - | 3 128 |
| Transfers | - | - | 396 | - | (403) | (7) |
| Translation adjustments | - | 120 | 88 | 9 | - | 217 |
| **At the end of period** | **820** | **5 731** | **4 567** | **816** | **-** | **11 934** |
| **Amortisation and depreciation** | | | | | | |
| Reclassification of finance leases | - | (32) | (1 431) | - | - | (1 463) |
| **At 1 January 2019** | **-** | **(32)** | **(1 431)** | **-** | **-** | **(1 463)** |
| Expenses and increases | - | (1 207) | (576) | (277) | - | (2 060) |
| Disposals and decreases | - | 279 | - | 70 | - | 349 |
| Changes in scope | - | (249) | (197) | (22) | - | (468) |
| Translation adjustments | - | (21) | (15) | (2) | - | (38) |
| **At the end of period** | **-** | **(1 230)** | **(2 219)** | **(231)** | **-** | **(3 680)** |
| Net amount at 1 January 2019 | 820 | 3 069 | 1 123 | 441 | 403 | 5 856 |
| **Net amount at the end of period** | **820** | **4 501** | **2 348** | **585** | **-** | **8 254** |

## 4.4. Depreciation

In accordance with the principle stated in Note 1.2.4 on 31 December 2019, the Group carried out a comparison of the net carrying amount of the assets and their value in use for the CGU incorporating goodwill (PCM Group UK Ltd., Sydex Srl).

Value in use is defined as the sum of future discounted cash flows estimated on the basis of three-year activity and investment plans. The growth rates used to extrapolate forecasted cash flows beyond three years are 1% (1% for the tests carried out at the end of 2018).

The discount rate applied is 7% for the Pumps sector (7.4% for the tests carried out at the end of 2018) and correspond to the average cost of the capital after tax, taking each segments specific market rates and risk premiums into account.

These approaches are based on the Group best estimates in an uncertain economic environment.
The new tests at 31 December did not lead to any depreciation.

The sensitivity of the value in use calculations to changes in the various assumptions is set out in the table below:

| | Goodwill | CGU carrying amount | Difference in value between the Test and Accounts | Impact on the difference in value | | |
|---|---|---|---|---|---|---|
| | | | | Discount rate | Indefinite growth rate | Change in cash flow |
| Variation | | | | +0,5 % | -0,5 % | -10 % |
| **Pumps sector** | | | | | | |
| PCM Group UK Ltd. | €0.9 M | €2.6 M | +€4.2 M | -€0,5 M | -€0,4 M | -€0,7 M |
| Sydex Srl | €0.9 M | €4.2 M | +€7.2 M | -€0,8 M | -€0,7 M | -€1,1 M |

The Pump Sector CGUs other than those of PCM Group UK and Sydex, in the absence of any indication of impairment in the Pump Sector, did not give rise to any impairment test.

## Note 5: Financial assets

| | 2019 | 2018 |
|---|---|---|
| **Non-current** | | |
| Loans | 150 | 168 |
| Other | 336 | 252 |
| **Total non-current financial assets** | **486** | **420** |
| **Current** | | |
| Loans | 18 | 21 |
| Other | - | 4 |
| Bank term deposit over three months | 34 735 | 85 297 |
| **Total current financial assets** | **34 753** | **85 322** |
| **Total financial assets** | **35 239** | **85 742** |

Financial assets are recognised at amortised cost.

Bank term deposits over three months consist mainly of investments maturing in more than three months and not recognised as cash. These investments consist of bank term deposits or structured products that provide capital guarantees or protection barriers. They have been subject to the business model applied by the Group and comply with the "SPPI" criterion (see note 1.2.5).

## Note 6: Inventories

| | 2019 | 2018 |
|---|---|---|
| Gross amount | 33 646 | 26 911 |
| Depreciation | (484) | (664) |
| **Total** | **33 162** | **26 247** |

## Note 7: Trade accounts receivable

| | 2019 | 2018 |
|---|---|---|
| Gross amount | 47 887 | 40 722 |
| Depreciation | (1 989) | (1 995) |
| **Total** | **45 898** | **38 727** |

The increase in trade accounts receivable is mainly due to a higher turnover at the end of the year.

Pursuant to IFRS 9, trade receivables are subject to impairment upon initial recognition, based on an assessment of expected credit losses at maturity. The impairment is then reviewed based on the worsening risk of non-recovery, if any. The indicators of impairment that lead the Group to reflect on this point are: existence of unresolved disputes, the age of the receivables or significant financial difficulties of the debtor.

The Group pays special attention to the security of payments for goods and services delivered to its customers.

European Customers do not present significant risks and are generally subject to collection systems by specialised companies. The major export customers positioned in areas with major geopolitical risks are subject to specific monitoring.

## Note 8: Other accounts receivable

| | 2019 | 2018 |
|---|---|---|
| Advances and down payments on orders | 338 | 119 |
| Central and local government excluding corporate income tax | 1 404 | 1 511 |
| Personnel | 80 | 204 |
| Debit supplier balances | 32 | 23 |
| Other debtors | 712 | 1 247 |
| Prepaid expenses | 717 | 668 |
| **Total** | **3 283** | **3 772** |

## Note 9: Cash and cash equivalents

| | 2019 | 2018 |
|---|---|---|
| Cash | 78 058 | 80 095 |
| Bank term deposits | 26 255 | 9 084 |
| SICAV and monetary mutual funds | 21 660 | - |
| **Cash and cash equivalents** | **125 973** | **89 179** |

Cash and cash equivalents mature in the short term
Bank term deposit rates range from 0.04% to 1.60%.
€1.1 M of cash belonging to the Group's chinese entities is intented to finance their development.

In the consolidated cash flow statement, cash flows and bank overdrafts include:

| | | 2019 | 2018 |
|---|---|---|---|
| Cash and cash equivalents | | 125 973 | 89 179 |
| Bank overdrafts | Note 13 | - | (1) |
| **Cash position at closing** | | **125 973** | **89 178** |

## Note 10: Other accounts payable

| | 2019 | 2018 |
|---|---|---|
| **Non-current** | | |
| Other creditors (*) | 5 530 | - |
| **Total non-current creditors** | **5 530** | **-** |
| **Current** | | |
| Tax debts excluding corporate income tax, personnel and welfare agencies | 7 960 | 7 741 |
| Other creditors | 6 487 | 1 147 |
| **Total** | **14 447** | **8 888** |

(*) This amount corresponds to an earn-out of $8.1 MCAD (see Note 1.B) which is a fixed amount determined on the basis of a target EBITDA.

## Note 11: Provisions

| | 01.01.2019 | Provisions | Reversals provision used | Reversals provision not used | Translations and changes in scope | 31.12.2019 Total | 31.12.2019 Under one year | 31.12.2019 Over one year |
|---|---|---|---|---|---|---|---|---|
| **Contingency provisions** | | | | | | | | |
| . Other contingency provisions | 446 | 197 | (117) | (90) | - | 436 | 175 | 261 |
| **Total** | **446** | **197** | **(117)** | **(90)** | **-** | **436** | **175** | **261** |
| **Loss provisions** | | | | | | | | |
| . Other loss provisions | 356 (*) | 76 | (171) | - | - | 261 (*) | 58 | 203 |
| . Retirement provisions (Note 12) | 2 144 | 304 | - | - | - | 2 448 | - | 2 448 |
| . Work medal provisions | 147 | 8 | - | - | - | 155 | - | 155 |
| **Total** | **2 647** | **388** | **(171)** | **-** | **-** | **2 864** | **58** | **2 806** |
| **Total provisions** | **3 093** | **585** | **(288)** | **(90)** | **-** | **3 300** | **233** | **3 067** |

(*) Other loss provisions include:

| | 01.01.2019 | 31.12.2019 |
|---|---|---|
| - provisions for operating expenses | 181 | 58 |
| - provisions for personnel expenses | 175 | 203 |
| | 356 | 261 |

# Note 12: Employee Benefits

The Group grants post-employment benefits to its personnel employed in France. These expenses are recognised:
- as current operating income for the cost of services rendered, paid services and past services;
- as operating income for regime reductions / liquidations;
- as other financial income and expenses for the net financial charge;
- as other comprehensive income for the effects of revaluation.

## Retirement benefits

| | 2019 | 2018 |
|---|---|---|
| **Provision in the balance sheet** | | |
| Discounted value of obligations covered | 2 776 | 2 466 |
| Fair value of the plan's assets | (328) | (322) |
| **Provision recognised in the balance sheet** | **2 448** | **2 144** |
| **Discounted value of obligations covered** | | |
| At the beginning of the period | 2 466 | 2 664 |
| Cost of services rendered | 180 | 192 |
| Financial cost | 42 | 37 |
| Benefits paid | (83) | (251) |
| Actuarial gain / loss of period | 171 | (176) |
| **Discounted value of obligations covered** | **2 776** | **2 466** |
| **Fair value of the plan's assets** | | |
| at the beginning of the period | 322 | 479 |
| Interest income | 5 | 5 |
| Contributions | - | - |
| Benefits paid | - | (165) |
| Actuarial gain / loss of period | 1 | 3 |
| **Fair value of the plan's assets** | **328** | **322** |
| **Change in provisions** | | |
| At the beginning of the period | 2 144 | 2 185 |
| Period's expenses / income | 134 | 138 |
| Disbursements | - | - |
| Actuarial gain / loss of period | 170 | (179) |
| Changes in scope | - | - |
| **Change in provisions** | **2 448** | **2 144** |
| **Total expense recognised in income statement** | | |
| Cost of services rendered | 180 | 192 |
| Financial cost | 37 | 32 |
| Benefits paid | (83) | (86) |
| Reduction / liquidation of plan | - | - |
| **Expense / income regognised in income statement** | **134** | **138** |

| **Main actuarial assumptions** | | |
|---|---|---|
| - Discount rate | 0.80% | 1.60% |
| - Rate of pay rises | 2.00% | 2.00% |
| - Retirement age | 63 (non managerial), 65 (man) | 63 (non managerial), 65 (man) |

The turnover table is at 0% after 56.

Defined benefit plans are evaluated by independant actuaries.

Work medals paid out by the Group companies to their personnel are covered by a provision calculated by an independent actuary (see note 11).

# Note 13: Financial liabilities

## 13.1. Financial liabilities

| | 2019 | 2018 |
|---|---|---|
| **Non-current** | | |
| Bank loans | 2 410 | 7 054 |
| Other borrowing and financial debt | 267 | 200 |
| **Total non-current financial liabilities** | **2 677** | **7 254** |
| **Current** | | |
| Bank loans | 2 690 | 3 209 |
| Other borrowing and financial debt | - | - |
| Derivatives | - | - |
| Bank overdrafts | - | 1 |
| **Total current financial liabilities** | **2 690** | **3 210** |
| **Total financial liabilities** | **5 367** | **10 464** |

## 13.2. Changes in financial liabilities

| | 01.01.2019 | Reclassification of leases | New loans | Repayments | Changes in scope | Translation adjustments | Reclassification | 31.12.2019 |
|---|---|---|---|---|---|---|---|---|
| Bank loans | 10 263 | (2 798) | 627 | (2 604) | - | 15 | (403) | 5 100 |
| Other borrowing and financial debt | 200 | - | 13 | (77) | 124 | 7 | - | 267 |
| **Financial liabilities (excluding overdrafts)** | **10 463** | **(2 798)** | **640** | **(2 681)** | **124** | **22** | **(403)** | **5 367** |
| Bank overdrafts | 1 | - | - | (1) | - | - | - | - |
| **Total** | **10 464** | **(2 798)** | **640** | **(2 682)** | **124** | **22** | **(403)** | **5 367** |

## 13.3. Breakdown of financial liabilities by date of maturity

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 and beyond |
|---|---|---|---|---|---|---|
| Bank loans | 2 690 | 2 151 | 105 | 77 | 34 | 43 |
| Other borrowing and financial debt | 62 | - | - | - | - | 205 |
| **Total** | **2 752** | **2 151** | **105** | **77** | **34** | **248** |

## 13.4. Breakdown of financial liabilities by main currencies

| | Total | | Euros | | US Dollars | | Other currencies | |
|---|---|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Bank loans | 5 100 | 10 263 | 4 852 | 9 170 | - | 1 093 | 248 | - |
| Other borrowing and financial debt | 267 | 200 | 205 | 200 | - | - | 62 | - |
| Bank overdrafts | - | 1 | - | 1 | - | - | - | - |
| **Total** | **5 367** | **10 464** | **5 057** | **9 371** | **-** | **1 093** | **310** | **-** |

## 13.5. Breakdown of financial liabilities by type of rate

| | 2019 | 2018 |
|---|---|---|
| Non-covered variable rates (*) | 2 236 | 3 220 |
| Fixed rates | 3 131 | 4 445 |
| Interest | - | - |
| Overdrafts | - | 1 |
| Leases | - | 2 798 |
| **Total** | **5 367** | **10 464** |

*(*) loans at non-covered variable rates mature between 2020 and 2021.*

Weighted average interest rate is Euribor 3M + 1.20 % for loans at non-covered variable rates.
For loans at fixed rates, interest rates varie between 0% and 2.25%.

### 13.6. Changes in lease liabilities

| | Impact at 1 January | Reclassification of leases | New loans | Repayments | Changes in scope | Translation adjustments | Reclassification | 31.12.2019 |
|---|---|---|---|---|---|---|---|---|
| Lease liabilities | 1 868 | 2 798 | 1 606 | (2 179) | 2 360 | 160 | 403 | 7 016 |
| **Total** | **1 868** | **2 798** | **1 606** | **(2 179)** | **2 360** | **160** | **403** | **7 016** |

### 13.7. Breakdown of lease liabilities by date of maturity

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 and beyond |
|---|---|---|---|---|---|---|
| Lease liabilities | 1 985 | 1 921 | 1 013 | 944 | 221 | 932 |
| **Total** | **1 985** | **1 921** | **1 013** | **944** | **221** | **932** |

### 13.8. Breakdown of lease liabilities by main currencies

| | Total | | Euros | | US Dollars | | Other currencies | |
|---|---|---|---|---|---|---|---|---|
| | 31.12.2019 | 01.01.2019 | 31.12.2019 | 01.01.2019 | 31.12.2019 | 01.01.2019 | 31.12.2019 | 01.01.2019 |
| Lease liabilities | 7 016 | - | 3 547 | - | 10 | - | 3 459 | - |
| **Total** | **7 016** | **-** | **3 547** | **-** | **10** | **-** | **3 459** | **-** |

## Note 14: Taxes

### 14.1. Payable taxes

| | 01.01.2019 | Payments | Down payments | Research tax credit | Period expense | 31.12.2019 |
|---|---|---|---|---|---|---|
| Asset | (1 195) | 1 195 | (1 261) | (402) | 1 228 | (435) |
| Liability | 92 | (129) | (389) | - | 578 | 152 |
| **Total** | | | | | **1 806** | |

### 14.2. Deferred taxes

| | | Movements | | | | |
|---|---|---|---|---|---|---|
| | 01.01.2019[a] | Income statement | Other operating results | Changes in scope | Other (incl. translation adjustment) | 31.12.2019 |
| Deferred tax assets | (1 583) | (39) | (43) | - | (9) | (1 674) |
| Deferred tax liabilities | 3 148 | (150) | - | - | 15 | 3 013 |
| **Total** | **1 565** | **(189)** | **(43)** | **-** | **6** | **1 339** |

[a] amounts restated (see Note 1.D)

Deferred tax assets mainly result from provisions for pensions and other employee benefits (€0.6 M), tax timing differences (€0.6 M) and eliminations of margins on inventories (€0.4 M).

Deferred tax liabilities arise mainly from differentials of valuation and amortization of fixed assets (€1.0 M) and regulated provisions (€1.9 M).

In accordance with Note 1.2.10, deferred tax assets and liabilities are offset when they concern the same taxable entity and appear in the balance sheet as an asset or liability on the basis of their net balance. Thus, €1,339K at the end of 2019 are broken down between €1,626 K in liabilities and €287 K in assets.

## 14.3. Income tax expenses

The breakdown of tax in the income statement is as follows:

| | 2019 | 2018 |
|---|---|---|
| Payable taxes | 1 806 | 1 782 |
| Deferred tax * | (189) | (66) |
| **Total** | **1 617** | **1 716** |

| *** Deferred tax expenses / income breaks down as follows:** | | |
|---|---|---|
| - Income / expenses from net provisions for / reversals of intangible and tangible capital asset amortisation | 24 | 28 |
| - Expenses on reversed regulated provisions and other taxes | (125) | (43) |
| - Other income and expenses | (115) | 90 |
| - Deficits carried forward | 166 | 17 |
| - Other timing differences | (139) | (158) |
| **Total deferred tax expense / (income)** | **(189)** | **(66)** |

**Reconciliation of the theoretical and the recognised income tax expense:**

| | | 2019 |
|---|---|---|
| **Current operating income of consolidated companies** | | **10 551** |
| Theoretical tax calculated at the legal tax rate specific to each country | (2 657) | |
| Net impact of non-deductible or non-taxable expenses and income | 261 | |
| Impact of non-recognised losses | (228) | |
| Impact of interest rate differentials | 1 007 | |
| Effective income tax expense / income on current operations | | (1 617) |
| **Net income of consolidated companies** | | **8 934** |

The net impact of non-deductible or non-taxable expenses and income essentially includes permanent timing differences.

## Rate of corporate income tax

| Rate of corporate income tax | 2019 to 2020 | FY 2021 | 2022 and subsequent financial year |
|---|---|---|---|
| France | 28.00% | 26.50% | 25.00% |

| Rate of corporate income tax | FY 2019 | 2020 and subsequent financial year | | FY 2019 | 2020 and subsequent financial year |
|---|---|---|---|---|---|
| Germany | 31.23% | 31.23% | Oman | 15.00% | 15.00% |
| America | 21.00% | 21.00% | Kazakhstan | 20.00% | 20.00% |
| England | 19.00% | 19.00% | Russia | 20.00% | 20.00% |
| Italy | 27.90% | 27.90% | Singapore | 17.00% | 17.00% |
| China | 25.00% | 25.00% | Australia | 30.00% | 30.00% |

# Note 15: Income from operating activities

## 15.1. Income from operating activities

| | 2019 | 2018 |
|---|---|---|
| Turnover | 103 730 | 94 225 |
| Other income | 4 900 | 4 433 |
| **Revenue from contracts with customers** | **108 630** | **98 658** |
| **Other income from operating activities** | | |
| Operating grants | 431 | 383 |
| Other income | 275 | 416 |
| **Total income from operating activities** | **109 336** | **99 457** |

"Operating grants" mainly consist in research tax credits.

The table below shows the breakdown of revenue from contracts with customers according to the time of recognition:

| | 2019 | 2018 |
|---|---|---|
| Revenue transferred at a point in time | 73 382 | 74 366 |
| Revenue and services over time | 35 248 | 24 292 |
| **Revenue from contracts with customers** | **108 630** | **98 658** |

The breakdown of turnover by business segment and geographic area is presented in Note 18.

## 15.2. Balance of contracts

The table below provides information regarding trade receivables and contract assets and liabilities arising from contracts with customers.

| | 31/12/2019 | 31/12/2018 |
|---|---|---|
| Trade accounts receivable | 45 898 | 38 727 |
| Contract liabilities | (53 140) | (51 881) |

The Group has not identified significant contract assets as contracts are short-term and regular invoices are carried out during the manufacturing phase.

Contract liabilities correspond to advance payments received from customers, as well as prepaid income.

As allowed by IFRS 15, no disclosure is provided regarding the remaining performance obligations at 31 December 2019 for contracts with an expected initial term of one year or less.

# Note 16: Current operating expenses

| | | | 2019 | 2018 |
|---|---|---|---|---|
| Production stored | | | (1 124) | (718) |
| Capitalised production | | | (193) | (12) |
| Purchases of goods | | | 14 695 | 10 324 |
| Changes in goods inventory | | | 596 | 1 650 |
| Purchases of raw materials and other supplies | | | 21 353 | 21 056 |
| Changes in inventories of raw materials and other supplies | | | (939) | (331) |
| Other purchases and external charges (*) | | | 22 094 | 20 931 |
| Payroll expenses | | | 37 347 | 33 784 |
| Taxes and comparable payments | | | 1 595 | 1 371 |
| Depreciation and estimated expenses: | | | | |
| . On capital assets | - depreciation expenses | Note 4 | 3 062 | 3 416 |
| . On rights of use | - depreciation expenses | | 2 060 | - |
| . On current assets | - estimated expenses | | (90) | 632 |
| . Contingency | - estimated expenses | | (114) | (373) |
| Other expenses | | | 443 | 354 |
| **Total current operating expenses** | | | **100 785** | **92 084** |

(*) including €249 K for lease contrats under 12 months and €7 K for those of low value in 2019.

## Note 17: Financial income / loss

| | 2019 | 2018 |
|---|---|---|
| Interest generated by cash and cash equivalents | 620 | 395 |
| Net earnings from sales of short-term investments | 908 | 558 |
| **Income from cash and cash equivalents** | **1 528** | **953** |
| Interest charges on financing transactions | 60 | 216 |
| Interest charges on lease liabilities | 152 | - |
| **Gross cost of financial indebtedness** | **212** | **216** |
| **Net cost of financial indebtedness** | **1 316** | **737** |
| Income from non-consolidated securities | - | - |
| Discounted financial income | - | 7 |
| Exchange gains | 4 635 | 6 855 |
| Other financial income | 136 | 164 |
| **Total other financial income** | **4 771** | **7 026** |
| Discounted financial expenses | - | - |
| Exchange losses | 3 731 | 6 913 |
| Other financial expenses | 211 | 257 |
| **Total other financial expenses** | **3 942** | **7 170** |
| **Income (loss) from other financial income and expenses** | **829** | **(144)** |
| **Financial income (loss)** | **2 145** | **593** |

## Note 18: Segment Information

### 18.1. Breakdown of fixed assets by business segment

| | At 31.12.2019 | | | At 31.12.2018 | | |
|---|---|---|---|---|---|---|
| | Pumps | Other business | Total | Pumps | Other business | Total |
| **Goodwill (1)** | **14 102** | **-** | **14 102** | **5 591** | **-** | **5 591** |
| **Intangibles subtotal** | **8 124** | **20** | **8 144** | **7 490** | **20** | **7 510** |
| Land | 1 348 | 1 853 | **3 201** | 1 335 | 1 853 | **3 188** |
| Buildings | 21 554 | 3 048 | **24 602** | 15 829 | 2 816 | **18 645** |
| Industrial plant and other | 47 598 | 228 | **47 826** | 39 078 | 126 | **39 204** |
| Construction work in progress | 650 | - | **650** | 661 | - | **661** |
| Advances and down payments | - | 3 | **3** | - | - | **-** |
| **Tangibles subtotal** | **71 150** | **5 132** | **76 282** | **56 903** | **4 795** | **61 698** |
| **Gross values** | **93 376** | **5 152** | **98 528** | **69 984** | **4 815** | **74 799** |
| Accumulated amortisation / depreciation | 46 108 | 407 | **46 515** | 38 967 | 334 | **39 301** |
| **Net values** | **47 268** | **4 745** | **52 013** | **31 017** | **4 481** | **35 498** |
| Period's expenses | 5 069 | 53 | **5 122** | 3 366 | 50 | **3 416** |
| | | | | | | |
| ***Balance sheet total by business segment*** | 211 538 | 91 670 | | 197 317 | 89 709 | |

(1) concerns PCM Group UK Ltd., PCM Artificial Lift Solutions Inc., Sydex Srl, Cougar Wellhead Services Inc. and Cougar Machine Ltd.

Gévelot S.A.'s land and buildings put at the disposal of the Subsidiaries, have been allocated to the Pumps sector for €1.0 million.

Total capital expenditure on intangibles and tangibles in 2019 amounted to:

| | |
|---|---|
| Pumps / Fluid Technology: | €4,252 K |
| Other business: | €63 K |
| | €4,315 K |

Total capital expenditure on intangibles and tangibles in 2018 amounted to:

| | |
|---|---|
| Pumps / Fluid Technology: | €3,224 K |
| Other business: | €7 K |
| | €3,231 K |

## 18.2. Changes in financial liabilities by business segment

| | 01.01.2019 | Repayments | New loans | Translations and reclassification | 31.12.2019 |
|---|---|---|---|---|---|
| **Loans and debt with lending institutions (incl. Lease liabilities)** | | | | | |
| Pumps / Fluid Technology | 11 146 | (4 699) | 2 148 | 2 535 | 11 130 |
| Other business | 985 | (84) | 85 | - | 986 |
| **Subtotal** | **12 131** | **(4 783)** | **2 233** | **2 535** | **12 116** |
| **Other loans and financial debts** | **200** | **(77)** | **13** | **131** | **267** |
| Bank overdrafts | | | | | |
| Pumps / Fluid Technology | - | - | - | - | - |
| Other business | 1 | (1) | - | - | - |
| **Subtotal** | **1** | **(1)** | **-** | **-** | **-** |
| **Total** | **12 332** | **(4 861)** | **2 246** | **2 666** | **12 383** |

## 18.3. Consolidated turnover by business segment

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Outside Group | Intra Group | Total | Outside Group | Intra Group | Total |
| Pumps / Fluid Technology | 103 550 | 32 | 103 582 | 94 064 | 28 | 94 092 |
| Other business | 180 | 618 | 798 | 161 | 404 | 565 |
| Eliminations and reconciliations | - | (650) | (650) | - | (432) | (432) |
| **Total** | **103 730** | **-** | **103 730** | **94 225** | **-** | **94 225** |

## 18.4. Results by business segment

### Results of operations

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Outside Group | Intra Group | Total | Outside Group | Intra Group | Total |
| Pumps / Fluid Technology | 9 760 | (622) | 9 138 | 8 333 | (412) | 7 921 |
| Other business | (1 209) | 622 | (587) | (960) | 412 | (548) |
| **Total** | **8 551** | **-** | **8 551** | **7 373** | **-** | **7 373** |

| Transition from results of operations to revenue | Pumps | Other business | Total 2019 | Total 2018 |
|---|---|---|---|---|
| **Results of operations** | **9 138** | **(587)** | **8 551** | **7 373** |
| Other operating income | 13 | 4 | 17 | 131 |
| Litigation | (110) | - | (110) | (15) |
| Other operating expenses | (49) | (3) | (52) | (147) |
| **Revenue** | **8 992** | **(586)** | **8 406** | **7 342** |

### Revenue

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Outside Group | Intra Group | Total | Outside Group | Intra Group | Total |
| Pumps / Fluid Technology | 9 614 | (622) | 8 992 | 8 305 | (412) | 7 893 |
| Other business | (1 208) | 622 | (586) | (963) | 412 | (551) |
| **Total** | **8 406** | **-** | **8 406** | **7 342** | **-** | **7 342** |

### Earnings before tax of consolidated companies

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Outside Group | Intra Group | Total | Outside Group | Intra Group | Total |
| Pumps / Fluid Technology | 10 944 | (622) | 10 322 | 8 683 | (412) | 8 271 |
| Other business | (393) | 622 | 229 | (748) | 412 | (336) |
| **Total** | **10 551** | **-** | **10 551** | **7 935** | **-** | **7 935** |

### Net consolidated income

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Outside Group | Intra Group | Total | Outside Group | Intra Group | Total |
| Pumps / Fluid Technology | 8 397 | (448) | 7 949 | 6 143 | (297) | 5 846 |
| Other business | 540 | 448 | 988 | 37 | 297 | 334 |
| **Total** | **8 937** | **-** | **8 937** | **6 180** | **-** | **6 180** |

## 18.5. Breakdown of fixed assets by geographical segment

| | At 31.12.2019 | | | | At 31.12.2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | France | America | Other countries | Total | France | America | Other countries | Total |
| **Goodwill (1)** | **-** | **12 269** | **1 833** | **14 102** | **-** | **3 803** | **1 788** | **5 591** |
| **Intangibles subtotal** | **7 631** | **250** | **263** | **8 144** | **7 154** | **177** | **179** | **7 510** |
| Land | 2 179 | 383 | 639 | **3 201** | 2 179 | 376 | 633 | **3 188** |
| Buildings | 13 458 | 7 851 | 3 293 | **24 602** | 12 958 | 3 896 | 1 791 | **18 645** |
| Industrial plant and other | 29 441 | 14 685 | 3 700 | **47 826** | 28 400 | 7 758 | 3 046 | **39 204** |
| Construction work in progress | 650 | - | - | **650** | 661 | - | - | **661** |
| Advances and down payments | 3 | - | - | **3** | - | - | - | **-** |
| **Tangibles subtotal** | **45 731** | **22 919** | **7 632** | **76 282** | **44 198** | **12 030** | **5 470** | **61 698** |
| **Gross values** | **53 362** | **35 438** | **9 728** | **98 528** | **51 352** | **16 010** | **7 437** | **74 799** |
| Accumulated amortisation / depreciation | 29 879 | 13 048 | 3 588 | **46 515** | 28 044 | 8 745 | 2 512 | **39 301** |
| **Net values** | **23 483** | **22 390** | **6 140** | **52 013** | **23 308** | **7 265** | **4 925** | **35 498** |
| Period's expenses | 2 484 | 1 495 | 1 143 | **5 122** | 2 331 | 694 | 391 | **3 416** |

(1) concerns PCM Group UK Ltd., PCM Artificial Lift Solutions Inc., Sydex Srl, Cougar Wellhead Services Inc. and Cougar Machine Ltd.

## 18.6. Consolidated turnover by geographical segment

| | | 2019 | | | 2018 | |
|---|---|---|---|---|---|---|
| France | | 23 301 | *22,5%* | | 21 555 | *22,9%* |
| . Other European Union countries | 15 111 | | | 16 183 | | |
| . Other European countries | 7 970 | | | 1 403 | | |
| . America | 22 627 | | | 19 906 | | |
| . Africa | 17 336 | | | 15 003 | | |
| . Asia | 14 353 | | | 15 046 | | |
| . Other areas | 3 032 | | | 5 129 | | |
| Foreign countries | | 80 429 | *77,5%* | | 72 670 | *77,1%* |
| **Total** | | **103 730** | ***100,0%*** | | **94 225** | ***100,0%*** |

## Note 19: Research and development

For the Group as a whole, research and development expenses eligible for Research Tax Credits amounted to €1,376 million.

## Note 20: Financial instruments

| | | 31.12.2019 | | Breakdown by category of instruments (1) | | |
|---|---|---|---|---|---|---|
| | | Value in balance sheet | Fair value | Receivables and payables at amortized cost | Fair value through profit/loss | Fair value through other comprehensive income |
| - Non-current financial assets | Note 5 | 486 | 486 | 486 | - | - |
| - Trade accounts receivable | Note 7 | 45 898 | 45 898 | 45 898 | - | - |
| - Current financial assets | Note 5 | 34 753 | 34 753 | 34 753 | - | - |
| - Cash and cash equivalents | Note 9 | 125 973 | 125 973 | 26 255 | 99 718 | - |
| **Assets** | | **207 110** | **207 110** | **107 392** | **99 718** | **-** |
| - Non-current financial liabilities | Note 13 | 7 708 | 7 708 | 7 708 | - | - |
| - Trade accounts payables | | 12 094 | 12 094 | 12 094 | - | - |
| - Current financial liabilities | Note 13 | 4 675 | 4 675 | 4 675 | - | - |
| **Liabilities** | | **24 477** | **24 477** | **24 477** | **-** | **-** |

| | | 31.12.2018 | | Breakdown by category of instruments (1) | | |
|---|---|---|---|---|---|---|
| | | Value in balance sheet | Fair value | Receivables and payables at amortized cost | Fair value through profit/loss | Fair value through other comprehensive income |
| - Non-current financial assets | Note 5 | 420 | 420 | 420 | - | - |
| - Trade accounts receivables | Note 7 | 38 727 | 38 727 | 38 727 | - | - |
| - Current financial assets | Note 5 | 85 322 | 85 322 | 85 322 | - | - |
| - Cash and cash equivalents | Note 9 | 89 179 | 89 179 | 9 084 | 80 095 | - |
| **Assets** | | **213 648** | **213 648** | **133 553** | **80 095** | **-** |
| - Non-current financial liabilities | Note 13 | 7 254 | 7 254 | 7 254 | - | - |
| - Trade accounts payables | | 12 621 | 12 621 | 12 621 | - | - |
| - Current financial liabilities | Note 13 | 3 210 | 3 210 | 3 210 | - | - |
| **Liabilities** | | **23 085** | **23 085** | **23 085** | **-** | **-** |

*(1) No reclassification between categories of financial instruments was carried out during the year.*

Financial assets are measured at amortised cost as the two following conditions are met:
- their ownership is part of a business model whose objective is to hold assets in order to collect contractual cash flows; and
- their contractual terms give rise on specified dates to cash flows which correspond only to principal repayments and interest payments on the principal remaining due.

Financial liabilities are measured at amortised cost using the effective interest rate method. Interest expenses and foreign exchange gains and losses are recognised as income. Any profit or loss related to derecognition is recorded as income.

Financial assets and liabilities are offset and presented net in the balance sheet, if and only if, the Group has currently the legally enforceable right to offset the amounts and intends either to settle them for a net amount or to realize the assets and settle the liabilities simultaneously.

Trade receivables, financial assets and other accounts receivable, as well as trade payables and other accounts payable are classified as measured at amortised cost. Current financial assets and cash and cash equivalents are classified as measured at amortised cost, except for funds in current bank accounts and SICAV and mutual funds that are classified at fair value through profit and loss.

### Managing financial risk

Apart from its variable-rate loans, the Group has no significant market risks on its financial debt and receivables or its short-term investments. The Group's short-term investments portfolio primarily includes monetary investments. The Group owns some short-term investments based on indices whose capital is not guaranteed but have protection barriers. However, these investments represent less than 5% of the Group's cash position. The return on them is comparable to market rates.

The Group is exposed in its industrial and commercial activities to financial risks that could result from the variation of the exchange rates of certain currencies due to the location of its main production site in the Euro zone and its sales zones located all over the world and involving billing in foreign currencies, mainly American or Canadian dollars.
The management of currency risk is based on a principle of the Group's production entities invoicing commercial entities in the local currency of the latter. This inter-company invoicing is covered by foreign exchange forwarding of their settlement in the case of significant sums.
The same principle applies to sales outside the Group for foreign currency billing of Customers.
The Group does not perform firm exchange hedging on future sales; the operating margin is therefore subject in the future to variations depending on the evolution of exchange rates.
Furthermore, the Group hold investments abroad and outside the Euro zone, whose net assets are exposed to the risk of currency rate adjustment. Net assets in the USA, China and the Near and Middle East do not have a specific coverage today.

In the context of liquidity risk management and in order to finance development projects, the Group pursues a proactive refinancing and prudent cash management policy. At 31 December 2019, the net financial structure was positive and amounted to €148,343 K.

### Financial instruments - fair value hierarchy

Financial instruments measured at fair value are level 1 (prices quoted on the market).

## Note 21: Managers' remuneration

| | 2019 | 2018 |
|---|---|---|
| Short-term benefits (excluding social security charges) | 703 | 825 |
| Social security charges | 267 | 290 |
| **Total** | **970** | **1 115** |

Managers include members of the Board of Directors and Gévelot S.A.'s Senior Management.
Remuneration includes gross salary, premiums, fringe benefits and directors' fees.
Corporate officers have no specific retirement plan.

## Note 22: Average headcount

| | 2019 | 2018 |
|---|---|---|
| Managerial and executive | 227 | 217 |
| Supervisory, clerical and blue-collar | 485 | 404 |
| **Total** | **712** | **621** |
| Temporary workers | 24 | 28 |

## Note 23: Off-balance sheet commitments

### Contractual obligations

| | 2019 | 2018 |
|---|---|---|
| Pledges, bonds and guarantees | 1 837 | 5 489 |
| **Total** | **1 837** | **5 489** |

### Commitments received

| | 2019 | 2018 |
|---|---|---|
| Pleges, bonds and guarantees | - | - |
| **Total** | **-** | **-** |

## Note 24: Affiliated companies

Transactions with affiliates who are natural persons (directors, corporate officers and their relatives) are insignificant.

## Note 25: Fees of Auditors

| | PRICEWATERHOUSECOOPERS | | | | RSM PARIS | | | |
|---|---|---|---|---|---|---|---|---|
| (in euros) | 2019 | | 2018 | | 2019 | | 2018 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| **Audit** | | | | | | | | |
| Auditing, certification, review of individual and consolidated financial statemer | 92 230 | 87% | 92 345 | 87% | 37 100 | 100% | 36 000 | 100% |
| *Issuer* | *42 200* | *40%* | *43 000* | *41%* | *37 100* | *100%* | *36 000* | *100%* |
| *Fully consolidated subsidiaries* | *50 030* | *47%* | *49 345* | *47%* | *-* | *0%* | *-* | *0%* |
| Services other than certification of accounts | 13 200 | 13% | 13 200 | 13% | - | - | - | - |
| *Issuer* | *13 200* | *13%* | *13 200* | *13%* | *-* | *-* | *-* | *-* |
| *Fully consolidated subsidiaries* | *-* | *0%* | *-* | *0%* | *-* | *-* | *-* | *-* |
| **Total** | **105 430** | **100%** | **105 545** | **100%** | **37 100** | **100%** | **36 000** | **100%** |

## Note 26: Restatement of accounts

The impacts on 2018 accounts of the restatements linked to the end of the periodic reassessment of land and buildings for administrative or commercial purposes are presented in the following tables:

| I.F.R.S. accounting basis **ASSETS** (in thousands of euros) | 31.12.2018 published in April 2019 | 31.12.2018 corrected and published in April 2020 | Impact 2018 |
|---|---|---|---|
| **TOTAL FIXED ASSETS (I)** | **36 502** | **36 104** | **(398)** |
| *Including:* | | | |
| *Tangible capital assets* | *33 010* | *32 612* | *(398)* |
| **TOTAL CURRENT ASSETS (II)** | **244 442** | **244 442** | **-** |
| **GRAND TOTAL (I + II)** | **280 944** | **280 546** | **(398)** |

| I.F.R.S accounting basis **LIABILITIES** (in thousands of euros) | 31.12.2018 published in April 2019 | 31.12.2018 corrected and published in April 2020 | Impact 2018 |
|---|---|---|---|
| **TOTAL EQUITY (I)** | **192 127** | **191 793** | **(334)** |
| **TOTAL NON-CURRENT LIABILITIES (II)** | **11 667** | **11 603** | **(64)** |
| *Including:* | | | |
| *Deferred tax liability* | *1 778* | *1 714* | *(64)* |
| **TOTAL CURRENT LIABILITIES (III)** | **77 150** | **77 150** | **-** |
| **GRAND TOTAL (I + II + III)** | **280 944** | **280 546** | **(398)** |

These changes have no effect on the income statement and cash flow statement for the financial year 2018.

# RAPPORT DES COMMISSAIRES AUX COMPTES SUR LES COMPTES CONSOLIDES

## (Exercice clos le 31 décembre 2019)

**GEVELOT SA**
6 boulevard Bineau
92300 LEVALLOIS PERRET

A l'assemblée générale de la société GEVELOT SA

## Opinion

En exécution de la mission qui nous a été confiée par votre assemblée générale, nous avons effectué l'audit des comptes consolidés de la société GEVELOT SA relatifs à l'exercice clos le 31 décembre 2019, tels qu'ils sont joints au présent rapport. Ces comptes ont été arrêtés par le conseil d'administration le 21 avril 2020 sur la base des éléments disponibles à cette date dans un contexte évolutif de crise sanitaire liée au Covid-19.

Nous certifions que les comptes consolidés sont, au regard du référentiel IFRS tel qu'adopté dans l'Union européenne, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine, à la fin de l'exercice, de l'ensemble constitué par les personnes et entités comprises dans la consolidation.

## Fondement de l'opinion

***Référentiel d'audit***

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Les responsabilités qui nous incombent en vertu de ces normes sont indiquées dans la partie «Responsabilités des commissaires aux comptes relatives à l'audit des comptes consolidés» du présent rapport.

***Indépendance***

Nous avons réalisé notre mission d'audit dans le respect des règles d'indépendance qui nous sont applicables, sur la période du 1er janvier 2019 à la date d'émission de notre rapport, et notamment nous n'avons pas fourni de services interdits par le code de déontologie de la profession de commissaire aux comptes.

## Observation

Sans remettre en cause l'opinion exprimée ci-dessus, nous attirons votre attention sur les notes A « Regles et méthodes comptables / Nouveaux textes d'application obligatoire » et 4.3 « Droits d'utilisation » de l'annexe des comptes consolidés qui exposent les impacts liés à la première application de la norme IFRS 16 « Contrats de location » au 1er janvier 2019.

## Justification des appréciations

En application des dispositions des articles L.823-9 et R.823-7 du code de commerce relatives à la justification de nos appréciations, nous vous informons que les appréciations les plus importantes auxquelles nous avons procédé, selon notre jugement professionnel, ont porté sur le caractère approprié des principes comptables appliqués, sur le caractère raisonnable des estimations significatives retenues et sur la présentation d'ensemble des comptes.

Les appréciations ainsi portées s'inscrivent dans le contexte de l'audit des comptes consolidés pris dans leur ensemble, arrêtés dans les conditions rappelées précédemment, et de la formation de notre opinion exprimée ci-avant. Nous n'exprimons pas d'opinion sur des éléments de ces comptes consolidés pris isolément.

## Vérifications spécifiques

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par les textes légaux et réglementaires des informations relatives au groupe, données dans le rapport de gestion du conseil d'administration arrêté le 21 avril 2020. S'agissant des événements survenus et des éléments connus postérieurement à la date d'arrêté des comptes relatifs aux effets de la crise liée au Covid-19, la direction nous a indiqué qu'ils feront l'objet d'une communication à l'assemblée générale appelée à statuer sur les comptes.

Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes consolidés.

Nous attestons que la déclaration consolidée de performance extra-financière prévue par l'article L.225-102-1 du code de commerce figure dans le rapport de gestion, étant précisé que, conformément aux dispositions de l'article L.823-10 de ce code, les informations contenues dans cette déclaration n'ont pas fait l'objet de notre part de vérifications de sincérité ou de concordance avec les comptes consolidés et doivent faire l'objet d'un rapport par un organisme tiers indépendant.

## Responsabilités de la direction et des personnes constituant le gouvernement d'entreprise relatives aux comptes consolidés

Il appartient à la direction d'établir des comptes consolidés présentant une image fidèle conformément au référentiel IFRS tel qu'adopté dans l'Union européenne ainsi que de mettre en place le contrôle interne qu'elle estime nécessaire à l'établissement de comptes consolidés ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes consolidés, il incombe à la direction d'évaluer la capacité de la société à poursuivre son exploitation, de présenter dans ces comptes, le cas échéant, les informations nécessaires relatives à la continuité d'exploitation et d'appliquer la convention comptable de continuité d'exploitation, sauf s'il est prévu de liquider la société ou de cesser son activité.

Les comptes consolidés ont été arrêtés par le conseil d'administration.

## Responsabilités des commissaires aux comptes relatives à l'audit des comptes consolidés

Il nous appartient d'établir un rapport sur les comptes consolidés. Notre objectif est d'obtenir l'assurance raisonnable que les comptes consolidés pris dans leur ensemble ne comportent pas d'anomalies significatives. L'assurance raisonnable correspond à un niveau élevé d'assurance, sans toutefois garantir qu'un audit réalisé conformément aux normes d'exercice professionnel permet de systématiquement détecter toute anomalie significative. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

Comme précisé par l'article L.823-10-1 du code de commerce, notre mission de certification des comptes ne consiste pas à garantir la viabilité ou la qualité de la gestion de votre société.

Dans le cadre d'un audit réalisé conformément aux normes d'exercice professionnel applicables en France, le commissaire aux comptes exerce son jugement professionnel tout au long de cet audit.
En outre :

- il identifie et évalue les risques que les comptes consolidés comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définit et met en œuvre des procédures d'audit face à ces risques, et recueille des éléments qu'il estime suffisants et appropriés pour fonder son opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;
- il prend connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne ;
- il apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, ainsi que les informations les concernant fournies dans les comptes consolidés ;
- il apprécie le caractère approprié de l'application par la direction de la convention comptable de continuité d'exploitation et, selon les éléments collectés, l'existence ou non d'une incertitude significative liée à des événements ou à des circonstances susceptibles de mettre en cause la capacité de la société à poursuivre son exploitation. Cette appréciation s'appuie sur les éléments collectés jusqu'à la date de son rapport, étant toutefois rappelé que des circonstances ou événements ultérieurs pourraient mettre en cause la continuité d'exploitation. S'il conclut à l'existence d'une incertitude significative, il attire l'attention des lecteurs de son rapport sur les informations fournies dans les comptes consolidés au sujet de cette incertitude ou, si ces informations ne sont pas fournies ou ne sont pas pertinentes, il formule une certification avec réserve ou un refus de certifier ;
- il apprécie la présentation d'ensemble des comptes consolidés et évalue si les comptes consolidés reflètent les opérations et événements sous-jacents de manière à en donner une image fidèle ;
- concernant l'information financière des personnes ou entités comprises dans le périmètre de consolidation, il collecte des éléments qu'il estime suffisants et appropriés pour exprimer une opinion sur les comptes consolidés. Il est responsable de la direction, de la supervision et de la réalisation de l'audit des comptes consolidés ainsi que de l'opinion exprimée sur ces comptes.

**Fait à Neuilly-sur-Seine et Paris, le 27 avril 2020**

**Les commissaires aux comptes**

| | |
|---|---|
| **PricewaterhouseCoopers Audit**<br>**Yan Ricaud** | **RSM Paris**<br>**Régine Stéphan** |

# Individual Financial Statements at 31 December 2019

# Balance sheet at 31 December 2019

| **ASSETS** (in thousands of euros) | Gross amount at 31.12.2019 | Amortisation or Depreciation | Net amount at 31.12.2019 | Net amount at 31.12.2018 |
|---|---|---|---|---|
| **CAPITAL ASSETS (I)** | | | | |
| **Intangible capital assets (A)** | | | | |
| Concessions, patents, licences, trademarks, rights and comparable items | 20 | 20 | - | - |
| **Total A** | **20** | **20** | **-** | **-** |
| **Tangible capital assets (B)** | | | | |
| Land | 1 333 | - | 1 333 | 1 333 |
| Buildings | 3 170 | 1 518 | 1 652 | 1 675 |
| Other | 131 | 72 | 59 | 37 |
| Construction work in progress | - | - | - | - |
| Advances and down payments | 3 | - | 3 | - |
| **Total B** | **4 637** | **1 590** | **3 047** | **3 045** |
| **Long-term investments (C) (1)** | | | | |
| Equity investments | 6 515 | - | 6 515 | 6 515 |
| Receivables from equity investments | - | - | - | - |
| Loans | 168 | - | 168 | 189 |
| Other (3) | 7 | - | 7 | 9 |
| **Total C** | **6 690** | **-** | **6 690** | **6 713** |
| **Total Capital assets (I) (A + B + C)** | **11 347** | **1 610** | **9 737** | **9 758** |
| **CURRENT ASSETS (II)** | | | | |
| Advances and down payments paid on orders | 22 | - | 22 | - |
| **Receivables (2)** | | | | |
| Trade accounts receivable | 203 | - | 203 | 149 |
| Other | 1 038 | - | 1 038 | 1 955 |
| Short-term investments | 39 687 | - | 39 687 | 63 580 |
| Cash | 40 468 | - | 40 468 | 14 320 |
| **ACCRUALS** | | | | |
| Prepaid expenses (2) | 39 | - | 39 | 12 |
| **Total current assets (II)** | **81 457** | **-** | **81 457** | **80 016** |
| **Unrealized foreign exchange losses (III)** | - | - | - | - |
| **Grand total (I + II + III)** | **92 804** | **1 610** | **91 194** | **89 774** |
| (1) < 1 year | | | 18 | 21 |
| (2) > 1 year | | | 36 | 118 |
| (3) including treasury shares | | | - | - |

| LIABILITIES<br>(in thousands of euros) | Before allocation<br>Net amount at 31.12.2019 | Net amount at 31.12.2018 | After allocation<br>Net amount at 31.12.2019 (a) | Net amount at 31.12.2018 (b) |
|---|---|---|---|---|
| **EQUITY (I)** | | | | |
| Capital | 26 933 | 26 933 | 26 933 | 26 933 |
| Paid-in capital | - | - | - | - |
| Revaluation adjustments | - | - | - | - |
| Reserves : | | | | |
| . Legal reserve | 2 693 | 2 693 | 2 693 | 2 693 |
| . Other | 41 311 | 41 311 | 41 311 | 41 311 |
| Retained earnings | 14 791 | 12 962 | 16 702 | 14 791 |
| Net income (loss) of period | 3 142 | 3 214 | - | - |
| **Subtotal: net position** | **88 870** | **87 113** | **87 639** | **85 728** |
| Investment grant | - | - | - | - |
| Regulated provisions | 1 182 | 1 135 | 1 182 | 1 135 |
| **Total Equity (I)** | **90 052** | **88 248** | **88 821** | **86 863** |
| **PROVISIONS (II)** | | | | |
| Contingency provisions | - | - | - | - |
| Loss provisions | - | 153 | - | 153 |
| **Total Provisions (II)** | **-** | **153** | **-** | **153** |
| **LIABILITIES (III) (1)** | | | | |
| Loans and debt with lending institutions (2) | 1 | 1 | 1 | 1 |
| Other borrowing and financial debt | 83 | 78 | 83 | 78 |
| Advances and down payments received on current orders | - | - | - | - |
| Trade accounts payable | 77 | 86 | 77 | 86 |
| Tax and welfare liabilities | 127 | 104 | 127 | 104 |
| Liabilities on fixed assets and related accounts | - | - | - | - |
| Other liabilities | 788 | 1 070 | 2 019 | 2 455 |
| Prepaid income | 66 | 34 | 66 | 34 |
| **Total Liabilities (III)** | **1 142** | **1 373** | **2 373** | **2 758** |
| | | | | |
| **Unrealized foreign exchange gains (IV)** | **-** | **-** | **-** | **-** |
| | | | | |
| **Grand total (I + II + III +IV)** | **91 194** | **89 774** | **91 194** | **89 774** |

| | | | | |
|---|---|---|---|---|
| (1) including over 1 year | 83 | 78 | 83 | 78 |
| including under 1 year | 1 059 | 1 295 | 2 290 | 2 680 |
| (2) including cash credits and bank credit balances | 1 | 1 | 1 | 1 |

a) After appropriation submitted to the Annual General Meeting of 11 June 2020

b) After appropriation decided by the Annual General Meeting of 19 June 2019

# 2019 income statement

| INCOME STATEMENT (in thousands of euros) | 2019 | 2018 |
|---|---|---|
| **OPERATING REVENUE (I)** | | |
| Rendering of services | 798 | 565 |
| **Net turnover** | **798** | **565** |
| Excess provisions charged and expense transfers | 5 | 6 |
| Other income | 95 | 99 |
| **Total operating revenue (I) (1)** | **898** | **670** |
| **OPERATING EXPENSES (II)** | | |
| Other purchases and external charges | 523 | 564 |
| Taxes | 112 | 112 |
| Wages and salaries | 577 | 464 |
| Social security charges | 252 | 189 |
| Amortisation expenses on fixed assets | 58 | 62 |
| Depreciation expenses on fixed assets | - | - |
| Other charges | 82 | 79 |
| **Total operating expenses (II) (2)** | **1 604** | **1 470** |
| **1 - OPERATING INCOME (LOSS) (I - II)** | **(706)** | **(800)** |
| **FINANCIAL INCOME (III)** | | |
| From equity investments (3) | 2 254 | 3 005 |
| Other interests and comparable income (3) | 619 | 384 |
| Excess provisions charged and expense transfers | - | - |
| Foreign exchange gains | 252 | 4 |
| Net gains from sales of short-term investments | - | - |
| **Total financial income (III)** | **3 125** | **3 393** |
| **FINANCIAL EXPENSES (IV)** | | |
| Amortisation and depreciation expenses | - | - |
| Interest expense (4) | 4 | 5 |
| Foreign exchange losses | 14 | 134 |
| **Total financial expenses (IV)** | **18** | **139** |
| **2 - RESULTS OF OPERATIONS (III - IV)** | **3 107** | **3 254** |
| **3 - CURRENT PRE-TAX INCOME (LOSS) (I - II) + (III - IV)** | **2 401** | **2 454** |
| **UNUSUAL GAINS (V)** | | |
| Unusual gains in operations | - | 193 |
| Unusual gains from sales of assets and other capital transactions | 4 | 129 |
| Excess provisions charged and expense transfers | 171 | 818 |
| **Total unusual gains (V)** | **175** | **1 140** |
| **UNUSUAL EXPENSES (VI)** | | |
| Unusual expenses in operations | - | 60 |
| Unusual expenses from sales of assets and other capital transactions | 3 | 132 |
| Unusual amortization and provision expenses | 65 | 247 |
| **Total unusual expenses (VI)** | **68** | **439** |
| **4 - UNUSUAL ITEMS (V - VI)** | **107** | **701** |
| **Income tax (VII)** | **(634)** | **(59)** |
| **Total income (I + III + V)** | **4 198** | **5 203** |
| **Total expenses (II + IV + VI + VII)** | **1 056** | **1 989** |
| **5 - PROFIT** | **3 142** | **3 214** |

| | | |
|---|---|---|
| (1) including operating revenue relating to prior periods | (7) | (3) |
| (2) including operating expenses relating to prior periods | (13) | (10) |
| (3) including income concerning affiliated companies | 2 254 | 3 005 |
| (4) including interest concerning affiliated companies | - | - |

# Cash flow statement 2019

| CASH FLOWS (in thousands of euros) | 2019 | 2018 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| **Net income (loss)** | **3 142** | **3 214** |
| Elimination of expenses and income not affecting cash or relating to operations: | | |
| - Amortisation and depreciation | 58 | 66 |
| - Provisions | (106) | (575) |
| - Capital gains, net of taxes | (1) | 2 |
| **Cash flows from operations** | **3 093** | **2 707** |
| - Change in inventories | - | - |
| - Change in clients | (54) | 11 |
| - Change in suppliers | (9) | (36) |
| - Other variations | 641 | (1 888) |
| **Change in working capital requirement** | **578** | **(1 913)** |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | **3 671** | **794** |
| **INVESTING ACTIVITIES** | | |
| - Acquisitions of intangible and tangible capital assets | (63) | (7) |
| - Acquisitions of and increases in long-term investments | - | - |
| **Subtotal** | **(63)** | **(7)** |
| - Disposals of intangible and tangible capital assets | 4 | 130 |
| - Sales of and reductions in financial assets | 23 | 405 |
| **Subtotal** | **27** | **535** |
| **Net investments of period** | **(36)** | **528** |
| Change in working capital requirement | - | - |
| **NET CASH FLOWS FROM INVESTING ACTIVITIES** | **(36)** | **528** |
| **FINANCING ACTIVITIES** | | |
| - Capital increases (reductions) | - | (10 200) |
| - Dividends allocated to the company's shareholders | (1 385) | (1 385) |
| - Other distributions | - | - |
| **Total** | **(1 385)** | **(11 585)** |
| - Changes in loans and financial liabilities | 5 | 1 |
| - Change in working capital requirement | - | - |
| **NET CASH FLOWS FROM FINANCING ACTIVITIES** | **(1 380)** | **(11 584)** |
| **NET CHANGE IN CASH POSITION** | **2 255** | **(10 262)** |
| | | |
| Cash position on opening | 77 899 | 88 161 |
| Cash position on closing | 80 154 | 77 899 |
| | **2 255** | **(10 262)** |

# Notes to the Individual Financial Statements at 31 December 2019

# Notes to the Individual Financial Statements at 31 December 2019

These notes supplement and comment on the balance sheet prior to appropriation for period ending 31 December 2019, totalling 91,194,174.13 euros and the period's income statement, presented in report form, which totals 4,197,504.23 euros and shows a profit of 3,141,790.45 euros.

Notes 1 to 19 hereafter form an integral part of the annual financial statements (unless otherwise specified, all amounts are stated in thousands of euros).

The financial year is 12 months long and runs from 1 January 2019 to 31 December 2019.

These annual financial statements were drawn up by the Board of Directors on 21 April 2020.

## Note 1: Accounting principles and rules for establishing the annual financial statements

The financial statements were drawn up in accordance with the general principles of establishment and presentation of accounts defined by the French code of commerce and the ANC regulation n° 2016-07 of 04 November 2016 approved by Decree on 26 December 2016.

### a) Main methods used

#### Intangible capital assets

Intangible capital assets comprise software which is amortised using the straight-line method over 3 to 15 years.

#### Tangible capital assets

Tangible capital assets are measured at their acquisition cost (purchase price plus costs excluding borrowing costs), except for assets acquired prior to 31 December 1976, which have been revalued in accordance with the law.

Since 1 January 2005, the company applied the regulations on assets with regard to the amortisation, depreciation (CRC regulation 2002-10) definition, measurement and recognition thereof (CRC regulation 2004-06).

Gévelot SA, by way of exception to the general retrospective principle, has thus adopted the approach known as « reallocation of net carrying amounts », in accordance with the first—time adoption provisions of the new rules.

Impairment amortisation is calculated by the straight-line method according to the expected estimated useful life: it is based on the acquisition amount less the estimated residual value at the end of estimated useful life.

Estimated useful lives :
- office space: straight-line, 40 years,
- other tangible capital assets : straight-line, 5 to 20 years.

Any components of the above and the methods applied are specified below:

- Buildings
  - o Structural work: straight-line, 40 and 50 years,
  - o Fit-outs and conversions: straight-line 20 to 30 years,
  - o Façade rendering: straight-line, 10 years,
  - o Weatherproofing: straight-line, 20 years.

#### Impairment of assets

If there is any indication that an asset or group of assets has lost value, an impairment test is performed. An asset or group of assets is impaired if its net carrying amount exceeds its current value.

The current value of asset or group of assets is the higher of the value of its net selling price and that of the future economic benefits expected to be derived from use thereof.

#### Equity investments

Equity investments are recognised at acquisition cost or their contribution value, barring statutory revaluation.

The carrying amount is compared with the share of equity held in the company concerned.

If this share is lower than the carrying amount, an additional analysis is carried out to estimate the value in use of equity investments according to its rate of return and future prospects. If the value in use thus measured is lower than the carrying amount of the equity investments in question, the difference between these two values is written down.

#### Other asset components

On closing, the net carrying amount of asset components other than intangible and tangible capital assets is compared with their current value on the same date.

If this value is lower than the carrying amount, the difference is written down.

#### Short-term investments

These are measured at acquisition cost. If their liquidation or probable selling value on closing is lower, the difference is written down.

The market value of short-term investments at 31 December 2019, comprising bank term deposits, negotiable medium-term notes and structured products, totals € 40.5 million.

### Regulated provisions

The regulated provisions stated in the balance sheet are capital cost allowances on intangible and tangible capital assets. They are offset in the income statement as unusual expenses and gains. Derogatory amortisations are mainly the result of a difference in duration.

### Provisions

Provisions cover specifically identified contingencies and losses identified in accordance with the general chart of accounts.

## b) Tax integration

Since 1 January 1995, Gévelot SA has opted for a group taxation system whereby it is liable for tax on the group's income. Under tax integration agreements entered into with consolidated companies, each Company recognizes the income tax expense as if there were no tax integration in place.

The Group comprises the Parent Company, Gévelot SA, « head of group » and French Subsidiaries: PCM SA, PCM Europe SAS, PCM Manufacturing France SAS and PCM Technologies SAS.

Its income net of tax of K€ 634 includes:

- tax following tax audit (see Note 1.d) - €153 K
- tax income relating to entities included in the Group's tax integration system + €787 K

## c) Pensions

When employees retire, they are paid conventional or contractual retirement benefits. Most of the corresponding obligations are covered by insurance. The residual portion that is not covered is not recognised and is therefore stated as an off-balance sheet commitment.

## d) Significant events

The sale in late 2017 of the Extrusion Sector was accompanied by a classic asset and liability guarantee that was capped at €4 M and which matured at the end of 2019. No applications having been made in this context, the off-balance sheet commitment was written back and no provisions have been recorded.

The provision entered in late 2018 at €153 K, following the tax audit for the years 2015 to 2017, was written back in full and is entered in the extraordinary income. The corresponding tax expense was recorded in taxes.

## e) Post-balance sheet events

The medical, financial and economic crisis caused by the Covid-19 coronavirus should not have a significant effect on Gévelot SA's accounts.

Particular attention will be paid to the recovery of receivables and possible adjustments to payment terms.

## Note 2: Capital assets and amortisation

| Headings and items | Capital assets | | | | | Amortisation and depreciation | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Gross value at the start of FY 2019 | Increases | Transfers | Reductions | Gross value at the end of FY 2019 | Accumulated at the start of 2019 | Increases | Reductions | Accumulated at the end of 2019 |
| **Intangible capital assets** | | | | | | | | | |
| Concessions, patents, licences, trademarks, processes, rights and similar items | 20 | - | - | - | 20 | 20 | - | - | 20 |
| **Total** | **20** | **-** | **-** | **-** | **20** | **20** | **-** | **-** | **20** |
| **Tangible capital assets** | | | | | | | | | |
| Land | 1 333 | - | - | - | 1 333 | - | - | - | - |
| Buildings | 3 148 | 22 | - | - | 3 170 | 1 473 | 45 | - | 1 518 |
| Other tangible capital assets | 126 | 38 | - | (33) | 131 | 89 | 13 | (30) | 72 |
| Construction work in progress | - | - | - | - | - | - | - | - | - |
| Advances and down payments on tangible capital assets | - | 3 | - | - | 3 | - | - | - | - |
| **Total** | **4 607** | **63** | **-** | **(33)** | **4 637** | **1 562** | **58** | **(30)** | **1 590** |
| **Long-term investments** | | | | | | | | | |
| Equity investments | 6 515 | - | - | - | 6 515 | - | - | - | - |
| Receivables attached to equity investments | - | - | - | - | - | - | - | - | - |
| Loans | 189 | - | - | (21) | 168 | - | - | - | - |
| Other long-term investments | 9 | - | - | (2) | 7 | - | - | - | - |
| **Total** | **6 713** | **-** | **-** | **(23)** | **6 690** | **-** | **-** | **-** | **-** |

Land and buildings correspond to buildings intended for the use of offices occupied by Gévelot SA or provided to its subsidiaries or third parties.

## Note 3: Provisions

| Headings and items | | Increases | Reductions | | |
|---|---|---|---|---|---|
| | Amount at the start of 2019 | | Amount used during FY 2019 | Amounts not used during FY 2019 | Amount at the end of 2019 |
| **Regulated provisions** | | | | | |
| Capital cost allowances | 1 135 | 65 | (18) | - | 1 182 |
| **Total** | **1 135** | **65** | **(18)** | **-** | **1 182** |
| **Contingency provisions** | | | | | |
| Provisions for litigation | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **-** |
| **Loss provisions** | | | | | |
| Provision for taxes | 153 | - | (153) | - | - |
| **Total** | **153** | **-** | **(153)** | **-** | **-** |

# Note 4: Maturity of receivables and liabilities

| Headings and items | Gross amount at 31.12.2019 | Maturing in 1 year max | Maturing in over 1 year |
|---|---|---|---|
| **Receivables** | | | |
| **Receivables on capital assets** | | | |
| Receivables from equity investments | - | - | - |
| Loans (1) | 168 | 18 | 150 |
| Other | 7 | - | 7 |
| **Receivables from current assets** | | | |
| Trade receivables (2) | 203 | 203 | - |
| Other | 1 038 | 1 018 | 20 |
| Subscribed called-up capital not paid up | - | - | - |
| Prepaid expenses | 39 | 23 | 16 |
| **Total** | **1 455** | **1 262** | **193** |
| **Liabilities** | | | |
| Loans and debt with lending institutions (3) (4) | 1 | 1 | - |
| Other borrowing and financial debt (3) (5) | 83 | - | 83 |
| Trade payables (6) | 77 | 77 | - |
| Tax and welfare liabilities | 127 | 127 | - |
| Liabilities to fixed-asset suppliers (6) | - | - | - |
| Other liabilities (7) | 788 | 788 | - |
| Prepaid income | 66 | 66 | - |
| **Total** | **1 142** | **1 059** | **83** |

| | |
|---|---|
| (1) Loans granted in period | - |
| Loans recovered in period | 21 |
| (2) Including commercial paper | - |
| (3) Loans and financial liabilities taken out in period | 1 |
| Loans repaid and transferred in period | - |
| (4) including: | |
| - no more than two years initially | - |
| - over two years initially | - |
| (5) Liabilities maturing in over 5 years | 83 |
| (6) Including commercial paper | - |
| (7) Including to partners | - |

## Note 5: Items concerning affiliates

| Items | Net amount at 31.12.2019 | Net amount at 31.12.2018 |
|---|---|---|
| Advances and down payments on fixed assets | - | - |
| Equity investments | 6 515 | 6 515 |
| Receivables from equity investments | - | - |
| Loans | - | - |
| Advances and down payments paid on orders (current assets) | - | - |
| Trade receivables | 63 | 42 |
| Other receivables | 516 | 215 |
| Subscribed called-up capital not paid up | - | - |
| Loans and debt with lending institutions | - | - |
| Other borrowing and financial debt | 18 | 19 |
| Advances and down payments received on current orders | - | - |
| Trade payables | 19 | 15 |
| Tax and welfare liabilities | - | - |
| Liabilities to fixed-asset suppliers | - | - |
| Other liabilities | 788 | 1 070 |
| Rendering of services | 618 | 404 |
| Other operating income | 36 | 36 |
| Other purchases and external charges | 32 | 28 |
| Other operating expenses | 70 | 70 |
| Income from equity investments | 2 254 | 3 005 |
| Other financial income | - | - |
| Finance costs | - | - |

*Affiliates: These are companies that are fully consolidated, controlled entities under joint control and notable influence and company managers and the companies they control as well as close family members.*

## Note 6: Revaluation

| Items | Changes in revaluation reserve at 31.12.2019 | | | | |
|---|---|---|---|---|---|
| | Amount at the start of 2019 | Reductions due to disposals | Other changes | Amount at the end of 2019 | For the record, differences incorporated into capital |
| Land | - | - | - | - | - |
| Equity investments | - | - | - | - | 2 222 |
| Revaluation reserve (1976) | - | - | - | - | (2 222) |
| Special revaluation reserve (1959) | - | - | - | - | (431) |
| Free revaluation adjustment | - | - | - | - | - |
| Other adjustments: Revaluation adjustments on capped assets | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | |

## Note 7: Accrued income

| Amount of accrued income included in the following balance sheet items | Amount at 31.12.2019 | Amount at 31.12.2018 |
|---|---|---|
| Trade receivables | 72 | 67 |
| Other receivables | 9 | 25 |
| Short-term investments | 48 | 77 |
| **Total** | **129** | **169** |

## Note 8: Accrued liabilities

| Amount of accrued liabilities included in the following balance sheet items | Amount at 31.12.2019 | Amount at 31.12.2018 |
|---|---|---|
| Trade payables | 2 | 56 |
| Tax and welfare liabilities | 44 | 39 |
| Other liabilities | 11 | - |
| **Total** | **57** | **95** |

## Note 9: Prepaid expenses and income

| | Amount at 31.12.2019 | | Amount at 31.12.2018 | |
|---|---|---|---|---|
| | Expenses | Income | Expenses | Income |
| Expenses / Operating revenue | 39 | 66 | 12 | 34 |
| Expenses / Financial income | - | - | - | - |
| Expenses / Unusual gains | - | - | - | - |
| **Total** | **39** | **66** | **12** | **34** |

## Note 10: Composition of the share capital

| | Number | Par value |
|---|---|---|
| Shares making up the share capital at the start of financial year 2019 | 769 500 | 35,00 |
| Shares issued during the period | - | - |
| Shares repaid during the period | - | - |
| Shares cancelled during the period | - | - |
| Change in par value through incorporation of reserves | - | - |
| Shares making up the share capital at the end of financial year 2019 | 769 500 | 35,00 |

Making a share capital of 26 932 500 euros

## Note 11: Statement of changes in net worth

| | | |
|---|---|---|
| Equity in the closing balance sheet for period 2018 prior to income | | 85 034 |
| Appropriation of 2018 income at net worth by the Annual General Meeting of 19 June 2019 | | 1 829 |
| . Income 2018 | 3 214 | |
| . Dividends paid | (1 385) | |
| Equity on opening of period 2019 | | 86 863 |
| Changes in period: | | 47 |
| . Changes in premiums, reserves, retained earnings | - | |
| . Changes in regulated provisions and investment grants | 47 | |
| Equity in the closing balance sheet for period 2019 prior to income | | 86 910 |

## Note 12: Breakdown of net turnover

### a) Breakdown by business segment

| | Amount 2019 | Amount 2018 |
|---|---|---|
| Rents | 254 | 235 |
| Services | 544 | 330 |
| **Total** | **798** | **565** |

### b) Breakdown by geographical segment

| | Amount 2019 | Amount 2018 |
|---|---|---|
| France | 798 | 565 |
| **Total** | **798** | **565** |

## Note 13: Unusual items

The main items included under this heading are:

| Headings | Amount 2019 | Amount 2018 |
|---|---|---|
| Capital cost allowances | (47) | (72) |
| Exceptional depreciation | - | (4) |
| Capital gains (losses) on disposal of tangible assets | 1 | (3) |
| Provisions for taxes | 153 | 647 |
| Other items, net | - | 133 |
| **Total** | **107** | **701** |

## Note 14: Income tax

The itemization of tax on profits between those profits obtained before tax and the extraordinary items is the following:

| Headings | Pre-tax income at 31.12.2019 | Amount of income tax for 2019 | Net income (loss) at 31.12.2019 |
|---|---|---|---|
| Operating income | 2 401 | 88 | 2 313 |
| Unusual gains/losses | 107 | (13) | 120 |
| Impact of carry-over deficit | - | (75) | 75 |
| Tax following tax audit | - | 153 | (153) |
| Effect on consolidation for tax purposes | - | (787) | 787 |
| **Total** | **2 508** | **(634)** | **3 142** |

The tax rate is 28% for 2019 and 2020, 26.5% for 2021 and 25% from 2022.
Gévelot SA generated a tax loss result of €56 K at the end of 2019.

The effect on the period's taxes of dispensatory tax assessments due to capital cost allowances is €13 K (income).

**Increase and decrease in the future tax debt**

The future tax debt is €297 K higher due to the reversal of capital cost allowances for €1,182 K.

## Note 15: Off-balance sheet commitments

| | Amount at 31.12.2019 | Amount at 31.12.2018 |
|---|---|---|
| **Contractual obligations:** | | |
| Guarantees | - | 4 000 |
| Lease commitments | 1 081 | 1 198 |
| Retirement commitments | 6 | - |
| **Total** | **1 087** | **5 198** |
| **Commitments received:** | - | - |
| Other | - | - |
| **Total** | **-** | **-** |

### Lease commitments:

| Headings | Real estate property | Total at 31.12.2019 |
|---|---|---|
| **Original values before tax** | **1 400** | **1 400** |
| **Amortisations** | | |
| Cumulated previous years | - | - |
| Allowances of the fiscal year | - | - |
| **Total** | **-** | **-** |
| **Fees paid before tax** | | |
| Cumulated previous years | 700 | 700 |
| Fiscal year | 117 | 117 |
| **Total** | **817** | **817** |
| **Fees remaining due before tax** | | |
| At one year max | 117 | 117 |
| At more than one year and 5 years max | 469 | 469 |
| At more than 5 years | 355 | 355 |
| **Total** | **941** | **941** |
| **Residual values before tax** | | |
| At one year max | - | - |
| At more than one year and 5 years max | - | - |
| At more than 5 years | 140 | 140 |
| **Total** | **140** | **140** |
| Amount taken as expense in the period | 117 | 117 |

### Retirement commitments (I.F.C.)

Retirement commitments are calculated for each category of staff: clerical, executive, according to length of service and average salary, social security charges included, using the method called "projected benefit obligation", in accordance with CNC Recommendation 2013-02 dated 7 November 2013.

The main actuarial assumptions used to calculate the commitment at 31/12/2019 are: a discount rate of 0.80%, a salary increase rate of 2%, and a retirement age of 63 for non-managers and 65 for managers.

The figure retained, €6 K, is equal to the IFC social liability (€69 K) minus the value of the fund at 31 December 2019 (€63 K) held by Axa France Vie under a contract to outsource part of these commitments.

## Note 16: Managers' remuneration

The total remuneration of the management bodies is not provided as this would lead indirectly to giving individual compensation.

## Note 17: Average headcount 2019

| | 2019 | 2018 |
|---|---|---|
| Managerial / executive staff | 4 | 4 |
| Supervisory, technical and clerical staff | 1 | 1 |
| **Total** | **5** | **5** |

## Note 18: Consolidating company

Gévelot S.A. is the consolidating company of the Gévelot Group.

## Note 19: Subsidiaries and equity investments at 31 December 2019

| Companies | Capital | Equity other than capital prior to income | Percentage of capital held | Carrying amount of equity interests | | Loans and advances granted by the company and not yet repaid | Guarantees and pledges given by the company | Turnover excluding tax of the last complete period | Profit or loss of the last complete period | Dividends received by the company during the period |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Gross | Net | | | | | |
| A - SUBSIDIARIES<br>(at least 50 % of the capital held by the Company) | | | | | | | | | | |
| **PCM S.A.**<br>6, boulevard Bineau<br>92300 Levallois-Perret | 10 155 | 93 096 | 99,95% | 6 515 | 6 515 | - | - | 1 330 | 5 528 | 2 254 |
| B - EQUITY INVESTMENTS<br>(10 to 50 % of the capital held by the Company) | - | - | - | - | - | - | - | - | - | - |

(1) Including consumption loans

# Income and net worth

## Net income (loss) of period and statement of changes in net worth

### Net income (loss) of period

| Total in thousands of euros and in euros per share | | 2019 | 2018 |
|---|---|---|---|
| Number of shares at 31 December | | 769 500 | 769 500 |
| Accrual-based income | K€ | **3 142** | **3 214** |
| | € | 4,08 | 4,18 |
| Changes in net worth excluding restructuring transactions | K€ | 47 | 72 |
| | € | 0,06 | 0,09 |
| Proposed dividend | K€ | **1 231** | **1 385** |
| | € | 1,60 | 1,80 |

### Statement of changes in net worth

*(in thousands of euros)*

| | | |
|---|---|---|
| **Equity in the closing balancfe sheet of 2018 prior to income** | | **85 034** |
| Appropriation of 2018 income at net worth proposed by the Annual General Meeting of 19 June 2019 | | 1 829 |
| . 2018 income | 3 214 | |
| . Dividends paid | (1 385) | |
| **Equity at the beginning of 2019** | | **86 863** |
| **Period change:** | | 47 |
| . Changes in premiums, reserves, retained earnings | - | |
| . Changes in regulated provisions and investment grants | 47 | |
| **Equity in the closing balance sheet of 2019 prior to income** | | **86 910** |
| Appropriation of 2019 income at net worth proposed by the Annual General Meeting of 11 June 2020 | | 1 911 |
| . 2019 income | 3 142 | |
| . Proposed dividends | (1 231) | |
| **Equity after proposed appropriation** | | **88 821** |

# Financial income

## The Company's financial income over the last five periods

(in euros)

| Item | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| **I - CAPITAL AT END OF PERIOD** | | (***) | (**) | | (*) |
| a) share capital | **26 932 500,00** | **26 932 500,00** | **28 717 500,00** | 31 262 245,00 | 31 262 245,00 |
| b) number of exisrting ordinary shares | **769 500** | **769 500** | **820 500** | 893 207 | 893 207 |
| c) number of existing preferential dividend shares (without voting rights) | **-** | **-** | **-** | - | - |
| d) Maximum number of future shares to be created | | | | | |
| d.1 through bond conversion | **-** | **-** | **-** | - | - |
| d.2 by exercising subscription rights | **-** | **-** | **-** | - | - |
| **II - PERIOD TRANSACTIONS AND INCOME (LOSS)** | | | | | |
| a) Turnover excluding tax | **797 643,17** | **564 739,50** | **2 155 208,49** | 2 284 881,26 | 2 492 616,82 |
| b) Earnings before tax, employee profit-sharing, amortisation and provisions | **2 459 600,30** | **2 646 809,24** | **(26 506 414,95)** | 7 672 545,77 | 57 503 116,06 |
| c) Income tax | **(634 587,00)** | **(58 587,00)** | **(86 668,00)** | (2 283 981,00) | (1 001 998,00) |
| d) Employee profit-sharing in period | | | | | |
| e) Earnings after tax, employee profit-sharing, amortisation and provisions | **3 141 790,45** | **3 214 422,18** | **(2 981 501,75)** | 9 070 458,66 | 57 074 060,85 |
| f) Distributed earnings | **1 231 200,00** | **1 385 100,00** | **1 385 100,00** | 1 476 900,00 | 1 476 900,00 |
| **III - EARNINGS PER SHARE** | | | | | |
| a) Earnings after tax, employee profit-sharing, but before amortisation and provisions | **4,02** | **3,52** | **(32,20)** | 11,15 | 65,50 |
| b) Earnings after tax, employee profit-sharing, amortisation and provisions | **4,08** | **4,18** | **(3,63)** | 10,15 | 63,90 |
| c) Dividend allocated to each share | **1,60** | **1,80** | **1,80** | 1,80 | 1,80 |
| **IV - PERSONNEL** | | | | | |
| a) Average headcount of personnel employed during the period | **5** | **5** | **5** | 5 | 6 |
| b) Total payroll | **576 915,95** | **463 755,95** | **555 744,14** | 501 253,84 | 552 746,60 |
| c) Amounts paid out for the period's employee benefits (social security, community services, etc.) | **252 046,97** | **189 181,97** | **249 393,27** | 235 691,75 | 251 904,35 |

(*) In accordance with the decision of the Board of Directors of 15 October 2015, and under the authorisation given by the Combined General Meeting of 19 June 2014, a capital reduction of €576,065 through cancellation of the 16,459 treasury shares held by Gévelot S.A..

At the end of 2015, the share capital thus stands at €31,262,245 comprising 893,207 shares each with a par value of €35.

(**) In accordance with the decision of the Board of Directors of 13 April 2017 and under the authorisation given by the Combined General Meeting of 15 October 2015, a capital reduction of €2,544,745 through cancellation of the 72,707 treasury shares held by Gévelot S.A..

At the end of 2017, the share capital thus stands at €28,717,500 comprising 820,000 shares each with a par value of €35.

(***) In accordance with the decision of the Board of Directors of 20 June 2018, and under the authorisation given by the Combined General Meeting of 15 June 2017, a capital reduction of €1,785,000 through cancellation of the 51,000 treasury shares held by Gévelot S.A..

At the end of 2018, the share capital thus stands at €26,932,500 comprising 769,500 shares each with a par value of €35.

# RAPPORT DES COMMISSAIRES AUX COMPTES SUR LES COMPTES ANNUELS

Exercice clos le 31 décembre 2019

**GEVELOT SA**
6, boulevard Bineau
92300 Levallois-Perret

**A l'Assemblée Générale de la société GEVELOT SA,**

## Opinion

En exécution de la mission qui nous a été confiée par votre assemblée générale, nous avons effectué l'audit des comptes annuels de la société GEVELOT SA relatifs à l'exercice clos le 31 décembre 2019, tels qu'ils sont joints au présent rapport. Ces comptes ont été arrêtés par le conseil d'administration le 21 avril 2020 sur la base des éléments disponibles à cette date dans un contexte évolutif de crise sanitaire liée au Covid-19.

Nous certifions que les comptes annuels sont, au regard des règles et principes comptables français, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine de la société à la fin de cet exercice.

## Fondement de l'opinion

**Référentiel d'audit**

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Les responsabilités qui nous incombent en vertu de ces normes sont indiquées dans la partie 'Responsabilités des commissaires aux comptes relatives à l'audit des comptes annuels' du présent rapport.

**Indépendance**

Nous avons réalisé notre mission d'audit dans le respect des règles d'indépendance qui nous sont applicables, sur la période du 1er janvier 2019 à la date d'émission de notre rapport, et notamment nous n'avons pas fourni de services interdits par le code de déontologie de la profession de commissaire aux comptes.

## Justification des appréciations

En application des dispositions des articles L.823-9 et R.823-7 du code de commerce relatives à la justification de nos appréciations, nous vous informons que les appréciations les plus importantes auxquelles nous avons procédé, selon notre jugement professionnel, ont porté sur le caractère approprié des principes comptables appliqués et sur le caractère raisonnable des estimations significatives retenues notamment pour ce qui concerne l'évaluation des titres de participation à la date de clôture.

Les appréciations ainsi portées s'inscrivent dans le contexte de l'audit des comptes annuels pris dans leur ensemble, arrêtés dans les conditions rappelées précédemment, et de la formation de notre opinion exprimée ci-avant. Nous n'exprimons pas d'opinion sur des éléments de ces comptes annuels pris isolément.

## Vérifications spécifiques

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par les textes légaux et réglementaires.

**Informations données dans le rapport de gestion et dans les autres documents sur la situation financière et les comptes annuels adressés aux actionnaires**

Nous n'avons pas d'observation à formuler sur la sincérité et la concordance avec les comptes annuels des informations données dans le rapport de gestion du conseil d'administration arrêté le 21 avril 2020 et dans les autres documents sur la situation financière et les comptes annuels adressés aux actionnaires. S'agissant des événements survenus et des éléments connus postérieurement à la date d'arrêté des comptes relatifs aux effets de la crise liée au Covid-19, la direction nous a indiqué qu'ils feront l'objet d'une communication à l'assemblée générale appelée à statuer sur les comptes.

Nous attestons de la sincérité et de la concordance avec les comptes annuels des informations relatives aux délais de paiement mentionnées à l'article D.441-4 du code de commerce.

**Informations relatives au gouvernement d'entreprise**

Nous attestons de l'existence, dans la section du rapport de gestion du conseil d'administration consacrée au gouvernement d'entreprise des informations requises par l'article L. 225-37-4 du code de commerce.

**Autres informations**

En application de la loi, nous nous sommes assurés que les diverses informations relatives à l'identité des détenteurs du capital ou des droits de vote vous ont été communiquées dans le rapport de gestion.

## Responsabilités de la direction et des personnes constituant le gouvernement d'entreprise relatives aux comptes annuels

Il appartient à la direction d'établir des comptes annuels présentant une image fidèle conformément aux règles et principes comptables français ainsi que de mettre en place le contrôle interne qu'elle estime nécessaire à l'établissement de comptes annuels ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes annuels, il incombe à la direction d'évaluer la capacité de la société à poursuivre son exploitation, de présenter dans ces comptes, le cas échéant, les informations nécessaires relatives à la continuité d'exploitation et d'appliquer la convention comptable de continuité d'exploitation, sauf s'il est prévu de liquider la société ou de cesser son activité.

Les comptes annuels ont été arrêtés par le conseil d'administration.

## Responsabilités des commissaires aux comptes relatives à l'audit des comptes annuels

Il nous appartient d'établir un rapport sur les comptes annuels. Notre objectif est d'obtenir l'assurance raisonnable que les comptes annuels pris dans leur ensemble ne comportent pas d'anomalies significatives. L'assurance raisonnable correspond à un niveau élevé d'assurance, sans toutefois garantir qu'un audit réalisé conformément aux normes d'exercice professionnel permet de systématiquement détecter toute anomalie significative. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

Comme précisé par l'article L.823-10-1 du code de commerce, notre mission de certification des comptes ne consiste pas à garantir la viabilité ou la qualité de la gestion de votre société.

Dans le cadre d'un audit réalisé conformément aux normes d'exercice professionnel applicables en France, le commissaire aux comptes exerce son jugement professionnel tout au long de cet audit. En outre :

- il identifie et évalue les risques que les comptes annuels comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définit et met en œuvre des procédures d'audit face à ces risques, et recueille des éléments qu'il estime suffisants et appropriés pour fonder son opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;
- il prend connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne ;
- il apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, ainsi que les informations les concernant fournies dans les comptes annuels ;
- il apprécie le caractère approprié de l'application par la direction de la convention comptable de continuité d'exploitation et, selon les éléments collectés, l'existence ou non d'une incertitude significative liée à des événements ou à des circonstances susceptibles de mettre en cause la capacité de la société à poursuivre son exploitation. Cette appréciation s'appuie sur les éléments collectés jusqu'à la date de son rapport, étant toutefois rappelé que des circonstances ou événements ultérieurs pourraient mettre en cause la continuité d'exploitation. S'il conclut à l'existence d'une incertitude significative, il attire l'attention des lecteurs de son rapport sur les informations fournies dans les comptes annuels au sujet de cette incertitude ou, si ces Informations ne sont pas fournies ou ne sont pas pertinentes, il formule une certification avec réserve ou un refus de certifier ;
- il apprécie la présentation d'ensemble des comptes annuels et évalue si les comptes annuels reflètent les opérations et événements sous-jacents de manière à en donner une image fidèle.

**Fait à Paris et à Neuilly-sur-Seine, le 27 avril 2020**

**Les Commissaires aux Comptes**

**RSM Paris**
Société de Commissariat aux Comptes
Membre de la Compagnie Régionale de Paris
**Régine STEPHAN**
Associée

**PricewaterhouseCoopers Audit**
Société de Commissariat aux Comptes
Membre de la Compagnie Régionale de Versailles
**Yan Ricaud**
Associé

# RAPPORT SPECIAL DES COMMISSAIRES AUX COMPTES SUR LES CONVENTIONS REGLEMENTEES

Exercice clos le 31 décembre 2019)

**GEVELOT SA**
6, boulevard Bineau
92300 Levallois-Perret

A l'assemblée générale de la société GEVELOT SA,

En notre qualité de commissaires aux comptes de votre société, nous vous présentons notre rapport sur les conventions réglementées.

Il nous appartient de vous communiquer, sur la base des informations qui nous ont été données, les caractéristiques, les modalités essentielles ainsi que les motifs justifiant de l'intérêt pour la société des conventions dont nous avons été avisés ou que nous aurions découvertes à l'occasion de notre mission, sans avoir à nous prononcer sur leur utilité et leur bien-fondé ni à rechercher l'existence d'autres conventions. Il vous appartient, selon les termes de l'article R. 225-31 du code de commerce, d'apprécier l'intérêt qui s'attachait à la conclusion de ces conventions en vue de leur approbation.

Par ailleurs, il nous appartient, le cas échéant, de vous communiquer les informations prévues à l'article R.225-31 du code de commerce relatives à l'exécution, au cours de l'exercice écoulé, des conventions déjà approuvées par l'assemblée générale.

Nous avons mis en œuvre les diligences que nous avons estimé nécessaires au regard de la doctrine professionnelle de la Compagnie nationale des commissaires aux comptes relative à cette mission.

## CONVENTIONS SOUMISES A L'APPROBATION DE L'ASSEMBLEE GENERALE

Nous vous informons qu'il ne nous a été donné avis d'aucune convention autorisée et conclue au cours de l'exercice écoulé à soumettre à l'approbation de l'assemblée générale en application des dispositions de l'article L. 225-38 du code de commerce.

## CONVENTIONS DEJA APPROUVEES PAR L'ASSEMBLEE GENERALE

Nous vous informons qu'il ne nous a été donné avis d'aucune convention déjà approuvée par l'assemblée générale dont l'exécution se serait poursuivie au cours de l'exercice écoulé.

Fait à Paris et à Neuilly-sur-Seine, le 27 avril 2020

Les commissaires aux comptes

**PricewaterhouseCoopers Audit**

Société de Commissariat aux Comptes
Membre de la Compagnie Régionale de Versailles

**Yan Ricaud**

Associé

**RSM Paris**

Société de Commissariat aux Comptes
Membre de la Compagnie Régionale de Paris

**Régine STEPHAN**

Associée

# Resolutions

## submitted to the Annual General Meeting of 11 June 2020

### First Resolution

The General Meeting, having listened to the operating and financial review of the Board of Directors and to the Auditors' report, approves the said reports in their entirety, as well as the 2019 annual individual financial statements, which show a net income of €3,141,790.45.

### Second Resolution

The General Meeting, having listened to the operating and financial review of the Board of Directors and to the Auditors' report, approves the annual consolidated financial statements as presented, which show a Group share of net consolidated income of €8.6 million for financial year 2019.

### Third Resolution

The General Meeting takes due note of the Auditors' special report on the regulated Agreements and Commitments referred to in Article L.225-38 of the French Commercial Code and approves the said transactions.

### Fourth Resolution

The General Meeting decides to allocate
the period's profit of .................................. €3,141,790.45

plus previous retained earnings ................ €14,790,887.37

constituting the distributable profit of...... €17,932,677.82

as follows:

. Dividend ................................. €1,231,200.00

- €1,231,200.00

Retained earnings balance
after allocation ........................................ €16,701,477.82

The global dividend is €1.60 per share for 769 500 shares so €1 231 200 and will be distributed from 19 June 2020.

In accordance with Article 243 bis of the French General Tax Code, it is stipulated that the totality of the proposed dividend is eligible for the 40% tax allowance benefiting to individuals domiciled in France according to Article 158-3, 2° of the General Tax Code. This allowance applies only in the case of an express, irrevocable and global option for taxation according to the progressive income tax schedule when filing the annual income statement of the beneficiary. In the absence of such an option, the dividend to be distributed to these individuals domiciled in France falls within the scope of the single flat-rate levy (PFU) without the application of this 40% tax allowance.

Prior to payment, the dividend is subject to social security contributions and to the 12.8% mandatory non-statutory levy written in Article 117 quater of the French General Tax Code, paid as an advance payment of income tax, except where the taxpayer has duly waived the exemption.

In application of Article 243 bis of the General Tax Code, it is reminded that the payment of the following dividends has been carried out in the last three accounting years, these dividends being fully eligible for the 40% tax allowance mentioned in Article 158.3.2° of the General Tax Code:

| Period | Net | Number of shares served | Number of shares total |
|---|---|---|---|
| **2016** | 1.80 | 820 500 | 820 500 |
| **2017** | 1.80 | 769 500 | 820 500 |
| **2018** | 1.80 | 769 500 | 769 500 |

### Fith Resolution

The General Meeting discharges the Directors from their corporate duties for financial year 2019.

### Sixth Resolution

Mrs Roselyne MARTIGNONI's directorship being expired, the General Meeting renews her mandate for a period of three years until the 2023 General Meeting that will be called to approve the accounts of financial year 2022.

### Seventh Resolution

Mr Mario MARTIGNONI's directorship being expired, the General Meeting renews his mandate for a period of three years until the 2023 General Meeting that will be called to approve the accounts of financial year 2022.

### Eight Resolution

Mr Jacques FAY's directorship being expired, the General Meeting renews his mandate for a period of three years until the 2023 General Meeting that will be called to approve the accounts of financial year 2022.

### Ninth Resolution

To proceed with any publication and filing required by law, and generally to carry out any statutory formalities, all powers are vested in the holder of original or duplicated copies or excerpts of these resolutions.

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92300 Levallois-Perret
France
www.gevelot-sa.fr