2017 REGISTRATION DOCUMENT

Including the Annual Report and Annual Financial Report

Fiscal year from October 1, 2016 to September 30, 2017

In accordance with Article 212-13 of the General Regulation of the *Autorité des Marchés Financiers* (AMF), the original French language version of this Registration Document was filed with the AMF on January 19, 2018.

It may be used in connection with a financial transaction only if accompanied by a memorandum approved by the AMF. The original French language version of this document was prepared by the issuer and is binding on its signatories.

In compliance with the provisions of Article 28 of European Regulation No. 809/2004 of April 29, 2004, for selected information the reader is referred to the previous Registration Documents:

- the consolidated financial statements, separate annual financial statements and corresponding Statutory Auditors' reports for the fiscal year ended September 30, 2016 contained in the Registration Document filed with the AMF on January 27, 2017;
- the consolidated financial statements, separate annual financial statements and corresponding Statutory Auditors' reports for the fiscal year ended August 31, 2015 contained in the Registration Document filed with the AMF on December 31, 2015.

Message from the Chief Executive Officer

“We are confident in
the growth potential of our markets"

Dear shareholders,

The Group has had a good year in 2016-2017 in terms of growth, profitability and cash generation.

The Sugar Beet Harvesters activity is up by +51% driven by the end of a wait-and-see attitude related to the sugar quotas exit negotiation in 2016 and by 20% growth in areas under cultivation in Europe, particularly in Germany, France, the UK and the Netherlands.

The Group's other activities also achieved robust growth: +12% in the garden spraying and watering business thanks to the extension of the distribution network in Europe, the success of new products and favorable climatic conditions this spring. +8.5% in Industrial spraying with the SAMES KREMLIN merger being well-received by our clients.

Agricultural spraying is up +4% despite a difficult environment in France. Following poor harvests in 2016 and continuing low cereal prices, the French market remains very subdued. As a result, we have seen a decline of -17% in our sales in France which now represent less than 23% of total sales from this activity. Farmers' confidence is returning thanks to 2017 harvests without unpleasant surprises. The international business continues to be very dynamic particularly in Australia, Ukraine and the USA where ET Works made an operating profit less than two years after it joined the Group.

We are continuing our objective of sustainable and profitable growth and have achieved a new milestone this year with an operating margin of 7.9% of sales compared with 7.4% in the previous year. The action plans initiated over the last two years to reduce our inventories generated €22 million this year. They include making our manufacturing plant more flexible, introducing new management tools for our supply chain, partnerships with suppliers to reduce their procurement time lines and improvement in the sales of second-hand machinery. In addition to the reduction in inventories, these actions also enable client service rates to be improved.

A family business, our objective is to become a world leader in each of our markets. Consequently, we are continuously investing in innovation and manufacturing plant but also in our processes and our organization. We have continued our real estate investments in Germany and the Netherlands. We are strengthening our relationships with agtech start-ups *via* joint development partnerships or commercial agreements. We emphasize direct contacts with our clients and the increased presence of our brands on social networks. We are a people-centered company with local roots and have made apprenticeships a lever for the employment of young people in our companies with a target of 3% apprentices at our sites.

By 2050, the world population will reach almost 10 billion inhabitants. In order to feed this larger population, agricultural production will have to increase significantly. Yields will have to continue to improve. This will be achieved through ever more accurate spraying technologies. They will allow the use and environmental impact of phytosanitary products, whether they are synthetic or of natural origin, to be limited. We are confident in the growth potential of our markets even if they are subject to change. Our strong international presence and our presence in our four business activities will moderate these fluctuations.

In addition, the Group is financially robust and this provides it with the resources to grow. We share with all of the Group's employees the objective of achieving sales of €1 billion in a few years' time while continuing to grow our profitability.

Guerric Ballu

Chief Executive Officer, EXEL Industries group

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Information on the Registration Document

1.1 Person responsible for the Registration Document

Mr. Guerric Ballu
CEO

1.2 Responsibility statement

I declare, after having taken all reasonable measures in this regard that to the best of my knowledge the information in this Registration Document is accurate and there are no omissions likely to alter its import.

I declare that, to the best of my knowledge:

The financial statements have been prepared in accordance with the applicable financial reporting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and all consolidated operations;

And that the Annual Report for the fiscal year faithfully presents business trends, the results and financial position of the Company and all consolidated operations and the description of the main risks and uncertainties.

I have obtained a completion of work letter from the Statutory Auditors in which they indicate that they have verified the information concerning the financial position and the financial statements presented in this Registration Document and have read the entire Registration Document.

The historical financial information presented in this document was the subject of the reports by the Statutory Auditors that appear on pages 90-93 for the fiscal year ended September 30, 2017 and on page 1, which is included for reference purposes, for the fiscal years ended September 30, 2016 and August 31, 2015.

January 17, 2018
Guerric Ballu
CEO

1.3 Auditors

Statutory Auditors

The financial statements for the 2016/2017 fiscal year were approved by:

- **SA DELOITTE & Associés**

Appointment date: January 21, 2015

End of appointment: appointment expires on the date of the Ordinary General Meeting called to approve the financial statements for the fiscal year ended in 2021.

- **SA MAZARS**

Appointment date: January 21, 2015

End of appointment: appointment expires on the date of the Ordinary General Meeting called to approve the financial statements for the fiscal year ended in 2021.

Alternate Auditors

- **SAS BEAS**

Appointment date: January 21, 2015

End of appointment: appointment expires on the date of the Ordinary General Meeting called to approve the financial statements for the fiscal year ended in 2021.

- **Mr. Alain Chavance**

Appointment date: January 21, 2015

End of appointment: appointment expires on the date of the Ordinary General Meeting called to approve the financial statements for the fiscal year ended in 2021.

1.4 Responsibility for information

Guerric Ballu

SA EXEL Industries

Headquarters: 54, rue Marcel Paul - 51200 Épernay

RCS REIMS 095 550 356

Main site: 52, rue de la Victoire - 75009 Paris, France

RCS PARIS 095 550 356

Tel.: + 33 (0)1 71 70 49 50

1.5 Shareholder information and investor relations

1.5.1 Financial communications

EXEL Industries provides extensive information to shareholders, the financial community and the public through:

- its Annual Report/Registration Document filed with the French financial market authority, the AMF;
- the publication of financial announcements and press releases;
- regular meetings with journalists, analysts and investors;
- visits to our manufacturing sites;
- a website with a section dedicated to financial and legal communications.

Moreover, since November 2008, EXEL Industries has been a partner of the FFCI (French Federation of Investment Clubs), an independent not-for-profit association serving the community of individual investors.

1.5.2 Access to information

Documents are available on request and can be downloaded from our website:

www.exel-industries.com, under the "Finance" heading.

For the period of validity of this Registration Document, the articles of association, Statutory Auditors' reports and the financial statements for the last three fiscal years, as well as all reports, correspondence and other documents and the historical financial information of EXEL Industries and its subsidiaries for the last three fiscal years and all other documents provided for by law, may be consulted in the Legal and Finance Departments at the Company's main site at 52 rue de la Victoire, Paris (75009), France.

1.5.3 2016-2017 publications

January 24, 2017	First-quarter sales
February 9, 2017	Annual General Meeting
February 28, 2017	Sale of RAM Environnement
April 20, 2017	Second-quarter sales
June 15, 2017	First-half results
July 20, 2017	Third-quarter sales
October 26, 2017	Fourth-quarter sales
December 19, 2017	Full-year results

1.5.4 Schedule of 2018 communications

January 23, 2018	First-quarter sales
February 7, 2018	Annual General Meetings
April 19, 2018	Second-quarter sales
May 31, 2018	First-half results
July 19, 2018	Third-quarter sales
October 25, 2018	Fourth-quarter sales
December 18, 2018	Full-year results

1.5.5 Brokerage and research firms covering EXEL Industries group

- Gilbert Dupont (Crédit du Nord);
- ID Midcap;
- Oddo Securities;
- Portzamparc.

2

Presentation of the Group

2.1 History of the Group

In 1946, Vincent Ballu, civil engineer and father of the current Chairman of the Board of Directors, invented, developed and built the prototype of the first wine grower "high-clearance tractor" for use in the vineyards of the famous Champagne producer Moët et Chandon. In 1947, this achievement won its inventor first prize from "the Association Viticole Champenoise" and marked the beginning of automation for wine growing in Champagne and subsequently all narrow vineyards.

1952

Creation of TECNOMA, a marketing company for the high-clearance tractors.

1953

TECNOMA becomes a local dealer for VERMOREL spraying equipment.

1959

TECNOMA invents the first synthetic resin sprayer.

1960

TECNOMA takes over manufacturing of its new sprayers.

1966

Acquisition of former market leader VERMOREL, ULYSSE FABRE and LACHAZETTE.

1967

First export award.

1975

Launch of first garden spraying equipment with synthetic resin injection.

1980

Death of the company's founder: Vincent Ballu. Patrick Ballu, graduate of the top French engineering school, Arts et Métiers, and a CPA, succeeded his father. The Company sales reached nearly FFR 80 million (€12.2 million).

1986

The Epernay plant is modernized, new line of agricultural sprayers. Takeover of RAM and CARUELLE in the Orleans area and NICOLAS in Agen.

1987

EXEL group formed and acquisition of BERTHOUD, the top company in France in sprayers for farm and garden, along with its subsidiaries SEGUIP, THOMAS and PERRAS. The EXEL group triples in size to become a world leader in spraying equipment for plant protection.

1988

The company is voted "The Most Innovative French Business".

1989

Acquisition of VITITRAC and LOISEAU, competitors in the high-clearance tractor segment.

1990

Acquisition of PRECICULTURE, the French leader in agricultural self-propelled sprayers.

1993

Group legal structure simplified around EXEL Industries as the holder of most of the trademarks and patents.

1996

Acquisition of KREMLIN, the French market leader in painting equipment. After having established positions in the agriculture and consumer segments, the EXEL group expands into the industrial market.

1997

EXEL Industries group is listed on the Second Market of the Paris stock exchange.

1998

Consolidated sales exceed the FFR1 billion milestones (€150 million).

1999

Acquisition of EUROTEC (UK).

2000

The size of the PRÉCICULTURE plant is doubled. Acquisition of FISCHER and REXSON. EXEL Industries becomes the world No. 3* for materials protection.

2001

Acquisition of SAMES, No. 2 worldwide* for electrostatic Industrial Spraying, and MATROT, French leader for agricultural self-propelled sprayers.

2003

Merger of KREMLIN and REXSON.
Acquisition of HERRIAU (Plant Protection).

2006

Acquisition of CMC (Constructions Mécaniques Champenoises), a specialist in high-clearance tractors for wine growers.

2007

Acquisition of MOREAU, the French leader in sugar beet harvesters. EXEL Industries thus becomes a major European player in the sugar beet harvesters market.
Acquisition of the Danish group HARDI, No. 2 worldwide in agricultural sprayers. Through this acquisition, EXEL Industries consolidates its global leadership in the Plant Protection business.

2009

Acquisition of JOHNSTONE USA. EXEL Industries strengthens its position in the Material Protection business in North America.

2012

Acquisition of AGRIFAC, a Dutch company specializing in agricultural spraying and sugar beet harvesters.
Acquisition of the British company HOZELOCK, one of the leading European manufacturers of gardening equipment with a product range including watering, spraying, reinforced hoses (TRICOFLEX brand) and aquatics.

2013

Acquisition of the German group HOLMER, the historical leader on the sugar beet harvester market, with a global presence. EXEL Industries becomes the world leader on the sugar beet harvester market.

2016

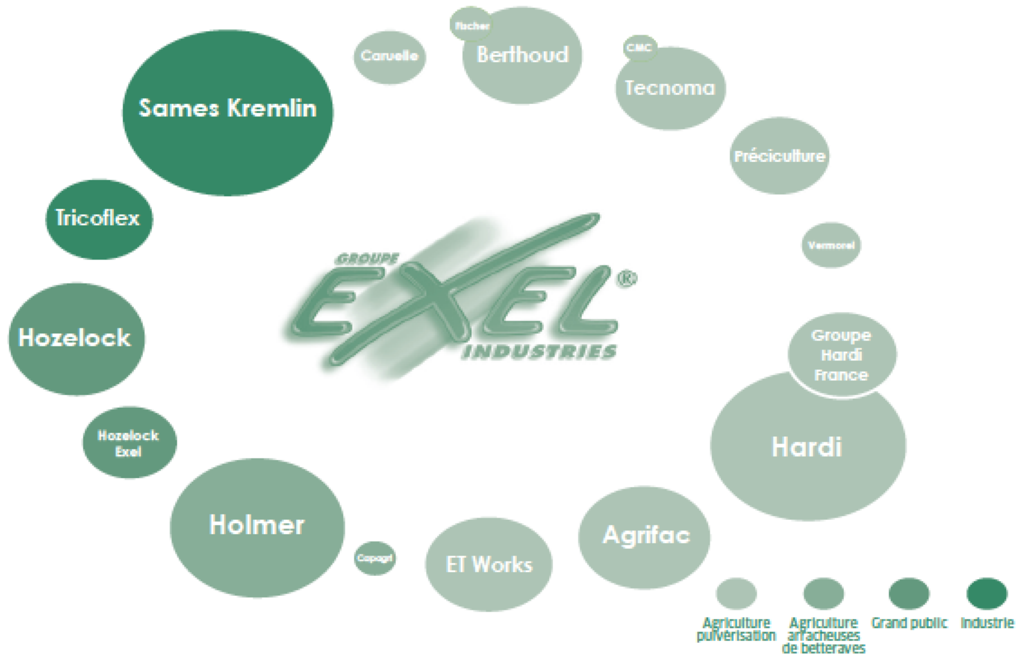
Acquisition of the ET Works group, a US company specialized in agricultural spraying solutions.
Sale of the HERRIAU seeders.
Merger of KREMLIN REXSON and SAMES Technologies which become SAMES KREMLIN.

2017

Sale of RAM Environnement.
Merger of MATROT Équipements and the French subsidiary of HARDI, HARDI EVRARD take effect on October 1, 2017 creating the HARDI France Group.

* *Internal Company data.*

2.2 Organization chart of EXEL Industries group at September 30, 2017



Agriculture pulvérisation	Agriculture spraying
Agriculture arracheuses de betteraves	Agriculture sugar beet harvesters
Grand public	Consumer
Industrie	Industry

2.3 Business overview of the EXEL Industries group

The Group has **four businesses:**

Agricultural spraying | Sugar beet harvesters | Garden spraying and watering | Industrial spraying

2.3.1 Group businesses and products

Group profile

EXEL Industries designs, manufactures and sells agricultural and industrial sprayers. Efficient spraying consists of protecting and improving performance and optimizing the products being sprayed. The Group also competes in the garden watering products and in sugar beet harvesters markets.

In 2017, the Group had sales of €874.2 million and devoted almost 3% of its sales to research and development. EXEL Industries employs 3,508 permanent employees spread over 28 countries and 22 production sites.

2.3.1.1 Agricultural Spraying

Sales: €381 million, or 43.6% of total Group sales

Number of employees: 1,817 (permanent contracts)

Production sites: 14

Description

Agricultural spraying involves protecting and enabling crop yields to be improved by accurately delivering the right amount of product to protect and treat plants as needed. The optimized use of the phytosanitary products applied, including herbicides (to fight against weeds), insecticides (to protect against attack by insects), fungicides (to protect against fungal and mildew attack), liquid fertilizers, and other products requires ever more accurate and efficient application so that only the plant is protected and any dispersion of sprayed products is prevented.

Spraying equipment may be motorized (self-propelled), carried or trailed by a tractor. It costs between €2,000 and €400,000 depending on the size, performance and degree of sophistication. The most elaborate may offer a number of options (on folding, geometry, height, etc.).

For fertilizers and plant care products different spraying techniques are used. For example:

- **air blast sprayer**: droplets are created by pressurization of the liquid (2 to 50 bars);
- **aero-convection or carried jets:** the droplets generated by the pressure of the liquid are transported by a stream of air created by a ventilator. It is often used in arboriculture to ensure the droplets reach deep into the foliage;
- **pneumatic:** this form of spraying is produced by the high air speed (several hundred km per hour) generated by a centrifugal ventilator which also sprays the liquid arriving at the center of the air jet. This technique is used in vineyards or crops needing a strong penetration at a highly localized position;
- **centrifugal:** the liquid directed without pressure to the center of a disc carried at high speed by an electric motor, is sprayed on its periphery. The size of the drops is directly related to the speed of the disc which provides a highly homogeneous spectrum of droplets. This technique is used to apply much more concentrated products (with ten times less water transported), for example to treat cotton in Africa by using wind drift.

A wide range of sprayers is offered by each of the Group's major brands: AGRIFAC, APACHE, BERTHOUD, CARUELLE, EVRARD, HARDI, MATROT, NICOLAS, SEGUIP, THOMAS and TECNOMA, to cover all market requirements.

Regulatory constraints

Spraying equipment design requires expertise in cutting-edge technologies that are both environmentally friendly and safe for the operators.

This equipment must comply with a significant number of demanding safety and environmental standards. For this reason, new players need to obtain product certification before they can be introduced on the market.

A summary of key regulations and standards in force is provided below:

- European Directive 2006/42/EC (the amended "Machinery Directive" entered into effect on December 29, 2009) setting key European safety requirements for agricultural equipment manufacturers. For sprayers, this Directive is based on EN ISO 4254, parts I and VI;

- amendment to the Machinery Directive (Directive 2009/127/EC adopted by the European Parliament on April 22, 2009). This amendment that concerns only sprayers, supplements requirements laid down by the directive on machine safety with a specific section on the "Environment". As of December 15, 2011, new sprayers marketed in the EU must comply with these new environmental standards;
- Directive 2009/128/EC on the sustainable use of pesticides (adopted by the European Parliament in January 2009) establishes a framework for Community action with respect to the use of plant health products within Europe, through measures such as user training, obligatory inspection of sprayers, phytosanitary effluent management, adherence to best practices, etc.;
- obligatory operating safety certification for high-clearance tractors, self-propelled vehicles and trailed sprayers, both in France and other European countries;
- Decree of September 12, 2006 on the use of phytosanitary products that notably encourages manufacturers to offer sprayers in France meeting new requirements for tank filling (overflow prevention systems), dilution of tank bottom residue and reduction of spray drift;
- new French "Water Act", adopted on December 20, 2 006, that has imposed a requirement for regular technical inspections (every five years) of all sprayers, mandatory since January [1], 2009;
- the Ecophyto action plan adopted by the French government to reduce the use of plant health (phytosanitary) products and strengthen prevention measures in the area of user safety and health;
- French Agricultural Act 2014-1170 of October 13, 2014, laying down new provisions on plant treatment restrictions near public places.

As a result, these requirements call for a high level of precision in the application of plant health (phytosanitary) products and demand that the "right dose in the right place at the right time" be applied at all times. For example, nozzle flow must not vary by more than 5% from nominal flow, and transversal distribution under the boom must be perfectly uniform (<7% variance).

The annual cost of the spraying equipment is often less than 5% of the annual plant protection budget, whereas the sprayer actually controls and plays an essential role in achieving good application results. This gives us a better understanding of the importance of its performance quality in contributing to controlling and optimizing farmers' operating costs, when faced with the new challenges of globalization and changing agricultural subsidy policies (in particular the EU's Common Agricultural Policy).

Trends

Farmers must better identify and manage mechanization-related costs. The focus on productivity per hectare is gradually shifting in favor of human productivity. This new challenge entails:

- simplified crop itineraries (no-till direct seeding, for example);
- sustainable farming;
- spraying:
  - more accurate (GPS connections to adjust quantities according to requirements in the field),
  - faster (reducing time required to cover larger farms),
  - safer and more reliable (adapting and meeting specified requirements for quantities for improved efficiency),
  - better managed (preprogrammed treatment for more efficient delivery),
  - and traceability ensured (providing tools if required to demonstrate proper compliance with regulations).

All these improvements fall within the scope of "sustainable and precision farming" that respects the nutritional quality of food products, health and the environment, where spraying equipment plays a major role.

Description of Group companies

EXEL Industries has 17 direct subsidiaries: AGRIFAC, TECNOMA, BERTHOUD, CARUELLE NICOLAS, HARDI, PRÉCICULTURE, CMC, VERMOREL, EMC and ETW:

TECNOMA Technologies, a company based in Épernay in the Marne region, designs, manufactures and markets a wide range of agricultural spraying equipment under the TECNOMA brand name. In addition, it distributes high clearance tractors for vineyards, used mainly for spraying, under the TECNOMA, LOISEAU and VITI LABEL brand names.

It also manufactures and distributes components for other companies, and in particular Group companies (tanks, injection components, etc.).

The company had sales of €42.1 million (over 12 months) in the fiscal year, compared with €46.8 million (over 13 months) the previous fiscal year.

BERTHOUD Agricole, a company located in Belleville-sur-Saône in the Rhone department, designs, manufactures and markets agricultural spraying equipment for large-scale crops, vineyards, and fruit trees. The BERTHOUD range covers all market requirements with over 120 product groups. BERTHOUD, the leading brand on the French market, recorded sales of €49.9 million (over 12 months) in the fiscal year, compared with €53.1 million (over 13 months) the previous year.

CARUELLE NICOLAS, a company located in Saint-Denis de l'Hôtel in the Loiret region, designs, manufactures and markets spraying equipment sold under its four brand names: CARUELLE and SEGUIP (spraying equipment with booms for large farms) and NICOLAS and THOMAS (turbine-driven sprayers used to treat vineyards and fruit trees).

The company had sales of €9.4 million (over 12 months) in the fiscal year, compared with €17.9 million (over 13 months) the previous fiscal year.

The HARDI group, with its head office in Nørre Alslev in Denmark, designs, manufactures and markets a very broad range of agricultural sprayers for large-scale crops, vineyards, fruit orchards, golf courses, parks and gardens.

The HARDI Group is comprised of nine companies throughout the world. This includes HARDI-EVRARD and HARDI Service in France, as well as eight production sites in Denmark, France, Australia, USA and Spain. This makes HARDI one of the leading worldwide brands for Agricultural Spraying equipment.

HARDI Group had sales of €138.0 million (over 12 months) in the fiscal year, compared with €147.7 million (over 13 months) the previous fiscal year.

PRÉCICULTURE, a company based in Fère-Champenoise in the Marne region, designs and manufactures self-propelled chassis for the BERTHOUD, CARUELLE, SEGUIP and TECNOMA brands. Each company then installs its own spraying equipment on the chassis and markets the end product: a self-propelled sprayer.

PRÉCICULTURE also manufactures high-clearance tractors marketed by CMC and TECNOMA, which equip them with their spraying equipment.

The company had sales of €38.0 million (over 12 months) in the fiscal year, compared with €40.6 million (over 13 months) the previous fiscal year.

CMC (*Constructions Mécaniques Champenoises*), a company based in Épernay in the Marne department, joined the EXEL Industries group in July 2006. It markets a complete range of high-clearance tractors for use in vineyards.

The company had sales of €3.4 million (over 12 months) in the fiscal year, compared with €3.5 million (over 13 months) the previous fiscal year.

VERMOREL, a company based in Ploiesti in Romania, manufactures mechanically-welded sub-assemblies for the rest of the Group.

The company had sales of €2.6 million (over 12 months) in the fiscal year, compared with €3.7 million (over 13 months) the previous fiscal year.

EMC, a company based in Volgograd in Russia, manufactures and markets agricultural sprayers for the Russian market and sells under different EXEL Industries brands.

The company had sales of €9.0 million (over 12 months) in the fiscal year, compared with €7.5 million (over 13 months) the previous fiscal year.

The AGRIFAC Group, headquartered in Steenwijk in the Netherlands, was acquired in July 2012. AGRIFAC manufactures and markets high-end self-propelled sprayers under the Condor brand name and high-end trailed sprayers under the Milan brand name. AGRIFAC also manufactures tanker harvesters marketed under the HOLMER EXXACT brand name. The Group has one subsidiary in England and one in Australia.

AGRIFAC's sales, which are consolidated in the financial statements of EXEL Industries for the 2016/2017 fiscal year, amounted to €80.2 million (over 12 months) compared with €67.1 million (over 13 months) in the previous fiscal year.

ET Works group, whose headquarters is located in Mooresville in the state of Indiana in the USA, was acquired in January 2016. ET Works manufactures and markets high-end self-propelled sprayers under the Apache brand name. The group has four commercial subsidiaries in the USA.

ET Works' sales for the 2016-2017 fiscal year amounted to €78.4 million (over 12 months) compared with €47.0 million (over 9 months).

Main competitors

EXEL Industries group's main competitors in this market are:

- John Deere (United States) tractor manufacturer which is aiming to build a full line *of products*;
- Jacto (Brazil) for large-scale crops, vines and trees;
- Amazone (Germany) for large-scale crops;
- Kuhn, subsidiary of the Bucher Group (Switzerland) that is seeking to develop a wide range in the large-scale farming sector.

However, EXEL Industries is currently the only player on a global scale with the ability to cover the full range of farmers' requirements.

2.3.1.2 Sugar beet harvesting

Activity sales: €176 million, or 20.1% of total Group sales

Number of employees: 381 (permanent contracts)

Production sites: 1

EXEL Industries develops, manufactures and markets three sugar beet harvesting product lines.

Sugar beet harvester

Using a full line of sugar beet harvesters for a wide variety of applications, different processes can be used for sugar beet harvesting: with a self-propelled harvester attached to a tractor, a self-propelled harvester or a tanker harvester.

- The first process requires the use of a tractor with a leaf stripper attached at the front, and a lifting unit at the rear. The sugar beets are left in swaths on the soil and must then be picked up by a loader. This process is disappearing in Europe, but is still widely used in the United States.
- Self-propelled harvesters lift the sugar beets which are transferred directly into a storage tank moving alongside the machine. A small hopper measuring 5 to 7 m^3 is used to contain a buffer stock during the time taken for the storage tank to be replaced by the next one. Used only in France, this type of equipment is increasingly giving way to larger and more powerful tanker harvesters.
- Tanker harvesters have a storage capacity that allows the beets to be lifted and the harvest only transferred when the storage capacity has been reached. The storage capacity of tanker machines varies between 12 m^3 and 40 m^3. They allow the tanks needed for storage to be eliminated or greatly reduced.

Sugar beet harvesters are very technologically advanced machines, as they need to penetrate the ground to lift the beets without damaging them and while bringing up as little soil as possible, whatever the weather conditions, land quality and field topology.

Our Research and Development work aims to further improve the availability rate of the machines (seasonal use 24 hours a day, seven days a week), increase their beet lifting productivity, enhance lifting quality and cleaning, reduce fuel consumption and limit soil compaction.

Sugar beet harvester design requires expertise in cutting-edge technologies that are both environmentally-friendly and safe for the operators.

Cleaner-loaders

Cleaner-loaders allow beets to be cleaned and loaded before being transported to the sugar refinery. When the tanker harvester has emptied its harvest at the end of the field, a sugar beet cleaning loader collects the beets and transfers them to a transport container, which then takes them to the sugar refinery.

High and medium capacity carriers

High and medium capacity carriers are used for logistics in the field. The Terra Variant high and medium capacity carriers are used to transport sugar beets or grains from the harvester (picker or reaper) to the field's edge or directly into the truck.

Description of Group companies

A wide range of sugar beet harvesters and cleaning loaders is offered under the HOLMER Exxact brand, manufactured by the following Group subsidiaries: HOLMER and AGRIFAC.

CAPAGRI, a company located in Noyelles-sur-Escault in the Nord department, manufactures and markets equipment parts, mainly for sugar beet and potato harvesters. The company had sales of €0.9 million in the fiscal year, compared with €1.9 million (over 13 months) the previous fiscal year.

HOLMER Group, based in Eggmühl (Bavaria), Germany, manufactures and markets tanker harvesters, cleaning loaders and high-capacity systems tractors. The Group has one manufacturing site in Germany and six commercial subsidiaries in France, Poland, the Czech Republic, Ukraine, USA and Turkey. It also has a representative office in Beijing, China.

HOLMER Group's sales, which are consolidated in the financial statements of EXEL Industries for the 2016/2017 fiscal year, amounted to €159.8 million in the fiscal year (over 12 months) compared with €117.5 million (over 13 months) in the previous fiscal year.

Main competitors

EXEL Industries group's main competitors in this market are:

- Ropa (Germany), which is diversifying with a range of potato harvesters;
- Grimme (Germany) is the world leader for potato harvesters.

2.3.1.3 Garden spraying and watering

Sales: €108.8 million, or 12.5% of total Group sales

Number of employees: 447 (permanent contracts)

Production sites: 2

Through its HOZELOCK, BERTHOUD, TECNOMA, LASER and COOPER PEGLER brands, the EXEL Industries group, a global leader in the consumer watering and plant protection market, offers innovative, high-quality products to provide solid and efficient solutions for consumers and semi-professional gardeners.

Garden watering

Watering tools are used to irrigate the garden, flowers, vegetables and other plants, including in pots. HOZELOCK has a comprehensive and diverse line-up of products in each category. It is the market leader in the UK and Scandinavia, and also operates all over Europe and Australia.

Garden sprayers

Garden sprayers make it possible to treat plants with fertilizer and protect them against weeds and other pests. In the field of vegetable production, EXEL Industries manufactures and distributes a range of spraying equipment for consumers and the semi-professional segment in France and Europe under the BERTHOUD brand, which has a reputation for the quality of its products in the agricultural sector. TECNOMA and HOZELOCK garden sprayers complement the BERTHOUD brand in France and in the international market. The EXEL Industries group also manufacturers and distributes a range of garden spraying equipment under the Cooper Pegler brand, recognized for its sturdiness and reliability in the agricultural markets of the UK, Latin America, South America and Africa.

As an alternative to sprayers, the Group also offers high-performance thermal weeders. This product range has increased in importance as consumers focus on alternatives to chemical weeding. It also meets new legal requirements concerning phytosanitary products for green spaces and private gardens in France and internationally.

The EXEL Industries group also manufactures and markets a range of professional garden sprayers to meet the specific needs of industrial markets (in particular the building trade). These products are marketed under the LASER INDUSTRIE brand name.

Description of Group companies

HOZELOCK Group is based in Birmingham, UK. It assembles and markets gardening equipment, with a product range in watering, plant protection, reinforced hoses and aquatics. The group has five subsidiaries in Europe and around the world.

HOZELOCK Group's sales for the 2016/2017 fiscal year amounted to €76.2 million (over 12 months), compared to €71.5 million (over 13 months) the previous year.

HOZELOCK EXEL is a company based in Villefranche-sur-Saône (Rhône department). It designs, assembles and markets spraying equipment for semi-professional users and gardeners, as well as drawing and watering pumps and a range of misting equipment. The company also offers alternatives to sprayers for weeding, in the form of thermal and electric weeders.

The company has a major share of the market in France through its consumer brands, including BERTHOUD, TECNOMA and LASER. Its products are also distributed throughout Europe. HOZELOCK EXEL had sales of €38.7 million (over 12 months) in the fiscal year, compared with €34.1 million (over 13 months) the previous fiscal year.

Main competitors

EXEL Industries group's main competitors in this market are:

- GARDENA (Germany and Europe);
- CELLFAST (Poland and Eastern Europe);
- CLABER (Italy and Southern Europe);
- FITT (Italy and Europe);
- MATABI (Spain);
- GLORIA, Mesto, Solo (Germany);
- PRIVATE LABEL (various countries).

2.3.1.4 Industrial spraying

Sales: €208.4 million, or 23.8% of total Group sales

Number of employees: 849

Production sites: 5

The EXEL Industries group's Industrial spraying activity comprises the following subsidiaries: SAMES KREMLIN and TRICOFLEX.

Industrial spraying covers a number of areas: protection, finishes and lubrication.

The products developed by these companies are used to prepare, distribute, dose, mix and apply all types of liquid, powder or thick products on a range of different materials, such as wood, metal, plastic, glass, or leather.

Industrial Spraying solutions

Within the Industrial spraying market, the Group now has a new company **SAMES KREMLIN** with two complementary positions:

- spraying and extrusion applications of products in liquid and viscous forms;
- electrostatic application of powders and products in liquid form.

With two manufacturing sites in France, in Stains (Seine-Saint-Denis department) and Meylan (Isère department) the company **SAMES KREMLIN** and its 16 subsidiaries, are able to meet their clients' needs on a worldwide basis, for all industrial assembly processes (joints and glues), support protection (anti-corrosion, technical primers, other forms of protection) and finishing (dyes, base coats, lacquers and varnishes).

In order to compete with ever more aggressive competition, **SAMES KREMLIN** puts its emphasis on innovation, matching each client's needs on an optimal basis and an efficient *supply chain*.

Based on differentiating technologies, **SAMES KREMLIN** develops comprehensive ranges of pumps, machines, reinforced hoses, and manual, automatic or robot applicators. This product line-up delivers significant productivity gains to customers through increasingly precise spraying, while protecting the environment and the health of the operator.

Company description

SAMES KREMLIN recorded consolidated sales of €175.8 million (over 12 months) in the fiscal year, compared with €171.7 million (over 13 months) the previous year, of which €155.7 million, or 89%, internationally.

A pioneer of electrostatic spraying techniques (1925), electrostatic power coating (1960), and airmix® spraying (1975), **SAMES KREMLIN** has a large number of patents and 8.6% of its workforce is involved in R&D.

It has six product ranges involving specific techniques:

- **Airspray (pneumatic)**: pneumatic effect product spraying, enabling the best quality finishes;
- **Airless**: high pressure atomized product spraying using a calibrated nozzle, which allows high flow rates and good performance but a relatively coarse finish;
- **Airmix®**: combined airless and pneumatic spraying, thus enabling high flows and performance application and with a high quality finish;
- **Electrostatic Liquid**: pneumatic or rotating bell spraying (centrifugal atomization over a fine rim) of droplets of electrically charged product, which enables an excellent quality finish with a high performance coating, and also a wraparound effect which allows all faces of parts to be painted simultaneously;
- **Electrostatic Powder**: spraying in a controlled flow of air or by rotating bell (centrifugal distribution over a fine rim) of particles of electrically charged product, which enables an excellent quality finish with a high performance coating, and also a wraparound effect which allows all faces of parts to be painted simultaneously;
- **Extrusion**: high viscosity products are pumped, potentially heated, then extruded or sprayed under high pressure, so as to form a web of various shapes and sizes, or a uniform coating of material on a substrate.

SAMES KREMLIN designs and manufactures all of its equipment involving pumps, applicators and pressure, temperature and flow control devices.

The pumps are double or quadruple bearings, diaphragm pumps or vane pumps for the most viscous products. They are driven pneumatically or electrically.

The applicators are spray gun or rotating bell in manual, automatic or robotic versions that can be mounted on machines or on robots.

All of **SAMES KREMLIN** equipment allows users to achieve higher levels of performance, productivity and quality in their industrial processes while significantly improving productivity (cost of materials, total ownership costs) and protecting the environment and the operator's health by reducing paint fume emissions.

Using its equipment, **SAMES KREMLIN** designs, manufactures and distributes standard solutions by means of a worldwide network of qualified integrators. These solutions, from the simplest to the most complex of technologies are manual, automatic or robotic and allow the application of liquids, powders and viscous products.

In order to meet its clients' everyday needs, **SAMES KREMLIN** develops and markets a Service offering through its trained and qualified dealers, which allows them to become and subsequently remain their users' preferred supplier.

A large number of markets are targeted which are divided into seven large categories: automotive, wood, agricultural, construction, industry, transport and consumer goods.

The entire range of **SAMES KREMLIN** products is marketed using the many Group subsidiaries worldwide (Europe, North and South America, China, Japan, India, South-East Asia, Australia, Russia and South Africa).

Main competitors

The main competitors in this market are:

- Graco (USA) with the Graco and Gema brands;
- Finishing Brand (USA) with the following brands: Devilbiss, Ransburg and Binks;
- Nordson (USA);
- Wagner (Germany);
- Anest Iwata (Japan);

- Dürr (Germany);
- ABB (Switzerland/Sweden) for electrostatic spraying.

Manufacture of reinforced hoses

TRICOFLEX, a company based in Vitry Le François in the Marne department, specializes in the manufacture of reinforced hoses. These hoses are used in the consumer market and in industry.

TRICOFLEX joined the Group in October 2012 following the acquisition of HOZELOCK.

TRICOFLEX Group's sales for the 2016/2017 fiscal year amounted to €47.0 million (over 12 months) compared with €44.2 million (over 13 months) the previous year.

2.3.2 Customers - suppliers

2.3.2.1 The agricultural market for precision spraying equipment

Agricultural Spraying equipment is primarily sold ex-works to agricultural machinery retailers sometimes called dealerships. They demonstrate, sell and set up new spraying equipment and also provide after-sales services, trade-in and sales of used equipment.

Each Group brand develops its own marketing strategy through its own distribution networks.

The rationale behind this "multi-brand" and "multi-network" policy is based on:

- geographical market segmentation and coverage;
- brand loyalty among farmers;
- maintaining and developing the market share historically developed by each Group brand based on specific arguments and an original marketing mix;
- the need to maintain a large selection of several brands of sprayers with decisive differences to increase customer loyalty among the many agricultural equipment distributors through an offering providing differentiation from their competitors.

Each of the Group's main brands therefore has its own network made up of several hundred approved and trained distributors. The distribution agreements are renewed on an annual basis. The technical and sales staff of each distributor is required to attend a session lasting several days at one of the Group's approved training centers.

The end users of EXEL Industries spraying equipment are farmers. These include cereal farmers, tree growers, wine growers and vegetable growers. Farmers today have a pivotal role in the development of sustainable and eco-friendly agriculture. As part of this trend, they seek to adopt the most sustainable approach for treatment with the goal of producing "clean" products. They also ensure the traceability of treatment operations. Spraying equipment is also used in various exotic or tropical environments such as for cotton production.

2.3.3.2 The agricultural market for sugar beet harvesters

Sugar beet harvesters are mainly used by agricultural service supply agencies, farming associations, very large agricultural holdings that can manage the entire chain up to sugar production (mainly in the CIS countries) and planters with very large sugar beet crop areas. Cleaning loaders are for agricultural service supply agencies and agricultural holdings.

Sales are mainly made directly in countries where HOLMER is established with its own subsidiary, or through distributors in other countries. Selling nearly always includes recovering a used machine, refurbishing it and placing it on the market. Countries undergoing mechanization or changing their crop lifting methods represent good opportunities for these used machines.

As part of the replacement of some of their aging installed base, Russian agricultural holding companies have conducted major tender procedures during the fiscal year. HOLMER won a majority of these and this led to a significant increase in its sales in Russia. Sales of new machines also recovered in Ukraine.

The intensive use of the machines (more than 1,000 hours in 3 months) requires highly responsive technical support, 24 hours a day during the high season. This support is provided by our own teams and our distributors worldwide. An efficient logistics network for spare parts is also crucial for satisfying our users.

2.3.3.3 The consumer market

Products marketed by HOZELOCK and HOZELOCK EXEL, specialized in watering and plant protection, are mainly sold through specialized mass retailers (garden centers, agricultural cooperatives and DIY superstores) in traditional retailers and through mail order. The Group enjoys excellent relations with major national and international groups, as well as a network of independent distributors.

Through its HOZELOCK, BERTHOUD, TECNOMA, PERAS, LASER and COOPER PEGLER brands, the EXEL Industries group, a global leader in consumer watering, offers spraying and watering solutions for the gardening market. The products are characterized by their performance and their technology, their security, their design and their ease-of-use.

HOZELOCK EXEL also manufactures and markets a range of professional sprayers to meet the specific needs of industrial markets (in particular the building trade). These products are marketed under the LASER INDUSTRIE brand name.

High-performance thermal and electric weeders are also offered as an alternative to sprayers. This product range has increased in importance as consumers focus on alternatives to chemical weeding. It also meets new legal requirements concerning phytosanitary products for green spaces and private gardens.

2.3.3.4 The industrial market

The companies operating in the Industrial spraying segment are major players in traditional, long-term markets like the automotive industry, aeronautics, railways, consumer goods and farm machinery and pursue growth in the high value-added markets: the food industry, healthcare and renewable energy etc.

This enables it to fund research and innovation.

The products are marketed through two main channels:

Distribution

The equipment is sold from our plants and distributed through a variety of distribution channels coordinated by our subsidiaries. These networks are made up of "approved resellers" (typical of modern distribution), "approved distributors" (active sales including servicing) and consolidators (sale of "turnkey" solutions).

Selected according to specific criteria, the members of our networks benefit from continuous training and professional development to improve their skills and ensure customer satisfaction.

Major accounts

To maintain contact with our markets, we have developed a specific approach for major accounts involving direct sales or support through our distribution partners.

Numerous prestigious companies place their trust in us:

Airbus, Alstom, Areva, Audi, Bang & Olufsen, Bénéteau, Caterpillar, Dacia, Dassault, EDF, Eurocopter, Fagor, Ford, GM, IKEA, Lafarge, Lamborghini, Louis Vuitton, Mahindra, Mercedes, Philips, PSA Peugeot Citroën, Renault-Nissan, Rolls-Royce, Safran, Schneider Electrics, Tata, Tefal, Veolia, Porsche, BMW Bosch and Chrysler.

Given our very diversified markets and customers, the Group's consolidated sales are well balanced between our different accounts.

For our Group, industry is a very dynamic customer segment:

- investing heavily in new factories located in regions where there is strong growth in product demand (emerging and newly industrialized countries);
- constantly looking for new sprayer solutions to increase its productivity and profitability.

2.3.3.5 Suppliers

Whenever several suppliers were able to provide the same product to more than one subsidiary, attempts were made to achieve standardization and economies of scale at the group level. As a result, one or more authorized suppliers may be selected for the whole of the Group.

Negotiations are carried out by one or more buyers and contribute to securing favorable sales conditions (prices, deadlines, quality, etc.).

With regard to the manufacture of agricultural sprayers, the three largest purchase items are:

- mechanized welding: chassis, ramp arms, etc.;
- plastics for the manufacture of tanks or bodywork parts;
- general mechanical parts: engines, cylinders, universal blocks, wheel rims, etc.

Manufacturing sprayers or pumps for the industrial market requires sophisticated and very precise industrial techniques with tolerance or surface finish of within a few microns to ensure no leaks under very high spraying pressures (more than 600 bars).

2.3.4 Plant and machinery

Production techniques

The main technologies used in the Group's factories are:

- injection and over-injection of synthetic thermoplastic resin;
- machining of metals with great precision (machining center for up to 11 axes);
- rotational molding of tanks and cowling of complex shapes;
- automatic flow and robot-controlled or semi-automatic welding of complex chassis items;
- surface preparation and application of paint in liquid or powder form via an electrostatic process (manual or automated).

Production organization

All of the Group's factories are organized as autonomous workshops operating on a just-in-time basis. This organization contributes to better responsiveness to seasonal fluctuations in activity and more efficient management of working capital.

Moreover, the Group applies Lean Management practices in its manufacturing plants. Lean Management is a process that seeks to optimize the organization and operating efficiencies of our companies.

	Production sites (worldwide)			
Group companies	Site address (1), (2) and (3)	Area in m^2	of which useful area of buildings (m^2)	Activity
AGRIFAC Machinery BV	Eesveesenweg 15-17, 8332 JA Steenwijk – Netherlands (3)	40,510	18,175	Production Offices
AGRIFAC Australia	44 Meliador Way, Midvale, WA 6056 – Australia (2)	3,450	900	Production Offices
	24 Duke Street, Jondaryan, QLD 4403 – Australia (2)	4,000	480	Production Offices
AGRIFAC UK Ltd	1 Martin Avenue, March,	3,966	625	Production

Group companies	Production sites (worldwide)			
	Site address (1), (2) and (3)	Area in m²	of which useful area of buildings (m²)	Activity
	Cambridgeshire PE15 OAY – UK(1)			
	Thorby Avenue, March, Cambridgeshire PE15 OAY – UK(2)	4,200	1,444	Production Offices
BERTHOUD Agricole SAS	1, rue de l'Industrie69220 Belleville-sur-Saône (1)	60,715	16,372	Production Offices
BERTHOUD Sprayers Ltd	4 Oldmedow Road, Hardwick Industrial Estate King's Lynn Norfolk PE30 4JJ – UK(2)	-	105	Offices
FISCHER Nouvelle SARL	Zone industrielle, 1868, Collombey – Switzerland(2)	2,990	1,990	Production Offices
CAPAGRI SAS	Rue Pasteur, 59159 Noyelles s/Escaut (2)	same site as HOLMER Exxact	same site as HOLMER Exxact	Offices
MAIZY TESSOUS SCI	Route de Villers, 02160 Maizy(1)	17,400	3,000	Reserve of additional land
CARUELLE NICOLAS SAS	2, rue de l'Industrie 45550 St-Denis-de-l'Hôtel (1)	31,302	13,787	Production Offices
	Test land	35,629	-	Test land
CMC SAS	1, rue Vincent Ballu, 51200 Épernay (2)	same site as TECNOMA Technologies	same site as TECNOMA Technologies	Offices
EMC	5, SERIJNY PROEZD - 400075 VOLGOGRAD – Russia (2)	4,820	4,820	Production Offices
ET Works Inc.	2201 Hancel Parkway Mooresville, IN 46158 (1) – USA	10,600	31,124	Production Offices
	455 Merriman Rd. Mooresville, IN 46158 (1) – USA	6,832	441,108	Offices Warehouse
Ohio Valley Ag	2730 West 2nd St. Owensboro, KY 42304 (1) and (2) – USA	2,978	20,457	Sale
	202 North Thurston Dr. Russellville, KY 42276 (2) – USA	7,689	845	Sale
	1328 N. Liberty Circle W. Greensburg, IN 47240 (2) – USA	6,070	1,219	Sale

Group companies	Production sites (worldwide)			
	Site address [(1), (2) and (3)]	Area in m^2	of which useful area of buildings (m^2)	Activity
	920 Commerce Dr. Fairfield, IL 62837 [(2)] – USA	1,416	687	Sale
High Plains Apache	5321 35th St. South Frontier, ND 58104 [(2)] – USA	8,094	465	Sale
	3909 N. Brush College Rd. Decatur, IL 62521 [(2)] – USA	8,094	1,202	Sale
	1701 Eastside Court SE Mandan, ND 58554 [(1)] – USA	6,354	929	Sale
Southern Application Management	21129 Highway 6 E. Batesville, MS 38606 [(2)] – USA	24,281	1,858	Sale
EXEL Industries SA	54, rue Marcel Paul51200 Épernay [(3)]	TECNOMA Technologies site	TECNOMA Technologies site	Group headquarters
	52, rue de la Victoire, 75009 Paris[(2)]	-	398	Main site Offices
	Villefranche-sur-Saône (69400) and Saint-Jean-d'Ardières (69) [(1)]	22,738	-	Reserve of additional land
HARDI INTERNATIONAL A/S	Herthadelvej 10 4840 Norre Alslev Denmark [(1)]	155,176	47,062	Production Offices
GROUPE HARDI FRANCE SAS	43, rue Cuivre, 77542 Savigny le Temple [(1)]	13,827	5,182	Production Offices
	Rue du 21 mai 1940, 62990 Beaurainville[(1)]	62,697	16,911	Production Offices
	116, rue des Pommiers 60480 Noyers-St-Martin [(3)]	70,000	25,000	Production Offices Warehouse
HARDI SERVICE SAS	43, rue Cuivre, 77542 Savigny le Temple[(2)]	Same site as HARDI EVRARD	2,940	Offices
HARDI GmbH	Schaumburger Straße 17, 30900 Wedemark – Germany [(2)]	2,000	662	Offices
HARDI Australia PTY	Cross Keys Road, CAVAN SA 5094 – Australia [(3)]	58,776	15,200	Production Offices
ILEMO-HARDI S.A.	Poligono Industrial "El Segre", 25080 LLEIDA – Spain [(2)]	13,182	6,007	Production Offices

Group companies	Production sites (worldwide)			
	Site address [(1), (2) and (3)]	Area in m^2	of which useful area of buildings (m^2)	Activity
HARDI North America Inc.	1500 W 76th Street, DAVENPORT – USA [(1)]	80,937	11,096	Production Offices
HOLMER Maschinenbau Gmbh	Regensburger Straße 2084069 Schierling/Eggmühl – Germany [(2)]	54,275	10,594	Production Offices Warehouse
	Regensburger Straße 4 - 84069 Schierling/Eggmühl – Germany [(2)]	5,522	526	Warehouse
	Kremser Straße 18 - 93055 Regensburg – Germany [(2)]	7,156	5,429	Warehouse
	Zaitzkofener Straße 5 – 93101 Rogging/Pfakofen – Germany [(2)]	10,824	1,920	Production Offices Warehouse
	Lange Straße 48 - 39387 Oschersleben – Germany [(1)]	9,297	1,801	Production Offices
	Regensburger Straße 20 -84069 Schierling/Eggmühl – Germany [(3)]	140,000	10,639	Production Offices
HOLMER EXXACT SAS	Rue Pasteur, 59159 Noyelles s/Escaut[(3)]	44,130	14,241	Production Offices
HOLMER Budowa Maszyn Sp. z.o.o	Ul. Wroclawska – 55300 Sroda – Poland[(2)]	1,100	1,140	Production Offices Warehouse
HOLMER Türkei Otomotiv Limied Sirketi	42050 KARATY/KONYA, Fevzicakmam Mah. Kenitra Cad. A block 6/E	1,864	864	Production Offices Warehouse
HOLMER CZ s.r.o.	Kldska 1187 /Hradec Kralove 50003 – Czech Republic [(2)]	668	342	Offices Warehouse
HOLMER Ukraine	Ul. Jablunska 144 – 08292 – Ukraine [(2)]	1,042	842	Production Offices Warehouse
HOZELOCK EXEL SAS	891 route des Frênes, ZI de Joux - 69400 Villefranche[(1)]	46,426	18,240	Production Offices Warehouse
HOZELOCK Ltd	Midpoint Park, Minworth - West Midlands B76 1AB – UK [(3)]	72,035	34,287	Production Offices

Group companies	Production sites (worldwide)			
	Site address (1), (2) and (3)	Area in m²	of which useful area of buildings (m²)	Activity
				Warehouse
HOZELOCK Australia Pty	Unit 22 456 St Kilda Road - 3004 – Melbourne – Australia (2)	-	71	Offices
HOZELOCK Holland BV	Cartografenweg 34 – 5141 MT Waalwijk – Netherlands (2)	-	520	Offices
HOZELOCK Sweden AB	Sisjö Kullegata 9 – 421 32 Västra Frölunda – Sweden (2)	-	1,170	Offices
	150, av. de Stalingrad, 93240 Stains(1)	37,140	13,081	Production Offices Warehouse
SAMES KREMLIN SAS	13, chemin de Malacher, 38240 Meylan(1)	28,245	13,266	Production Offices
API SCM SAS	29, av. Asthon Under Lyne, 52000 Chaumont (3)	69,086	22,000	Production Offices
SAMES KREMLIN SA.	Avnd Juan B. Justo 6021 – C 1416 DLB C.A.B.A. – Argentina (2)	207	207	Offices Warehouse
SAME KREMLIN GMBH	Moselstrasse, 19 – 41464, Neuss – Germany (2)	1,800	1,748	Offices Warehouse
EXEL INDUSTRIAL	R. Alfredo Mario Pizzoti, 41 – CEP:02060-040 V.Guilherme - SP/SP – Brazil(2)	1,467	908	Offices
SAMES KREMLIN SA	Botanica, 49 – 08908 L'Hospitalet de Llobregat – Barcelona – Spain(1)	2,177.20	1,200	Offices
SAMES KREMLIN SRL	Via Rivoltana, 35 – 20096 Pioltello (Mi) – Italy (2)	-	835	Offices
SAMES KREMLIN PRIVATE LIMITED	Kothari House, GAT NO.634, Pune Nagar Road,Wagholi – 412 207, Pune – India(2)	-	560	Offices Warehouse
SAMES KREMLIN SP. zoo	ul. Modlinska 221B – 03-120 – Warsaw – Poland (2)	2,000	800	Offices
SAMES KREMLIN, UNIPESSOAL LDA	Rua da silveira, 554 – Touria – 2410-269, Pousos LRA – Portugal (2)	391	237	Offices
KREMLIN REXSON PTE Ltd	4 BATTERY ROAD, #25-01, BANK OF CHINA BUILDING – 49908 –	-	30	Offices

Group companies	Production sites (worldwide)			
	Site address (1), (2) and (3)	Area in m²	of which useful area of buildings (m²)	Activity
	Singapore(2)			
SAMES KREMLIN INC.	45001, Five Mile Road - MI 48170 Plymouth, USA(3)	20,234	4,830	Offices
SAMES KREMLIN CO., LTD	Building No. 9, No. 3802 Shengang Road, Songjiang District, Shanghai China, 201611 – China(2)	2,547	2,407	Offices Production
SAMES KREMLIN KK	Sky Building 20F, 2-19-12 Takashima, Nishi-ku, Yokohama, Kanagawa – Japan(2)	-	15	Offices
SAMES KREMLIN SA DE CV	Acceso III N°16A int 15A – Conjunto Quadrum – Parque Industrial Benito Juarez – Santiago de Querétaro, Qro. – Mexico, C.P. 76120 – Mexico (2)	856	484	Offices
SAMES KREMLIN LLC	ul. Rodionova, 23, 414, Nizhniy Novgorod – Nizhegorodskaya oblast', 603093 – Russia(2)	313	297	Offices
PRÉCICULTURE SAS	165, rue des Verriers 51230 Fère Champenoise (1)	31,739	9,471	Production Offices
TECNOMA Technologies SAS	54, rue Marcel Paul, 51200 Épernay	34,068	18,296	Production Offices Warehouse
TRICOFLEX SAS	17, avenue Jean Juif 51300 Vitry Le François (1)	69,074	24,940	Production Offices
HOZELOCK TRICOFLEX GmbH	Moselstrasse, 19 - 41464, Neuss – Germany (2)	-	-	Offices
TRICOFLEX BENELUX	Brasschaatsteenweg 270, B-2920 Kalmthout – Belgium (2)	-	75	Offices
VERMOREL	3, Str. Pompelor, judetul Prahova, Ploiesti – Romania(1)	8,433	6,196	Production Offices

(1) Owner.

(2) Tenant.

(3) Tenant of an EXEL Industries group company.

NB:

- *none of the real estate assets belong to Executive Officers of the EXEL Industries group;*
- *none of the premises rented belong to Executive Officers of the EXEL Industries group.*

2.3.5 Investments

2.3.5.1 Summary of capital investments over recent fiscal years

(€ millions)	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Capital expenditures for property, plant and equipment and intangible assets	8.5	9.0	50.1	13.0	28.5	20.9
Non-current financial assets	0.1	0.1	0.0	0.0	0.0	0.0

2.3.5.2 Main capital expenditures

In the last fiscal year, Group capital expenditures amounted to more than €20 million. The main capital expenditures included:

- construction and fixtures and fittings in recently erected buildings at HOLMER, AGRIFAC and HARDI Denmark;
- purchase of industrial tooling and facilities, particularly at BERTHOUD, HOZELOCK, HOLMER, SAMES KREMLIN and HARDI.

3

Management Report

3.1 Annual highlights

Sales for the 2016/2017 fiscal year totaled €874.2 million, up 13.4% at current consolidation scope and 11.7% at constant consolidation scope (excluding Q1 for ET Works, acquired in January 2016).

This growth was driven by the Sugar Beet Harvesters activity which grew 51.3% boosted by the end of the wait-and-see attitude after the sugar quotas exit negotiation in 2016 and a 20% increase in crop growing areas in Europe. The Garden Spraying and Watering sector also grew strongly by 12.2%, driven by the expansion of the distribution network in Europe, the success of new products and favorable weather conditions this spring. The solid 8.5% growth in the Industrial Spraying sector, after the merger between KREMLIN REXSON and SAMES Technologie and the sale of RAM Environnement, was sustained by sales of standard equipment and projects. Agricultural Spraying grew by 4.2% at current consolidation scope thanks to ET Works' good results in the US and the export sales by all the subsidiaries. France sales which account for less than a quarter of this activity's sales, fell sharply but stabilized in the fourth quarter.

Current EBIT grew by 21%, buoyed by the recovery in the sugar beet harvesters activity and sound control of overheads across all activities. The cost reduction plans put in place the previous year were successful. Moreover, ET Works' operating profit is positive, less than two years after its acquisition.

Thanks to the action plans set up two years ago, the working capital requirement in number of days of sales fell again this year. This reduction generated cash of €21.6 million and contributed to increasing net income and reducing debt by €42.3 million.

Net financial debt (NFD) at the end of September 2017 works out at €61.4 million.

Gearing (*net* financial debt/shareholders' equity) falls from 34.8% to 18.4%. Leverage (net financial debt/EBITDA) changes from 1.49 to 0.73.

3.2 Events after the reporting period and outlook

Events after the reporting period

Merger of MATROT Équipements with HARDI EVRARD: MATROT Équipements was acquired by HARDI EVRARD with effect from October 1, 2017. This merger will strengthen the synergies and competitiveness of both companies on the agricultural spraying market.

Profit forecasts or estimates

Overall there were no bad surprises in the 2017 harvests and they were even considered to be exceptional in Russia. In Agricultural Spraying in France we are expecting a wait-and-see attitude from farmers whilst cereal prices are low. However sales should take off again in France once prices rise. The Sugar Beet Harvesters activity should continue to be sustained next year, although slightly down on this exceptional year.

The expansion of the dealer network and innovations will be the main growth driver for the Garden Spraying and Watering activity. The Industrial Spraying activity will continue its strategy of refocusing sales on our distribution and standard equipment channels which are the most profitable sectors. This should offset the fall in automotive projects.

Even though our markets are subject to fluctuations they are promising in the long term. These fluctuations are mitigated by our internationalization strategy and our presence in our four activities, which favor profitable and sustainable growth.

3.3 Research and development

3.3.1 A culture of innovation

Since its creation, the EXEL Industries group has been a pioneer in developing technologies in its core business of spraying.

In an increasingly competitive environment, Research and Development (R&D) enables the EXEL Industries group and its subsidiaries to:

- improve their production efficiency, through innovations in processes;
- set their offering apart and create more value for customers;
- boost revenue and related income, through product innovation;
- make use of the Group's distinctive know-how and stand out from competitors.

On average, we file between five and seven new patents designating several countries every year.

As of September 2014, EXEL Industries' industrial property policy first introduced in 1994 is being applied to all its subsidiaries. EXEL Industries has thus reasserted its role as the Group's sole holding company.

Our Company therefore registers any new intellectual property right (Patent, Trademark, or Design) in its own name and for each of its subsidiaries in France and abroad.

We filed around 10 new patent applications over the 2016/2017 period.

The patent applications filed during the previous period were on average extended to six designations (Europe counting as one designation).

For the EXEL Industries group and its subsidiaries, R&D implies a significant investment in terms of time, workforce and cost.

At least 6% of our employees are permanently employed on R&D projects.

R&D also implies the development of partnerships with companies, universities and innovative SMEs, and patent acquisitions, competitive intelligence and the search for profitable niches.

Research and development expenditures are recognized as ordinary annual operating expenses and therefore not capitalized as assets, except on an exceptional basis.

Furthermore, to optimize the management of research and development expenditures, the Group uses the system for research tax credits available in France.

3.3.1.1 Agricultural spraying

Products for “large-scale crops” and “vineyards”

In order to consistently respond in the best possible way to new market expectations, EXEL Industries’ research and development is based on:

- greater precision in applying and targeting the drops on the target;
- greater safety for the operator;
- greater comfort in operation, usage and adjustment through the development of assistance systems;
- greater environmental protection;
- greater longevity and reliability of equipment.

Some noteworthy examples of innovations include:

- self-propelling booth mounted on hydraulic rails with access from the ground (LASER FC);
- four-component electro-pneumatic carried jet system (OPTI-SPRAY);
- new variable-width chassis (225 to 320 cm) for use with all crops (WideTrackPlus);
- new chassis with clearance ranging from 125 to 200 cm for tall crops (ClearancePlus);

- a new exclusive system fully automating the process of opening and closing spraying booms (Press'n'Go). Innovation Award at the Innovagri 2010 trade fair;
- a new application system for use in arboriculture and wine growing using air-assisted technology for precision spraying (IRIS). FIMA 2010 Innovation Award;
- automatic driving of the self-propelled sprayer to allow the operator to concentrate solely on the operating settings. This "automatic pilot" operates when receiving a DGPS or RTK signal and may be disconnected at any time by the operator;
- automatic management of the ramp height through ultrasound sensors (AutoHeight);
- lift and chain system providing a wide range of spray heights from 0.5 m to 3.15 m (Twin Lift);
- bi-turbine centrifugal pumps that are easier to clean and more economic in fuel consumption (Omega);
- an interlined air jet system for spraying in vineyard rows making it possible to significantly reduce doses of plant care products (Précijet);
- air-assisted spraying that will enable drift from the sprayed products to be very significantly reduced (Twin);
- "automotive" drive that allows self-propelled sprayers to be controlled by both hand and foot;
- filling management system which prevents tank overflow and assists the operator to adjust the sprayer (Novaflow);
- filling the sprayer's main tank *via* an intermediate tank to avoid any risk of contamination (O'Clear);
- system that recycles the air in the sprayer's cabin and prevents any air entering from outside during spraying work for better operator protection (Clinair);
- guiding systems, section management and dose modulation coupled with GPS mapping of the field;
- automatic sequential rinsing system for the whole spraying cycle (Autonet);
- automatic follow-up system for the ramp and system for keeping the chassis of the self-propelled sprayer horizontal (Stabilis);
- the new STILA towed sprayer, awarded machine of the year at SIMA 2015;
- the new Condor Endurance self-propelled sprayer with a tank capacity of 8,000 liters.

This culture of innovation also contributes to regular launches of new product lines. In the 2015-2016 fiscal year alone, launches by the Group included:

- Rubicon 9000, the new self-propelled sprayer for the Australian market is expected to deliver a boost in productivity, covering 150 ha at 60 liters/ha or 50% more in sprayed hectares;
- Air Drive: in-line mounted jet spraying equipment. Used with air injection nozzles, these new-generation downspouts not only limit drift but also reduce material used due to improved processing.

With this track record, the Group's products are regularly singled out for their performance, exemplified by HARDI EVRARD's world record (136.82 ha sprayed in one hour) with a standard model Meteor 5400 and its 44 meter ramp, or the many awards received by the Group's products at trade shows.

3.3.1.2 Sugar beet harvesting

Sugar beet harvesters

HOLMER EXXACT has a line of extremely sophisticated machines which are continually improved. Three new patents were filed during the fiscal year.

- sugar beet cleaning system that cuts tare weight by half (Rotonet);
- digital system for controlling the working depth of the leaf stripper and stripper chassis (Positronic 2);
- system to lift the sugar beet using measures of the position of the top of the beet relative to soil depth and type (Easy Lift);
- EasyHelp provides immediate diagnostics on operation, and optimizes spare parts supplies;
- the AutoFill laser detection system automates truck fill by the Terra Felis 2 cleaner/loader.

- the new flail-rotor for stripped beets makes it possible to harvest beets without any leaves, for better yield, less wear and lower fuel consumption.

3.3.1.3 Garden spraying and watering

The consumer market

Innovations by the EXEL Industries group are based on creating and launching original product ranges in the watering and plant protection sectors that stand out from the competition, increase market share and grow profit margins.

Among the original products developed by the Group are the first plastic hose connectors, electric thermal shock weeders, multifunction drainage pumps, automatic hose reels, pressurized pond filters and telescopic hose attachments.

Selected innovations

- electric weeder that destroys weeds by creating a thermal shock (Green Power);
- a "cane" shaped consumer market sprayer for one-off weeding, providing unrivaled user comfort for removing weeds without stooping. (Herbastop and Wonderweed).
- electric sprayers with rechargeable batteries for the consumer market (Libertis) and with a lithium-ion battery for professionals (VERMOREL electric 3000);
- in 2016, the Group introduced major innovations in automatic watering systems for its consumer customers, including:
  - the first electronic watering programming system, *controlled* online;
  - the first automatic watering programming system with light sensor and a flexible universal irrigation system, offering a simple and effective solution for customers,
  - the narrowest and simplest line of micro-irrigation products on the market: EasyDrip.

3.3.1.4 Industrial spraying

To be able to meet all our customers' needs, there are four key research priorities:

- improved customer productivity (reducing time for changing colors, increase in spray flows, etc.);
- increased “transfer efficiency" (proportion of paint applied to the target);
- environmental protection through responsible energy use and controlling VOC (Volatile Organic Compound) emissions;
- introduction of new products (paints, varnishes, dyes, glues, fillers etc.).

Global paint spraying specialist, SAMES KREMLIN has developed a range of paint application solutions, from pumps to applicators:

- an extremely diverse range of spraying technologies to match all industrial needs. Depending on their configuration, solutions recommended for customers range from Airspray, Airless and Airmix to Extra-finish spraying technologies;
- the range also includes an extensive range of pumps, each with its technical features. For example, for … products:
  - **EOS (Efficiency, Optimization and Simplicity**). This pump range is a real performance booster for paint guns allowing problem-free use of latest-generation paints developed for industrial markets worldwide,
  - **THOR**: developed for extrusion of viscous products, the pump units of this product range are extremely versatile and suitable for a wide range of functions, from materials used in construction equipment and solar power to yachting,
  - **2K range**: simple and quick to use (Plug & Spray), the pump has electronic regulation for continuous and precise control of applications and monitoring of actual product consumption and emissions of VOCs.

A global expert in electrostatic precision spraying, innovation is at the heart of its corporate strategy, with:

Electrostatic bowls

As the last component in contact with the paint, the bowl determines the quality and precision of paint application. Manufactured to the highest specifications according to the latest technologies developed by the aerospace industry, several patents have been filed based on these products: HST (High Speed Turbine) guarantees precision application, Hi-TE (*High* Transfer Efficiency) for optimum yields, or the magnetic clip for quick and easy bowl changes.

ACCUBELL is a dedicated technology for the application of water-soluble paints

ACCUBELL is the only patented spraying technology for water-soluble paints in the world. ACCUBELL sprayers consist of an integrated paint tank, which separates the paint and eliminates all potential fire risks related to the conductivity of this type of substrate.

A custom robotic solution

The EASY PAINT ROBOT range is designed for general industrial and automotive applications. Based on the Group's unique know-how it is perfectly in line with customers' needs for full control of their paint process, consistent results and a high-quality finish. Compatible with the majority of the machines manufactured by other manufacturers.

3.3.2 Trademarks and patents

Since September 2014, our Company registers all new brands and models in its own name and on behalf of each of its subsidiaries in France and the international market.

However for historical reasons, some flagship brands remain the property of the subsidiaries concerned.

Today our Excel Industries group holds almost 1,500 industrial property certificates with over 270 trademark registrations and more than 280 "first filings" of patent applications (accounting for more than 1,300 patents worldwide), which are mainly global in range.

To stay abreast of the Group's needs, we regularly question the companies in order to decide whether certain intellectual property rights should be kept or not. As with our patents, the Group does not recognize trademarks and models under assets, apart from those acquired individually or as part of the assets originating from the acquisition of the company in question.

As our industrial property policy is extended to our international subsidiaries, the Group's licensing policy is being applied to all our subsidiaries, with a single 1.5% royalty rate for patents and 1% for trademarks and models.

These new licensing contracts were introduced as of September 2014 and, where necessary, replace the previous contracts dating from 1994.

The EXEL Industries group has no license granted by a third party and therefore does not pay royalty fees.

3.4 Corporate Social Responsibility

3.4.1 Methodology

The Group is a federation of SMEs. Each one is independently responsible for their own HR practices, and environmental and societal projects. Nevertheless, a general CSR theme is clearly discernible, a reflection of one of the Group's core values: "Acting responsibly". The shareholders identify areas for improvement which are then monitored at Group level for all companies.

3.4.1.1 Organization and reporting tools

The Grenelle II Law (Article 225-102-1 of the French Commercial Code) introduces mandatory reporting of extra-financial information for French companies, in accordance with several criteria, including company size and Articles of Association.

This document is produced by a working group operating in project mode.

The guidelines adopted by the Group's Companies make for data reliability and repeatability over time.

These reporting guidelines are sent to all EXEL Industries group companies through their CEOs. It is up to each company to consolidate the data of its own subsidiaries.

The set timeframe was respected and the staff were very involved.

The data is tested for consistency, before being globally consolidated by the EXEL group and audited by the Statutory Auditors.

It is then transmitted to headquarters.

General trends were defined last year concerning qualitative data. We work on differentials by requesting the Group companies to report on new CSR initiatives during the fiscal year.

The legislative changes this year were taken into account.

3.4.1.2 Scope of data reporting

The indicators cover all Group companies, each of which consolidates its own subsidiaries' data. There is no geographical restriction.

KREMLIN REXSON SAS acquired SAMES Technologies SAS at the beginning of the fiscal year, and the new entity was renamed SAMES KREMLIN SAS.

EXEL Industries sold RAM Environnement to R3S International on February 28, 2017. The data concerning RAM has not been consolidated for the first five months of the fiscal year. The impact is negligible as the headcount only represents 0.2% of the Group's headcount.

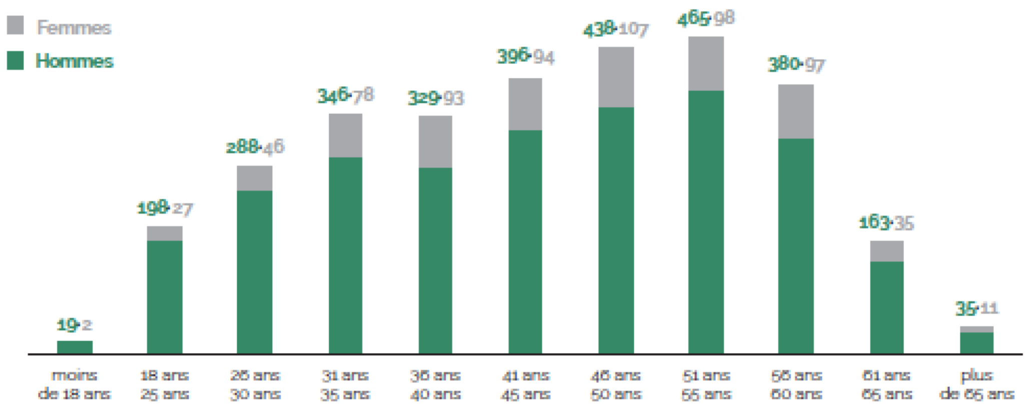
ET Works LLC acquired ET Works INC in February 2017, changing its legal status from a limited liability company to an incorporated company, becoming ET Works INC.

HARDI EVRARD and MATROT ÉQUIPEMENTS merged during the 2016/2017 reporting period. The new entity, called GROUPE HARDI France, has existed since 10/1/2017. However MATROT continues to appear in this report for the 2016/2017 fiscal year.

3.4.2 Employee information

3.4.2.1 Employment

On 9/30/2017 the Group's total workforce was 3,745 employees (permanent and fixed term contracts), 18% female and 82% male, proportions which have not changed since last year.



Femmes	Women
Hommes	Men
Moins de 18 ans	Under 18 years old
18 ans – 25 ans	18-25 years old
25 ans – 30 abs	25-30 years old
31 ans – 35 ans	31-35 years old
35 ans – 40 ans	35-40 years old
41 ans – 45 ans	41-45 years old
45 ans – 50 ans	45-50 years old
51 ans - 55 ans	51-55 years old
55 ans – 60 ans	55-60 years old
61 ans – 65 ans	61-65 years old
plus de 65 ans	More than 65 years old

Total workforce increased 0.6%. This stability is reflected across all the Group's activities.

There were 614 departures from the Group including 125 layoffs (two times less than last year) and 668 hires.

The age pyramid remained evenly balanced, with aging remaining stable, in that 51% of employees are early-career (under 45 years old).

Young people under 25 are well represented and account for 6.6% of the workforce at 9/30/2017, with an increase compared to last year. The fraction of senior employees (over 55) rose slightly to 19%. Average age: 44.1 years.

France	43.3%
Europe excluding France	39.6%
North America	8.7%
Australia	3.1%
Asia	2.3%
CIS	2.3%
South America	0.5%
Africa	0.2%

In geographical terms, the Group's employees are mainly in Europe, with the largest number in France. The portion outside France is continuing to develop, and now accounts for 56.7% of the workforce. The internationalization of the Group is clearly continuing.

Workforce: historic data

	10/01/2016-09/30/2017	09/01/2015-09/30/2016	09/01/2014-08/31/15	09/01/2013-08/31/2014
Average number of employees	3,664	3,739	3,786	3,868
Agency personnel	204	174	144	377

The headcount dropped slightly following adaptations connected to problems in the agricultural sector; the other sectors are more stable.

The increase in agency personnel was mainly in the industry division where there was a high level of activity this year.

Note on the number of employees:

The workforce is given on 9/30/2017: these are all the employees on fixed term contracts (including apprentices) and permanent contracts in the Group on 9/30/17, regardless of their working time. This is the figure used in the breakdown by age, gender, and geographical area.

Concerning the average number of employees: this is the average number of employees present on the last day of each month over a 12-month period, disregarding any part-time work, and including temporary employees (including apprentices) and permanent employees.

Remuneration

	10/1/2016-30/9/2017	9/1/2015-30/9/2016	9/1/2014-31/8/2015	9/1/2013-31/8/2014
Remuneration including profit-sharing	€193,046 K	€214,007 K 13 months	€187,551 K	€195,951 K

3.4.2.2 Work organization

3.4.2.2.1 Working time

The agricultural part of the Group organizes its working time to cater for the highly seasonal nature of its activities (work time variation and annualization, overtime, and shift work). The workload this year compelled companies in the Industry division to organize Saturday and night working.

However, across the entire Group, night work is occasional and specific (e.g. operations on customer sites).

Across the entire Group, part-time work is accepted but is not encouraged. Only overtime due to seasonality can be turned down.

The total number of part-time workers across the entire Group as at 9/30/2017 was 105, going from 3.3% of the total workforce to 2.9%.

The number of hours theoretically worked over the 12 months of the fiscal year at the Group level is 1,762 hours per employee, which equals the total hours worked in all Group companies over the average headcount minus temporary agency personnel.

3.4.2.2.2 Absenteeism

Absenteeism in the 2017 fiscal year increased slightly from 2.58% to 2.84% but remains under 3%, our target threshold limit. This relative stability despite the reorganizations in the Group is due to voluntary actions by each entity which are steered at Group level.

Note on absenteeism:

Absenteeism is calculated on the basis of short absences (up to 3 months).

The absenteeism rate is calculated as the actual work days of absence in relation to the number of days theoretically worked. We exclude industrial accidents or occupational illness, maternity, paternity and parental leave, unpaid leave, family-related leave, long-term illness, etc.

This method allows an aspect of the social climate in the Group to be reflected.

Although absenteeism remains low, this theme is one of the four areas of work selected by the Group: to improve well-being at work and to reduce absenteeism costs. Concrete actions have been set up in the Group's companies:

- return to work interviews are held at TRICOFLEX, CARUELLE, BERTHOUD, PRÉCICULTURE, VERMOREL and TECNOMA for employees who were absent for over a week:
- training courses to increase motivation (professional qualification in plastic processing for plant workers at TRICOFLEX, developing multi skills at CARUELLE, VERMOREL or BERTHOUD);
- improving communication (in the department, at the Management level, at the social partners level and with employees on specific health themes, remaining in contact with the sick employee);
- attendance bonus at HOZELOCK EXEL or VERMOREL.

3.4.2.3 Labor relations

In addition to the compulsory meetings and negotiations in the countries concerned, regular meetings are held with personnel representatives, managers or even with the teams directly where a complete range of subjects are discussed: working conditions, compensation, presentation of the Company's strategy and results, etc.

BERTHOUD's Management meets its managers after each meeting of the Works Council.

At SAMES KREMLIN, after the two companies merged, the Management decided to renegotiate all the company's rules with the social partners without waiting for the old SAMES Technologies agreements to expire. A working group was set up to work on Well-being at Work.

Individual interviews are held in all the French companies as well as in many international entities.

The Exechos magazine, produced at Group level, is sent to all employees at their homes. The Group's press releases are distributed within the companies. A Green Business report is included in each release.

The Group Works Committee brings together the representatives of the biggest companies worldwide. The members of the Group Works Committee are also invited to the Annual General Meeting.

The Group's CEO Guerric Ballu visits companies regularly, meets the teams and goes to the production sites.

Certain agreements are signed on a voluntary basis at the level of each entity, without being extended to Group level, in keeping with our SME/SMI federation policy. There are 71 such agreements in force in the Group's different companies today.

Examples of practices: Flexible work time agreements, especially in the agricultural activities, employee welfare agreements at SAMES KREMLIN, the right to disconnect outside work at TECNOMA, a seniors' employment incentive agreement at PRECICULTURE, etc.

Long-service awards, open days, training offered to all teams, the EXEL Academy and the highly participative Easy Work program at Holmer are all examples of practical initiatives to support value no. 7, “Pride of belonging”.

3.4.2.4 Health and safety

Here again, besides the legal requirements obtaining in each country, workplace health & safety conditions are taken very seriously in all of the Group’s companies, with these constants:

- employee training: first aid, fire, lifting equipment;
- personal protective equipment is worn in all companies.

This theme is one of the four areas where action plans are set up and monitored in the field.

Throughout the Group, though not systematically, medical check-ups are arranged. Likewise, at the majority of entities, work-related accidents, even benign ones, are analyzed, with differing levels of formalism. At HARDI for example this analysis involves dialogue with the employee concerned.

The large majority of sites have set up welfare protection for employees, notably concerning health.

On sites with a production activity, a person is responsible for the safety aspects, who often combines this role with responsibility for environmental questions (e.g. at TRICOFLEX or SAMES KREMLIN). Work-study positions have been created on this theme.

Communication continues to be a lever for the majority of sites: communication of the number of accident-free days at TECNOMA or MATROT, analysis of accidents with action plans and information in payslips at TRICOFLEX, awareness days at BERTHOUD or HOZELOCK LTD, etc.

At HOLMER, the collaborative program EasyWork, which takes into account working and safety conditions; creation of the position of safety officer.

Employees at SAMES KREMLIN have access to welfare assistance and a nurse.

At HARDI every worker is tested on his or her knowledge of safety risks and safety measures at his or her workstation. The risk analysis is mainly based on the feedback from employees at workstations.

At TECNOMA an ergonomist performed a study of workstations, with the recommendations being followed up with action plans.

At TRICOFLEX one employee deals entirely with HSE matters, and there is a working arrangement with CARSAT. Managers have received coaching on safety.

Only one occupational illness was declared for the 2017 fiscal year across the whole Group.

All occupational accidents are recorded and formally reported, where appropriate.

	10/1/2016-9/30/2017	9/1/2015-9/30/2016	9/1/2014-8/31/2015	9/1/2013-8/31/2014
Frequency rate	21.97	25.58	19.32	25.07
Severity rate	0.58	0.51	0.42	0.45

The frequency rate is increasing.

The increase in the severity rate is concentrated on accidents in HOLMER Maschinenbau where stoppages were particularly long.

Note on these two indicators:

- **Frequency rate:**

$$\frac{\text{number of accidents with time lost x 1,000,000}}{\text{total number of hours worked by all Group employees (excluding agency personnel)}}$$

This refers to the number of accidents involving at least one day of lost time per million hours worked.

- **Severity rate:**

$$\frac{\text{number of days with time lostfollowing occupational accidents x 1,000}}{\text{total number of hours worked by all Group employees (excluding agency personnel)}}$$

This refers to the average number of days of lost time per thousand hours worked.

3.4.2.5 Training

The training policies set up: Training requirements are identified in individual interviews between the manager and the employee, and the entity's strategy. The training plans are annual and specific to each entity, and may involve the Human Resource departments where these exist. The courses are approved by the Executive Management teams, in line with the company strategy. On the spot or delayed evaluation systems are being set up in certain entities such as HOZELOCK EXEL for example.

The main topics covered are:

- management: the EXEL Academy is a manager course organized by the Group on management tools; AGRIFAC focused on collaborative working this year with training courses on the DISC assessment method, which is close to personnel development. SAMES KREMLIN set up several coaching and team accompaniment actions to develop collective intelligence;
- safety is the prime topic covered in each company;
- due to the Group's internationalization and the need to develop synergies, languages are also a major training topic;
- technical skills are also the subject of numerous courses, in particular concerning products and know-how; For example, a structured training course on welding was organized at VERMOREL;
- computing was also a topic: ERPs, trade software, or office pack;
- several entities set up DDMRP with training courses as a consequence.

Group companies recorded a total of about 39,700 hours of training in the 2016 calendar year, i.e. approximately 11.9 hours per permanent employee, excluding apprentices' hours of schooling. This was up from calendar year 2015.

3.4.2.6 Equal treatment

Measures taken to promote gender equality

The number of women in the Group increased slightly in 2017, up from 18.1% to 18.4%.

The number of women holding managerial posts continues to increase significantly: increasing to 18.3% compared to 17.3% last year.

Women make up one third of the Group's Board of Directors.

The French companies have all worked on agreements to promote gender equality. In countries where there is no such legal requirement, charters are adopted in compliance with local legislation in terms of gender equality.

Two internal audits were performed during the reporting period by a Group HRD on two Companies (HOZELOCK EXEL and SAMES Technologies, today SAMES KREMLIN Meylan) to examine the problems of gender balance on the ground. The Group has also chosen the theme of gender balance as the subject of specific action plans. (see 3.4.5)

The Group's policy is to favor competence and motivation beyond any consideration of sex.

Concretely:

1 **Headcount Men-Women**: special attention is focused on the gender balance in certain departments, certain CSPs or certain managerial levels: monitoring indicators have been set up. Local communication actions have been organized to promote certain more technical trades to girls;

2 **Access to** training: forecast training plans have been studied concerning equality of access to training;

3 **Special measures**: problems concerning the gender balance have been taken into account:

- interviews when returning to work after maternity leave/parental leave/long-term absences,
- focus on the work-life balance, especially connected with children (working times adapted to constraints such as school times, sick child leave, flexibility at the end of school holidays, part-time working. For companies where flexible working already exists, the maximum amount of information is obtained upstream to permit good personal organization…),
- planning the manufacture of certain ranges of heavier products to adapt the workstation.

Measures taken to promote the employment and integration of disabled persons

The Group employs disabled people, either directly or through work-based support centers (ESATs in France)/or *Local Social Workshops.*

Employment vacancies at HOZELOCK EXEL are published with the SAMETH employment service for disabled workers;

At SAMES KREMLIN a program with an outside firm was undertaken to change peoples' views on disability, with employees on the Management Committee understanding the disability themselves.

The French companies have made clear progress on this point, the total number of units required for the 2016 year being 89, 71 of which are filled. (The previous year, 57 units filled, for 84 required).

Anti-discrimination policy

The Group's general policy driven by a strong value ethic from the Board of Directors: is to manage its employees by focusing on their skills without any consideration of sex, age, disability, membership of an ethnic group, religion, sexual orientation, political opinion, state of health, family circumstances, etc.

3.4.2.7 Promotion and observance of the core conventions of the International Labor Organization

- freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of discrimination in respect of employment and occupation;
- the elimination of all forms of forced or compulsory labor;
- the effective abolition of child labor.

To comply with each country's laws, but most importantly out of ethical conviction, the Group respects the rights and principles contained in the eight fundamental conventions of the International Labor Organization (ILO). The Group mainly operates in Europe, in countries which have ratified the ILO's fundamental conventions.

3.4.3 Environmental information

Our industrial activities overall generate little pollution and consume little energy, water and raw materials. The goal of the Industry Division and Agricultural Division is to offer our customers solutions which will enable them to reduce their environmental footprint:

- by reducing the consumption of sprayed products (product and process optimization);
- by offering dust collection systems;

- by offering powdered paint atomizers with recycling systems;
- by offering water-soluble paint sprayers;
- by offering the consumers new products as an alternative to chemical weed killers (e.g. Green power, etc.).

3.4.3.1 General environmental policy

In general, there are constants for each of the Group's companies:

- monitoring local legislation: This legislation is a benchmark in all countries;
- in addition to legislation, voluntary actions are also set up;
- an increasing number of structures are appointing managers for environmental issues; Some created dedicated positions this year:
- painting booths are a constant concern (controlling spray, recycling paints, storing paints, training employees),
- all Companies endeavor to sort waste, using local networks when they exist,
- all companies have set up recycling procedures (water, raw materials);

At present, no provision is required regarding our environmental impact.

More specifically:

The employee training and awareness-raising initiatives on environmental protection mainly concern the proper management of chemicals, the proper use of hearing protection, and waste management procedures.

The industrial investments made in the Group's companies always take environmental concerns into account.

Examples:

- at ET Works, the safety officer is explicitly responsible for environmental matters, and employees are trained in recycling oil and steel;
- at SAMES KREMLIN , there was an awareness campaign on sorting waste based on the "*JOYEUX RECYCLEURS*" (Happy Recyclers);
- at HOZELOCK EXEL, employees have been introduced to environmental issues in an interesting way by the installation of two beehives.

3.4.3.2 Pollution and waste management

Structured environmental initiatives have been set up on certain sites notably those requiring the ICPE (Classified Installations for Environmental Protection) authorization (MATROT, TRICOFLEX, HOZELOCK EXEL): at MATROT for example environmental issues *are followed* up by the Methods Department which uses an expert department from the Metallurgical Industries Union (UIMM) with written procedures (ducts for VOC emissions, waste management for ordinary and hazardous waste) and regular audits can be organized on certain sites in accordance with the laws in force.

Some examples of anti-pollution and waste management actions:

- at TRICOFLEX, generalization of storage tanks and six monthly analysis of the ground water table;
- at SAMES KREMLIN, replacement of degreasing machine on the Stains site: use of modified alcohol instead of dichloromethane;
- at SAMES KREMLIN, on the Meylan site, instituting a process for reusing wooden pallets/recycling suppliers' packaging as blocking padding in shipment crates. Water curtain spraybooths have been replaced by dry filtration booths to end polluted industrial water (besides the energy savings). The surplus paint is given to training schools with the dual effect of reducing the recycling of these products and providing additional means for professional training;
- at HARDI, air emission measures have been taken: other water discharge measures are in progress. An oil separator has been fitted in the parking lot for employees' cars and self-propelled sprayers. Recycling of paper, cardboard, plastic, steel, and iron has been set up;
- at HOZELOCK EXEL: hazardous waste is recycled and there are sorting bins in every department;
- at MATROT: recycling of wood, paper/cardboard, ferrous & non-ferrous metals, lead batteries, and hazardous

waste;

- at HOLMER: recycling of paper, plastic, metal, used pallets, oils and metals depending on sites;
- VERMOREL: metal, oil, plastic and paper recycling;
- TECNOMA: powdered paint, steelshot and polyethylene are collected directly by suppliers for treatment and recycling in their production processes;
- CARUELLE: recycling of scrap metal, steel shot, and paper/cardboard;
- PRÉCICULTURE: non-hazardous waste, metal, wood, pallets, used packaging, batteries, neon tubing, cartridges, oil and diluent recycling. The site is fitted with oil separation tanks and storage tanks.

Chemicals are inventoried and kept in storage tanks. Waste management is controlled: for example, at SAMES KREMLIN, Meylan, a waste hold is in place; the waste is regularly emptied and removed by a firm specialized in the management of chemical waste. Soiled rags are treated in the same way.

Sound pollution:

On the whole, our industrial activities generate little noise. The companies which generate noise, internally or with respect to their surroundings, comply with applicable regulations and have set up noise mapping and monitoring systems. The employees concerned wear hearing protection:

- at ET Works: noise levels are periodically measured to keep them below the limits allowed by OSHA;
- at SAMES KREMLIN: redevelopment of the sprayer production zone with noise confinement boxes for the turbine tests: less sound pollution: the ventilation chambers in the powder coating booths in the R&D laboratory in Meylan have been sound proofed, noisy testing moved to special premises, separate from the main activity in Stains;
- at HOZELOCK EXEL: noise controls put in place with ICPE registration;
- at HARDI, noise measurements are taken on the most affected sites;
- at TRICOFLEX: a sound-reducing wall was installed for the benefit of local residents. Measures are regularly put in place at various key points at the site;
- at PRÉCICULTURE, modification of an exhaust stack to reduce noise.

3.4.3.2 Sustainable use of resources

3.4.3.2.1 Water and energy consumption

	10/1/2016-9/30/2017	9/1/2015-9/30/2016 13-month fiscal year	9/1/2014-8/31/2015	9/1/2013-8/31/2014
Water usage in m^3	84,544	103,876	89,922	82,036
Use of electricity in kWh	38,392,887	39,138,503	36,426,933	44,819,587
Use of gas in kWh HHV	31,849,679	34,183,482	44,227,278	52,149,764
Use of propane in kWh HHV	6,104,867	5,905,669	ND	ND
Use of fuel oil in liters	1,725,434	1,340,794	983,526	740,510

We are committed to reducing our water and energy use. In particular, water tests on agricultural machines are usually done in a closed circuit. (e.g. EMC in Russia, HARDI in Australia, BERTHOUD).

In certain energy-consuming processes, such as welding, the welding stations have been replaced with more energy-efficient units, such as at VERMOREL (Romania), for example.

Investments have been made in the thermal insulation of buildings, for example at CARUELLE (France), where the roof and insulation were renewed in the area dedicated to offices and spare parts.

LED lighting is becoming more widespread, for example at AGRIFAC, where the new factory has photovoltaic panels.

Better insulated buildings are also more energy efficient.

To limit travel, the Group is acquiring video-conferencing and web-conferencing systems, and use of videoconferencing is now recurrent.

- AGRIFAC uses its new factory 4.0 which complies with the environmental requirements of the BREEAM international certification standard and is rated “outstanding”, the highest level. The assessment is done for nine categories: management, health, energy, transport, water, materials, waste, land use and pollution-free ecology. The factory is a zero-energy building, thanks to 3,000 sq. m. of solar panels on the roof. Construction is due for completion in the fall of 2017.
- at VERMOREL: replacement of production glazing to limit artificial light;
- at HOZELOCK EXEL: reroofing and investment in a boiler to reduce energy consumption. Employees were educated about sorting. Installation of a variable speed compressor, a 30 m^3 tank for collecting rainwater and drilling a well;
- at BERTHOUD: creation of a testing well with a closed water circuit to test our machines without wasting water; Painting line equipped with LED lighting to reduce electricity consumption. Temperatures and lighting are regulated;
- at TRICOFLEX: gradual replacement of traditional lighting with LED bulbs;
- at AGRIFAC: recovery of rainwater for restrooms;
- at SAMES KREMLIN: gradual installation of LED ceiling lights replacing fluorescent tubes, monitoring water consumption to be reactive in case of leaks or over-consumption;
- at HOZELOCK LTD: investments for more efficient water consumption. The company received an award for reducing water consumption in its restrooms.

3.4.3.2.2 Consumption of raw materials and the measures taken to use them more efficiently

Our assembly activities are low consumers of raw materials, as we mainly use components.

However some companies have material transformation processes: VERMOREL (Romania, steel welding) and TRICOFLEX (France, plastics extrusion). These companies are reducing and re-using their own waste;

HOZELOCK LTD sends some of its production waste (plastic extrusion material) to TRICOFLEX for recycling;

VERMOREL optimizes the cutting plan and reuses offcuts;

TRICOFLEX has designed expanded mixtures with a 30% saving on raw material and therefore recycles 80% of its plastic waste. The Company has invested in a more efficient crushing/fiberizing unit. Manufacturing processes are controlled, so fluctuations in raw material consumption are detected and targeted action plans can therefore be set up (inspections and training);

TECNOMA sends its waste to specialized processing firms. A rotational molding rejects indicator has been in use for two years, showing results by machine and by customer, making it possible to track a medium term plan on mold forms. On the new molds, a pressure system is used to reduce the reject rate for tanks made on the R50 machine. Employees receive awareness training. This year the scrap rate fell by 30%;

At HOLMER, new painting equipment reduces the amount of paint used;

SAMES KREMLIN has redesigned its product and shipping packaging and packing in order to reduce cardboard consumption.

3.4.3.2.3 Ground use

Not applicable to our activity.

3.4.3.3 Climate change

3.4.3.3.1 Discharges into the air, including greenhouse gas emissions

By our activity:

In the work-related transport field: we encourage our employees to use public transport (the train rather than the car). To limit travel, the Group is acquiring video-conferencing and web-conferencing systems. Vehicle fleets are managed so that CO_2 emissions are reduced per km. Two of the companies in the Group now offer mileage allowances to employees who travel to work by bike. SAMES KREMLIN's Chinese site organizes a shuttle service for home-work journeys.

On sites with painting facilities, VOC emissions are monitored and limited by the air extraction and filtering equipment installed in paint booths and welding stations.

We encourage the installation of radiant heating systems: they are more energy efficient than oil heating systems, which have been replaced on certain sites.

	10/1/2016-9/30/2017	9/1/2015-9/30/2016	9/1/2014-8/31/2015	9/1/2013-8/31/2014
Conversion into CO_2 emissions	29,323,757	29,012,009 over 13 months	27,507,988	32,050,298

CO2 emissions for N-3are calculated without distinguishing between natural gas and propane, unlike in recent years.

Note on emissions

This is the conversion of consumption of:

Emission factors	Conversion factor	Source
Electricity - average mix in Europe	0.42 kg CO_2/kWh	Carbon-based
Natural gas - Europe	0.214 kg CO_2/kWh PCS	Carbon-based
Propane, including maritime - Europe	0.257 kg CO_2/kWh PCI	Carbon-based
Petrol at the pump - Metropolitan France	2.79 kg CO_2/L	Carbon-based

Due to our customers using our equipment

Farm machinery consumes fuel and therefore emits greenhouse gases. Our research and development departments are working on lighter and lighter machines. The standards we respect are an essential benchmark for these machines (Tier 4 final emission standards, progression to phase 4F engines).

Industrial painting equipment (pumps and applicators) consumes electricity and compressed air.

This consumption represents a cost for our customers which goes beyond ecological concerns. We have to constantly improve, demonstrating that our equipment consumes the minimum.

3.4.3.3.2 Adaptation to climate change

Our farming customers could be affected by climate change. Our machines already adapt to different climates, given our exposure to different climatic conditions (desert climates in Australia, wide expanses in Russia, with humid weather in the fall for beet crops, agriculture on small plots in France, etc.).

HOZELOCK is adapting its product lines to allow more widespread development of micro-irrigation, which uses less water.

3.4.3.4 Protection of biodiversity

The farming machinery developed by the Group sprays the right dose in the right place at the right time: by avoiding overdosing (with TECNOMA's Précijet for example), by improving the accuracy and the distribution of flows (e.g. BERTHOUD's EasyFlo), by increasing drip penetration (with the Iris by HARDI, for example).

Our section cutoff and nozzle-by-nozzle cutoff systems guided by GPS avoid spraying twice in the same place. The nozzles designed by the Group are anti-drift certified.

The phytosanitary products only reach the plant to be treated, thereby reducing the impact on fauna, flora and biodiversity.

We are also working on reducing soil compaction to preserve soil biodiversity.

Our agricultural developments are in line with the ECOPHYTO governmental plan.

Our industrial paint sprayers allow the spraying of non-polluting water-based products, with the best transfer rates on the market.

For the mass retail market, HOZELOCK EXEL has developed products that consume less active material (up to 90% for the Wonderweeder). Two beehives have been installed on its site.

SAMES KREMLIN's building was designed to ensure that its lines were in harmony with a classified forest area.

Our electric weeder, which destroys weeds by creating a thermal shock, avoids the use of chemical weed killers (Green Power).

3.4.4 Information on the Company's commitments for sustainable development

3.4.4.1 The territorial, economic and social impact of the Company's activity on regional development and employment, and on local or neighboring populations

The Group is a union of companies which, along with respect for local cultures, has historically favored locating our sites in rural areas and integrating them into local industrial life and society: City halls, football clubs, schools, volunteer firefighters, voluntary associations, top-level athletes, etc.

Our companies are a major source of employment in these rural areas (direct or indirect, permanent or temporary jobs), and are connected to local job centers.

3.4.4.2 Relations with persons and organizations with an interest in the Company's activity, in particular social integration associations, educational institutions, environmental protection associations, consumer associations and neighboring populations

Our companies offer visits for schools, employees' families, local residents, journalists, local elected representatives, etc.

We are in regular contact with the organizations which are interested in the activities of the Group's companies. For example:

- the Group is a member of the FARRE association for the promotion of sustainable agriculture;
- certain managers are involved in local institutions (chambers of commerce and industry, industrial zones, Boards of Directors, local mission sponsoring, associations, commercial court judges, trade associations, business incubator, etc.);
- most of the companies have working relations with schools at all levels to offer internships and apprenticeship contracts. Some of the companies donate demonstration equipment to schools;
- HOLMER, for example, has one full-time employee appointed to the management of a permanent group of 28 apprentices and is involved in the “Kids & Technology” project;
- in all across the Group, we had an average of 94 apprentices in the fiscal year; 11 more than last year). We are seeing the emergence of "White-Collar" work study positions and a real attraction for this type of training,

recruitment and societal commitment. The employees are involved in tutoring and follow up the training. They sit on recruitment panels and end-of-study presentation panels and are present on forums;

- in France, the apprenticeship tax is primarily distributed to local educational establishments;
- volunteer firefighters are employed in some of our companies and benefit from flexible working conditions. Blood donation drives have been organized. There are four drives at ET Works annually. At SAMES KREMLIN in Meylan, 35 to 40 people donate blood twice a year;
- HOZELOCK LTD worked with local police to help them train their drug-sniffing dogs by providing them with a new training environment. The company has participated in charitable events after proposals by employees.
- HARDI makes gifts to underprivileged children (Variety Club Bash) and cancer research (Ride for a Reason).

3.4.4.3 Outsourcing and suppliers

Integration of social and environmental criteria in the purchasing policy.

Extent of outsourcing and integration of CSR criteria in relationships with suppliers and subcontractors.

The Group's companies generally have a local outsourcing and suppliers' network: maintenance, sub-assemblies, components, training organizations, cleaning premises, personnel agencies, etc.

Most of the companies have charters which include CSR criteria.

For example:

- BERTHOUD expressly asks subcontractors to respect the REACH regulation, and to set up and respect safety plans and to check for the supply of undocumented labor;
- HARDI requires all its *subcontractors to* sign a "Supply Code of Conduct" with stipulations concerning compliance with legal requirements, employment practices, non-discrimination, the work environment, and the fight against corruption, and systematically audits new subcontractors;
- at SAMES KREMLIN, the General Purchasing Terms & Conditions and the Special Purchasing and Service Terms & Conditions both include clauses relating to CSR.

3.4.4.4 Fair practices

The Ethics Charter which was drafted this year at Group level should be deployed (signatures and communications) in 2018.

3.4.4.4.1 Actions implemented to prevent corruption

Double-signature procedures ensure security in this respect. Purchasing contracts of a certain size are often subject to the approval of at least two employees.

Some companies, such as HOZELOCK EXEL and BERTHOUD, regularly re-allocate the supplier portfolio.

We have tendering procedures for many Group contracts: we ask for two or three estimates: insurance, Statutory Auditors, attorneys, mobile telephony, Patent and Trademark attorneys, choice of ERP, etc.

3.4.4.4.2 Measures taken to safeguard consumer health and safety

The solutions developed for our customers comply with safety and environmental directives and standards (Machine directive, ATEX directive, Reach, RohS, certain ISO standards, etc.).

The actions described in the section focused on biodiversity protection also protect consumer health by reducing the use of phytosanitary products.

3.4.4.5 Other actions taken on behalf of human rights.

Our respect for human rights is reflected in our values:

- trust initiative;
- openness/transparency;

- team spirit;
- acting responsibly.

Respect for human rights is something which is self-evident in our Group, in France and internationally.

3.4.4.6 Food waste

This theme is not very relevant to EXEL Industries. Only the canteens are concerned and these are not managed by the Group.

3.4.5 Establishment of a Group level project to pro-actively manage CSR

A project ordered by the Group's Chief Executive Officer, Guerric Ballu, and led by the Group Human Resources Director was established last year with four areas of focus:

- absenteeism;
- safety;
- apprenticeship;
- gender balance.

The project team, consisting of several Group HR directors, was tasked with:

- setting objectives in each of these areas;
- communicating with each Group Company’s Executive Committee concerning these areas and reporting on the current situation;
- helping draw up concrete action plans by offering tools to do so;
- monitoring these action plans for the 2017 fiscal year (dealt with above).

The objectives set and the results are as follows:

Absenteeism

- 3% for 2016/2017 □ Rate of 2.84%.

Safety

- Frequency rate (given on page 30) less than 30 in all Group companies and with regard to companies at a lower level than that, at least maintaining or improving the rate. The Group's frequency rate is 21.97.
- Severity rate less than 1 in all Group companies and for companies at a lower level: at least maintaining or improving the rate > the Group's severity rate is 0.58.
- The action plan set up in 2016/2017 will be continued in 2017/2018 by in particular focusing on companies which did not achieve the targets renewed for next year, fixed by the Group.
- Putting in place a benign accidents indicator at companies lacking one.

Apprenticeship

- 3% of apprenticeships > the apprenticeship rate (on average 94 employees out of 3,664) remains below 3% but increased from 2.2% last year to 2.6% this year.

Gender balance

- Create indicators and action plans in every Group company.
- Specifically track measures undertaken at two Group companies.

3.4.6 Report of the Statutory Auditor appointed as independent third party on the consolidated corporate, societal and environmental information included in the Management Report

Fiscal year ended September 30, 2017

To the Shareholders,

In our capacity as Statutory Auditors of EXEL Industries appointed as independent third party, certified by COFRAC under number 3-1048[1] we present our report on the consolidated corporate, societal and environmental information relating to the fiscal year ended September 30, 2017, presented in the Management Report (hereinafter the "CSR Information"), pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

Company's responsibility

The Board of Directors is required to produce a Management Report containing the CSR Information required under Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the Company guidelines, (hereinafter the "Guidelines") outlined in the Management Report and available on request at the Company's headquarters.

Independence and quality control

Our independence is defined by regulatory texts, our professional code of ethics, and the provisions of Article L. 822-11 of the French Commercial Code. Moreover, we have set up a quality control system which includes documented procedures and policies aimed at ensuring compliance with our rules of ethics, professional standards and applicable legal and regulatory texts.

Statutory Auditor's responsibility

It is our responsibility, based on our audit, to:

- certify that the required CSR Information is present in the Management Report or, in the case of omissions, is substantiated with an explanation, in accordance with paragraph 3, Article R. 225-105 of the French Commercial Code (Certification of the presence of CSR Information);
- express an opinion of moderate assurance on the fact that the CSR Information as a whole is presented in a fair way, in all material respects, in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

On the other hand we do not have to pronounce in conformity with the other statutory provisions which may be applicable especially those stipulated by the law n° 2016-1691 of December 9, 2016 the "Sapin II" law (anticorruption law).

Our work involved the efforts and abilities of five individuals, and was carried out over approximately four weeks between November and December. To help us in our work, we called on our CSR experts.

We conducted the work described hereinafter in accordance with the decree of May 13, 2013 determining the ways in which the outside independent organization is to conduct the assignment and in accordance with the professional standards applicable in France, and with respect to the reasoned opinion on the fairness of the CSR Information, with international standard ISAE 3000[2].

[1] The scope of which is available at www.cofrac.fr

[2] ISAE 3000 – "Assurance engagements" other than audits or reviews of historical financial information.

1. Certification of the presence of CSR Information

Nature and extent of the audit

Based on interviews with the managers of the departments concerned, we reviewed the Company's sustainable development policies in respect of the societal and environmental impacts of the Company's activity and its CSR commitments, as well as any ensuing initiatives or programs.

We compared the CSR Information presented in the Management Report with the list set out in Article R. 225-105-1 of the French Commercial Code.

Where any consolidated information was missing, we verified that explanations had been given in accordance with the provisions of Article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information actually covered the entire scope of consolidation, namely the Company and its subsidiaries within the meaning of Article L. 233-1, and the companies it controls within the meaning of Article L. 233-3 of the French Commercial Code.

Conclusion

On the basis of this information, we certify that the required CSR Information is present in the Management Report.

2. Reasoned opinion on the fairness of the CSR Information

Nature and extent of the audit

We conducted a dozen interviews with the persons responsible for preparing the CSR Information in the departments in charge of data collection processes and, where relevant, with the persons responsible for internal control and risk management procedures, in order to:

- appraise the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into consideration, where relevant, good industry practices;
- verify the effective set-up of a data collection, compilation, treatment and control process to ensure the completeness and consistency of the CSR Information, and review the internal control and risk management procedures relative to the preparation of the CSR Information.

We determined the nature and extent of our tests and verifications according to the nature and importance of the CSR Information with respect to the Company's characteristics, the social and environmental impacts of its activities, its sustainable development policies and good industry practices.

For the CSR Information we deemed most important[1]:

- for the consolidating entity, we examined the documentary sources and conducted interviews to corroborate the qualitative information (organization, policy and actions); we performed analytical reviews on the quantitative information and verified, on a test basis, the calculations and data consolidation, and we verified their coherence and consistency with the other information provided in the Management Report;
- on a representative sample of entities, that we selected[2] according to their activity, their contribution to consolidated data, their location and a risk analysis, we conducted interviews to verify the correct implementation of the procedures and carried out detailed spot checks, consisting in verifying the calculations made and comparing the data with supporting documents. The selected sample represents between 23% and 44% of the quantitative social information and between 13% and 44% of the quantitative environmental information.

For the other consolidated CSR information, we appraised its coherence in view of our knowledge of the Company.

Lastly, we appraised the relevance of any explanations given concerning the total or partial absence of certain information.

We deem that the sampling methods and sizes of the samples we used, based on our professional judgment, enable us to express a conclusion of moderate assurance; a higher level of assurance would have required a more extensive review. Due to the use of sampling methods and other limitations in the functioning of any information and internal control system, the risk of non-detection of a material misstatement in the CSR Information cannot be totally dismissed.

Conclusion

Based on our review, we did not identify any material misstatement that would call into question the fact that the CSR Information as a whole is presented in a fair way, in keeping with the Guidelines.

Lyon, January 16, 2018

One of the Statutory Auditors

DELOITTE & ASSOCIES

Nathalie Lorenzo Casquet

Partner

[1] **Quantitative information**: electric power consumption (in KWh), natural gas consumption (in kWh), fuel consumption (in liters), workforce at 09/30/2017, average workforce, number of hires, number of layoffs, absenteeism rate, accident frequency rate (including number of accidents with time lost), accident severity rate (including number of accidents with time lost) and total hours of training.
Qualitative information: policies carried out in the area of training, including about safety, environmental audits performed, measures for sorting and reclamation of waste, subcontractors and suppliers as local stakeholders, charter in support of corporate social responsibility, and compliance with directives and safety and environmental standards.
[2] PRÉCICULTURE, HOZELOCK EXEL, HOLMER Maschinenbau GmbH, TRICOFLEX.

3.5 Company operations, consolidated and parent company financial statements

EXEL Industries has continued its two activities:

- managing and coordinating its direct subsidiaries, all more than 95%-held;
- managing and supervising its portfolio of patents, trademarks, designs and models for which it grants operating licenses.

3.5.1 Consolidated financial statements - Main consolidated data

(€ millions)	**9/30/2017**	9/30/2016*
Equity attributable to owners of the parent before appropriation of income	335.6	299.1
Goodwill	64.4	65.8
Net assets (excluding goodwill)	157.6	154.5
Cash and cash equivalents	103.7	99.7
Borrowings (current and non-current)	165.2	203.6
Provisions for contingencies and expenses (current and non-current)	51.3	56.1
SALES (EXCLUDING VAT)	**874.2**	**819.3**
Current operating income (EBIT)	69.5	59.3
Non-recurring income/(expenses)	2.4	(0.6)
Of which impairment of goodwill	0	0
Operating profit	71.9	58.7
Financial income/(expenses)	(8.3)	(7.3)
Net income from consolidated operations	45.3	34.2
Net income attributable to the equity holders of the parent before appropriation	45.3	34.2
Operating cash flows	59.3	37.1
(in euros)		
Consolidated net income per share	6.7	5.0
Cash flow per share	8.7	5.5
* *Fiscal year of 13 months.*		

3.5.1.1 Income statement

- Consolidated sales are 6.7% higher than for the period ended September 2016 (13 months), increasing from €819.3 million to €874.2 million.
- Sales from exports rose 14.3% from €606.0 million to €693.2 million. International sales accounted for 79% of total sales, compared with 74% in the previous fiscal year.
- Sales were negatively impacted by a translation loss of €7.3 million, due to the appreciation of a number of currencies, notably the US and Australian dollars, and GPB.
- Current operating income (EBIT) rose from €59.3 million to €69.5 million after net depreciation allowances and provisions of €15.2 million, compared with €16 million in the prior period.
- The amount of net non-recurring income is positive by €2.4 million. This includes mainly:
  - the favorable end of a dispute for us for €2.5 million;
  - net capital gains on disposals of €0.1 million;
  - offset by restructuring charges for the Industry and Agricultural Spraying activity of -€0.2 million.
- The Company posted a net financial expense of -€8.3 million. This includes net borrowing costs of -€3.6 million plus net foreign exchange gains of -€4.6 million.
- Profit before tax rose from €51.4 million to €63.7 million.
- The tax expense increased compared to the previous fiscal year from €17.7 million to €18.8 million.
- Net income attributable to the Group increased by 32.6%. It totals €45.3 million, i.e. 5.2% of sales.

3.5.1.2 Balance sheet

Equity attributable to the parent increased from €299.1 million to €335.6 million, up €36.4 million, breaking down as follows:

Total recognized income and expenses:	€43.8 million
Dividend distribution:	€(7.3) million
Change in treasury shares:	€0.0 million

Equity represented 47.8% of the balance sheet total, compared to 42.9% at the end of the previous fiscal year.

Provisions for contingencies and expenses (current and non-current) of €51.3 million were set aside or maintained to cover risks identified by the company.

Working capital increased €5.2 million, from €229.3 million to €234.5 million, as a result of the following:

+ Change in shareholders' equity:	+ €36.5 million
+ Change in provisions:	+ €1.0 million
+ Change in non-current financial liabilities:	€ (35.5) million
- Change in non-current assets:	€(3.2) million

Working capital requirements, determined on the basis of net asset values, amounted to €212 million at September 30, 2017, compared to €222 million at September 30, 2016.

This fall of €10 million is explained by

+ Change in current assets (excluding cash and cash equivalents):	€3 million
- Change in current liabilities (excluding provisions and short-term financial debt)	€ (13) million

At September 30, 2017, the net cash balance (cash net of current financial liabilities) totaled +€14.4 million, or cash and cash equivalents of €103.7 million and current borrowings of €82.0 million.

3.5.2 Separate financial statements

Parent company financial highlights:

(€ millions)	**2017**	2016*
Sales:	24.3	22.2
Operating results:	16.4	15.9
Net financial income:	45.0	31.9
Net income:	57.7	38.2
* *Fiscal year of 13 months.*		

Financial income includes primarily dividends paid by subsidiaries and interest income from cash and cash equivalents.

3.5.3 Analysis of trade payables and trade receivables

(€ thousands)	Article D. 441 I. - 1° of the French Commercial Code: Outstanding invoices on the closing date of the fiscal year						Article D. 441 I. - 2° of the French Commercial Code: Outstanding invoices on the closing date of the fiscal year					
	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and more)	0 day (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and more)
(A) Late payment tranche												
Number of invoices concerned						25						64
Total amount of invoices concerned exclusive of VAT		5	-	0	89	94		30	2	45	244	321
Percentage of total purchases for the fiscal year exclusive of VAT		0.13 %	0.00 %	0.01 %	2.21 %	2.35 %						
Percentage of sales for the fiscal year exclusive of VAT								0.12 %	0.01 %	0.18 %	1.01 %	1.32 %

3.6 Risk factors

EXEL Industries reviewed the risks that could potentially have a material adverse effect on its business, financial position or results (or its ability to meet its targets), and considers that there are no significant risks other than those presented below.

3.6.1 Risks connected to the sector of activity

3.6.1.1 Laws and regulations

EXEL Industries is subject to the laws and regulations of numerous national and international authorities notably in environmental and tax matters, as well as commercial laws and regulations and employment law. These laws and regulations are complex, changeable and increasingly strict especially regarding polluting emissions for diesel equipment or the use of products supplied by our sprayers.

EXEL Industries has a central legal department and uses local outside law firms to ensure that it is permanently in compliance with the applicable laws and regulations. EXEL Industries is a member of several professional federations (AXEMA, FIM, METI…) which informs politicians and lawmakers of the different challenges so that they can take decisions which are relevant in the long-term.

3.6.1.2 Restrictions on using phytosanitary products

The products applied by our agricultural sprayers are phytosanitary products with a synthetic or natural origin. They notably include herbicides, insecticides, fungicides, and liquid fertilizers. These products are increasingly decried, subject to strict regulations and in certain cases are destined to disappear (e.g. the Labbé Law and the controversy surrounding Glyphosate) and will be replaced by alternative products.

The Agricultural Spraying activity represents 44% of consolidated sales. The challenge facing agriculture is to feed the planet's increasing population (11 billion by 2100) whilst respecting the environment. In order to help achieve this dual target, EXEL Industries' research and innovations are increasingly directed towards more precision sprayers to enable doses of chemical or natural origin products to be reduced by 30 to 50% whilst increasing yields. Research and innovation combined with visual recognition, drone and GPS mapping technologies and the use of data are the ways forward for a productive and environmentally-friendly agriculture.

3.6.1.3 Competition

EXEL Industries is present on competitive markets where an increasing number of international groups and local players of differing sizes are also present. This competition could notably result in the loss of market share.

EXEL Industries defends its competitive *performance* using its product differentiation, high-end positioning, and specialist spraying strategy compared to its competitors which are more generalist in their approach.

3.6.1.4 Distribution

EXEL Industries mainly sells its agricultural spraying products to dealers who are often affiliated to *full* liner generalist manufacturers offering the full range of farming machinery: tractors, combine harvesters, sprayers, seed drills, ploughing, haymaking tools... brands The weight of these tractor brands which practice backend rebates and impose constraining contracts could gradually close EXEL Industries' access to this distribution network.

EXEL Industries strives to reinforce its direct link with the end customer notably through the use of digital technology, an increased presence of its brands on social networks and "open field" customer demonstrations. The EXEL Industries group has developed other sales models such as direct sales (AGRIFAC) or sales through its own *distribution* subsidiaries (e.g. ET Works).

A significant share of Garden Spraying and Watering sales are made through mass distribution where EXEL Industries is confronted with a strong concentration of customers who make European calls for tender.

EXEL Industries tries to work with several store chains on this market or even to develop a differentiated range of products for the customers. However Garden Spraying and Watering only accounts for 12% of total consolidated sales.

3.6.1.5 Climate conditions and seasonality

The seasonal purchase cycles of some of EXEL Industries' products and climatic variations are liable to affect its activities and results.

The intensity of the impact of seasonality differs according to EXEL Industries trades. In addition, the geographical distribution of the activities helps to diversify and limit the concentration of the risk of climatic variations on a given region. Finally the Industrial Spraying activity which accounts for 24% of consolidated sales is not affected either by seasonality or climate conditions.

3.6.2 Operational risks

3.6.2.1 Customer risks

Given the wide dispersion of its customers across the world, and the Group's diversified activities for different customers, EXEL Industries considers that it has little exposure to a significant counterparty risk.

The five largest customers account for 9.2% of consolidated sales for Agricultural Spraying compared to 6.0% last year, and the main customer represents 2.6%. The five largest customers account for 20.4% of consolidated sales for the Sugar Beet Harvesters segment compared to 28.7% last year, of which the main customer represents 13.9%, the result of a major agreement in the CIS zone. This exceptional factor aside, its five largest customers account for less than 7.8% of sales. The five largest customers account for 38.4% of consolidated sales for the Garden Spraying and Watering segment compared to 30.1% in 2016, and the main customer represents 18.9%. Finally, the five largest customers account for 21.8% of consolidated sales for Industrial Spraying compared to 10.9% last year, and the main customer represents 5.8%.

At Group level, the five largest customers account for 20.5% of total consolidated sales and are divided over the four activities as well as different geographical areas.

3.6.2.2 Supplier risks

Default by one or more of its suppliers, unplanned stock shortages, defective quality, strikes and other disruptions in supply could disrupt the Group's production or engender additional costs.

EXEL Industries group uses numerous suppliers in different countries for its supplies of raw materials and basic parts in order to divide the risk and to always have alternative solutions. The five largest suppliers account for only 6.3% of the Group's consolidated purchases compared to 5.5% in 2015, and the main supplier represents 1.8%. Furthermore, EXEL Industries ensures that it does not represent more than 30% of a third-party supplier's activity.

3.6.2.3. The risk relating to the price of raw materials and components

EXEL Industries' exposure to changes in the price of raw materials, either directly or through components purchased from suppliers, mainly concerns steel and to a lesser extent, plastic materials.

The Group protects itself from the volatility of raw material prices by negotiating long-term contracts with its largest suppliers in order to guarantee availability, delivery deadlines and price. Furthermore the Group can commit to firm orders when market opportunities arise. This policy means that stable production costs can be guaranteed over a period which is consistent with our pricing policy.

3.6.3 Financial risks

3.6.3.1 Financing and liquidity risks

The Group ensures that it has a very broad access to liquidity in order to be able to satisfy its commitments and its operating and investment requirements. The Group therefore borrows on the banking and capital markets.

No loans obtained by EXEL Industries from banks provide for early repayment provisions (*covenants*).

In addition Excel Industries group has a good capacity for accessing credit because the several firm lines of credit over 5 to 7 years with different banks allow it to satisfy its day-to-day requirements for liquidities and to seize investment or purchase opportunities.

EXEL Industries diversified its source of financing in 2016 by issuing two Euro PP over 6 to 7 years for a total sum of €30 million.

After performing a specific review of its liquidity risk, the Company considers that is has the resources to honor its future payment obligations.

3.6.3.2 Interest rate risks

EXEL Industries is exposed, via its net interest-bearing debt, to an interest rate risk on its financial liabilities, like its liquidities.

At 9/30/2017, most borrowings and financial debt at variable rate interest were indexed to the 1- or 3-month Euribor, as appropriate, or equivalent rates, notably in Denmark.

At the fiscal year end, total debt and borrowings concerned broke down as follows:

Medium-term variable-rate loans and drawdowns on secured medium-term credit facilities	€39 104 K
Finance lease liabilities	€1 816 K
Overdrafts and similar facilities	€33 006 K

Financial assets (money market funds and other short-term investments) bearing interest at a variable rate amounted to €90K. Furthermore EXEL Industries held cash totaling €103,611K on September 30, 2017.

A 0.5% increase in the interest rate would have a negative impact on the Group's pretax profit of €370K.

3.6.3.3 Foreign exchange risk

The EXEL Industries group's exposure to foreign exchange risk is mainly connected to its operating activities and its banking debts in USD and GBP.

Sales through foreign retail subsidiaries outside the Euro zone are invoiced in local currencies. Given the large number of billings in US and Australian dollar markets, the Group has exposure to the fluctuating exchange rates of these currencies. Trade payables in US dollars owed to French companies of the Group were converted at the closing exchange rate at the end of the fiscal year.

The majority of sales by the Group's French subsidiaries to non-Group foreign buyers are in euros. Invoices issued in foreign currencies by French subsidiaries of the Group are converted into euros at the exchange rate in force on the date of delivery. Sales and invoices of French subsidiaries of EXEL Industries to their foreign subsidiaries are in euros. As an exception to this practice, subsidiaries in the US and the UK are invoiced in their respective local currencies and subsidiaries in China are invoiced in US dollars.

The Group's general policy is to hedge significant engineering contracts denominated in a currency other than the euro, mainly in USD. In the last fiscal year, there has been no significant contract of this type denominated in a currency other than in euros.

The Group has recourse to cash flow hedges for a portion of cash flows in US dollars on a case-by-case basis.

At 9/30/2017, trade receivables, cash and cash equivalents and payables of the Group denominated in the main currencies were as follows:

In US dollars

Receivables in	$18,715 K
Cash in USD	$14,784 K*
Payables in USD	($40,901 K
Net receivables in USD	($7,402 K
	I.E. (€6,270) K
* *Assets in US dollars are not covered by an exchange rate hedge at the end of the fiscal year.*	

In Danish crowns

Receivables and cash in DKK	DKK 13,927 K
Payables in DKK	DKK (97,153) K
Net receivables in DKK	DKK (83,227) K
	I.E. €(11,183) K**
** *Historically, the Danish Crown has fluctuated within a narrow range of margins relative to the euro, of below 0.20%.*	

In pounds sterling

Receivables and cash in GBP	£21,136 K
Payables in GBP	£(61,697) K
Net receivables in GBP	£(40,561) K
	I.E. €(45,997) K

In Australian dollars

Receivables and cash in AUD	AUD 8,756 K
Payables in AUD	AUD 13,546 K

Net receivables in AUD	AUD (4,790) K
	I.E. €3,178 K

In Chinese yuan

Receivables and cash in CNY	CNY 56,240 K
Payables in CNY	CNY (18,716) K
Net receivables in CNY	CNY 37,524 K
	I.E. €4,778 K
TOTAL NET RECEIVABLES IN OTHER CURRENCIES:	**€6,970 K**

Consolidated foreign exchange losses to September 30, 2017 total €3,638K. Most of this amount originated from US dollars, pounds sterling and Australian dollars, breaking down as follows:

- losses on payments: €5,837K;
- gains on revaluation of receivables and payables: €1,435K;
- gains on sales of currencies and fluctuations on currencies in bank: €764K.

3.6.3.4 Customer credit risks

The credit risk is the risk a counterparty defaults on its contractual commitments or debts.

The Finance Departments of the entities are responsible for managing customer credit risk by setting up management procedures, measurement instruments and impairment rules for customer outstandings. Export sales are guaranteed either by COFACE credit insurance or a cash payment before shipment. However the Group's customer base is very divided and no one customer represents more than 3% of consolidated sales. For more detail, please refer to Note 9 to the consolidated financial statements to September 30, 2016.

3.6.3.5 Risks on shares

EXEL Industries does not hold, directly or indirectly, shares in listed companies or other financial instruments.

The only exception to this are holdings of its own shares in connection with a liquidity agreement with Gilbert Dupont.

At 9/30/2017, EXEL Industries held 1,440 treasury shares, equating to 0.02% of its share capital.

3.6.4 Other risks

Risks following Brexit

The consequences of the "Brexit" vote on June 23, 2016 are uncertain at this stage and will depend on a number of factors, notably its final terms. Brexit could have consequences for the European economy and on the activity in the British market. The marked weakness of the pound sterling is already reflected in EXEL Industries' financial statements. The United Kingdom only accounts for 10.4% of the Group's consolidated sales and mainly concerns the Garden Spraying and Watering activity.

3.7 Insurance

In 2017 the Group continued its policy of centralizing insurance programs by taking the specificity of the Group’s activities into account, in order to ensure:

- a consistent transfer of risks;
- harmonization of the conditions for cover and deductibles;
- the best prices;
- optimization through economies of scale.

The Group will continue its policy in France and abroad in 2018 by:

- guaranteeing better risk coverage in France and abroad by incorporating all the Group's subsidiaries into the existing insurance programs;
- increasing guarantees where required;
- reducing costs notably through car insurance when the Group considers this to be expedient;
- setting up new insurance programs to cover risks which have not been covered up until now and which it is expedient to cover.

We will ensure that the main accidental or operating risks are transferred to the insurance market whenever possible, and that the risk transfer is justified economically.

Our insurance policy takes changing risk models into account, risk assessment, market conditions and the available insurance capacity.

The table below summarizes all areas currently covered by Group Insurance:

Insurance	Main cover
Property damage and business interruption (International Program)	All risks subject to named exclusions
Civil Liability (International Program)	All risks subject to named exclusions
Civil Liability corporate officers (International Program)	Coverage for claims of liability against Executive and corporate officers
Automobile fleet	Coverage for vehicles < 3.5t (period < 5 years) Vehicles of < 5 years are insured for civil liability/theft/fire/All Accident Damage Coverage for vehicles > 3.5t (period > 7 years)and excluding farm tractors Vehicles > 7 years are insured for civil liability/theft/fire
Employee vehicle coverage	Cover for employees using their personal vehicle for business trips
Individual accident and assistance insurance	Individual accident and assistance insurance for employees on business trips (in France and the international market)
Professional competence insurance (vehicle driving risk)	Coverage for agricultural equipment loaned or made available Coverage for testing new agricultural equipment

3.8 Exceptional items and litigation

To the best of the Company's knowledge, no exceptional items or litigation exist for which provisions have not been recorded that could have a material adverse effect on its business, financial position or assets and liabilities.

There are no other legal, judicial or arbitration proceedings (including any that are pending or threatened of which the Company is aware), which may have or have had during the last 12 months, a material effect on the financial position or profitability of the Company and/or Group.

3.9 Changes in share capital during the fiscal year

3.9.1 Analysis of share capital at the end of the fiscal year

There have been no changes to the share capital in the last five years. The amount of share capital thus remains unchanged at €16,969,750.

The nominal value of EXEL Industries share was divided by two during the 2007/2008 fiscal year from €5 to €2.5.

Ownership Of Exel Industries Share Capital And Voting Rights

	On 8/31/2015			On 9/30/2016			**On 9/30/2017**		
Shareholders	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	**Number of shares**	**% of capital**	**% of voting rights**
EXEL SAS*	4,263 247	62.81 %	70.97 %	4,263 247	62.81 %	71.02 %	4 263 247	62.81 %	71.04 %
Patrick BALLU and family shareholders	906,820	13.36 %	15.22 %	906,866	13.36 %	15.20 %	902 297	13.29 %	15.13 %
BALLU FAMILY SUB-TOTAL	**5,170 067**	**76.17 %**	**86.19 %**	**5,170 113**	**76.17 %**	**86.22 %**	**5,165 544**	**76.10 %**	**86.17 %**
EXEL Industries SA	2,344	0.03 %	0.00 %	3,133	0.05 %	0.00 %	1,440	0.02 %	0.00 %
Financial inst., misc. investors & public	1,615 489	23.80 %	13.81 %	1 614 654	23.79 %	13.78 %	1,620 916	23.88 %	13.83 %
TOTAL	**6,787 900**	**100.00 %**	**100.00 %**	**6 787 900**	**100.00 %**	**100.00 %**	**6 787 900**	**100.00 %**	**100.00 %**

* *EXEL sas is wholly owned by the family of Patrick Ballu.*

Gross number of voting rights

On 8/31/2015	11,879,711
On 9/30/2016	11,896,013
On 9/30/2017	11,890,999

Disclosures on ownership thresholds

No disclosures on ownership thresholds are noted this year.

Shareholders holding more than 2.5% of the share capital among "financial institutions, misc. investors and the public"

Lazard Frères Gestion

Shareholders holding more than 5% of the share capital among "financial institutions, misc. investors and the public

L'Amiral de gestion

Number of shareholders

(based on the most recent identifiable bearer shares report on 10/27/2017): 1,376 (including 218 registered shareholders)

No employee stock ownership plan exists.

3.9.2 Authorizations to purchase treasury shares

In light of regulations in force and in accordance with article L. 225-209 of the French Commercial Code and Commission Regulation (EC) No 2273/2003 of September 22, 2003, and the Information Memorandum, the Annual General Meeting of February 9, 2017 granted the Board of Directors an authorization for a period of 18 months from the date of this Meeting to purchase Company shares in accordance with the following terms and conditions:

These share buybacks may be carried out in accordance with the limits provided for by laws and regulations applicable at the time of said transactions and in accordance with the purposes and procedures set forth below.

The maximum number of shares purchased by the company under this authorization may not exceed 10% of its current share capital.

These shares may be acquired on one or more occasions and through any means for the following purposes:

- market-making or share liquidity services provided by an Investment Service Provider through a liquidity agreement in compliance with the conduct of business rules recognized by the French securities market regulator, the AMF;
- purchasing shares to be retained for future use for payment or exchange in connection with possible acquisitions;
- the cancellation of all or part of shares thus acquired;
- employee stock option plans (or other share grants to employees) or for debt securities convertible into shares.

These shares may be acquired, sold or transferred by any means, on or off market, including involving the use of any derivative financial instruments. The entire share repurchase program may be carried out through block trades.

The maximum purchase price may not exceed €160 per share, subject to adjustments linked to corporate actions that may be implemented. In a scenario involving the purchase of 5% of the shares, the maximum amount paid would be €54.3 million.

Shares thus purchased may be held, sold or transferred.

In connection with the objective of assuring an orderly market for its shares, the Company made use of this authorization to repurchase shares and on September 30, 2017, held 1,440 of said shares.

At 9/30/2017 EXEL Industries sold and purchased a certain number of its own shares for the purpose of ensuring the liquidity and an orderly market for its shares:

Number of shares on 9/30/2016	3,133
Number of shares repurchased in the fiscal year ended 9/30/2017	50,359
Shares were purchased at an average price of	€ 80.41
Number of shares sold in the fiscal year ended 9/30/2017	52,052
Shares were sold at an average price of	€ 79.55
Number of treasury securities held at 9/30/2017	1,440

Furthermore, an authorization was submitted for approval to the next Annual General Meeting of February 8, 2018. Once approved by the shareholders, this authorization will cancel and supersede the authorization granted by the Ordinary General Meeting of February 9, 2017. An Information Memorandum on this share repurchase program has been made available on the websites of both the AMF and EXEL Industries.

3.9.3 Authorizations to increase the share capital and issue securities

Extraordinary General Meeting	Delegations of authority given to the Board of Directors	Preferential subscription rights	Nominal maximum amount	Term of the authorization*	Authorizations in force used in fiscal year 2015-2016	Term of validity and exercise of securities
ESM of 1/12/2016	1. Capital increase (*issuance of shares for cash, capitalization of reserves or share premium, the exchange of securities, bonus share issues, exercise of warrants)*	With	€ 80 million	26 months	None	None
	2. Capital increase through the issuance of shares or other securities	With	€ 80 million	26 months	None	None
	3. Capital increase reserved for employees	With	None	26 months	None	None

* *As these authorizations were granted to the Board of Directors for a period of validity of 26 months, a new ESM will be held at the end of this term to proceed, if necessary, with their renewal.*

3.9.4 The market for the issuer's shares

Price changes over the past 24 months in the EXEL Industries share, listed in compartment B (mid-caps) of NYSE-Euronext Paris since June 20, 1997, were as follows:

EXEL Industries share price and trading activity (source NYSE-EURONEXT)

Fiscal year from 12/1/2015 to 11/30/2017

Fiscal year	Trading volume in number of shares	Capital*(€ millions)*	Price *(in euros)*		
			High	Low	Closing price
12/2015	64,524	3.95	63.92	54.43	62.30
1/2016	141,326	9.95	77.22	61.74	70.16
2/2016	41,466	2.89	71.81	67.01	67.50
3/2016	33,247	2.29	71.50	65.90	67.30
4/2016	47,965	3.37	76.67	65.90	76.67
5/2016	18,354	1.39	80.00	70.01	75.50
6/2016	56,225	4.28	81.19	72.10	78.95
7/2016	35,491	2.77	82.95	75.00	75.45
8/2016	69,131	4.89	76.2	68.10	69.35
9/2016	98,106	6.70	70.67	64.00	68.80
10/2016	138,121	9.44	72.75	65.65	66.70
11/2016	104,852	6.67	69.50	69.58	67.30
12/2016	40,818	2.85	77.25	66.50	76.35
1/2017	78,546	6.02	79.90	72.00	79.51
2/2017	22,440	1.77	82.93	71.65	74.06
3/2017	16,659	1.32	80.45	73.86	80.32
4/2017	55,683	4.39	87.50	76.78	87.50
5/2017	22,156	2.10	99.60	86.88	97.59
6/2017	34,156	3.32	104.57	95.00	97.99
7/2017	85,944	8.29	102.02	92.95	100.95
8/2017	18,343	1.89	107.50	101.00	102.30
9/2017	9,239	0.98	107.50	102.20	105.72
10/2017	37,530	0.41	117.44	101,04	114.15
11/2017	5,396	0.54	118.35	109.5	110.00
TOTAL	**1,275,718**	**92.44**	**118.35**	**54.43**	**110.00**

3.10 Appropriation of net income of the fiscal year

3.10.1 Income appropriation

It is proposed that the Shareholders decide that the net profit for the fiscal year of €58,515,564 shall be appropriated as follows:

- distribution of a total dividend of €10,724,882 of €1.58 per share (1) , bearing in mind that the Legal Reserve has already been fully funded;
- carry forward to retained earnings of the remaining profit of €47,790,682;

It will thereby increase the amount of retained earnings to €253,799,479.

3.10.2 Dividends

Fiscal year	Dividend per share
2013/2014	€1.17 per share
2014/2015	€1.07 per share
2015/2016	€1.07 per share

3.11 Information on corporate officers

3.11.1 Remuneration and benefits paid in the fiscal year to corporate officers of the Group

In accordance with article L.225-37-3 of the French Commercial Code, the total remuneration and benefits of all kinds paid to the corporate officers by EXEL Industries, by the companies controlled within the meaning of article L.233-16, and by EXEL SAS which controls EXEL Industries within the meaning of the same article, are listed below.

It should be noted that EXEL Industries has not granted its corporate officers :

- any loans, advances, guarantees or security;
- stock subscription or purchase options;
- restricted stock;
- severance pay or change of duties compensation;
- or supplemental pension plan.

3.11.1.1 Compensation of executive corporate officers

Remuneration of Patrick Ballu, the Chairman of the Board of Directors *(in euros)*

Patrick Ballu, Chairman of the Board of Directors, EXEL Industries Director	Fiscal Year 2015-2016		**Fiscal Year 2016-2017**	
	Amounts due	Amounts paid	**Amounts due**	**Amounts paid**
Fixed remuneration	73,500	73,500	66,000	66,000
Annual variable remuneration				
Multi-year variable remuneration				
Exceptional remuneration				
Pension payment and special compensation				
Directors' fees	15,000	15,000	15,000	15,000
Services rendered				
Benefits in kind	6,882	6,882	3,992	3,992
TOTAL	**95,382**	**95,382**	**84 992**	**84 992**

Remuneration of Guerric Ballu, CEO *(in euros)*

Guerric Ballu, Group Chief Executive Officer Director	Fiscal Year 2015-2016		**Fiscal Year 2016-2017**	
	Amounts due	Amounts paid	**Amounts due**	**Amounts paid**
Fixed remuneration	323,823	323,823	348,309	348,309
Annual variable remuneration	138,550	119,000	185,000	138,550
Multi-year variable remuneration				
Exceptional remuneration				
Pension payment and special compensation				
Directors' fees	15,000	15,000	15,000	15,000
Services rendered				
Benefits in kind	7,559	7,559	13,328	13,328
TOTAL	**484,932**	**465,382**	**561 637**	**515 187**

Remuneration of Marc Ballu, Deputy Chief Executive Officer *(in euros)*

Marc Ballu, Deputy Chief Executive Officer Director	Fiscal Year 2015-2016		**Fiscal Year 2016-2017**	
	Amounts due	Amounts paid	**Amounts due**	**Amounts paid**
Fixed remuneration	262,777	262,777	246,552	246,552
Annual variable remuneration	56,806	52,952	42,587	51,578
Multi-year variable remuneration				
Exceptional remuneration				
Pension payment and special compensation				
Directors' fees	15,000	15,000	15,000	15,000
Services rendered				
Benefits in kind	127,909	127,909	106,186	106,186
TOTAL	**462,492**	**458,638**	**410 325**	**419 316**

N.B.: Average foreign exchange rate 2015-2016: €1 = £0.7786.

Average foreign exchange rate 2016-2017: €1 = £0.872.

The difference between the remuneration paid in 2016-2017 and the remuneration due in 2015-2016 corresponds to this change.

Remuneration of Franck Ballu, Deputy Chief Executive Officer *(in euros)*

Franck Ballu, Deputy Chief Executive Officer	Fiscal Year 2015-2016		**Fiscal Year 2016-2017**	
	Amounts due	Amounts paid	**Amounts due**	**Amounts paid**
Fixed remuneration	85,552*	85,552*	102,253	102,253
Annual variable remuneration	7,940 *	13,152	12,806	7,940
Multi-year variable remuneration				
Exceptional remuneration				
Pension payment and special compensation				
Directors' fees				
Services rendered				
Benefits in kind	3,328	3,328	3,328	3,328
TOTAL	**96,820**	**102,032**	**118 387**	**113 521**

* *Amounts prorated for LT absence*

Remuneration of Cyril Ballu, Deputy Chief Executive Officer *(in euros)*

Cyril Ballu, Deputy Chief Executive Officer	Fiscal Year 2015-2016		**Fiscal Year 2016-2017**	
	Amounts due	Amounts paid	**Amounts due**	**Amounts paid**
Fixed remuneration	112,384	112,384	139,137	139,137
Annual variable remuneration	12,350	10,000	11,250	12,350
Multi-year variable remuneration				
Exceptional remuneration				
Pension payment and special compensation				
Directors' fees				
Services rendered				
Benefits in kind			3,920	3,920
TOTAL	**124,734**	**122,384**	**154 307**	**155 407**

3.11.1.2 Remuneration of non-executive corporate officers

Remuneration of EXEL SAS, represented by Marie-Pierre du Cray-Sirieix *(in euros)*

Marie-Pierre du Cray-Sirieix, Director	Fiscal Year 2015-2016		**Fiscal Year 2016-2017**	
	Amounts due	Amounts paid	**Amounts due**	**Amounts paid**
Fixed remuneration	88,277	88,277		
Annual variable remuneration		12,000		
Multi-year variable remuneration				
Exceptional remuneration				
Pension payment and special compensation	45,420	45,420		
Directors' fees	15,000	15,000	15,000	15,000
Services rendered	24,800	24,800	105,012	105,012
Benefits in kind				
TOTAL	**173,497**	**185,497**	**120 012**	**120 012**

Remuneration of Marie-Claude Bernal *(in euros)*

Marie-Claude Bernal, Independent Director	Fiscal Year 2015-2016		Fiscal Year 2016-2017	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration				
Annual variable remuneration				
Multi-year variable remuneration				
Exceptional remuneration				
Pension payment and special compensation				
Directors' fees	20,000	20,000	20,000	20,000
Services rendered	7,000	7,000	5,000	5,000
Benefits in kind				
TOTAL	**27,000**	**27,000**	**25,000**	**25,000**

Remuneration of JUMP'TIME, represented by Claude Lopez *(in euros)*

JUMP'TIME, Independent Director	Fiscal Year 2015-2016		Fiscal Year 2016-2017	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration				
Annual variable remuneration				
Multi-year variable remuneration				
Exceptional remuneration				
Pension payment and special compensation				
Directors' fees	20,000	20,000	20,000	20,000
Services rendered	7,000	7,000	6,000	6,000
Benefits in kind				
TOTAL	**27,000**	**27,000**	**26 000**	**26 000**

3.11.2 The criteria for determining the remuneration of Executive Corporate Officers

In accordance with the law n°2016-1691 of December 9, 2016 (Sapin Law II) and the provisions of the new article L.225-37-2 of the French Commercial Code, the principles and criteria for determining, distributing and attributing the fixed, variable and exceptional components of the total remuneration and the benefits in kind attributable to the Chairman of the Board of Directors, the Chief Executive Officer and Deputy Chief Executive Officers of the Company for their mandate for the 2017/2018 fiscal year must be put to the vote of the shareholders at the Ordinary General Meeting.

3.11.2.1 Fixed annual remuneration of executive corporate officers

Senior executive corporate officers receive fixed remuneration payments for their mandates. This is calculated by taking the complexity of the tasks, the skills and experience required for performing these mandates into account.

3.11.2.2 Annual variable remuneration of executive corporate officers

- The Chairman of the Board of Directors does not receive any annual variable remuneration.
- The Chief Executive Officer and the three Deputy Chief Executive Officers receive a variable annual remuneration which is adapted to the scope of their personal responsibility inside the Group in accordance with the following principles :
  - **Target Bonus** (BC): Their Target Bonus is determined in accordance with the annual ***Operating Cash Flow Before Tax* targets** (OCFBT = EBITDA + Change in WCR) in their perimeter of personal responsibility;
  - The bonus variation bracket depends on the attainment of the OCFBT: An attainable bonus (AB) is calculated at the end of the fiscal year in accordance with the OCFBT which has been achieved: There can be a linear variation in the Attainable Bonus of between 70% and 130% of the Target Bonus. For example if 90% of the OCFBT was achieved, the Attainable Bonus would be 90% of the Target Bonus;
  - This **Attainable Bonus** (AB) is then weighted in accordance with the **Qualitative Evaluation** (QV) of the individual performance during the fiscal year. The bracket for this weighting is 0% to 100% of the Attainable Bonus (AB).
  - The Bonus Paid is the result of: (AB) x (EQ);
  - The Target Bonus for Guerric Ballu, the Chief Executive Officer, is fixed at €185,000 for the 2017/2018 fiscal year and can vary from between €130,000 and €240,000;
  - The Target Bonus for Marc Ballu, the Deputy Chief Executive Officer is fixed at £39,000 for the 2017/2018 fiscal year and can vary from between £27,300 to £50,700;
  - The Target Bonus for Franck Ballu, the Deputy Chief Executive Officer is fixed at €15,300 for the 2017/2018 fiscal year and can vary from between €10,710 and €19,890;
  - The Target Bonus for Cyril Ballu, the Deputy Chief Executive Officer is fixed at €22,000 for the 2017/2018 fiscal year and can vary from between €15,400 to €28,600.

3.11.2.3 Exceptional remuneration of executive corporate officers

The executive corporate officers do not receive exceptional remuneration.

3.11.3 Stock options and warrants

There are no stock option, stock subscription warrant (BSA) or founder share warrant (BSPCE) plans.

3.11.4 Offices and positions held by each corporate officer as at September 30, 2017

Company	Offices held within the EXEL Industries group							
	Patrick BALLU	Guerric BALLU	Marc BALLU	Franck BALLU	Cyril BALLU	Marie-Claude BERNAL	SAS JUMP'TIME[1]	EXEL SAS
	Chairman of the Board of Directors	Chief Executive Officer andDirector	Deputy Chief Executive Officer and Director	Deputy Chief Executive Officer	Deputy Chief Executive Officer	Director and Chairman of the Audit Committee	Representative Director CL. LOPEZ([2] and Chair, R&A Comm.	Director Rep. MPdCS [3]
Agrifac Machinery		Director Rep. EI [4] Rep. of shareholder EI [4]						
ASHSPRING		Chairman[5]	Director[6]					
BERTHOUD Agricole		Chairman's Rep. EI[4]						
CARUELLE NICOLAS					CEO			
CMC		Chairman's Rep. EI[4]						
ET WORKS		Director[6]						
Hardi International		Chairman of the Board of Directors [7]						
HOZELOCK AUSTRALIA			Director[6]					
HOZELOCK EXEL		Chairman's Rep. EI[4]	CEO					
HOZELOCK GROUP		Chairman[5]	Director[6]					
HOZELOCK HOLLAND			Director[6]					
HOZELOCK			Chairman[5]					
HOZELOCK SWEDEN			Chairman[5]					
MINWORTH PROPERTY UK			Director[6]					
RASINDECK		Chairman[5]	Director[6]					
SAMES KREMLIN		Chairman's Rep. EI[4]						
SARL DES GRANDES TERRES							Manager[2]	
TECNOMA Technologies		Chairman's Rep. EI[4]						
THISTLEHAVEN		Chairman[5]	Director[6]					

TRICOFLEX			Chairman					

Company	Offices held outside the EXEL Industries group							
	Patrick BALLU	Guerric BALLU	Marc BALLU	Franck BALLU	Cyril BALLU	Marie-Claude BERNAL	SAS JUMP'TIME(1)	EXEL SAS
	Chairman of the Board of Directors	Chief Executive Officer and director	Deputy Chief Executive Officer and Director	Deputy Chief Executive Officer	Deputy Chief Executive Officer	Director and Chairman of the Audit Committee	Representative Director CL. LOPEZ(2) and Chair, R&A Comm.	Director Rep. MPdCS (3)
ALBARELLE							Chairwoman(2)	
ASSISTEAL							Manager(2)	
AXEMA		Director						
CETIM					Director			
CFJ PRO							Manager(2)	
COURS GALIEN							Chairman(2)	
COURS PAVIOT							Chairman(2)	
ESKER						Chairman of the Supervisory Board Chairman of the Audit Committee Member of the Remuneration Committee		
ESMA			Chairman					
EXEL	Chairman	Deputy Chief Executive Officer	Deputy Chief Executive Officer	Deputy Chief Executive Officer	Deputy Chief Executive Officer			
EXPOSIMA		Director						
GROUPEMENT FORESTIER DU BOIS THOMAS			Manager					
GROUPEMENT FORESTIER LOUMABLOÉ			Manager					
GF PAP	Manager							
MPdCS & CO								Chairwoman (8)
POTENTIA PHARMACEUTICA						Director		

LS (USA)								
NEOMA	Director							
SCI LE CAPRICORNE	Manager							
SCI LE LION	Manager							
SCI LE SAGITTAIRE	Manager							

Key:

(1) JUMP'TIME SAS = Company Director, represented by Claude LOPEZ.

(2) Position held by Claude LOPEZ in a personal capacity.

(3) EXEL SAS = Company Director, represented by Marie-Pierre du CRAY-SIRIEIX.

(4) EI = SA EXEL Industries.

(5) Chairman = Chairman of the Board of Directors.

(6) Director = *Director of the Board.*

(7) BD = Board of Directors.

(8) Position held by Marie-Pierre du CRAY-SIRIEIX in a personal capacity.

3.12 Current agreements concluded under normal conditions in fiscal year 2016-2017

In accordance with Article L.225-39 of the French Commercial Code, agreements concluded between two companies, one of which holds, directly or indirectly, all of the share capital of the other, are no longer considered to be regulated agreements.

As a result, these agreements are considered to be current agreements concluded under normal conditions, in the same way as other agreements:

3.12.1 Debt waiver with a "better fortunes" clause

The "better fortunes" (financial recovery) clause, following the debt waivers granted by SA EXEL Industries to HOLMER Exxact has been maintained in the amount of €10.5 million (with no repayments in fiscal year 2016-2017);

The "better fortunes" (financial recovery) clause, following the debt waivers granted by SA EXEL Industries to its subsidiary CAPAGRI has been maintained in the amount of €2,356,489 K (with no repayments in fiscal year 2016-2017);

Cancellation of the "better fortunes" (financial recovery) clause previously concluded between MATROT Équipements and EXEL Industries for a total amount of €10.11 million (with no repayments in the fiscal year 2016-2017).

3.12.2 Loan agreements

Loan agreement granted to its subsidiary SAMES KREMLIN Inc. (USA) at an annual rate of 3.5% (paid off in the fiscal year) signed on 3/20/2012;

Loan agreement granted to its Australian subsidiary ERE Australia at an annual rate of 5% (AUD 6,055,000 outstanding at 9/30/2017), signed on 9/10/2009;

Loan agreement granted to its American subsidiary ERE USA at an annual rate of 5% (USD 168,300.60 outstanding at 9/30/2017), signed on 6/30/2008;

Amendment No. 4 to loan agreement granted to the subsidiary VERMOREL signed on 2/24/2014 at the 1-year Euribor plus 3% interest rate (€236,136 outstanding at 9/30/2017);

Loan agreement granted to AGRIFAC Machinery at the 1-year Euribor plus 5% interest rate (€8,665,000 outstanding at 9/30/2017) signed on 9/02/2013;

Loan agreement granted to HOZELOCK at the 1-month LIBOR plus 3% rate (GBP 7,415,475 outstanding at 9/30/2016), signed on 8/29/2013;

Loan agreement granted to MINWORTH PROPERTY at the 3-month LIBOR plus 2.2% rate (GBP 11,666,640 outstanding on 9/30/2017) signed on 7/25/2014;

Loan agreement granted to SAMES KREMLIN China at a rate of 6% (€112,250.75 outstanding on 9/30/2016) signed on 9/1/2013.

3.12.3 Cash management agreement

Amendment n° 12 to the existing centralized cash management agreement between SA Excel Industries and its subsidiaries carrying interest since 9/1/2014, at the 1 Month Euribor plus 1.5% on EXEL Industries advances signed on 9/01/2014;

The existing centralized cash management agreement between SA EXEL Industries, and SAMES KREMLIN in U.S. dollars, carrying interest at the 1-month LIBOR plus 1.5% on advances by EXEL Industries signed on 9/1/2016;

The existing centralized cash management agreement between SA EXEL Industries, and HOZELOCK Ltd in U.S.

dollars, carrying interest at the 1-month LIBOR plus 1.5% on advances by EXEL Industries, signed on 06/01/2017;

The existing centralized cash management agreement between SA EXEL Industries and EXEL REAL ESTATE NETHERLANDS at the 1-month Euribor plus 5% on advances by EXEL Industries, signed on 2/11/2016;

The existing centralized cash management agreement between SA EXEL Industries and EXEL REAL ESTATE GERMANY at the 1-month Euribor plus 3% on advances by EXEL Industries, signed on 2/11/2016;

The existing centralized cash management agreement between SA EXEL Industries and ET Works Inc. at the 1-month Euribor rate plus 3% (on advances in euros) or the 1-month LIBOR rate plus 3% (on advances in U.S. Dollars) on advances by EXEL Industries, signed on 2/11/2016;

Amendment No. 2 to the existing cash management agreement between SA EXEL Industries and HOZELOCK Ltd., carrying interest at the 1-month GBP LIBOR plus 3% for advances by EXEL Industries, signed on 2/11/2016;

Amendment n° 2 to the cash management agreement existing between SA EXEL Industries and AGRIFAC Machinery carrying interest at the 1-month EURIBOR rate plus 5% for advances by EXEL Industries signed on 4/11/2013;

Amendment n° 2 to the cash management agreement existing between SA EXEL Industries and Hardi International carrying interest at the 1-week EURIBOR rate plus 1.5% for advances by EXEL Industries signed on 9/01/2014;

Amendment n° 1 to the cash management agreement existing between SA EXEL Industries and HOLMER Maschinenbau carrying interest at the 1-month EURIBOR rate plus 3% for advances by EXEL Industries signed on 8/29/2014;

Amendment n° 1 to the cash management agreement existing between SA EXEL Industries and VERMOREL carrying interest at the 1-month EURIBOR rate plus 6% for advances by EXEL Industries signed on 2/11/2016;

Amendment n° 1 to the cash management agreement existing between SA EXEL Industries and EXEL carrying interest at the 1-month EURIBOR rate plus 0.5% for advances by EXEL Industries signed on 8/27/2014.

3.12.4 Other current agreements

The tax consolidation agreement existing between SA EXEL Industries as head of the tax group and its subsidiaries, signed on 7/19/2010, was maintained in fiscal year 2016-2017;

The service provision agreement in force since 09/01/2014 between SA EXEL Industries and all its subsidiaries was maintained in fiscal year 2016/2017;

The patent license agreement signed between SA EXEL Industries and all its French and international subsidiaries, providing for royalties at 1.5% of pre-tax sales (consolidated, where applicable), minus intra-Group purchases, was maintained in fiscal year 2016-2017;

The trademark and model license agreement signed between SA EXEL Industries and all its French and international subsidiaries, providing for royalties at 1% of pre-tax sales (consolidated, where applicable), minus intra-Group purchases, was maintained in fiscal year 2016-2017;

Amendment no. 1 to the partnership agreement concluded between SA EXEL Industries and some of its subsidiaries providing for a shared organization in Russia, updating the amount of service provision and the methods for calculating discounts, was maintained in fiscal year 2016/2017 as of 9/01/2014;

The Group insurance policies subscribed by SA EXEL Industries on behalf of its subsidiaries were maintained in fiscal year 2016/2017;

Invoicing of EXEL Industries in fiscal year 2016/2017 for HR services, following the secondment of personnel by SAMES KREMLIN.

Invoicing of EXEL Industries in fiscal year 2016/2017 for accounting services, following the secondment of personnel by TECNOMA Technologies;

Service provision agreement for the supply of administrative, tax, legal and financial services signed on 9/13/2016 to EXEL SAS.

3.13 Regulated Agreements

The Company did not conclude any agreement which could be considered to be a regulated agreement in the 2016/2017 fiscal year.

3.14 Change in accounting method

There was no change in accounting method during the fiscal year.

3.15 Statement of fees for Statutory Auditors and auditing services

The information concerning the fees of Statutory Auditors and other services are given in section 4.5, note 30 of the Registration Document.

3.16 Parent Company results and five-year financial summary

Fiscal year closing date (12-month period) *(in euros)*	**9/30/2017**	9/30/2016	8/31/2015	8/31/2014	8/31/2013
Capital at year-end					
Share capital	16,96,750	16,969,750	16,969,750	16,969,750	16,969,750
Number of shares					
ordinary shares	6,787,900	6,787,900	6,787,900	6,787,900	6,787,900
preferred shares					
Maximum number of potential shares					
by conversion of bonds					
by exercise of subscription rights					
Operating highlights and results					
Sales excluding VAT	24,249,366	22,197,427	20,593,013	8,172,869	8,001,133
Profit before income tax, employee profit-sharing, depreciation, amortization and provisions	61,778,788	51,809,780	46,530,394	33,407,138	21,469,469
Corporate income tax	2,795,112	7,733,113	5,923,516	4,864,434	795,085
Employee profit-sharing					
Depreciation, amortization and provisions	468,112	5,876,118	(7,254,546)	3,552,818	1,865,467
Net income	58,515,564	38,200,549	47,861,424	24,989,886	18,808,917
Distributed profit	10,724,882	7,263,053	7,263,053	7,941,843	6,787,900
Earnings per share					
Profit after tax, employee profit-sharing, before depreciation, amortization and provisions	8.69	6.49	5.98	4.20	3.05
Profit after tax, employee profit-sharing, depreciation, amortization and provisions	8.62	5.63	7.05	3.68	2.77
Dividend per share	1.58	1.07	1.07	1.17	1.00
Personnel					
Average number of employees	14	12	9	5	5
Payroll	1,534,607	1,228,752	1,008,194	354,661	450,145
Social charges and benefits paid (social security, social and community projects, etc.)	623,395	513,386	444,203	170,195	192 402

4

The financial statements

Consolidated financial statements

4.1 Consolidated balance sheet at September 30, 2017

Assets

(€ thousands)	Notes	9/30/2017	9/30/2016
Non-current assets			
Goodwill	*3*	64,390	65,842
Intangible assets	*4*	14,158	12,846
Property, plant and equipment	*5*	138,879	137,215
Investments in associates	*6*	3,192	3,092
Financial assets	*7*	1,380	1,337
Deferred tax assets	*22*	19,848	24,703
TOTAL NON-CURRENT ASSETS		**241,848**	**245,035**
Current assets			
Inventories and work-in-progress	*8*	188,711	211,161
Trade receivables	*9*	134,331	119,483
Current tax receivables		11,683	3,057
Other receivables	*10*	21,900	19,009
Cash and cash equivalents	*11*	103,701	99,672
TOTAL CURRENT ASSETS		**460,326**	**452,383**
TOTAL ASSETS		**702,175**	**697,417**

Equations and liabilities

(€ thousands)	Notes	9/30/2017	9/30/2016
Shareholders' equity			
Capital	*12*	16,970	16,970
Other reserves		273,457	248,129
Treasury shares		(152)	(216)
Net income for the fiscal year		45,313	34,181
Shareholders' equity attributable to the Group		**335,587**	**299,064**
Attributable to non-controlling interests:			
Share of shareholders' equity		12	6
Share of net income		2	0
Total attributable to non-controlling interests		**14**	**6**
TOTAL EQUITY		**335,601**	**299,070**
Non-current liabilities			
Non-current provisions	*13*	47,877	53,676
Long-term financial debt	*14 & 15*	83,166	111,213
Deferred tax liabilities		6,227	7,869
TOTAL NON-CURRENT LIABILITIES		**137,270**	**172,759**
Current liabilities			
Current provisions	*13*	3,396	2,380
Current portion of long-term debt	*14 & 15*	49,000	45,499
Current bank facilities and overdrafts	*14 & 15*	33,006	46,873
Trade payables		69,778	56,682
Current tax liabilities		4,705	8,121
Other current liabilities	*16*	69,418	66,032
TOTAL CURRENT LIABILITIES		**229,303**	**225,588**
TOTAL EQUITY AND LIABILITIES		**702,175**	**697,417**

4.2 Consolidated income statement period ended September 30, 2017

Consolidated income statement

(€ thousands)	Notes	9/30/2017 12-month fiscal year	9/30/2016 13-month fiscal year
Sales	*17*	874,205	819,275
Other operating income		(7,276)	12,818
Operating income		**866,929**	**832,093**
Changes in inventories of finished goods and work-in-process		(16,727)	(23,158)
Raw materials and consumables		(448,647)	(391,709)
Other purchases and external charges		(118,017)	(122,217)
Taxes and duties other than on income		(8,245)	(8,376)
Payroll	*18*	(193,046)	(214,007)
Allowances for depreciation and amortization		(15,182)	(15,984)
Net allowances for provisions & impairment of assets	*19*	6,861	8,787
Other operating expenses		(4,435)	(6,151)
Total recurring operating expenses		**(797,439)**	**(772,817)**
CURRENT OPERATING INCOME (EBIT)		**69,491**	**59,276**
Non-recurring income		5,319	6,118
Non-recurring expenses		(2,874)	(6,693)
Net non-recurring income	*20*	**2,445**	**(576)**
OPERATING PROFIT		**71,936**	**58,700**
Financial income		16,406	20,251
Financial expense		(24,672)	(27,518)
Net financial income	*21*	**(8,266)**	**(7,267)**
PROFIT BEFORE TAX		**63,670**	**51,433**
Corporate income tax	*22*	(18,730)	(17,739)
Share in earnings of equity-method associates	*6*	375	487
NET INCOME FOR THE FISCAL YEAR		**45,315**	**34,181**
Net income attributable to the Group		45,313	34,181
Net income attributable to non-controlling interests		2	(0)

Earnings per share *(in €)*		6.7	5.0
Diluted earnings per share *(in €)*		6.7	5.0

Statement of recognized income and expense

(€ thousands)	**9/30/2017 12 months**	9/30/2016 13 months
NET INCOME	**45,315**	**34,181**
Net actuarial losses on defined benefit plans	1,426	(7,632)
Deferred taxes on actuarial gains/losses	(579)	1,733
Changes in currency translation adjustments	(2,373)	(1,057)
Capital gains or losses on the disposal of treasury shares (net of tax)	(2)	7
TOTAL RECOGNIZED INCOME AND EXPENSES	**43,787**	**27,232**
Attributable to shareholders	43,785	27,232
Attributable to non-controlling interests	2	0

4.3 Consolidated statement of changes in shareholders' equity

	Equity attributable to owners of the parent						Equity attributable to non-controlling interests	Total consolidated equity
(€ thousands)	Capital	Share premiums	Retained earnings and reserves	Translation adjustments	Treasury shares	Total attributable to the Group		
BALANCE AT 8/31/2015	**16,970**	**2,528**	**259,489**	**419**	**(117)**	**279,288**	**156**	**279,444**
Total income and expenses recognized on the balance sheet	-	-	28,289	(1,057)	-	27,232	-	27,232
Dividends distributed			(7,166)			(7,166)	(38)	(7,204)
Change in Group structure			(350)	174		(176)	(112)	(288)
Other changes			(15)		(99)	(114)		(114)
BALANCE AT 9/30/2016	**16,970**	**2,528**	**280,247**	**(464)**	**(216)**	**299,064**	**6**	**299,070**
Total income and expenses recognized on the balance sheet	-	-	46,158	(2,373)	-	43,785	2	43,787

Dividends distributed			(7,318)			(7,318)	-	(7,318)
Change in Group structure						-		-
Other changes			450	(458)	64	56	6	62
BALANCE AT 9/30/2017	**16,970**	**2,528**	**319,537**	**(3,295)**	**(152)**	**335,587**	**14**	**335,601**

4.4 Consolidated statement of cash flows

(€ thousands)	Notes	**9/30/2017 12 months**	9/30/2016 13 months
A. Cash flows from operating activities			
Net income attributable to the Group		45,313	34,181
Attributable to non-controlling interests		2	-
- Share in earnings of equity-method associates		(375)	(487)
+ Allowances for depreciation of fixed assets		(15,185)	(15,984)
+ Net allowances for provisions and asset impairments [1]		(527)	(12,155)
- Net gains on disposals of fixed assets		(328)	(420)
Operating cash flows		**59,270**	**37,103**
Net working capital (+ use, - source)	**23**	**(10,387)**	**(25,414)**
Net cash flow provided by operating activities[2]		**69,657**	**62,517**
B. Cash flows from investing activities			
Purchases of fixed assets[3]		(20,933)	(28,666)
Proceeds from the sale of fixed assets		934	714
Impact of changes in Group structure		167	(39,179)
CASH BUDGETED FOR CAPITAL EXPENDITURES		**(19,831)**	**(67,131)**
C. Cash flows from financing activities			
Increase in share capital and premium		-	-
Net dividends paid in the fiscal year		(7,043)	(6,835)
Increase in borrowings		8,286	83,923
Repayment of borrowings		(32,658)	(57,255)
Change in treasury shares		65	(117)
CASH FROM FINANCING ACTIVITIES		**(31,350)**	**19,717**

D. Effect of foreign exchange rates on cash		(580)	(4,112)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**17,896**	**10,991**
Net cash and cash equivalents at beginning of the fiscal year		52,799	41,807
Net change during the fiscal year		17,896	10,991
NET CASH AND CASH EQUIVALENTS AT CLOSE OF THE FISCAL YEAR		**70,695**	**52,799**
Marketable securities		90	81
Cash at banks and on hand		103,611	99,592
Current bank facilities and overdrafts		(33,006)	(46,873)
NET CASH AND CASH EQUIVALENTS AT CLOSE OF THE FISCAL YEAR		**70,695**	**52,799**
(1) Excluding current asset provisions			
(2) Including financial interest paid		*4,134*	*5,076*
including corporate income tax paid (or repaid)		*29,092*	*18,028*
(3) Purchases are net of changes in payables on fixed assets			

4.5 Notes to the consolidated financial statements

Note 1 Significant accounting policies and basis of consolidation

1.1 Statement of compliance

The financial statements of EXEL Industries group are prepared in accordance with IFRS international accounting standards (International Financial Reporting Standards) as adopted by the European Union on September 30, 2017 and available online on the European Commission's website.

Standards, amendments and interpretations of the standards adopted by the European Union, which are compulsory from the start of the fiscal year which began on October 1, 2016

The European Union adopted the following amendments, with compulsory application inside the Group from the reporting period beginning October 1, 2016. Although these new amendments are compulsorily applicable inside the Group, they do not have any material impact on the Group's consolidated financial statements.

- Amendments to IAS 12 – Recognition of deferred tax assets for unrealized losses.

  They clarify certain principles concerning the recognition of deferred tax assets for unrealized losses on debt instruments which are recognized at fair value in response to differing practices.
- Amendments to IAS 7 – Information to be disclosed connected to financing activities.

These amendments are for future application. They require entities to disclose additional information to enable users of financial statements to assess the changes to the liabilities included in their financing activities whether these changes come from cash flows or not.

Standards and interpretations adopted by the European Union but that have not yet come into force

The EXEL Industries group chose not to apply the standards, interpretations and amendments adopted by the European Union in advance, before September 30, 2017 and they take effect from this date. This mainly concerns IFRS standard 15 and its amendments relating to "revenue from contracts with customers" and IFRS 9 - Financial Instruments. The Group has not yet analyzed the impact of these standards.

The Group has not yet analyzed the impact of the IFRS 16 standard "Leases" decided by the IASB with an initial application for the reporting periods beginning from January 1, 2019. The European Commission has not adopted this standard yet.

The consolidated financial statements for the period ending September 30, 2017 were prepared according to the same accounting policies used for the period to September 30, 2016.

Fiscal year 2015-2016 was, on an exceptional basis, 13 months long as compared to the 12 months of fiscal year 2016-2017. This followed the vote of the Extraordinary General Meeting of 11/18/2015 to change the balance sheet date from August 31 to September 30.

The consolidated financial statements of EXEL Industries were approved by the Board of Directors on 12/14/2017. *Pro forma* statements were prepared as part of this change of balance sheet date (see Note 25).

1.2 Basis of consolidation & scope (see note 2)

Companies over which EXEL Industries exercises exclusive control are fully consolidated. Exclusive control is defined as an ability to govern directly or indirectly the financial and operating policy decisions of the enterprise so as to benefit from its activities. It is generally presumed to exist when the Group has more than 50% of the voting rights of the controlled company.

Companies in which EXEL Industries exercises a material influence are accounted for using the equity method. Significant influence is an ability to participate in the financial and operating policy decisions of an enterprise though without exercising control over its policies. It is presumed to exist when the Group directly or indirectly holds between 20% and 50% of the voting rights.

Receivables, payables, and reciprocal assets and liabilities are fully eliminated between fully consolidated companies as well as intra-Group profits and losses (dividends, capital gains, margins on inventory).

1.3 Business combinations

Business combinations are recognized on the basis of the acquisition method of accounting, according to the principles of IFRS 3 - Business Combinations.

The possible assets, equity and liabilities of the acquired company are recognized at their fair value.

The difference between the acquisition cost and the proportionate share acquired of the fair value of the assets and liabilities on the acquisition date is recognized under "Goodwill". This goodwill is not amortized and is tested for impairment whenever there are indications of loss, and at least once a year (see below).

If the acquisition cost is less than the fair value of the acquiree’s assets and liabilities, the residual amount of negative goodwill (badwill) is recognized directly in "Non-recurring income/(expenses)".

1.4 Goodwill (see note 3)

For fully consolidated companies, the difference between the fair value of the counterparty transferred and the share attributable to the Group of net fair value of the acquired assets and liabilities existing at the date of the takeover, constitutes an excess value recognized as a non-current asset in the consolidated balance sheet under the heading "Goodwill". At the takeover date, the Group may opt to recognize the new business combination using the partial goodwill method or the full goodwill method. In the case of full goodwill, the non-controlling interests are measured at fair value and the Group recognizes goodwill *on* the total of identifiable assets and liabilities.

Costs directly related to the takeover are recognized as "Other non-recurring expenses."

At September 30, 2017, the net value of residual goodwill on the balance sheet amounted to €64,390K.

1.5 Intangible assets (see. note 4)

The other intangible assets appear on the balance sheet at their historical cost. They are amortized on a straight-line basis over their estimated useful life.

Development costs

In accordance with IAS 38, development costs are not capitalized by the Group for several reasons:

- when these expenditures are incurred, the technical feasibility of completing the intangible asset so that it will be available for use or sale is not certain;
- the Group is not able to demonstrate how the intangible asset will generate probable future economic benefits. In particular, it is difficult to demonstrate the existence of a market (or evaluate the duration) for production resulting from these development costs. In effect, the Group is constantly developing new innovations in its market and the potential of these developments is still unknown or even nonexistent at that particular time.

These costs mainly comprise payroll expenditure.

1.6 Property, plant and equipment (see note 5)

Property, plant and equipment are recognized in the balance sheet at acquisition cost or their contribution value.

These assets are depreciated according to the straight line method applied on the basis of their corresponding estimated useful lives.

Comparable depreciation rates are applied by all companies as follows:

- 20 to 30 years for buildings;
- 5 to 10 years for building improvements;
- 5 to 10 years for industrial equipment and machinery;
- 3 to 5 years for other fixed assets (office equipment, vehicles, etc.).

1.7 Impairment of assets

Non-current assets with fixed lifespan

The Group reviews its main tangible and intangible non-current assets on each closing date to identify any impairment when it appears, from events or circumstances, that their carrying value could be higher than their recoverable value.

Recoverable value is defined as the higher of fair value net of costs of disposal and value in use on the basis of future cash flows discounted to their present value (discounted cash flows or DCF) derived from use of the assets. After recognizing this provision, the asset is maintained in the balance sheet at its net carrying amount after impairment. In the case of depreciable assets, the depreciation expense is calculated on the basis of the new net carrying amount and its remaining estimated useful life.

This test is performed on the cash generating unit (CGU) constituted by the assets or the smallest group of assets which include the asset to be tested and which generates cash inflows which are largely independent from those generated by the other assets or groups of assets.

Goodwill and fixed assets with indeterminate useful lives:

The Group performs impairment tests at least once a year, during the fourth quarter of each fiscal year and whenever there is an indication of loss of value. This impairment test is performed on each CGU or group of CGUs which the goodwill or the tested assets are attached to.

The Group wanted to change the definition of its CGUs or groups of CGUs from this reporting period, to take the Management's methods of managing and analyzing the Group's performance into account. A CGU is now defined as a legal entity or group of subsidiaries belonging to the same business sector which generate cash flows which are clearly independent of the cash flows generated by other CGUs.

When the recoverable value of the CGU or the group of CGUs is below its net carrying amount, an impairment charge is recognized on the line "Non-recurring expenses". The recoverable value of a CGU represents the higher of its fair value net of costs of disposal and value in use. Value in use is determined on the basis of the present value of future operating cash flows expected over a five-year period and a terminal value based on a perpetuity growth rate for cash flow.

All the tests were carried out using the following principal assumptions for fiscal year 2017:

- the perpetual growth rate is 1.8% (compared to 2% in 2016);
- the discount rate is 8.0% (compared to 8.37% for fiscal year 2016).

The discount rate used for the impairment tests corresponds to the weighted average cost of capital (WACO) estimated on a date close to the closing date. The WACO is calculated on the basis of a target indebtedness of 25% of equity and a risk-free interest rate of 0.78% (ten year French government bond rate).

The growth rate is assessed in accordance with the IMF's long-term inflation forecasts weighted for each geographical area.

The cash flows used are established according to past performance and anticipated changes, at the date these projections are prepared.

Goodwill related to foreign companies is recognized in the functional currency of the acquired entity and converted at the year-end closing exchange rate.

The Group exceptionally carried out tests using the old definition of a CGU and the new definition per activity, and performed a sensitivity analysis on the perpetual growth assumptions and the discount rate by applying an increase of 100 bps to the discount rate or a reduction of 50 bps to the perpetual growth rate. This analysis does not show a risk of additional loss in value for fiscal year 2017 (see note 3.1).

Moreover, the different sensitivities described above did not result in any impairment risk for goodwill.

1.8 Non-current financial assets (see note 7)

Non-current financial assets include equity interests and other financial assets.

"Equity interests" refers to the Group's investment in the capital stock of unconsolidated companies. These interests are accounted for as available-for-sale securities and recognized at fair value or their acquisition cost, which, according to the Group's estimates, represents their fair value in the absence of an active market. Unrealized gains and losses on these items are recorded separately under shareholders equity.

In the case of a permanent loss in value, the corresponding impairment charge is recognized in the income statement of the fiscal year. The permanent nature of impairment is determined by comparing the estimated value based on the share in net equity, the market price or earnings growth prospects, after adjusting for the effects of these holdings on the Group in terms of strategy, synergies or existing businesses. Recognition of this impairment loss in the income statement is not reversible if the estimated value is considered to develop positively in the future (in which case the unrealized profit is recognized under the separate heading of equity mentioned above).

Other financial assets are recognized at amortized cost.

A provision for impairment may be recorded when there exists an objective indication that they have been impaired.

Securities held for trading are recognized at fair value and unrealized gains and losses on re-measurement are recognized in profit or loss under income from cash and cash equivalents.

All financial assets are subject to tests once a year to determine if there exists an indication of impairment.

1.9 Inventories and work in progress (see note 8)

In accordance with IAS 2 – Inventories, inventories and work in progress are measured at the lower of cost and their net realizable value. Cost is measured mainly according to the FIFO method. Net realizable value is defined as the expected selling price in the ordinary course of business minus costs necessary for completion and disposal.

Raw materials and trade goods are as a general rule measured according to the FIFO method.

Inventory in progress and finished products are recognized at production cost that includes the cost of raw materials, direct labor costs and factory overheads.

1.10 Trade receivables and related accounts (see note 9)

Trade receivables have been measured at face value. Provisions for impairment are recorded according to the age of the receivable and an assessment of the customer's situation.

1.11 Cash and cash equivalents (see note 11)

Cash includes bank balances and highly liquid investments and cash equivalents with maturities of less than three months from their date of acquisition.

Bank overdrafts are presented as a specific line item under current liabilities.

1.12 Income taxes (see note 22)

Deferred taxes

In accordance with IAS 12 – deferred tax, provisions for deferred tax are recorded using the balance sheet liability method and temporary differences arising between the tax bases of assets and liabilities (including tax losses) and their carrying amounts in the financial statements. Deferred taxes are calculated at the prevailing tax rate in force.

Deferred tax assets are recorded only if it is probable that they will be recovered from taxable profit. In particular, no deferred tax asset has been recognized for losses of certain subsidiaries where recovery is not currently considered likely, for total deferred taxes of around €11 million.

Deferred tax assets and liabilities are not discounted.

The Group offsets deferred tax assets and liabilities if the entity has the legal right to offset current income tax assets and liabilities and they relate to types of taxes levied by the same tax authority.

French tax group provisions

Under a tax sharing agreement, with EXEL Industries as head of the tax group, the Group's French subsidiaries pay advances to EXEL Industries for taxes owed by them and EXEL Industries will settle the Group tax at the end of the fiscal year after any restatements provided for under this system.

Tax credits

- Research tax credits (RTC)

Given the purely fiscal nature of this provision, and possibilities that they will be subject to changes in line with changes in tax regulations mainly in France, research tax credits are recognized as a deduction from the income tax expense.

- Tax credit for encouraging competitiveness and jobs (CICE)

Given the legislature's objective of reducing staff costs through the CICE, the Group decided to recognize the CICE as a deduction from staff costs, under operating income. The CICE was calculated over the period at the same frequency as the salaries to which it related. Thus, at 9/30/2017, accrued income was recognized for the CICE with respect to salaries for the period from January 2017 to September 2017. The total amount of the CICE credits recognized in the Group came to €2,293 K.

1.13 Foreign currency translation

The financial statements of foreign companies are converted using the closing rate method: Assets and liabilities on the balance sheet are translated at the exchange rate at the year end and income statements at the average exchange rate. Translation differences are recorded directly in equity under the heading "Foreign currency translation reserve".

Transactions by Group entities in a currency other than their functional currency are translated at the exchange rate prevailing on the transaction date. Assets and liabilities denominated in a currency other than the functional currency of the entity are translated at the closing exchange rate in force at the end of the fiscal year. Currency gains and losses are recognized directly under financial income and expense.

1.14 Leases

Finance leases

Assets financed by means of finance leases as defined by IAS 17 – Leases are presented as assets at the lower of the present value of future lease payments or fair market value. The corresponding liability is recognized in financial liabilities. Such items are amortized on a straight line basis over their estimated useful lives.

Only significant transactions are restated (where the purchase value at inception of the item financed by the lease exceeds €150 K).

The main finance leases have been restated in the consolidated financial statements and no additional disclosures are required concerning the corresponding future lease payments.

Operating leases

Operating leases that individually involve small amounts are not material in nature. In particular, there exist no significant property leases as the Group is the owner of its main production sites.

1.15 Provisions, contingent assets and contingent liabilities

In accordance with IAS 37, provisions are recognized based on case-by-case assessments of the corresponding contingencies and expenses. A provision is recorded whenever Group corporate governance bodies are made aware of a legal or constructive obligation resulting from a past event when it is probable that it will result in an outflow of resources with no inflow of resources representing an equivalent amount expected in return. Provisions are broken down between current and non-current liabilities according to the expected term to maturity of the risk. The provisions with a term to maturity of more than one year are discounted when their impact is material.

In cases where it is not probable that an obligation will result in the outflow of resources to be settled or because its amount cannot be measured with sufficient reliability, it is recognized by the Group off-balance sheet as a contingent liability.

Contingent liabilities are reported in the notes unless the probability of an outflow of resources is very low. Contingent assets are reported in the notes where an inflow of economic benefits is probable.

1.16 Pensions and similar liabilities (see note 13.3)

Provisions are recorded in the balance sheet for liabilities arising from defined benefit plans. These liabilities are calculated using the projected unit credit method based on actuarial valuations performed at the end of the fiscal year. Actuarial assumptions used to calculate these liabilities vary according to the economic conditions of the country in which the plan applies. Each plan is accounted for separately.

The Group makes use of these services of an outside entity to partially cover its benefit liabilities. The provision recorded in the consolidated financial statements corresponds solely to the uncovered portion as well as social charges for the full amount of these benefit liabilities.

For defined benefit plans financed through outside fund managers (pension funds or insurance policies), any difference in the fair value of plan assets and the present value of obligations is recognized in the balance sheet as an asset or liability. However, such differences are only recognized as assets when they embody a future economic benefit for the Group.

Past service costs represent the benefits granted when the company either adopts a new defined benefit plan or modifies the level of benefits of the existing plan. When new rights to benefits are vested as of the adoption of the new plan or the change of the existing plan, past service costs are immediately recognized in the income statement. Conversely, when the adoption of a new plan or a change in the existing plan results in the vesting of rights subsequent to the date the plan is established, past service costs are expensed on a straight-line basis over the average remaining period for the corresponding rights to be fully vested.

Actuarial gains and losses result from changes in actuarial assumptions and adjustments related to experience (differences between actuarial assumptions and assumptions based on actual experience). Actuarial gains and losses are recognized directly in equity and in consequence have no impact on the income statement.

For defined benefit plans, the expenses recognized in operating income include service costs, the amortization of past service costs, the discounting costs as well as the effects of any plan curtailment or settlement.

1.17 Use of estimates

To prepare consolidated financial statements in compliance with the rules provided for under IFRS, Group Management makes a certain number of estimates and adopts certain assumptions that may have an impact on the amounts disclosed under assets and liabilities. These include amounts for depreciation, amortization and provisions, information on contingent assets and liabilities on the closing date of the consolidated financial statements and amounts recognized under income and expenses for the fiscal year. These estimates are based on the assumption of going concern and include assumptions that Management considers relevant and feasible in the Groups operating environment and based on feedback available.

Estimates and assumptions are reviewed on a regular basis and at a minimum at the end of each fiscal year. They may vary if the circumstances on which they were based change or new information becomes available. Actual results may differ from these estimates.

The main estimates made by the Group when preparing the financial statements concern notably assumptions adopted for calculating deferred taxes, the valuation of intangible assets, the impairment of current assets and current and non-current provisions.

1.18 Segment information

The main business activity of EXEL Industries group is precision spraying, for agriculture and industry. The Group also competes in the consumer watering products market and in sugar beet harvesters.

1.19 Financial instruments

Treasury shares

In accordance with IAS 32, treasury shares (own equity instruments) held by the Group through the share repurchase program in connection with the liquidity agreement are recorded at acquisition cost and deducted from equity. Proceeds from the disposal of treasury shares are recognized under equity, net of income tax, and are not included under income in the fiscal year.

Derivative financial instruments

In the fiscal year, the Group has on occasion made use of interest rate or foreign exchange hedges to reduce its exposures.

The Group did not hold any derivative financial instruments at the close of the fiscal year.

Financial liabilities

Non-current loans and financial liabilities are valued at their historical nominal value considered close to their amortized cost.

1.20 Revenue from ordinary activities

Revenue arising from ordinary activities represents sales from goods and services produced in connection with the Groups main activities.

In accordance with IAS 18, revenue is recognized according to the accrual basis of accounting and matching principle for income and expenses.

Income from the sale of goods is recognized when the risks and rewards incident to ownership are transferred to the buyer and the costs that have been or are to be incurred can be reliably identified.

Any trade discounts rebates and related items granted to customers are recognized as amounts deducted from revenue.

Revenue from the sale of services is recognized at fair value of the consideration received or receivable. Revenue from the sale of products is recognized when delivery has been completed, the amount of revenue can be reliably measured and the economic benefits of the transaction will flow to the Group.

Note 2 Scope of consolidation

Name	Percentage controlled		Percentage held		Method of consolidation
	09/2017	09/2016	09/2017	09/2016	
EXEL Industries SA	100.00 %	100.00 %	100.00 %	100.00 %	Parent company
TECNOMA Technologies SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC
PRÉCICULTURE SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC
CMC SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC
CARUELLE NICOLAS SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC
RAM Environnement SAS		100.00 %		100.00 %	FC
BERTHOUD Agricole SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC
FISCHER Nouvelle sarl (Switzerland)	100.00 %	100.00 %	100.00 %	100.00 %	FC
BERTHOUD Sprayers Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
MATROT Equipements SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC
MATROT UK Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
SCI CATHAN	100.00 %	100.00 %	100.00 %	100.00 %	FC
CAPAGRI	100.00 %	100.00 %	100.00 %	100.00 %	FC
SCI MAIZY	100.00 %	100.00 %	100.00 %	100.00 %	FC
VERMOREL (Romania)	100.00 %	100.00 %	100.00 %	100.00 %	FC
INGELIA (Romania)	90.00 %	90.00 %	90.00 %	90.00 %	FC
HOZELOCK EXEL (ex-EXEL gsa SAS)	100.00 %	100.00 %	100.00 %	100.00 %	FC
EXEL Real Estate (USA)	100.00 %	100.00 %	100.00 %	100.00 %	FC
EXEL Real Estate (Australia)	100.00 %	100.00 %	100.00 %	100.00 %	FC
EXEL Real Estate Germany	100.00 %	100.00 %	100.00 %	100.00 %	FC
Exel Real Estate Netherlands BV (Netherlands)	100.00 %	100.00 %	100.00 %	100.00 %	FC
EMC LLC (Russia)	100.00 %	100.00 %	100.00 %	100.00 %	FC
SAMES KREMLIN SAS	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**	**FC**
French subsidiaries:					

Name	Percentage controlled		Percentage held		Method of consolidation
	09/2017	09/2016	09/2017	09/2016	
API SCM SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC
Foreign subsidiaries:					
SAMES KREMLIN Germany	100.00 %	100.00 %	100.00 %	100.00 %	FC
SAMES KREMLIN Spain	99.90 %	99.90 %	99.90 %	99.90 %	FC
SAMES KREMLIN Italy	100.00 %	100.00 %	100.00 %	100.00 %	FC
SAMES KREMLIN USA	100.00 %	100.00 %	100.00 %	100.00 %	FC
SAMES KREMLIN Portugal	100.00 %	100.00 %	100.00 %	100.00 %	FC
SAMES KREMLIN Argentina	100.00 %	100.00 %	100.00 %	100.00 %	FC
SAMES KREMLIN Poland	100.00 %	100.00 %	100.00 %	100.00 %	FC
SAMES KREMLIN Brazil	100.00 %	100.00 %	100.00 %	100.00 %	FC
SAMES KREMLIN South Africa	100.00 %	100.00 %	100.00 %	100.00 %	FC
SAMES KREMLIN India	100.00 %	100.00 %	100.00 %	100.00 %	FC
SAMES KREMLIN Singapore	100.00 %	100.00 %	100.00 %	100.00 %	FC
SAMES KREMLIN China	100.00 %	100.00 %	100.00 %	100.00 %	FC
SAMES KREMLIN Russia	100.00 %	100.00 %	100.00 %	100.00 %	FC
SAMES KREMLIN Japan	100.00 %	100.00 %	100.00 %	100.00 %	FC
SAMES KREMLIN Mexico	100.00 %	100.00 %	100.00 %	100.00 %	FC
HARDI INTERNATIONAL AS (DENMARK)	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**	**FC**
Foreign subsidiaries:					
HARDI North America Inc. (USA)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HARDI Australia Pty (Australia)	100.00 %	100.00 %	100.00 %	100.00 %	FC
ILEMO-HARDI S.A. (Spain)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HARDI GmbH (Germany)	100.00 %	100.00 %	100.00 %	100.00 %	FC
Svenska HARDI AB (Sweden)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HARDI Norge A/S (Norway)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HARDI Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
French subsidiaries:					
HARDI EVRARD SA	100.00 %	100.00 %	100.00 %	100.00 %	FC
HARDI Service	100.00 %	100.00 %	100.00 %	100.00 %	FC

Name	Percentage controlled		Percentage held		Method of consolidation
	09/2017	09/2016	09/2017	09/2016	
POMMIER S.C.E.P.	47.32 %	47.32 %	47.32 %	47.32 %	EM
AGRIFAC MACHINERY BV (NETHERLANDS)	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**	**FC**
Foreign subsidiaries:					
AGRIFAC UK Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
AGRIFAC Australia PTY Ltd (Australia)	100.00 %	100.00 %	100.00 %	100.00 %	FC
RASINDECK Ltd (UK)	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**	**FC**
Ashspring Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
Thistlehaven Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOZELOCK Group Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
Ever 1241 Ltd (UK)		100.00 %		100.00 %	FC
HOZELOCK Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOZELOCK Holland BV (Netherlands)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOZELOCK Sweden AB (Sweden)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOZELOCK Australia Pty (Australia)	100.00 %	100.00 %	100.00 %	100.00 %	FC
TRICOFLEX	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**	**FC**
HOZELOCK TRICOFLEX Gmbh (Germany)	100.00 %	100.00 %	100.00 %	100.00 %	FC
TRICOFLEX Benelux (Belgium)	100.00 %	100.00 %	100.00 %	100.00 %	FC
TRICOFLEX Scandinavia AB (Sweden)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOLMER Maschinenbau Gmbh (Germany)	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**	**FC**
Foreign subsidiaries:					
Holmer Poland	100.00 %	100.00 %	100.00 %	100.00 %	FC
Holmer Ukraine	100.00 %	100.00 %	100.00 %	100.00 %	FC
Holmer Czech Republic	100.00 %	100.00 %	100.00 %	100.00 %	FC
Holmer USA	100.00 %	100.00 %	100.00 %	100.00 %	FC
Holmer Turkey	100.00 %		100.00 %		FC
French subsidiaries:					
Holmer EXXACT	100.00 %	100.00 %	100.00 %	100.00 %	FC
Holmer France	100.00 %	100.00 %	100.00 %	100.00 %	FC
MINWORTH PROPERTY UK	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**	**FC**

Name	Percentage controlled		Percentage held		Method of consolidation
	09/2017	09/2016	09/2017	09/2016	
ET WORKS INC (USA)	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**	**FC**
ET Works, LLC		100.00 %		100.00 %	FC
ET Ag Center	100.00 %	100.00 %	100.00 %	100.00 %	FC
Ohio Valley Ag	100.00 %	100.00 %	100.00 %	100.00 %	FC
Southern Application Management	100.00 %	100.00 %	100.00 %	100.00 %	FC
High Plains Apache Sales and Service	100.00 %	100.00 %	100.00 %	100.00 %	FC
FC: Full consolidation - EM: Equity method - NC: not consolidated, now outside scope - NA: not applicable.					

Changes in consolidated Group structure

- KREMLIN REXSON SAS acquired SAMES TECHNOLOGIES SAS, at the beginning of the fiscal year, and the new entity was renamed SAMES KREMLIN SAS.
- EXEL Industries sold RAM Environnement to R3S International on February 28, 2017.
- ET Works LLC acquired ET Works INC in February 2017, changing its legal status from a limited liability company to an incorporated company, becoming ET Works INC.
- The dormant company Ever 1241, a subsidiary of RASINDECK Ltd was wound up.

Note 3 Goodwill

3.1 Changes in the fiscal year

(€ thousands)	9/30/2017	9/30/2016
OPENING NET VALUE	**65,842**	**57,550**
Changes in consolidated Group structure:		
Increases		11,915
Decreases	(355)	
Impairment		
Other net changes (foreign exchange effect)	(1,097)	(3,624)
CLOSING NET VALUE	**64,390**	**65,842**

The increased value in the 2016 fiscal year is due to recognizing goodwill based on the provisional valuation of ET Works in accordance with the IAS 36 standard. The valuation of ET Works' assets and liabilities was finalized in the first six months of 2017, and resulted in the Group reducing goodwill by €0.4 million.

The impact of foreign exchange rates on goodwill for the fiscal year closed on September 30, 2017 and fiscal year 2016 is mainly connected to the fluctuation between pound sterling and the American dollar. As stated in Note 1.7, no impairment was recognized on September 30, 2017 following the impairment test on goodwill at the end of the fiscal year.

3.2 Analysis of goodwill per cash generating unit (CGU)

(Net carrying value)

(€ thousands)	9/30/2017	9/30/2016
Agricultural spraying CGU	25,732	26,715
Sugar beet harvesting CGU	-	-
Garden spraying and watering CGU	33,800	34,269
Industrial spraying CGU	4,857	4,857
TOTAL	**64,390**	**65,842**

Note 4 Intangible assets

(€ thousands)	9/30/2017				9/30/2016
	Gross	Amortized	Impairment	Net	Net
Patents, trademarks, licenses and software	28,153	(14,000)	-	14,152	12,835
Other intangible assets	160	(154)		6	11
TOTAL	**28,313**	**(14,154)**	**0**	**14,158**	**12,846**

Note 5 Property, plant and equipment

(€ thousands)	9/30/2017				9/30/2016
	Gross	Amortized	Impairment	Net	Net
Land and developments	39,447	(2,461)	-	36,985	31,644
Buildings	125,661	(65,567)	-	60,094	64,688
Plant and equipment	187,944	(161,697)	-	26,247	27,499
Other property, plant and equipment*	31,718	(26,486)	-	5,231	7,825
Property, plant and equipment under construction	10,282	(2)	-	10,280	5,364
Advances and prepayments	42	-	-	42	195
TOTAL	**395,094**	**(256,215)**	**-**	**138,879**	**137,215**

* *Other property, plant and equipment consists mainly of vehicles, furniture and computer equipment.*
The gross value of property, plant and equipment includes €9,064 K for items acquired through finance leases (see note on

financial debt).

5.1 Changes in gross values during the fiscal year

(€ thousands)	9/30/2017	9/30/2016
GROSS VALUE OF PROPERTY PLANT AND EQUIPMENT AT THE START OF THE FISCAL YEAR	**385,396**	**360,031**
Acquisitions (net of transfers)	20,147	26,983
Change in Group structure	(37)	17,295
Disposals or decommissioned assets	(2,346)	(2,986)
Impact of foreign exchange and misc.	(8,066)	(15,927)
GROSS VALUE OF PROPERTY PLANT AND EQUIPMENT AT THE END OF THE FISCAL YEAR	**395,094**	**385,396**

5.2 Changes in accumulated depreciation during the fiscal year

(€ thousands)	9/30/2017	9/30/2016
ACCUMULATED DEPRECIATION AT THE BEGINNING OF THE FISCAL YEAR	**248,181**	**238,649**
Increases in the fiscal year	13,917	14,711
Change in Group structure	(40)	7,036
Reversals of disposals or decommissioned assets	(2,028)	(2,719)
Impact of foreign exchange and misc.	(3,815)	(9,497)
ACCUMULATED DEPRECIATION AT THE END OF THE FISCAL YEAR	**(256,215)**	**248,181**

Notes 6 Investments in associates

(€ thousands)	9/30/2017	9/30/2016
OPENING NET VALUE	**3,092**	**2,943**
Acquisitions	-	-
Change in Group structure	-	-
Share in earnings of equity-accounted associates	375	487
Dividend distribution	(274)	(339)

Disposals/deconsolidation	-	-
Other net changes (incl. foreign exchange)	-	-
CLOSING NET VALUE	**3,192**	**3,092**

This concerns POMMIER, a company 47% held by HARDI EVRARD, a direct subsidiary of HARDI.
Key financial aggregates of POMMIER at 9/30/2017 are presented below:

- Assets …………………………... €8.7M;
- Liabilities (excluding equity)…….. €2.0M;
- Revenue (12 months)……………. €10.6M;
- Net income (12 months)…………. €0.8M.

Note 7 Non-current financial assets

Consolidated data *(€ thousands)*	9/30/2017			9/30/2016
	Gross	**Impairment**	**Net**	Net
Equity interests	105	(0)	105	104
Receivables on equity interests		-	-	-
Other equity securities	3	(1)	2	3
Loans	45	-	45	48
Other non-current financial assets	1,415	(187)	1,228	1,182
TOTAL	**1,568**	**(188)**	**1,380**	**1,337**

Equity interests represent non-controlling interests of 10% in companies marketing agricultural equipment in Europe.

Notes 8 Inventories and work in progress

(€ thousands)	9/30/2017			9/30/2016
	Gross	**Impairment**	**Net**	Net
Raw materials	108,798	(25,645)	83,153	94,325
Work-in-progress (goods and services)	16,887	(870)	16,016	17,515
Semi-finished and finished goods	52,483	(4,977)	47,506	51,708
Trade goods	52,286	(10,250)	42,036	47,612
TOTAL	**230,453**	**(41,742)**	**188,711**	**211,161**

Notes 9 Trade receivables

(€ thousands)	9/30/2017			9/30/2016		
	Gross	Impairment	Net	Gross	Impairment	Net
Trade receivables	139,315	(4,984)	134,331	126,177	(6,694)	119,483
TOTAL	**139,315**	**(4,984)**	**134,331**	**126,177**	**(6,694)**	**119,483**

Impairment charges are estimated on an individual basis after identifying a risk of default by the customer in question and based on payment delays.

Changes in allowances for impairment of trade receivables break down accordingly:

(€ thousands)	9/30/2017	9/30/2016
ALLOWANCES FOR IMPAIRMENT OF TRADE RECEIVABLES AT THE BEGINNING OF THE FISCAL YEAR	**(6,694)**	**(7,969)**
Net allowance (or reversal) recognized under profit or loss	1,633	1,226
Change in Group structure	39	0
Other changes	39	49
ALLOWANCES FOR IMPAIRMENT OF TRADE RECEIVABLES AT THE END OF THE FISCAL YEAR	**(4,984)**	**(6,694)**

The payment schedule of receivables past due, subject to allowances for impairment or not, is presented below:

(€ thousands)	Receivables not past due	Receivables not due				Total
		< 90 days	91 to 180 days	181 to 360 days	> 360 days	
Gross trade receivables	95,828	33,051	4,237	1,753	4,445	139,315
Impairment of trade receivables	-	(48)	(827)	(482)	(3,627)	(4,984)
TOTAL NET RECEIVABLES	**95,828**	**33,003**	**3,410**	**1,271**	**818**	**134,331**

Note 10 Other receivables

(€ thousands)	9/30/2017 Net value	9/30/2016 Net value
Tax receivables excluding corporate income tax (mainly VAT)	10,973	7,957
Amounts receivable from payroll tax agencies	321	250
Advances and prepayments paid	2,846	1,253
Sundry debtors	1,902	1,748
Prepaid expenses	5,859	7,801
TOTAL	**21,900**	**19,009**

Other receivables mainly consist of amounts for VAT refunds.

Note 11 Cash and cash equivalents

(€ thousands)	9/30/2017	9/30/2016
Marketable securities	90	81
Cash at banks and on hand	103,611	99,592
TOTAL	**103,701**	**99,672**

The market value of marketable securities that consist mainly of money market funds is close to the carrying value.

Note 12 Share capital

At 9/30/2017, the parent company's share capital consisted of 6,787,900 ordinary shares with a par value of €2.50 per share. The Company does not have any dilutive instruments.

There were no corporate actions in the period under review.

At 9/30/2017, there were 1,440 treasury shares.

Policy for managing equity

Equity management involves mainly determining the level of current and future share capital and the policy with respect to the distribution of dividends.

The Group's management policy is based on ensuring a sufficient level of equity to ensure that the Group's financial structure remains sound. The proper level of equity is monitored on the basis of gearing (net financial debt to equity).

In addition, for a number of years, a liquidity agreement has been set up to facilitate orderly trading of its shares on the market. This liquidity agreement does not permit the use of significant amounts of capital and allows for only marginal intervention in the trading of the company's shares on the market.

Note 13 Provisions for contingencies and expenses

13.1 Breakdown of provisions by nature and changes in the fiscal year

Consolidated data *(€ thousands)*	9/30/2016	Allowance	Reversal (used provisions)	Reversal (unused provisions)	Actuarial gains and losses	Reclassification of accounts and others	Changes in scope and foreign exchange	9/30/2017
Provisions for contingencies	21,116	11,294	(9,729)	(2,729)		-	(182)	19,770
Provisions for expenses	34,941	1,751	(2,948)	(258)	(1,426)	-	(557)	31,503
TOTAL	**56,057**	**13,045**	**(12,677)**	**(2,987)**	**(1,426)**	**-**	**(739)**	**51,273**
Of which non-current provisions	53,676							47,877
Of which current provisions	2,380							3,396
TOTAL	**56,057**							**51,273**

13.2 Breakdown between current and non-current provisions

As a rule, provisions for contingencies and expenses are classified as non-current liabilities as their due date is known with precision except if at the closing date the Company knows that certain provisions will result in outflows in the next fiscal year. In this latter case, provisions in question are classified as current liabilities.

Non-current provisions for contingencies and expenses

Consolidated data *(€ thousands)*	9/30/2017	9/30/2016
Revenue-related litigation and expenses for work in progress	1,723	1,537
Contractual customer warranties	14,547	(15,013)
Risks of the closure of foreign establishments and subsidiaries	411	657
Retirement commitments including social charges	29,728	32,991
Other miscellaneous employee-related commitments (excluding redundancy plans)	147	176
Tax contingencies and provisions	291	414
Sundry	1,030	2,888
TOTAL	**47,877**	**53,676**

Current provisions for contingencies and expenses

Consolidated data *(€ thousands)*	9/30/2017	9/30/2016
Revenue-related litigation and expenses for work in progress	1,335	45
Redundancy plans	-	
Risks of the closure of foreign establishments and subsidiaries	-	-
Tax contingencies and provisions	-	56
Other employee-related & miscellaneous commitments	2,061	2,279
TOTAL	**3,396**	**2,380**

13.3 Pension liabilities

Depending on the country, Group employees are eligible for defined contribution and defined benefit retirement plans.

Defined contribution plans

Under this type of retirement plan, the company only pays contributions to a body (private or public) that is independent from the company and which is then responsible for paying out retirement benefits to the company's retirees.

Personnel expenses and contributions payable are recognized by the Group when they are incurred.

Defined benefit plans

These plans concern:

- the Group's French employees, who receive a lump sum severance payment on retirement;
- employees of the British company HOZELOCK Ltd., which has set up a pension scheme whose assets are managed by an Independent Trustee. HOZELOCK Ltd.'s pension scheme was closed to new members on April 6, 1997 and the rights of existing members were frozen on April 6, 2001.

For defined benefit plans, the Group recognizes a provision for pension liabilities corresponding to the amount of liabilities calculated by independent actuaries, deducting plan assets managed by external funds (insurance companies or pension funds).

Main assumptions used to estimate retirement commitments at September 30, 2017:

For French companies

- Growth rate of wages (including inflation): 2% (vs. 2% in 2016).
- Discount rate used (including inflation): 1.45% (compared to 0.79% in 2016).
- Retirement age: 65 years old.
- Life expectancy: Mortality table TF 00-02.
- Employee turnover rate: based on the demographic data specific to each Group entity and actual experience.
- Social charges rate of 45% applied to total liabilities.
- Average weighted duration of the plans: 14 years.

With regard to the English company HOZELOCK Ltd.

- Growth rate of pension payments: 2.1% - 5.0%.
- Discount rate used: 2.75%.
- Rate of inflation: 3.1%.
- Retirement age: 63 years old.
- Life expectancy: 107% of the S2PA Mortality Table.
- Average weighted duration of the plans: 17 years.

The cost for the fiscal year consists of:

- expenses in connection with retirement liabilities recognized under "current operating income";
- interest recognized under "financial income";
- effects from amending the plan, recognized in "non-recurring income and expense".

(€ thousands)	Gross	Social charges	**Total 9/30/2017**	Total 9/30/2016
Service costs in the fiscal year	549	247	796	549
Discount costs	76	34	111	81
Cost of interest	2,201	-	2,201	3,477
Change in plan	-	-	-	-
COST FOR THE FISCAL YEAR	**2,826**	**282**	**3,108**	**4,107**

Changes in pension and similar liabilities break down as follows:

(€ thousands)	Gross	Social charges	**Total 9/30/2017**	Total 9/30/2016
PENSION LIABILITIES AT THE BEGINNING OF THE FISCAL YEAR	**99,951**	**4,196**	**104,147**	**106,449**
Cost for the fiscal year	2,826	282	3,108	4,107
Actuarial gains and recognized in equity	(4,921)	(451)	(5,372)	13,773
Retirement benefits paid	(3,448)	(220)	(3,668)	(4,378)
Change in exchange rates	(2,086)	-	(2,086)	(15,802)
Change in Group structure	(47)	(21)	(68)	-
PENSION LIABILITIES AT THE END OF THE FISCAL YEAR	**92,276**	**3,785**	**96,061**	**104,147**

Change in plan assets:

(€ thousands)	Gross	Social charges	**Total 9/30/2017**	Total 9/30/2016
FAIR VALUE OF ASSETS AT THE BEGINNING OF THE FISCAL YEAR	**71,156**	**-**	**71,156**	**75,712**
Expected return on plan assets	1,777		1,777	2,753
Actuarial gains and recognized in equity	(4,000)		(4,000)	6,141
Contributions paid to plans	2,033		2,033	2,513
Retirement benefits paid	(3,001)		(3,001)	(3,550)
Change in exchange rates	(1,633)		(1,633)	(12,413)
Change in Group structure	-		-	-
FAIR VALUE OF ASSETS AT THE END OF THE FISCAL YEAR	**66,333**	**-**	**66,333**	**71,156**

Breakdown of plan assets:

(€ thousands)	**Total 9/30/2017**		Total 9/30/2016	
Shares	350	0.5 %	1,925	2.7 %
Bonds	14,189	21.4 %	21,850	30.7 %
Other assets	51,794	78.1 %	47,381	66.6 %
FAIR VALUE OF ASSETS AT THE END OF THE FISCAL YEAR	**66,333**	**100 %**	**71,156**	**100 %**

Reconciliation between total pension liabilities and provisions for liabilities recognized in the balance sheet at 9/30/2017:

(€ thousands)	Gross	Social charges	**Total 9/30/2017**	Total 9/30/2016
TOTAL PENSION LIABILITIES AT THE END OF THE FISCAL YEAR	**92,276**	**3,785**	**96,061**	**104,147**
Fair value of plan assets	(66,333)	-	(66,333)	(71,156)
PROVISION AT THE END OF THE FISCAL YEAR	**25,943**	**3,785**	**29,728**	**32,991**

Provisions for retirement varied as follows for the fiscal year:

(€ thousands)	Gross	Social charges	**Total 9/30/2017**	Total 9/30/2016
PROVISIONS AT THE BEGINNING OF THE FISCAL YEAR	**28,795**	**4,196**	**32,991**	**30,736**
Cost for the fiscal year	2,826	282	3,108	4,107
Actuarial gains and recognized in equity	(921)	(451)	(1,372)	7,632
Retirement benefits paid	(447)	(220)	(667)	(828)
Expected return on plan assets	(1,777)	-	(1,777)	2,753
Contributions paid to plans	(2,033)	-	(2,033)	(2,513)
Change in exchange rates	(453)	-	(453)	(3,390)
Change in Group structure	(47)	(21)	(68)	-
PROVISIONS AT THE END OF THE FISCAL YEAR	**25,943**	**3,785**	**29,728**	**32,991**

The sensitivity of the discount rate commitment is shown in the table below:

(€ thousands)	Total 9/30/2017	with a fall of 0.5% in the discount rate	with an increase of 0.5% in the discount rate
Pension liabilities at the end of the fiscal year	96,061	103,029	89,330

Note 14 Analysis of financial debt by nature

Consolidated data *(€ thousands)*	**9/30/2017**	9/30/2016
Short-term operating loans and overdrafts with banks - France and other countries (2)	33,006	46,873
Finance leases (1)	1,816	2,377
Bank borrowings - France and other countries (3)	100,146	125,211
Shareholder current account	29,035	27,619
Payables on employee profit sharing	375	548
Other borrowings	547	554
Regulated government subsidies (4)	246	404
TOTAL FINANCIAL DEBT	**165,171**	**203,586**
Breakdown between non-current and current:		
Non-current portion (> 1 year)	83,166	111,213
Current portion (< 1 year)	82,005	92,373
TOTAL FINANCIAL DEBT	**165,171**	**203,586**

The average rate of interest for the fiscal year was 1.9%, compared with 2.1% in the previous fiscal year.

(1) The following finance leases were restated under fixed assets and financial debt:

(€ thousands)	Gross value	Depreciation	Net value	Loans outstanding
Land and buildings	2,949	(2,047)	902	
Facilities, equipment & tools	2,173	(2,028)	145	
Other non-current assets	3,942	(2,517)	1,424	1,816
Software	1,074	(1,074)	-	
TOTAL	**10,138**	**(7,667)**	**2,471**	**1,816**
Of which intangible assets	1,074	(1,074)	-	
Of which property, plant and equipment	9,064	(6,593)	2,471	
TOTAL	**10,138**	**(7,667)**	**2,471**	**1,816**

Transactions which on an individual basis are not material or do not result in the acquisition of assets (vehicle fleets) were not restated.

(2) Foreign short-term bank borrowings amounted to €4.1 million.

(3) Bank borrowings break down as follows:

Consolidated data *(€ thousands)*	**9/30/2017**	9/30/2016
France	98,685	123,481
Foreign	1,460	1,730
TOTAL	**100,146**	**125,211**
Of which fixed rate	61,042	62,699
Of which variable rate	39,104	62,512

(4) These concern advances granted by public funding agencies for modernization and innovation or advances received from COFACE for commercial prospecting for export business.

Financial debt in foreign currency

At 9/30/2017, financial debt in foreign currencies broke down as follows:

- financial debt denominated in GBP: €40,577,000 (i.e. GBP 35,781,000);
- financial debt denominated in USD: : €5,244,000 (i.e. USD 6,191,000) ;
- financial debt denominated in AUD: : €2,291,000 (i.e. AUD 3,454,000).

Note 15 Repayment schedule of financial debt at September 30, 2017

Consolidated data *(€ thousands)*	Less than 1 year	1 to 5 years	More than 5 years	**Total**
Short-term operating loans and overdrafts with banks – France and other countries	33,006	-	-	33,006
Finance leases	397	1,419	-	1,816
Bank borrowings - France and other countries	19,017	60,157	20,971	100,146
Other borrowings	484	437	0	922
Contingent debt	66	179	-	246
TOTAL	**52,970**	**62,193**	**20,972**	**136,135**
Shareholder current account	29,035	-	-	29,035
TOTAL FINANCIAL DEBT	**82,005**	**62,193**	**20,972**	**165,171**

Note 16 Analysis of other current liabilities

Consolidated data *(€ thousands)*	9/30/2017	9/30/2016
Advances and prepayments received	11,381	9,176
Payables for tax (excluding corporate income tax) and payroll tax agencies	32,728	29,442
Other payables	17,015	17,435
Deferred income	8,295	9,979
TOTAL	**69,418**	**66,032**

Notes 17 Net sales

Sales by market and geographical sector break down as follows:

Consolidated data *(€ millions)*	9/30/2017		9/30/2016	
	12 months	%	13 months	%
Market				
Agricultural sprayer	381.0	43.6 %	385.4	47.0 %
Sugar beet harvester	176.0	20.1 %	126.9	15.5 %
Garden	108.8	12.5 %	100.6	12.3 %
Industry	208.4	23.8 %	206.4	25.2 %
TOTAL MARKET	**874.2**		**819.3**	
Geographical area				
France	181.0	20.7 %	213.2	26.0 %
International	693.2	79.3 %	606.0	74.0 %
TOTAL GEOGRAPHICAL AREA	**874.2**		**819.3**	

International sales break down by geographical region as follows:

Consolidated data *(€ millions)*	**9/30/2017**		9/30/2016	
	12 months	**%**	13 months	%
Europe	430.9	62 %	370.5	62 %
USA/Canada/Latin America	150.1	22 %	133.8	22 %
Asia	49.4	7 %	45.4	7 %
Africa & Oceania	62.9	9 %	56.3	9 %
INTERNATIONAL TOTAL	**693.2**		**606.0**	

Invoicing in foreign currency is broken down as follows (exchange value in euros):

- **total amounts invoiced in euros (subsidiaries + direct sales): €358.8 million;**
- **total amounts invoiced in foreign currency: €334.5 million**
    - in US dollars: …………………………………………………....€132.9 million, i.e. USD 146.8 million
    - in pounds sterling ……………………………………………€78.5 million i.e. GBP 68.4 million
    - in Danish crowns…………………………………………………€6.8 million i.e. DKK 50.6 million
    - in Australian Dollars……………………………………………..€36.8 million i.e. AUD 53.3 million
    - in other currencies: ……………………………………………€79.5 million

Note 18 Payroll and workforce

Statutory employee profit sharing agreements and voluntary profit sharing plans specific to certain companies of the Group amounted to €2,145,000 for the fiscal year ended September 30, 2017, compared with €2,901,000 in the previous fiscal year. These amounts are expensed under staff costs for the fiscal year.

At the end of the period under review, the workforce broke down as follows:

Permanent workforce	9/30/2017	9/30/2016
Executive officers and management	683	716
Technical and supervisory staff	1,193	1,163
Plant workers	1,632	1,621
TOTAL	**3,508**	**3,500**

Permanent staff by division	9/30/2017	9/30/2016
Headquarters		
Headcount in France	14	10
TOTAL	**14**	**10**
Agricultural Spraying solutions		
Headcount in France	777	808
Headcount in other countries	1,040	1,012
TOTAL	**1,817**	**1,820**
Sugar beet harvester		
Headcount in France	29	34
Headcount in other countries	352	334
TOTAL	**381**	**368**
Garden spraying and watering		
Headcount in France	180	128
Headcount in other countries	267	260
TOTAL	**447**	**388**
Industrial Spraying solutions		
Headcount in France	529	584
Headcount in other countries	320	330

TOTAL	**849**	**914**
Total workforce		
Headcount in France	1,529	1,564
Headcount in other countries	1,979	1,936
TOTAL	**3,508**	**3,500**

Note 19 Net allowances for provisions and impairment

Consolidated data *(€ thousands)*	**9/30/2017 12 months**	9/30/2016 13 months
Increases in operating provisions		
Provisions for contingencies and expenses	(12,084)	(8,258)
Provisions for current assets	(3,589)	(7,434)
Reversal of operating provisions		
Provisions for contingencies and expenses	11,748	13,725
Provisions for current assets	10,785	10,754
TOTAL	**6,861**	**8,787**

Note 20 Non-recurring income/(expenses)

This line item includes items not relating to ordinary activities corresponding to events that are unusual or infrequent in nature.

The amount of net non-recurring income is positive by €2.4 million. It mainly includes the favorable end of a dispute for us for €2.5 million and restructuring charges for the Industry and Agricultural Spraying activity.

Notes 21 Financial income/(expenses)

Consolidated data *(€ thousands)*	**9/30/2017 12 months**	9/30/2016 13 months
Income from cash and cash equivalents	513	662
Finance costs, gross	(4,134)	(5,076)
NET INTEREST LOSS	**(3,621)**	**(4,414)**
(Losses)/gains on foreign exchange & other financial (income)/expenses	(4,645)	(2,853)
NET FINANCIAL LOSS	**(8,266)**	**(7,267)**

Note 22 Income taxes

Income tax expense breaks down as follows:

Consolidated data *(€ thousands)*	**9/30/2017 12 months**	9/30/2016 13 months
Current tax income	(16,275)	(20,535)
Deferred tax income	(2,455)	2,796
TOTAL	**18,730**	**(17,739)**

22.1 Changes in deferred taxes

Consolidated data *(€ thousands)*	**9/30/2017 Fiscal year**	9/30/2016 Fiscal year
NET DEFERRED TAX ASSETS/(LIABILITIES) AT THE BEGINNING OF THE FISCAL YEAR	**16,834**	**9,898**
Deferred taxes recognized in equity	(579)	1,901
Deferred tax income	(2,455)	2,796
Changes in Group structure	(41)	3,139
Translation gains	(138)	(900)
NET DEFERRED TAX AT THE END OF THE FISCAL YEAR	**13,621**	**16,834**
Of which deferred tax assets	19,848	24,703

Of which deferred tax liabilities	(6,227)	(7,869)

22.2 Analysis of deferred taxes by nature

Consolidated data *(€ thousands)*	**9/30/2017 Fiscal year**	9/30/2016 Fiscal year
(assets if +; liabilities if -)		
Deferred taxes from temporary timing differences		
Employee benefits (provisions for pension liabilities, profit sharing, accrued vacation payments)	8,734	9,058
Other timing differences between the tax result and book result	492	2,458
Tax losses to be carried forward	4,399	5,386
Deferred taxes arising from consolidation adjustments		
Capitalization of finance leases	11	(7)
Cancellation of tax-driven provisions (accelerated tax depreciation)	(2,537)	(2,758)
Elimination of internal inventory margins	3,947	4,544
Revaluation surplus	(1,353)	(3,591)
Other misc. items	(72)	1,744
NET DEFERRED TAX AT THE END OF THE FISCAL YEAR	**13,621**	**16,834**
Of which deferred tax assets	19,848	24,703
Of which deferred tax liabilities	(6,227)	(7,869)

22.3 Reconciliation of the effective tax expense and theoretical tax expense

(Calculated at the tax rate applicable in France)

Consolidated data *(€ thousands)*	**9/30/2017 12 months**	9/30/2016 13 months
Profit (Loss) before tax and impairment of goodwill	63,670	51,433
Current tax rate in France	34.43 %	38.00 %
THEORETICAL TAX INCOME AT THE CURRENT TAX RATE	**(21,921)**	**(19,545)**
Impact of:		
Permanent tax differences	(696)	(645)

Tax loss not used	1,648	(3,269)
Tax rate differential with foreign subsidiaries	3,990	3,885
Tax credits	1,513	1,600
Taxes on dividend distribution	(550)	(376)
Misc. (including impact of the French tax sharing agreement)	583	610
NET TAX INCOME RECOGNIZED	**(18,730)**	**(17,739)**
Effective Group tax rate (%)	29.4 %	34.5 %

Tax credits, mainly research tax credits (RTC).

Note 23 - Change in working capital requirements (WCR)

(€ thousands)	**9/30/2017 12 months**	9/30/2016 13 months
Net inventories	(20,332)	(11,029.
Advances and prepayments paid	1,647	412
Net trade receivables	16,293	(17,579)
Current income tax receivables	8,956	271
Other net receivables and accruals	139	(35,463)
	6,703	**(63,388)**
Advances and prepayments received	2,404	(1,490)
Trade payables	13,671	((11,573.
Payables for fixed assets	(24)	(37)
Payables for tax (excluding corporate income tax) and payroll tax agencies	1,584	665
Current income tax payables	(3,579)	2,778
Other payables and accruals	55	(30,655)
	14,111	**(40,313)**
NET WORKING CAPITAL (+ USE, - SOURCE)	**(7,408)**	**(23,076)**
Payables on fixed assets reclassified under investments	24	37
Impact of change in Group structure on WCR	13	-
Impact of foreign exchange on WCR	2,942	2,301
OPERATING NET WORKING CAPITAL (+ USE, - SOURCE) (EXCLUDING	**10,387)**	**(25,414)**

IMPACT OF FOREIGN EXCHANGE & SCOPE)		

Note 24 *Pro-forma financial statements*

Pro-forma **consolidated cash flows**

(€ thousands)	**10/2016 to 09/2017 12 months**	Pro-forma 10/2015 to 09/2016 12 months
A. Cash flows from operating activities		
Net income attributable to the Group	45,313	33,157
Attributable to non-controlling interests	2	-
- Share in earnings of equity-method associates	(375)	(487)
+ Allowances for depreciation of fixed assets	15,185	14,684
+ Net allowances for provisions and asset impairments (a)	(527)	(10,615)
- Net gains on disposals of fixed assets	(328)	(390)
Operating cash flows	**59,270**	**36,349**
Net working capital (+ use, - source)	**(10,387)**	**(28,554)**
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	**69,657**	**64,903**

Pro-forma consolidated income statement

(€ thousands)	10/2016 to 09/201712 months	Pro-forma 10/2015 to 09/201612 months
Sales	874,205	770,894
Other operating income	(7,276)	5,155
Operating income	**866,929**	**776,049**
Changes in inventories of finished goods and work-in-process	(16,727)	(27,300)
Raw materials and consumables	(448,647)	(359,027)
Other purchases and external charges	(118,017)	(113,821)

Taxes and duties other than on income	(8,245)	(7,677)
Payroll	(193,046)	(198,868)
Allowances for depreciation and amortization	(15,182)	(14,684)
Net allowances for provisions & impairment of assets	6,861	7,935
Other operating expenses	(4,435)	(5,245)
Total recurring operating expenses	**(797,439)**	**(718,687)**
CURRENT OPERATING INCOME (EBIT)	**69,491**	**57,362**
Non-recurring income	5,319	5,536
Non-recurring expenses	(2,874)	(5,894)
Net non-recurring income	2,445	(358)
OPERATING PROFIT	**71,936**	**57,004**
Financial income	16,406	20,299
Financial expense	(24,672)	(26,969)
Net financial income	(8,266)	(6,670)
PROFIT BEFORE TAX	**63,670**	**50,334**
Corporate income tax	(18,730)	(17,664)
Share in earnings of equity-method associates	375	487
NET INCOME FOR THE FISCAL YEAR	**45,315**	**33,157**

Note 25 Related-party transactions

25.1 Remuneration and benefits paid in the fiscal year to corporate officers of the Group

Remuneration and benefits are analyzed in Chapter 3.11.1 of the Management Report.

25.2 Transactions with other related parties

The Group made payments or withdrawals from the current account under the cash management agreement between EXEL SAS and EXEL Industries; the cash current account totaled €29 million on 9/30/2017 and is recorded in financial debt (cf. note 14); EXEL Industries recorded a net interest expense of €432,000 corresponding to a 1-month Euribor + 1.5% interest rate for this cash management agreement.

Note 26 Off-balance sheet commitments and contingent liabilities

26.1 Guarantees given on financial debt

Certain medium-term loans are guaranteed by pledges on equipment acquired. At 9/30/2017, the amount of these pledges was not material and represented less than 1% of the gross value of total property, plant and equipment of the Group.

The stock in the real estate company Minworth Property UK was pledged as depreciable collateral for a bank loan, the outstanding principal of which was GBP 12 million at 9/30/2017.

26.2 Opening of medium-term credit lines

In connection with possible acquisitions, EXEL Industries group's banks granted it a medium-term credit line.

26.3 Guarantees given

None

26.4 Other commitments

To the best of the Group's knowledge, it has not omitted to disclose any material off-balance sheet commitments in accordance with applicable accounting standards.

Note 27 Liquidity risk

No loans obtained by EXEL Industries from banks provide for prepayment provisions based on covenants.

After performing a specific review of its liquidity risk, the Company considers that it has the resources to honor its future payment obligations.

Note 28 Tax risk

To the best of its knowledge, the Group does not have any tax risks for which provisions have not been recorded.

There were no events after the reporting period.

Note 29 Events after the reporting period

There were no events after the reporting period.

Note 30 Statement of fees for Statutory Auditors and auditing services

(€ thousands)	DELOITTE & ASSOCIES				MAZARS				Other Statutory Auditors			
	Total on 9/30/2017	**%**	Total on 9/30/2016	%	**Total on 9/30/2017**	**%**	Total on 9/30/2016	%	**Total on 9/30/2017**	**%**	Total on 9/30/2016	%
Auditing services												
Statutory Auditors, certification and examination of separate and consolidated financial statements												
Issuer	58	9 %	55	9 %	38	8 %	39	7 %				
Fully consolidated subsidiaries	574	85 %	552	86 %	437	81 %	460	78 %	82	47 %	85	100 %
SUBTOTAL	**632**	**94 %**	**607**	**94 %**	**475**	**88 %**	**499**	**85 %**	**82**	**47 %**	**85**	**100 %**
Other services												
Other related assignments and other audit missions	23	3 %	20	3 %						0 %		0 %
Legal, tax, employee-related assignments	21	3 %	16	2 %	62	13 %	89	15 %	91	53 %		0 %
Information technology												
Internal audit												
Others												
SUBTOTAL	**44**	**6 %**	**36**	**6 %**	**62**	**13 %**	**89**	**15 %**	**91**	**53 %**	**0**	**0 %**

TOTAL	**676**	**100 %**	**642**	**100 %**	**537**	**100 %**	**588**	**100 %**	**173**	**100 %**	**85**	**100 %**

In 2017, the other services connected to certification missions included fees for auditing the Corporate Social Responsibility report (€20 K) and fees for tax auditing services.

The tax services are performed outside France.

4.6 Statutory Auditors' report on the consolidated financial statements

Fiscal year ended September 30, 2017

To the Annual General Meeting of EXEL Industries,

Opinion

We audited the consolidated financial statements of EXEL Industries for the fiscal year ended on September 30, 2017 as appended to this report, in performance of the assignment entrusted to us by your General Meeting.

We certify that the consolidated financial statements for the year give a true and fair view, according to IFRS as adopted in the European Union, of the assets, financial position and results of the Group formed by the persons and entities included within the scope of consolidation.

The opinion given above is consistent with our report to the Audit Committee.

Justification for the opinion

Framework for our audit

We performed our audit in accordance with the professional standards which apply in France. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

Our liability with respect to these standards is stated in the "Liabilities of the Statutory Auditors for the audit of the consolidated financial statements" section of this report.

Independence

We performed our audit in compliance with the independence rules applicable from October 1, 2016 to the date of our report and we provided no services which are prohibited under article 5 paragraph 1 of the Regulation (EU) n° 537/2014 or by the Code of Ethics of the Statutory Auditors' profession.

Matters to report

Without calling the opinion which is expressed above into question, we draw your attention to note 1 "Significant accounting policies and basis of consolidation" of the notes to the consolidated financial statements concerning the effect on the comparability of the fiscal years closed on September 30, 2017 and September 30, 2016 after the decision to change the balance sheet date for the previous fiscal year, namely the 13 month reporting period closed on September 30, 2016 compared to the 12 month period ending on September 30, 2017.

Basis of our assessments - Key aspects of the audit

In accordance with articles L.823.9 and R.823.7 of the French Commercial Code on the justification for our assessment, we are informing you of the audit's key points concerning what we, in our professional judgment, consider to be the most significant risks of material misstatements in the consolidated financial statements for the reporting period, and our response to them.

These assessments were made within the context of the audit of the consolidated financial statements overall and the formation of our opinion expressed above. We have no opinion to make on the components of these consolidated financial statements taken individually.

Impairment tests for goodwill

(Note 1.4 and Note 3 – Goodwill in the notes to the consolidated financial statements)

Risk identified

On September 30, 2017, the Group's net goodwill totaled €[64.4] million i.e. around 9.2% of the Group's total assets. This goodwill was recognized following different external growth operations by the Group.

As stated in Note 1.4 of the notes to the consolidated financial statements, the Group carries out an impairment test on goodwill at least once a year and every time the Management identifies an indicator of impairment. This test involves determining the recoverable value of each Cash Generating Unit to which the goodwill is allocated, and checking that the CGU's net carrying value is not higher than their respective recoverable values. The net values are presented in Note 3 to the consolidated financial statements.

Any unfavorable change in the results expected from the activities to which the goodwill has been allocated is liable to significantly affect the recoverable value of these CGUs, and therefore the possible recognition of an impairment.

We considered the valuation of goodwill to be a key point for the audit because of the relative weight of goodwill in the Group's financial statements and because the determination of its recoverable value relies, to a large extent, on the Management's judgment.

Our response

We examined the terms and conditions for performing the impairment tests connected to the applicable accounting standards assessed with respect to the reasonable nature of the principal estimations adopted by the Management and notably verified:

- the relevance of the allocation of goodwill to the different CGUs and the methods for determining the net economic assets allocated to the CGUs which had to be tested;
- the reasonable nature of the cash flow projections presented to the Board of Directors compared to the economic and financial context in which the different CGUs are operating, as well as the consistency of these forecasts with the Group's historical performances;
- an examination of the main parameters adopted, namely:
  - the consistency with the perpetual growth rates adopted by the Management in connection with our own benchmark, and
  - the methods of calculating the discount rate applied to estimated cash flows.

We were assisted by our valuation specialists when making these assessments.

We also checked the appropriate nature of the information for the scenarios mentioned in the notes to the consolidated financial statements.

Commitments concerning post-employment benefits

(Note 1.16 – Pensions and similar liabilities and Note 13.3 Pension liabilities in the notes to the consolidated financial statements)

Risk identified

The Group's employees benefit from post employment defined contribution plans and defined benefit plans, depending on the country. The defined benefit plans located in France and the United Kingdom account for almost all the actuarial value of the Group's gross commitments (€96 million on September 30, 2017). Given the fact that these pension liabilities are covered by assets in the dedicated plan with a fair value totaling €66.3 million at the close, the provision accounted to September 30, 2017 totals €29.7 million.

The valuation of the assets and liabilities in the pension plans and the actuarial expense for the fiscal year requires a judgment to determine the appropriate assumptions to be used, especially the discount rates. A change in these assumptions could have a significant impact on determining the provision to be recognized in the Group's consolidated liabilities and on the Group's result. The Management therefore determines these assumptions assisted by external actuaries.

We considered this type of commitment to be a key point of our audit because of the amounts these commitments represent, the assets earmarked to cover them, the significance of the Management's judgments and the technical expertise required to assess them.

Our response

We examined the process applied by the Group to identify and assess post employment benefits commitments.

We had recourse to our own experts to assess the data adopted by the Management to value the retirement plan commitments especially those in France and the United Kingdom, using the following main procedures to:

- check the consistency of the discount rates with market conditions;
- examine the relevance of the calculations and analysis of the debt prepared by the outside actuaries notably those concerning the sensitivity of the debt to changes in the discount rate.

We also assessed whether the Management's assumptions to value the plan assets and the documentation provided by the Management to justify the recognition of a plan asset were appropriate.

We also checked the appropriate nature of the information presented in Notes [1.16 and 13.3] of the notes to the consolidated financial statements.

Verification of the information on the Group in the Management Report

As required by law we also verified the information on the Group given in the Board of Directors' Management Report, in accordance with the professional standards applicable in France.

We have no matters to report with respect to the fair presentation of this information and its consistency with the consolidated financial statements.

Information resulting from other statutory and regulatory obligations

Appointment of the Statutory Auditors

We were appointed as EXEL Industries' Statutory Auditors by the Annual General Meeting of February 28, 1997 for DELOITTE & ASSOCIES and January 21, 2015 for MAZARS.

On September 30, 2017, MAZARS was in the third successive year of its assignment, whilst DELOITTE & ASSOCIES was in the 21st fiscal year of its assignment, therefore 20 years for DELOITTE & ASSOCIES since the Company's shares were listed for trading on the regulated market.

The liability of the Management and Corporate Governance personnel for the consolidated financial statements

In accordance with the IFRS benchmark adopted by the European Union, the Management is responsible for preparing consolidated financial statements which reflect a true picture and for setting up the internal controls it considers necessary for preparing consolidated financial statements which are free of material misstatements, and for preventing fraud or errors.

When preparing the consolidated financial statements, the Management is responsible for assessing the Company's capacity to continue its operations and for presenting information in these financial statements on the Company as a going concern and for applying the going concern accounting convention, unless it is planned to wind the Company up or for it to stop operating.

The Audit Committee must monitor the procedures for preparing and processing the accounting and financial information and the effectiveness of the internal control and risk management systems, and if appropriate, the internal audit.

The consolidated financial statements were approved by the Board of Directors.

The Statutory Auditors' liability for the audit of the consolidated financial statements

The purpose and approach of the audit

We are responsible for preparing a report on the consolidated financial statements. Our aim is to obtain the reasonable assurance that overall, the consolidated financial statements do not contain any material misstatements. Reasonable assurance corresponds to a high level of assurance without however guaranteeing that an audit which is performed to professional auditing standards systematically detects all material misstatements. Misstatements can come from fraud or result from errors and are considered to be significant when it is to be reasonably expected that when taken individually or together, they may affect economic decisions which are taken by the users of the financial statements based on them.

As article L.823.10-1 of the French Commercial Code states, our mission to certify the financial statements does not involve guaranteeing your Company's viability, or the quality of its management.

When a statutory auditor is performing an audit which is carried out in accordance with the professional standards applicable in France, he or she applies their professional judgment throughout the whole of the audit. In addition:

- the statutory auditor identifies and assesses the risks of material misstatement in the consolidated financial statements, whether from fraud or mistakes and determines and implements auditing procedures to cover these risks and collects the information he or she considers to be sufficient and appropriate to form an opinion. The risk of not detecting a fraudulent material misstatement is higher than not detecting a significant material misstatement from a mistake because fraud may involve collusion, forgery, intentional omissions, false declarations or the circumvention of internal controls;
- the statutory auditor examines the internal control procedures which are relevant for the audit in order to decide the appropriate audit procedures in this context, and not in order to express an opinion on the effectiveness of the internal control;
- the statutory auditor assesses the appropriate nature of the accounting methods used and the reasonable nature of the accounting estimations made by the Management as well as the information on them supplied in the consolidated financial statements;
- the statutory auditor assesses the appropriate nature of the Management's application of the going concern accounting convention and, based on the information collected, whether or not there is significant uncertainty connected to events or circumstances which are liable to affect the Company's capacity to continue operating. This assessment is based on the information which is collected up until the date of the statutory auditor's report, with the proviso however, that subsequent circumstances or events could create doubts over the Company's future as a going concern. If the statutory auditor concludes that a significant uncertainty exists, he or she will draw the reader's attention in the report to the information supplied in the consolidated financial statements relating to this uncertainty, or if this information is not supplied, or is not relevant, the statutory auditor will issue a certificate with reserves or refuse to certify;
- the statutory auditor assesses the presentation of the consolidated financial statements as a whole and whether they reflect the underlying events and operations in order to give a true picture;
- the statutory auditor collects the financial information from the people or entities within the scope of consolidation which he or she considers is sufficient and appropriate for expressing an opinion on the consolidated financial statements. The statutory auditor is responsible to the Management for supervising and performing the audit of the consolidated financial statements and for expressing an opinion on these financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee describing the extent of the auditing services, the work program implemented and our conclusions. If necessary we also inform it of any significant weaknesses in the internal control we have identified for preparing and processing the accounting and financial information.

The report to the Audit Committee highlights what we consider posed the highest risks for material misstatements for the audit of the consolidated financial statements for the period, and which are therefore the key points of the audit. These points are described in this report.

We also supply the Audit Committee with the declaration stipulated in article 6 of the Regulation (EU) n° 537-2014 confirming our independence under the rules applicable in France which are stipulated by articles L.822.10 to L.822.14 of the French Commercial Code and the Code of Ethics of the Statutory Auditors' profession. If necessary, we discuss the risks weighing on our independence and the protective measures taken with the Audit Committee.

Signed in Paris and Lyon on January 16, 2018

MAZARS	**DELOITTE & ASSOCIES**
Lionel Gotlib	Nathalie Lorenzo Casquet

Separate financial statements

4.7 Balance sheet at September 30, 2017

Assets

(€ thousands)	9/30/2017	9/30/2016
Net intangible fixed assets	24,384	14,990
Net tangible fixed assets	618	795
Financial assets	215,316	221,966
NON-CURRENT ASSETS	**240,318**	**237,751**
Trade receivables	2,809	4,203
Other receivables	152,662	159,963
Cash at banks and on hand	45,323	53,509
Accruals & translation adjustments	5,760	7,117
CURRENT ASSETS	**206,553**	**224,792**
TOTAL ASSETS	**446,871**	**462,543**

Equity and liabilities

(€ thousands)	9/30/2017	9/30/2016
Capital	16,970	16,970
Share premiums	2,528	2,528
Reserves	4,101	4,101
Retained earnings	206,009	175,070
Net income	58,516	38,201
Tax-driven provisions	1,634	1,495
SHAREHOLDERS' EQUITY	**289,757**	**238,364**
PROVISIONS FOR CONTINGENCIES AND EXPENSES	**3,285**	**4,545**
FINANCIAL DEBT	**140,996**	**180,742**
Trade payables and related accounts	853	650
Tax and amounts payable to payroll tax agencies	590	3,554
Other payables	8,935	32,151
Accruals & translation adjustments	2,455	2,536
TRADE AND OTHER PAYABLES	**12,833**	**38,892**

TOTAL EQUITY AND LIABILITIES	**446,871**	**462,543**

4.8 Income statement

(€ thousands)	**9/30/2017 12 months**	9/30/2016 13 months
Sales	24,249	22,197
Other operating income	555	1,005
Operating income	**24,804**	**23,202**
Operating expenses :		
Raw materials and consumables	-	-
Other purchases and external charges	(4,000)	(3,969)
Taxes and duties other than on income	(715)	(362)
Payroll	(2,188)	1,774
Increases in depreciation and amortization, provisions	(1,388)	(1,059)
Other expenses	(123)	(113)
Operating expenses	**(8,415)**	**(7,277)**
OPERATING RESULTS	**16,389**	**15,926**
NET FINANCIAL INCOME/(EXPENSE)	**44,947**	**31,926**
CURRENT OPERATING INCOME	**61,336**	**47,852**
NET EXCEPTIONAL INCOME/(LOSS)	**(26)**	**1,918**
PROFIT BEFORE TAX	**61,311**	**45,934**
Corporate income tax	(2,795)	(7,733)
NET INCOME	**58,516**	**38,201**

4.9 Notes to the parent company financial statements

Annual highlights

The previous year, the Company changed the reporting date of its annual financial statements from August 31 to September 30, 2016. The fiscal year closed on 9/30/2016 was therefore of 13 months.

The income statement for fiscal year 2016/2017 is thus not comparable with that of fiscal year 2015/2016.

1. Application of accounting policies and basis of presentation

These condensed financial statements of our Company for the fiscal year ended September 30, 2017 were prepared according to French generally accepted accounting principles (French GAAP).

The financial statements are on this basis prepared in accordance with the general principles of conservatism in accordance with the basic principles of:

- going concern;
- the time period concept;
- the matching principle;

and in accordance with the general rules for the preparation and presentation of annual financial statements.

The financial statements for the fiscal year were prepared taking into account the current economic context and on the basis of financial parameters for the market available at the end of the fiscal year. This economic and financial environment is taken into account notably when valuing assets such as marketable securities and valuing long-term assets such as equity securities and receivables on interests.

The value of these assets is reassessed at the end of the fiscal year based on the long-term economic outlook and Management's best assessment of future cash flows.

2. Exceptions provided for by the regulations - Exemptions to accounting instructions

It was not necessary to make use of exceptions provided for by regulations to provide a true and fair view of the company.

3 Use of estimates

To prepare annual financial statements in compliance with the generally accepted accounting principles (French GAAP), the Company makes a certain number of estimates and adopts certain assumptions that may have an impact on the amounts disclosed under assets and liabilities. These include amounts recorded under assets and liabilities, information on contingent assets and liabilities on the closing date of the financial statements and amounts recognized under income and expenses for the fiscal year.

These estimates are based on the assumption of going concern and include assumptions Management considers relevant and feasible in the Company’s operating environment and based on feedback available.

Estimates and assumptions are reviewed on a regular basis and at a minimum at the end of each fiscal year. They may vary if the circumstances on which they were based change or new information becomes available. Actual results may differ from these estimates.

The main estimates made by the Company when preparing the financial statements concern notably assumptions adopted for calculations used for the valuation of intangible and intangible assets, equity interest and provisions.

4. Notes on the balance sheet and income statement

4.1 Intangible assets

Intangible assets are recognized at acquisition cost. They are amortized or depreciated in accordance with the following durations:

- patents: ………. straight-line 1 to 10 years;
- trademarks:…… non depreciable unless impairment indicated;
- software:……… straight-line 1 to 5 years.

4.2 Property, plant and equipment

Tangible fixed assets are recognized at acquisition cost or production cost. Economic depreciation is calculated over the following estimated useful life of the assets:

- buildings: ………………………… straight-line between 10 and 20 years;
- machinery and equipment: ……….accelerated method between 3 and 5 years;
- fixtures and fittings:………………..straight-line between 1 and 10 years;
- office equipment and furniture: …..accelerated and straight-line method between 3 and 10 years.

Total fixed assets

Separate financial statements *(€ thousands)*	Opening gross value	Increases	Decreases	Reclassification from line to line	Closing gross value
Intangible assets	16,981	10,566			27,548
Property, plant and equipment	2,835	9	(53)		2,791
Financial assets:					
Equity interests	175,442	10,506	(9,621)		176,327
Receivables on interests	48,129		(7,299)		40,830
Other equity securities	6		(3)		3
Others	945	0			946
TOTAL	**244,339**	**21,082**	**(16,976)**	**0**	**248,445**

Amortization and depreciation

Separate financial statements *(€ thousands)*	Accumulated depreciation at opening	Allowances	Reversals	Accumulated depreciation at closing
Amortization of intangible fixed assets	1,991	1,172	0	3,163
Depreciation of tangible fixed assets	2,040	184	(50)	2,173
TOTAL	**4,031**	**1,356**	**(50)**	**5,337**

Changes affecting provisions for accelerated tax depreciation

Separate financial statements *(€ thousands)*	Accumulated depreciation at opening	Allowances	Reversals	Accumulated depreciation at closing
For intangible and tangible fixed assets	86	0	(28)	59
For acquisition costs for securities	1,409	167	0	1,576
REVERSAL OF TAX-DRIVEN PROVISIONS (ACCELERATED TAX DEPRECIATION)	**1,495**	**167**	**(28)**	**1,634**

5. Financial assets

The gross value of equity interests and receivables on interests is the acquisition cost. A provision for impairment is recognized where the net carrying value exceeds the recoverable amount. Recoverable value is calculated using various criteria including those used when the interests are acquired, value in use based on the present value of estimated future cash flows and market value as determined in particular from revalued equity.

Costs related to the purchase of equity interests are capitalized and amortized over five years as accelerated tax depreciation.

Subsidiaries and associates of EXEL Industries *(in thousands of euros)*

Subsidiaries and associates *(€ thousands)*	Foreign currency	Capital	Other equity before appropriation of 2017 income	Percentage of capital held *(in %)*	Carrying value of shares	Carrying value of shares	Loans and advances granted by the Company	Pledges and guarantees given by the Company	2017 sales	Profit after tax for the last fiscal year 2017	Dividends received by the Company during the fiscal year
French subsidiaries											
BERTHOUD Agricole SAS	€K	1,155	13,025	100	5,457	5,457			49,913	2,709	7,310
CAPAGRI SAS	€K	80	23	100	524	127	0		896	24	0
CARUELLE NICOLAS SAS	€K	537	1,423	100	5,472	5,472	410		9,356	1,836	0
SCI CATHAN	€K	0	194	99	4,597	4,597			0	259	256
CMC SAS	€K	405	647	100	844	844			3,365	390	263
HOZELOCK EXEL SAS	€K	2,600	8,611	100	5,120	5,120	1,650		38,719	2,748	1,700
PRÉCICULTURE SAS	€K	420	6,789	100	1,584	1,584			38,019	3,103	2,837
SAMES KREMLIN	€K	12,720	20,987	100	15,815	15,815			122,673	16,862	15,772

TECNOMA Technologies SAS	€K	1,174	7,248	100	6,273	6,273			42,148	924	863
TRICOFLEX SAS	€K	1,909	6,746	100	22,022	22,022			46,981	2,094	11,791
Foreign subsidiaries											
AGRIFAC MACHINERY BV (NL)	€K	68	11,954	100	5,432	5,432	27,689		63,503	641	0
LLC EMC (Russia)	€K	111	517	100	184	184			9,024	552	806
EXEL REAL ESTATE (USA)	€K	1,419	173	100	1,116	1,116	143		0	93	
EXEL REAL ESTATE AUSTRALIA	€K	2,869	4,260	100	2,679	2,679	4,017		0	659	
EXEL REAL ESTATE NETHERLANDS	€K	0	60	100	0	0	8,188		1	9	
EXEL REAL ESTATE GERMANY	€K	25	(564)	100	25	25	12,330		0	(320)	
ETW Inc (USA)	€K	28,676	(15,929)	100	27,740	27,740	14,263		35,968	(1,537)	
HARDI INTERNATIONAL A/S (DK)	€K	13,437	21,139	100	39,852	39,852	31,897		65,846	1,428	
HOLMER Maschinenbau Gmbh	€K	5,000	4,453	100	16,127	16,127	23,175		137,833	2,042	
MATROT UK	€K	0	10	100	42	42			0	(1)	
MINWORTH Property UK	€K	9,526	971	100	11,891	11,891	13,230		0	469	
RASINDECK Ltd (UK)	€K	138	1,136	100	179	179			0	0	
VERMOREL (RO)	€K	3,267	(2,309)	100	3,350	958	236		2,562	(573)	
INGELIA (RO)	€K	0	10	90	2	2			0	0	
Other equity holdings	**€K**				**3**	**2**					
TOTAL					**176,330**	**173,540**	**137,228**				**41,596**

6. Inventories and work in progress

Not applicable.

7. Trade receivables

Receivables are recorded at face value.
A provision for impairment is recognized in the event of difficulties to recover them.

8. Marketable securities

This line item includes treasury shares held in connection with a market-making agreement and money market funds.

At the fiscal year-end, there were 1,440 treasury shares valued at €105.72 per share for a total of €152,000.

During the fiscal year, the Company purchased 50,359 shares at an average price of €80.41 per share and sold 52,052 shares at an average price of €79.55 per share.

Surplus cash was invested in monetary market funds (SICAV) during the fiscal year. At the end of the fiscal year, the Company holds no monetary market funds.

9. Foreign exchange risk

On 9/30/2017, the Company holds in its cash assets:

- USD 4,550,000. These foreign exchange holdings were not covered by a currency hedge; they are measured at the closing rate of 1.1806 USD/EUR; this balance represented €3,854,000;
- GBP 3,562,000. These foreign exchange holdings were not covered by a currency hedge; they are measured at the closing rate of 0.8818 GBP/EUR; this balance represented €4,039,000;
- AUD 294,000. These foreign exchange holdings were not covered by a currency hedge; they are measured at the closing rate of 1.5075 AUD/EUR; this balance represented €195,000.

Our Company grants loans or foreign currency current account debits to the Group's foreign subsidiaries. The asset and liability foreign currency translation adjustments are the result of foreign currency fluctuations on the account closing date compared to the historical conversion rate.

The medium-term financing of foreign currency was set up during previous reporting periods to cover the foreign exchange risk on foreign currency loans granted to foreign subsidiaries.

During fiscal year 2016/2017 the Company continued its currency hedging policy by using short term lines of credit in foreign currencies to hedge its short-term receivables due from foreign subsidiaries.

These measures reduced the Company's exposure to exchange rate impacts.

10. Share capital

The share capital is comprised of 6,787,900 fully paid up shares of €2.50 each.

11. Change in shareholders' equity

(€ thousands)	
Shareholders' equity at September 30, 2016	238,364
Dividends	(7,262)
Net income for the fiscal year	58,516
Change in tax driven provisions	139
SHAREHOLDERS' EQUITY AT SEPTEMBER 30, 2017	**289,757**

12. Provisions for contingencies and expenses

Provisions for contingencies and losses are recorded whose purpose and term are clearly defined or whose amount can be reliability determined, when the company has an obligation towards a third party and it is certain or probable that it will result in an outflow of resources with no inflow of resources representing an equivalent amount expected in return.

12.1. Changes in the fiscal year

Separate financial statements *(€ thousands)*	9/30/2016	Allowance	Reversal (used provision)	Reversal (unused provision)	**9/30/2017**
Lawsuit contingency provisions for subsidiaries	0	110			110
Provisions for subsidiary losses	0				0
Provisions for retirement benefits	17	32			49
Provisions for foreign exchange losses	4,528	3,125	(4,528)		3,125
TOTAL	**4,545**	**3,267**	**(4,528)**	**0**	**3,285**

12.2. Retirement severance benefits

Retirement severance payments under collective bargaining agreements (on the basis of a retirement age of 65) are calculated according to rights vested at the end of the fiscal year in accordance with the agreement for the metallurgy industry, according to a mortality table, an employee turnover rate, a discount rate and taking into account regular wage increases.

EXEL Industries has applied the "Corridor" method since the 2015/2016 fiscal year under the French Accounting Standards Authority's (ANC) recommendation n°2013-02 of November 7, 2013 on the rules for valuing and recognizing pension liabilities and similar benefits. This involves spreading the portion of actuarial gain and loss commitments exceeding 10% of the highest value between the discounted value of the obligation before deduction of plan assets and the value of the plan assets, over the forecast residual duration of the commitments.

At the end of the period, the provision for retirement payments amounted to €49,000, broken down as follows:

- liabilities/pension obligations - excluding social security contributions €45,000
- \+ social security contributions (45% of the liability) €20,000
- \- unrecognized actuarial gains and losses - €16,000

= total provision (including social security contributions) €49,000

12.3. Other provisions for contingencies and expenses

The Company recognized a provision for risks with subsidiaries of €110,000 during the current fiscal year.

These provisions were recorded in the parent company's financial statements rather than the subsidiaries' financial statements because of concerns for confidentiality and to protect the subsidiaries' interest in ongoing disputes and legal proceedings.

13. Advances to executive officers

No advances or loans were granted to executive officers for the period under review.

14. Related-party transactions

The Company carries out transactions with related parties that are not of material nature, or are concluded on normal terms, or excluded from the scope of application of the French accounting standards authority (ANC) regulations 2010-02 and 2010-03.

15. Trade receivables and payables

Statement of receivables

Separate financial statements *(€ thousands)*	Gross amount	Up to 1 year	More than 1 year
Receivables from equity interests	40,830	3,397	37,433
Other non-current financial assets	946		946
Trade receivables	2,809	2,809	
Tax and employee-related receivables	8,452	8,452	
Group and associates (related parties)	143,912	143,912	
Other receivables and accruals	481	481	
TOTAL	**197,430**	**159,052**	**38,378**
Loans granted in the fiscal year	0		
Repayments received in the fiscal year	7,299		

Breakdown of accrued expenses

- Clients - Invoices to be issued….. €1,000
- Suppliers - Accrued credit notes… €6,000
- Accrued tax refunds……………. €85,000
- Misc. accrued assets…………….. €256,000
- **Total accrued income…………… €347,000**

Statement of payables

Separate financial statements *(€ thousands)*	Gross amount	Up to 1 year	More than 1 year, less than 5 years	More than 5 years
Other bonds	30,335	335	15,000	15,000
Financial liabilities (including shareholder current accounts)	110,662	63,482	41,218	5,961
Trade payables	853	853		
Tax and amounts payable to payroll tax agencies	590	590		
Group and associates (related parties)	8,867	8,867		
Other payables and accruals	71	71		
TOTAL	**151,378**	**74,198**	**56,218**	**20,961**

Loans obtained in the fiscal year	0			
Loans repaid in the fiscal year	25,148			

Breakdown of accrued expenses

Accrued interest/financial liabilities……………….	€487,000
Trade payables……………………………………..	€311,000
Tax and amounts payable to payroll tax agencies…	€516,000
Other payables……………………………………..	€67,000
Total accrued expenses……………………………	**€1,381,000**

Selected balance sheet information

Headings *(€ thousands)*	Affiliates
Non-current assets	
Equity interests	176,327
Receivables from equity interests	40,830
Current assets	
Trade receivables and related accounts	2,802
Other receivables	144,118
Payables	
Other loans and borrowings	29,035
Trade payables and related accounts	174
Other payables	8,867

16. Sales

Separate financial statements *(€ thousands)*	**9/30/2017 12 months**	9/30/2016 13 months
France Services	10,622	10,992
Export Services	13,627	11,206
SALES	**24,249**	**22,197**

17. Net financial income / (expense)

Separate financial statements *(€ thousands)*	**9/30/2017 12 months**	9/30/2016 13 months
Financial income from equity interests	41,596	26,254
Other interest and similar income	7,068	7,189
Reserves written back to income	4,553	255
Foreign exchange gains	8,922	11,579
Net income on sales of short-term investments	16	23
TOTAL INCOME	**62,155**	**45,300**
Increases in provisions	(3,695)	(5,161)
Interest	(3,232)	(3,375)
Foreign exchange losses	(10,280)	(4,838)
Net expense on sales of short-term investments	0	0
TOTAL EXPENSES	**(17,208)**	**13,374**
NET FINANCIAL INCOME/(EXPENSE)	**44,947**	**31,926**

Changes in balances of cash and cash equivalents with affiliates break down as follows:

(€ thousands)	**9/30/2017 12 months**	9/30/2016 13 months
Financial income	48,663	33,440
Financial expenses	750	536

18. Net exceptional income / (loss)

Separate financial statements *(€ thousands)*	**9/30/2017 12 months**	9/30/2016 13 months
Application of a "better fortunes" (financial recovery) clause	0	177
Disposal price of decommissioned assets	9,632	16,317
Reversal of provisions/proceeds from the sale of fixed assets	312	191
Reversal of provisions for subsidiary contingencies	0	46
Other misc. items	28	34

TOTAL INCOME	**9,972**	**16,765**
Debt waivers granted to subsidiaries	(42)	1,948
NAV of deactivated assets	(9,626)	(16,462
Allowances for subsidiary contingencies	(110)	
Allowances for tax-driven provisions (accelerated tax depreciation)	(167)	(209)
Other misc. items	(52)	(64)
TOTAL EXPENSES	**(9,998)**	**(18,683)**
NET EXCEPTIONAL INCOME/(LOSS)	**(26)**	**1,918**

19 Income taxes

The Company is at the head of a tax group and the agreements signed between the parent company and the consolidated subsidiaries were adopted on the basis of fiscal neutrality. Taxes payable are recognized by subsidiaries as if they were taxed separately, with the parent company recording its own tax and the saving or charge resulting from application of the tax consolidation scheme.

Income tax as presented in the income statement breaks down as follows: (In €K)

- corporate income tax on the Group's own net income - including dividends ……………………….5,625

(identical to the corporate income taxes that would have been paid without a French tax group)

- tax audits and tax cancellations, corporate income tax adjustment on (N-1) …………………………….2
- French tax group expense / (revenue) ………………………………………………………..(2,469)

(mainly from tax deficits of subsidiaries attributed to the Group's income / (loss)

- the Company's tax credits (mainly research tax credits)………………………………………………....(363)

Total income tax expenses for the fiscal year (or net income)………………………………………………….2,795

Breakdown of income tax

(€ thousands)	Profit before income tax	Taxes payable	Net income/(loss) after taxes
Current operating income	61,336	(5,308)	56,029
Net exceptional income / (loss)	(26)	44	18
Impact of tax consolidation		2,469	2,469
BOOK INCOME	**61,311**	**(2,795)**	**58,516**

Deferred taxes

(€ thousands)	Amount
Taxes payable on:	
Regulated provisions (accelerated tax depreciation)	1,634
TOTAL DEFERRED TAX ASSETS	**1,634**
Prepaid taxes on:	
Temporarily disallowed deductions and timing differences (to be deducted the following year)	88
Expenses to be subsequently deducted (non-deductible provisions)	49
TOTAL DEFERRED TAX LIABILITIES	**137**
NET DEFERRED TAXES	**1,497**

20. Other disclosures

Financial commitments

Commitments given *(€ thousands)*	
Pledge of investment securities in an English subsidiary, granted to collateralize a bank loan	13,230
	13,230

Commitments received *(€ thousands)*	
"Better fortunes" (financial recovery) clauses (received from subsidiaries)	13,778
	13,778

Average number of employees

	9/30/2017	9/30/2016
Executive officers and management	11	10
Office staff and workers	2	1
TOTAL	**13**	**11**

21. Events after the reporting period

There were no events after the reporting period.

4.10 Proposed appropriation of net income

(in euros)	**9/30/2017**	9/30/2016
Sources:		
1. Retained earnings from previous fiscal years	206,008,797	175,069,865
2. Net income for the fiscal year	58,515,564	38,200,548
Appropriations:		
3. Statutory reserve	0	0
4. Dividends	10,724,882	7,263,053
5. Retained earnings	47,790,682	30,937,495
TOTAL	**58,515,564**	**38,200,548**

4.11 Statutory Auditors' report on the annual financial statements

Fiscal year ended September 30, 2017

To the Annual General Meeting of EXEL Industries,

Opinion

We audited the annual financial statements of EXEL Industries for the fiscal year ended on September 30, 2017 as appended to this report, in performance of the assignment entrusted to us by your General Meeting.

In our opinion, the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of September 30, 2017, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

The opinion given above is consistent with our report to the Audit Committee.

Justification for the opinion

Framework for our audit

We performed our audit in accordance with the professional standards which apply in France. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

Our liability with respect to these standards is stated in the "Liabilities of the Statutory Auditors for the audit of the annual financial statements" section of this report.

Independence

We performed our audit in compliance with the independence rules applicable from July 1, 2016 to the date of our report and we provided no services which are prohibited under article 5 paragraph 1 of the Regulation (EU) n° 537/2014 or by the Code of Ethics of the Statutory Auditors' profession.

Matters to report

Without calling the opinion which is expressed above into question, we draw your attention to note 1 "Significant accounting policies and basis of consolidation" of the notes to the annual financial statements concerning the effect on the comparability of the fiscal years closed on September 30, 2017 and September 30, 2016 after the decision to change the balance sheet date for the previous fiscal year, namely the 13 month reporting period closed on September 30, 2016 compared to the 12 month period ending on September 30, 2017.

Basis of our assessments - Key points of the audit

In accordance with articles L.823-9 and R.823-7 of the French Commercial Code on the justification for our assessment, we are informing you of the audit's key points concerning what we, in our professional judgment, consider to be the most significant risks of material misstatements in the annual financial statements for the reporting period, and our response to them.

These assessments were made within the context of the audit of the annual financial statements overall and the formation of our opinion expressed above. We have no opinion to make on the components of these annual financial statements taken individually.

Valuation of equity interests

Risk identified

Equity interests appear on the assets side of the balance sheet to September 30, 2017 for a net amount of €176.3 million i.e. 40.9% of total assets. They are recognized for their acquisition value. Impairment is recognized if their recoverable value is below their net carrying value.

As stated in Note 5 "Financial assets" the Management estimates the recoverable value based on shareholders' equity which is revalued on the closing date of the reporting period for the entities concerned and their discounted cash flow forecasts.

The estimation of the value in use of these securities requires the Management to exercise judgment when selecting the elements to be considered for the interests in question, and may either correspond to historical elements or forecast elements.

We considered the valuation of these assets to be a key point in our audit because of the amounts they represent and the importance of the Management's judgments.

Our response

Our work mainly involved checking the data and the assumptions used by the Management to determine revalued shareholders' equity and the value in use of equity securities:

- for valuations based on historical elements;
  - verify that the shareholders' equity adopted matches the entities' financial statements;
  - verify the justification for possible revaluations of assets estimated by the Management;
- for valuations based on forecast elements;
  - verify the methods for calculating the value in use;
  - assess the Management's assumptions to calculate the discounted values of future cash flows and in particular, the consistency of cash flow forecasts with the market's outlook, historical sales performance and the subsidiary's profitability;
- verify the appropriate nature of the information supplied in the notes to the annual financial statements.

Verification of the Management Report and the other documents sent to the shareholders

We have also performed the specific verifications required by law in accordance with French professional auditing standards.

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the other documents addressed to shareholders with respect to the financial position and the annual financial statements.

With regard to the information provided, pursuant to the terms of Article L.225-102-1 of the French Commercial Code on compensation and benefits paid to corporate executives and undertakings made in their favor, we have verified consistency thereof with the statements or data used to prepare these statements and, if applicable, the items collected by your Company from companies controlling your Company or that are controlled by it. Based on our work, we certify the truth and fairness of this information.

In accordance with the law we checked the information on the holders of shares or voting rights disclosed in the Management Report.

Information resulting from other statutory and regulatory obligations

Appointment of the Statutory Auditors

We were appointed as EXEL Industries' Statutory Auditors by the Annual General Meeting of February 28, 1997 for DELOITTE & ASSOCIES and January 21, 2015 for MAZARS.

On September 30, 2017, MAZARS was in the third successive year of its assignment, whilst DELOITTE & ASSOCIES was in the 21st fiscal year of its assignment, therefore 20 years for DELOITTE & ASSOCIES since the Company's shares were listed for trading on the regulated market.

The liability of the Management and Corporate Governance personnel for the annual financial statements

The Management is responsible for preparing annual financial statements which reflect a true picture and for setting up the internal controls it considers necessary for preparing annual financial statements which are free of material misstatements, and for preventing fraud or errors.

When preparing the annual financial statements, the Management is responsible for assessing the Company's capacity to continue its operations and for presenting information in these financial statements on the Company as a going concern and for applying the going concern accounting convention, unless it is planned to wind the Company up or for it to stop operating.

The Audit Committee must monitor the procedures for preparing and processing the accounting and financial information and the effectiveness of the internal control and risk management systems, and if appropriate, the internal audit.

The annual financial statements were approved by the Board of Directors.

The Statutory Auditors' liability for the audit of the annual financial statements

The purpose and approach of the audit

We are responsible for preparing a report on the annual financial statements. Our aim is to obtain the reasonable assurance that overall, the annual financial statements do not contain any material misstatements. Reasonable assurance corresponds to a high level of assurance without however guaranteeing that an audit which is performed to professional auditing standards systematically detects all material misstatements. Misstatements can come from fraud or result from errors and are considered to be significant when it is to be reasonably expected that when taken individually or together, they may affect the economic decisions which are taken by the users of the financial statements based on them.

As article L.823-10-1 of the French Commercial Code states, our mission to certify the financial statements does not involve guaranteeing your Company's viability, or the quality of its management.

When a statutory auditor is performing an audit which is carried out in accordance with the professional standards applicable in France, he or she applies their professional judgment throughout the whole of the audit. In addition:

- the statutory auditor identifies and assesses the risks of material misstatement in the annual financial statements, whether from fraud or mistakes and determines and implements auditing procedures to cover these risks and collects the information he or she considers to be sufficient and appropriate to form an opinion. The risk of not detecting a fraudulent material misstatement is higher than not detecting a significant material misstatement from a mistake because fraud may involve collusion, forgery, intentional omissions, false declarations or the circumvention of internal controls;
- the statutory auditor examines the internal control procedures which are relevant for the audit in order to decide the appropriate audit procedures in this context, and not in order to express an opinion on the effectiveness of the internal control;
- the statutory auditor assesses the appropriate nature of the accounting methods used and the reasonable nature of the accounting estimations made by the Management as well as the information on them supplied in the annual financial statements;
- the statutory auditor assesses the appropriate nature of the Management's application of the going concern accounting convention and, based on the information collected, whether or not there is significant uncertainty connected to events or circumstances which are liable to affect the Company's capacity to continue operating. This assessment is based on the information which is collected up until the date of the statutory auditor's report, with the proviso however, that subsequent circumstances or events could create doubts over the Company's future as a going concern. If the statutory auditor concludes that a significant uncertainty exists, he or she will draw the reader's attention in the report to the information supplied in the annual financial statements relating to this uncertainty, or if this information is not supplied, or is not relevant, the statutory auditor will issue a certificate with reserves or refuse to certify;
- the statutory auditor assesses the presentation of the annual financial statements as a whole and whether they reflect the underlying events and operations in order to give a true picture.

Report to the Audit Committee

We submit a report to the Audit Committee describing the extent of the auditing services, the work program implemented and our conclusions. If necessary we also inform it of any significant weaknesses in the internal control we have identified for preparing and processing the accounting and financial information.

The report to the Audit Committee highlights what we consider posed the highest risks for material misstatements for the audit of the annual financial statements for the period, and which are therefore the key points of the audit. These points are described in this report.

We also supply the Audit Committee with the declaration stipulated in article 6 of the Regulation (EU) n° 537-2014 confirming our independence under the rules applicable in France which are stipulated by articles L.822.10 to L.822.14 of the French Commercial Code and the Code of Ethics of the Statutory Auditors' profession. If necessary, we discuss the risks weighing on our independence and the protective measures taken with the Audit Committee.

Courbevoie and Lyon, January 16, 2018

The Statutory Auditors

MAZARS	**DELOITTE & ASSOCIES**
Lionel Gotlib	Nathalie Lorenzo Casquet

4.12 Statutory Auditors' special report on regulated agreements and commitments

Annual General Meeting for the approval of the financial statements for the year ended September 30, 2017

To the Shareholders,

As your Company's Statutory Auditors, we hereby present our report on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of, as well as the reasons for the Company's interest in, those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and merits or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the merits of concluding these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Annual General Meeting, if any.

We performed procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in verifying that the information provided to us is consistent with the relevant source documents.

Agreements and commitments submitted for approval to the Annual General Meeting

Agreements and commitments entered into by the Company during the year just ended

We have been informed that there are no agreements and commitments approved during the fiscal year and requiring the approval of the Annual General Meeting pursuant to Article L. 225-38 of the French Commercial Code.

Agreements and commitments previously approved by the Annual General Meeting

We have been informed that there are no agreements and commitments previously approved by the Annual General Meeting which have remained in force during the fiscal year.

Courbevoie and Lyon, January 16, 2018

The Statutory Auditors

MAZARS	**DELOITTE & ASSOCIES**
Lionel Gotlib	Nathalie Lorenzo Casquet

5

Corporate governance

5.1 Corporate governance and administrative bodies of EXEL Industries SA

Chairman of the Board of Directors

- **Mr. Patrick Ballu**

  Appointed as Chairman and Chief Executive Officer on September 13, 1980 and subsequently reappointed, lastly by the Annual General Meeting (AGM) of February 9, 2017, for a term of office expiring at the end of the AGM called to approve the 2022 financial statements.

  The Board meeting of April 22, 2011 decided to modify corporate governance procedures involving a separation of the powers of executive management. Pursuant to this change Patrick Ballu retained his functions as Chairman of the Board of Directors.

  Lastly, at the Board meeting of February 9, 2017, it was decided, in accordance with the Articles of Association, to reappoint Patrick Ballu as Chairman of the Board of Directors for a term concurrent with his term as a Director of the Board which expires at the end of the AGM called to approve the 2022 financial statements.

Chief Executive Officer and director

- **Mr. Guerric Ballu**

  Appointed to the Board of Directors by the AGM of February 26, 2008 and renewed in this role by the AGM of January 21, 2014 for the term provided by law, i.e. until the end of the AGM called to approve the financial statements for the fiscal year ending in 2019.

  By decision of the Board meeting of April 22, 2011, and pursuant to the separation of executive management powers, he assumed the functions of Chief Executive Officer. He was re-appointed to this position by the Board on February 9, 2017 for a term concurrent with his term as a Director of the Board, which expires at the end of the AGM called to approve the 2019 financial statements.

Deputy Chief Executive Officers

- **Marc Ballu, Franck Ballu and Cyril Ballu**

  Appointed to these positions by the Board of Directors meeting of October 26, 2005, for a term concurrent with that of the Chairman & CEO, reappointed thereafter and most recently by the Board of Directors meeting of February 9, 2017, for a term concurrent with that of the Chief Executive Officer, since the separation of functions of the Chairman of the Board of Directors and the Chief Executive Officer.

Board members

- **EXEL SAS, represented by Marie-Pierre of CRAY-SIRIEIX**

  A company appointed director by the AGM of February 02, 1995, and subsequently reappointed, lastly by the AGM of February 09, 2017, for a term of office expiring at the end of the AGM called to approve the 2022 financial statements.

- **Mr. Marc Ballu**

  Appointed by the AGM of January 24, 2012, for a term of office expiring at the end of the AGM called to approve the 2017 financial statements.

Independent directors

- **Mrs. Marie-Claude Bernal**

  Appointed by the AGM of January 24, 2012, for a term of office expiring at the end of the AGM called to approve the 2017 financial statements.

- **SAS** JUMP'TIME**, represented by its Chairman, Claude Lopez**

A company coopted to the Board of Directors by the Board on February 18, 2014, for a term of office expiring at the end of the AGM called to approve the 2021 financial statements.

5.2 Audit Committee

In accordance with Article L. 823-19 of the French Commercial Code, our Company has formed an Audit Committee as of December 09, 2011. It comprises Marie-Claude Bernal, who chairs the Committee, and Claude Lopez.

This Committee is responsible notably for overseeing:

- the preparation of the consolidated financial statements;
- the quality of financial information;
- the independence of the Statutory Auditors and the quality of the information received.

In addition, this Committee analyzes, oversees and gives its opinion on:

- the effectiveness of the internal control measures;
- the effectiveness of the ORM (opportunity and risk management) program;
- the extent to which corporate social and environmental responsibility (CSR) is observed.

The Committee met twice during the 2016-2017 fiscal year:

- on 6/12/2017, regarding the consolidated financial statements of the first half-year of 2016-2017;
- on 12/13/2017, regarding the consolidated financial statements for the 2016-2017 fiscal year.

It immediately reported on its meetings to the Board of Directors, as noted by the Board of Directors at its meetings held on 6/13/2017 and 12/14/2017.

5.3 Remuneration and Appointments Committee

On April 14, 2014, the Board of Directors formed a Remuneration and Appointments Committee.

This Committee is composed of an independent director, SAS JUMP'TIME represented by Claude Lopez, who serves as Chairman, and the Chairman of the Board of Directors, Patrick Ballu.

This Committee is charged with preparing the Board of Directors to vote on choosing corporate officers and setting their remuneration and benefits, using criteria based on each one's qualifications, experience and responsibilities.

The Committee met on 01/17/2017 when it discussed executive remuneration and directors' fees.

5.4 Implementing an ORM process

On April 14, 2014, the Board of Directors approved the program instituted by the Group Chief Executive Officer to implement an opportunity and risk management (ORM) process.

Every subsidiary set up a steering committee, led by its own CEO.

This steering committee is responsible for drawing up a list of actions and means for reducing risks and taking advantage of opportunities.

The Audit Committee ensures that each steering committee reports to the Group ORM Committee chaired by the Group Chief Executive Officer.

5.5 Offices and positions held by each corporate officer of EXEL Industries SA

See p. 54, paragraph 3.11.3.

5.6 Report by the Chairman of the Board of Directors on the conditions of preparation and organization of the work of the Board of Directors and internal control and risk management procedures

Ladies and Gentlemen,

As a supplement to our Annual Report and in accordance with the French Financial Security Act No. 2003-706 of August 1, 2003 as amended by Act No. 2008-649 of July 3, 2008, I hereby report to you on the preparation and organization of the Board of Directors' work and the internal control and risk management procedures implemented by our Company.

This Report will be submitted to the Board of Directors for approval.

I. Preparation and organization of the work of the Board of Directors

Composition of the Board of Directors

Our Company is managed by a Board of Directors that currently has six members including two women, each possessing at least one share of the Company in accordance with Article 14 of the Articles of Association.

For the 2017/2018 fiscal year, our Board of Directors will include a director representing employees and has for some years benefited from the experience of two independent directors: Claude Lopez representing SAS JUMP'TIME, and Marie-Claude Bernal who is coming to the end of her term of office. We will propose that you appoint her replacement at the Annual General Meeting on February 7, 2018.

Directors are appointed for six-year terms that are renewed for periods of the same duration.

The Board also regularly invites to its meeting two observers in their capacity as Deputy Chief Executive Officers.

Role of the Board of Directors

The Board of Directors sets the Company's business priorities and ensures their implementation.

Subject to the powers expressly granted to Annual General Meetings of Shareholders and within the Limits of the company's corporate charter, the Board may address all matters pertaining to the proper management of the Company and settle all items of business relating thereto. It performs the controls and verifications it considers appropriate for this purpose.

Workings of the Board of Directors

As Chairman, I call meetings of our Board of Directors as often as necessary.

As Chairman of the Board of Directors, I organize and oversee the work of the Board of Directors and I ensure the proper functioning of the Company's governing bodies (Board of Directors, Annual General Meeting).

The Board of Directors is a collegiate body and we as directors therefore perform collectively the functions assigned in law to the Board.

I must make sure that the directors are fully capable of carrying out their duties and, in particular, ensure that they have all the information necessary for them to fulfill their duties.

Our Board of Directors makes decisions by majority vote but always endeavors to reach them by consensus. In the event of a tie, the vote of the Chairman prevails.

Since October 1, 2016, our Board of Directors has met six times, with several meetings being held by videoconferencing, pursuant to Article 17 of the Articles of Association.

Audit Committee role and members

In accordance with Article L.823-19 of the French Commercial Code, the Board of Directors formed an Audit Committee as of December 9, 2011. This Committee was chaired by Marie-Claude Bernal, an independent director.

The Audit Committee is charged primarily with overseeing:

- the audit of the annual financial statements;
- monitoring the preparation of the consolidated financial statements;
- the efficiency of the internal control and risk management systems;
- the quality of financial information;
- and the quality of the work of the Statutory Auditors and the quality of the information they receive.

For this purpose, the Committee analyzes, oversees and gives its opinion on the accuracy and fairness of the consolidated financial statements, the effectiveness of the internal control and opportunity and risk management (ORM) processes, and the observance of corporate social and environmental responsibilities (CSR).

Workings of the Audit Committee

The Audit Committee is a consultative body which must report regularly to the Board of Directors on the performance of its duties and inform it of any problems encountered.

For the 2016/2017 fiscal year, the Audit Committee met twice preceding the meeting of the Board of Directors which approved the half-year and annual financial statements:

- on June 12, 2017, regarding the consolidated financial statements of the first half-year of 2016-2017;
- on December 13, 2017, regarding the consolidated and annual financial statements for the 2016-2017 fiscal year.

The Audit Committee reported to the Board of Directors (acting as a collegial body) on the performance of its missions.

Remuneration and Appointments Committee

On April 14, 2014, the Board of Directors formed a Remuneration and Appointments Committee.

This Committee is chaired by the independent director, SAS JUMP’TIME, represented by Claude Lopez.

The Committee is responsible for presenting proposals or recommendations to the Board of Directors, particularly in order to:

- choose corporate officers;
- set their remuneration and benefits, using criteria based on each one's qualifications, experience and responsibilities;
- make proposals on the attendance fees to be allocated to directors by the Board of Directors;
- assist in the preparation of resolutions of the Board of Directors in these areas.

II. Internal control and risk management procedures

Definition and objectives

Internal control covers all control systems adopted by executive management for the purpose of providing reasonable assurance with respect to:

- the effectiveness and efficiency of operations;
- the reliability of the reporting system;
- compliance with laws and regulations in force;
- the preservation of assets;
- risk management in all areas.

One of the purposes of the internal control and risk management system is to prevent and effectively manage risks associated with the business operations of the Group and its subsidiaries.

Risk management covers not only financial risks (*related notably to exchange rates*, etc.) but also operational risks (*IT, fraud, environmental, employee-related, legal, "online reputational risks"*).

As with all systems of control, it cannot however provide an absolute guarantee that such risks will be fully eliminated.

Organization and environment

Our Group has a single, very specialized business, comprising four activities: agricultural spraying, sugar beet harvesting, industrial spraying and consumer watering and spraying.

Our subsidiaries, which are wholly-owned by EXEL Industries, design, manufacture and market the Group's products.

Our subsidiaries are also able to take advantage of the international logistical bases of our other subsidiaries.

Persons and organizational units involved

Given its authority and its supervisory and strategic role, our Board of Directors is the main actor in our internal control and risk management system, assisted by our committees.

Executive Management is provided by a Chief Executive Officer, assisted by three Deputy Chief Executive Officers, in collaboration with the Board of Directors.

All these individuals spend time in the subsidiaries to ensure their proper functioning and to meet with their Chief Executive Officer and his or her management team.

All three Deputy Chief Executives also hold operational posts in subsidiary companies.

Executive Management of our Group is vested with the broadest powers to act in all circumstances in the name of the Company. It exercises its powers within the limits set by the company's corporate purpose and subject to the powers expressly granted by law to shareholders' meetings and the Board of Directors.

Procedures within our subsidiaries

Internal controls for accounting and finance purposes, and risk management procedures exist within each subsidiary. Within the guidelines set by the Group, each subsidiary has full autonomy with respect to the management of marketing, employee-related issues, finance and risk.

The Chief Executive Officer of a subsidiary, who has corporate officer status, is responsible for the day-to-day application of internal control and risk management procedures.

The subsidiary therefore has all resources required to:

- monitor its performance and management;
- ensure effective risk management.

Executive Management of the Group is responsible for the effectiveness of the controls put in place in the subsidiaries and requires that they be strengthened if deemed necessary.

Corporate Finance Department

The process of financial closings is organized on the basis of a plan established by the Finance Department, under the supervision of the Executive Management, and approved by the Board of Directors.

This plan is for each of our subsidiaries which remain responsible for their financial statements. Each subsidiary prepares its own budget, half-year and annual financial statements and defines its cash flow requirements.

The Group's Finance Department is responsible for producing the consolidated and parent company financial statements. This process is now undertaken using a dedicated reporting and consolidation system.

The Group's Finance Department dictates the format and quality of the reporting and the accounts prepared by each of our subsidiaries. It also ensures Group procedures are properly applied by subsidiaries for consistency in the financial statements. It performs audits, when it considers it appropriate, coordinates and rules on the cash flow management decisions of each of our subsidiaries on the basis of the Group's Corporate Cash Flow Agreement.

Opportunity and risk management (ORM)

To ensure the sustainability of its operating activities, the Group must ensure that the appropriate risk prevention and risk management procedures are in place, together with methods for seizing opportunities.

The Board of Directors has established an ORM process, responsibility for which was assigned to the Group's Chief Executive Officer. The Group and every subsidiary have set up a steering committee, led by its own CEO. This committee is responsible for drawing up a list of all the actions and means for reducing risks and seizing opportunities.

The Group Chief Executive delivered a summary report to the Board of Directors on December 14, 2017, which approved it and took note of the actions that had been taken.

Corporate Social Responsibility (CSR)

To ensure corporate social responsibility (CSR) issues are taken into account, our Executive Management has set up a working group.

Its job of bringing together information from the subsidiaries and presenting a summary CSR report has been improved since last year: as a result, the data are more reliable and the task of collecting, consolidating and auditing has been more efficient.

As in previous years, the report was externally audited for the purposes of certification and a reasoned opinion on the fairness of the information.

On December 14, 2017 this CSR report was approved by the Board of Directors and incorporated into the Registration Document.

Group Insurance Policies and Legal Disputes

Our Group negotiates and centralizes its various insurance contracts and manages any legal disputes and claims. To ensure that our operations always comply with regulations, our Legal Department works with specialized attorneys and experts. It centralizes and coordinates legal matters for all Group subsidiaries. It also manages and monitors litigation cases in close collaboration with the subsidiaries involved.

Anti-corruption code of conduct

To ensure that the Group complies with anti-corruption legislation, the Group CEO and the Group Chief Legal Officer have prepared a code of conduct which sets out the Group's anti-corruption policies. This code was approved by the Board of Directors and applies to all of the Group's subsidiaries.

III. Other procedures
(provided for in the French Act 2008-649 of 07-03-2008 - Article 26)

Corporate Governance

EXEL Industries group is a closely-held corporation with members of our family holding the majority interest and serving as corporate officers. We are therefore committed to the principles of ethical business conduct, good corporate governance and sustainability. The way we organize our corporate governance applies the principles of the recommendations of the Middlenext corporate governance code.

In particular, our Board of Directors has again conducted a self-assessment process which was again led by Claude Lopez, adopting the following practical arrangements:

- a self-administered, personal questionnaire to be completed every two years in June;
- followed by a personal interview with each of the directors;
- with a summary report and recommendations presented to the Board of Directors.

The objective is to improve the way our Board of Directors works and thus help to improve our governance.

The Chairman of the Board of Directors, the Chief Executive Officer and the other Executive corporate officers of the subsidiaries do not have employment contracts in addition to their corporate offices. Furthermore, they do not have special supplementary retirement plans (Top Hat plans) or options to subscribe for shares reserved for Executive Officers or special severance benefits payable if they cease to exercise their functions (golden parachutes).

With the assistance of the Chief Executive Officer, the Deputy Chief Executive Officers, the Audit Committee, the Remuneration and Appointments Committee and of any other qualified or expert individual it might need, our Board of Directors fully exercises its role of setting the Group's strategic direction and approving the strategy presented by the Chief Executive Officer.

For a number of years now, I had been taking steps to ensure a smooth management transition. It was with this in mind, and at my request, that on April 22, 2011 the Board of Directors decided to split the functions of Chairman of the Board of Directors and Chief Executive Officer. Since that time, we have entrusted the General Management of the Group to my son, Guerric Ballu, in direct collaboration with the Board of Directors, which I chair.

Rules for shareholder participation in Annual General Meetings

By means of our Registration Document and our press releases, our shareholders continue to be kept properly informed about major foreseeable risks that could potentially jeopardize the continuing operations of the company and its subsidiaries. Finally, we have a solid understanding of our shareholder base and seek to strengthen long-term shareholder commitment (notably by granting double voting rights for shares held for more than four years).

All shareholders may participate in Annual General Meetings. However in order to participate, vote by mail or be represented at Meetings, shareholders must, no later than third (3rd) business days before the Meeting by midnight (Paris time):

- if a holder of registered shares, be listed in the registered shareholders' account maintained by the Company; or
- if a holder of bearer shares, provide a certificate of share ownership issued by the bank or broker managing these shares.

Shareholders who do not personally attend Annual General Meetings may choose one of the following three options:

- grant a proxy to any other person;
- send a proxy form to the Company without specifying the proxy's name; or
- vote by mail.

In conclusion, please bear in mind that our Group is a mid-size, international, family-operated and family-owned enterprise of French origin.

The goal of our Group is to expand in its markets through a policy of constant innovation and an international growth strategy.

For this reason, I take great care to ensure that our governance is sound and ethical. Our employees are given responsibility and proper motivation, and act with respect for our founding values.

Patrick Ballu

Chairman of the Board of Directors

December 14, 2017

5.7 Statutory Auditors' Report on the Report by the Chairman of the Board of Directors issued in accordance with Article L.225-235 of the French Commercial Code

Fiscal year ended September 30, 2017

To the Shareholders,

In our capacity as Statutory Auditors of EXEL Industries and in accordance with the provisions of Article L. 225-235 of the French Commercial Code (Code de Commerce), we hereby present our report on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code for the fiscal year ended September 30, 2017.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L. 225-37 of the French Commercial Code, particularly in terms of corporate governance.

It is our responsibility to:

- report to you on the information contained in the Chairman's report with respect to the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and
- certify that the report contains the other information required by Article L. 225-37 of the French Commercial Code, while specifying that we are not responsible for verifying the fairness of this other information.

We have carried out our work in accordance with the professional standards and practices applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

This standard requires us to perform procedures to assess the fairness of the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information. These procedures mainly consist of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the financial and accounting information on which the information presented in the Chairman's report is based, as well as reviewing supporting documentation;
- obtaining an understanding of the work performed to prepare this information, as well as reviewing supporting documentation;
- taking note of the valuation process put in place and assessing the quality and adequacy of its documentation, as regards the information related to assessing the internal control and risk management procedures;
- establishing whether any major weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information that we may identify in carrying out our work are appropriately addressed in the Chairman's report.

On the basis of these procedures, we have no matters to report in connection with the information given on the Company's internal control and risk management procedures relating to the preparation and processing of financial and accounting information contained in the Chairman's report, prepared in accordance with Article L.225-37 of the French Commercial Code.

Other disclosures

We hereby certify that the Chairman's report includes the other disclosures required by Article L.225-37 of the French Commercial Code.

Courbevoie and Lyon, January 16, 2018

The Statutory Auditors

Mazars	**Deloitte & Associés**
Lionel Gotlib	Nathalie Lorenzo Casquet

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Information on the Company and its share capital

6.1 General information on EXEL Industries

Company name

EXEL Industries

Headquarters

54, rue Marcel Paul - 51200 EPERNAY France

Main office

52, rue de la Victoire – 75009 PARIS

Legal form

A French public limited company (Société Anonyme) with a Board of Directors. Amendment of the Articles of Association (Statuts) to comply with the provisions of Act 2001-420 of May 15, 2001 (New Economic Regulations Act) (see articles 13, 18, 19, 20 and 21 of the Articles of Association).

Nationality

French

Date of Incorporation

August 4, 1952

Term

Ninety-nine (99) years effective from its date of entry in the Trade and Companies Register (Registre du Commerce et des Sociétés) or until August 3, 2051 barring early liquidation or extension.

Corporate charter (Article 3 of the Articles of Association)

"The Company's corporate purpose is to, in France and in any other country, directly or indirectly, conduct research, manufacture and market equipment, materials and services used mainly for industrial or consumer agriculture, as well as any commercial, industrial, financial, securities or real estate transactions relating directly or indirectly to the purposes stated above or any similar and related activities contributing thereto and that directly or indirectly contribute to the Company's continuing operations and development."

Trade and Company Registers

For the headquarters

RCS REIMS B 095 550 356

For the main office

RCS Paris B 095 550 356

APE code

APE business identifier code (registered office): 2830Z

APE code (main place of business): 7010Z

Location where documents and information relating to the Company may be consulted

The Articles of Association, minutes of meetings and other corporate, legal or accounting documents may be consulted at the EXEL Industries SA main site: in Paris (75009) - 52, rue de la Victoire (in the Legal and Finance Departments), subject to the terms and times provided for by legislation in force concerning shareholders' rights to information.

Corporate charter (Article 24 of the Articles of Association)

The company's fiscal year begins on October 1 of each year and ends on September 30 of the following year.

Officers of the Board (Article 16 of the Articles of Association)

"[...] 16.2 The Chairman may be appointed for his or her full term as a Director, provided that the Board reserves the right to remove him or her from the chairmanship and that he or she has the right to resign before the term expires.

The Chairman is deemed to have resigned immediately following the Ordinary General Meeting called to approve the financial statements for the fiscal year in which the Chairman reaches eighty years of age."

Deliberations of the Board of Directors (Article 17 of the Articles of Association)

"17.1 Directors are called to Board meetings by all available means (including electronic messaging, remote transmission, videoconferencing, etc.) and including orally.

All Directors may attend, participate and vote in Board meetings through videoconferencing and telecommunications means under conditions provided for by regulations in force at that time.

A record of attendance is maintained, which is signed by Directors participating in the Board meeting. (...)"

Annual General Meetings (Article 23 of the Articles of Association)

"Shareholders' meetings are called and conduct proceedings according to procedures defined by statutes and applicable regulations.

They are to be held at the registered office or at any other venue indicated in the notice of meeting.

The General Meeting is chaired by the Chairman of the Board of Directors or by the Director temporarily appointed for this purpose or, barring this, by a Vice Chairman. If the Chairman, the Director temporarily appointed for that purpose or the Vice Chairmen are absent at the same time, the Meeting is then chaired by the Director designated by the Board or, barring this, a person selected by the Meeting.

Proceedings of the meeting are recorded in minutes signed by the Officers of the Meeting.

Subject to restrictions provided for by Law or resulting from its application, any shareholder may attend general meetings and proceedings in person or through a representative, regardless of the number of his or her shares, subject to providing proof of identity, and provided that no payments are due on said shares.

The right to attend the shareholders meetings is evidenced by an accounting entry showing the number of shares in the name of the shareholder of record (or the intermediary of record for the account) on the third business day preceding the meeting at midnight (Paris time):

- either in the registered share accounts maintained by the Company or its agent; or
- in bearer share accounts maintained by an authorized intermediary. In this latter case, the corresponding book entry must be evidenced by a certificate of attendance (attestation de participation) issued by the authorized intermediary that is to be attached to the voting form or the proxy or the request for an admission card (carte d'admission) mentioning the name of the shareholder.

However, the Board of Directors may reduce or set aside these time requirements provided that this is to the benefit of all shareholders.

Any shareholder may vote by mail using a form that may be obtained according to the conditions indicated by the meeting notice.

A shareholder may be represented only by his or her spouse or by another shareholder with proof of power of attorney.

Votes in Meetings can be cast through all means *(notably electronic means, teletransmission, videoconferencing, etc.)*, in accordance with the conditions established by regulations and set forth in the meeting notice."

Transfer and circulation of stock (Article 10 of the Articles of Association)

No provisions of the Articles of Association imposed restrictions on the transfer of shares.

Joint ownership - usufruct - bare ownership (Article 11 of the Articles of Association)

"[…] 11.2 The bare owner and the owner with usufruct are invited to meetings and may take part in them under the same conditions as shareholders with sole ownership. They may exercise the same right to communicate, under the same conditions, and receive the same information.

They may take part, if they wish, in the discussions that precede voting and their voiced opinions, if any, are recorded in the minutes, like those of shareholders.

If the ownership is divided, the voting rights of the owner of usufruct are limited to questions relating to the appropriation of profits."

Double voting right (Article 12 of the Articles of Association)

"(...) shares that are fully paid up and which have been held in registered form in the name of the same shareholder for at least four years, carry a double voting right. This four-year period commences when the shares are recorded in registered form."

The double voting right was introduced by the Extraordinary General Meeting of May 26, 1997 (Resolution twelve).

The double voting right ceases to exist for any share converted to bearer form or on transfer, excluding transfers from one registered shareholder to another pursuant to inheritance or a gift to a qualifying family member (see applicable laws and regulations).

Appropriation and allocation of profits (Article 25 of the Articles of Association)

"The income statement summarizes income and expense items of the fiscal year. It presents, after deducting allowances for depreciation, amortization and provisions, the profit or loss of the fiscal year.

From this profit, less accumulated losses of previous fiscal years, when applicable, are deducted:

- at least 5% to be appropriated to the legal reserves. This obligation remains in force until the reserve amount equals one-tenth of the common stock and resumes when, for any reason, the reserve amount falls below this percentage;
- and all amounts appropriated to legal reserves.

"The balance, plus profits brought forward, constitutes the distributable earnings for the year. This amount is available to the General Meeting, pursuant to a proposal by the Board, for distribution in part or in full as dividends, allocation to all reserves, repayment of the capital or to be carried forward to retained earnings."

"The Annual General Meeting, called to approve the financial statements for the fiscal year, may grant shareholders the choice of receiving a dividend in the form of cash or shares for all or part of the dividend to be distributed."

"Reserves available to the General Meeting may be used on its decision for the payment of dividends. Such decision expressly indicates the reserve accounts from which the amounts are drawn."

Repurchase by the Company of its own shares

In light of regulations in force, in accordance with Article L. 225-209 of the French Commercial Code, and the Information Memorandum, the Annual General Meeting of February 9, 2017 granted the Board of Directors an authorization for a period of 18 months from the date of this Meeting to repurchase shares of the Company in accordance with the following terms and conditions:

These share buybacks may be carried out in accordance with the limits provided for by laws and regulations applicable at the time of said transactions and in accordance with the purposes and procedures set forth below:

The maximum number of shares purchased by the company under this authorization may not exceed 10% of its current share capital.

These shares may be acquired on one or more occasions and through any means for the following purposes:

- market-making or share liquidity services provided by an Investment Service Provider through a liquidity agreement in compliance with the conduct of business rules recognized by the French securities market regulator, the AMF;
- purchasing shares to be retained for future use for payment or exchange in connection with possible acquisitions;
- the cancellation of all or part of shares thus acquired;
- employee stock option plans (or other share grants to employees) or for debt securities convertible into shares.

These shares may be acquired, sold or transferred by any means, on or off market, including involving the use of any derivative financial instruments. The entire share repurchase program may be carried out through block trades.

The maximum purchase price may not exceed €160 per share, subject to adjustments linked to corporate actions that may be implemented. In a scenario involving the purchase of 5% of the shares, the maximum amount paid would be €54.3 million.

Shares thus purchased may be held, sold or transferred.

An authorization for the Company to buy back its shares is submitted for vote by the next General Meeting of February 07, 2018. Once approved by the shareholders, this authorization will cancel and supersede the authorization granted by the Ordinary General Meeting of February 9, 2017.

Identifiable bearer shares (Titres au porteur identifiable)

The Company may, in accordance with applicable laws and regulations (Article 263-1) of the Act of July 24, 1966) at its own expense and at any time, request the following information from the entity providing clearing services for its securities, the name, nationality, date of birth or year of incorporation and address of owners of securities that confer, immediately or in the future, voting rights in its shareholders meetings, along with the number of equity securities held by each, and, where applicable, any restrictions on said securities.

Disclosures on ownership thresholds (Article 10 of the Articles of Association)

"In addition to those thresholds provided for by applicable laws and regulations, any shareholder, a natural person or legal entity, who acquires a proportion of the share capital or voting rights equal to 2.5%, or whose holdings fall below or rise above this threshold or any multiple thereof, must notify the company of the total number of shares of voting rights possessed within 15 days after crossing this threshold by registered letter with acknowledgment of receipt."

"If the crossing of this threshold is not reported to the Company within fifteen days, the sanctions provided for by applicable laws and regulations will then apply", that is to say that, the failure to report crossing a threshold shall result in the loss of voting rights for the shares exceeding the percentage that should have been reported, for a period of two years after this disclosure obligation has been met.

6.2 General information regarding the share capital

Share capital (Article 6 of the Articles of Association)

"The share capital amounts to €16,969,750 divided into 6,787,900 shares all with a par value of €2.5.

The shares are all fully subscribed, paid up and allocated among the shareholders in proportion to their rights."

6.3 Other securities giving access to the share capital

None.

6.4 Information on pledges

To the best of our knowledge, none of the shares making up EXEL Industries' share capital are pledged.

6.5 Shareholders' agreement

There are no shareholders' agreements.

6.6 Dividends

Fiscal year	Dividend per share
2013/2014	€1.17
2014/2015	€1.07
2015/2016	€1.07

Dividend policy

Over the coming years, the company's policy is to pay dividends representing approximately one quarter of consolidated net income.

Limitation period

In accordance with the provisions of French Law, dividends not claimed within five years are time-barred and shall be paid over to the French State.

Changes in capital stock during the last five years

There have been no increases in share capital in the last five years and the amount of share capital thus remains unchanged at €16,969,750.

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Resolutions to be put to the vote at the Ordinary and Extraordinary General Meeting of February 7, 2018

Within the jurisdiction of the Extraordinary General Meeting

Resolution one

The Shareholders, after having reviewed the Report of the Board of Directors, authorize the Board of Directors (with an option of further delegation to the Chief Executive Officer or, with the latter's agreement, to one or more of the Deputy Chief Executive Officers) for a period of no more than 26 months from the date of this Extraordinary General Meeting, to increase the share capital by a maximum nominal amount of €80 million, through one or more tranches, in the proportions and at such times as it considers appropriate, **maintaining the preferential subscription rights and a priority subscription period for existing shareholders**.

If the Board of Directors makes use of this authorization, it may elect to undertake this capital increase, maintaining or splitting the share's nominal value, through:

- an issue of shares for cash;
- the capitalization of reserves, profits or share premiums;
- the exchange of securities;
- the grant of bonus shares;
- the exercise of stock subscription warrants.

If the capital is increased through the issue of shares for cash, the Board of Directors is specifically authorized to:

- introduce a provocative subscription right;
- limit the capital increase to the amount of subscriptions collected, if this reaches at least three-quarters of the increase decided upon;
- offer to the public, in whole or in part, any unsubscribed shares.

Full powers are granted to the Board of Directors to carry out the share capital increase(s) covered by this authorization, to decide their terms and conditions and, in particular, to set the issue price of the shares and determine their vesting date, with or without retroactive effect, set the subscription opening and closing periods, record the share capital increase and amend the Articles of Association accordingly; in general, the Board of Directors shall take all measures and complete all necessary formalities to complete the transaction.

Resolution two

The Shareholders, after having reviewed the Report of the Board of Directors, authorize the Board of Directors (with an option of further delegation to the Chief Executive Officer or, with the latter's agreement, to one or more of the Deputy Chief Executive Officers) for a period of no more than 26 months from the date of this Extraordinary General Meeting to:

- issue, **while maintaining preferential subscription rights and a priority subscription period for shareholders**, shares and securities of any category, compatible with applicable laws (including stock subscription warrants and bonds with stock subscription warrants attached, bond warrants, convertible bonds, etc.), it being understood that these issues may increase the share capital to a maximum nominal amount of €80 million;
- set the terms and conditions of the share issue and the subscription procedures;
- record the corresponding share capital increase;
- complete the formalities arising from the share capital increases that may be carried out, following the exercise or conversion into shares of the aforementioned securities, and amend the Articles of Association accordingly;
- and, generally, take all measures and complete all formalities required for the issue, the conversion and the service of these securities.

Resolution three

The Shareholders, after having reviewed the Report of the Board of Directors and the Special Report of the Statutory Auditors, and taking into account the provisions of Article L. 225-129 of the French Commercial Code, authorize the Board of Directors (with an option of further delegation to the Chief Executive Officer, or with the latter's agreement, to one or more Deputy Chief Executive Officers) to increase the share capital through one or more tranches, to record the share capital increase and to amend the Articles of Association accordingly.

This increase would be reserved for the Company's employees and carried out in accordance with the terms and conditions laid down by Articles L. 3332-18 to L. 3332-24 of the French Labor Code.

Resolution four

The Shareholders, after having reviewed the Report of the Board of Directors, agree to record in the Articles of Association provisions with regards to the Director representing employees and, consequently, agree to add the following provisions to Articles 13 and 15 of the Articles of Association as follows:

Article 13 - Composition of the Board of Directors

"The Board also includes, in accordance with Article L. 225-27-1 of the French Commercial Code, directors representing employees. The relevant rules are subject to current legal provisions and to these Articles of Association."

Article 15 - appointment - term of office - age-related replacement criteria

"15.1. Director appointed or ratified by the Meeting"

"15.2. Director representing employees

The Director(s) representing employees are appointed by the Group Works Committee.

The term of office of the Director representing employees is three years.

The duties of the Director representing employees' end at the conclusion of the Ordinary General Meeting called to approve the financial statements for the last fiscal year and which is held in the year during which the term of office of this Director expires."

Resolution five

The Shareholders grant all powers to the holder of an original, a short-form certificate or a copy of the minutes of this Meeting to carry out all formalities that may be required for the publication and filing of the Articles of Association thus amended.

Within the jurisdiction of the Ordinary General Meeting

Resolution one

The Shareholders, after having reviewed the different reports and documents and notably the "Registration Document - Annual report", the Chairman of the Board of Directors' report on organization, internal controls and risk management procedures as well as the Statutory Auditors' reports, approve these reports and the consolidated financial statements for the fiscal year ended September 30, 2017, as presented, as well as the operations reflected in these financial statements and summarized in these reports, and showing a net consolidated profit of €45,312,291.

Resolution two

The Shareholders approve the separate annual financial statements for the fiscal year ended September 30, 2017, as presented, as well as all operations reflected in these financial statements and summarized in these reports, and showing a net profit of €58,515,564.

Resolution three

The Shareholders decide that the net profit for the fiscal year of €58,515,564 shall be appropriated as follows:

- distribution of a total dividend of €10,724,882 of €1.58 per share[(1)], it being noted that the Legal Reserve is already fully funded;
- carry forward to retained earnings of the remaining profit of €47,790,682.

It will thereby increase the amount of retained earnings to €253,799,479.

Furthermore, the Board requests that the General Meeting approves the appropriation to the "Retained Earnings" account of the amount corresponding to dividends not paid on treasury shares held by EXEL Industries.

The Shareholders furthermore duly note that dividends paid for the last three fiscal years were as follows.

Fiscal year	Dividend per share
2013/2014	€1.17
2014/2015	€1.07
2015/2016	€1.07

Resolution four

The Shareholders, having noted that there are no regulated agreements governed by Articles L.225-38 et seq. of the French Commercial Code in fiscal year 2016/2017; approve the text of the Special Report of the Statutory Auditors.

Resolution five

The Shareholders on that basis fully discharge all directors from any liabilities with respect to the performance of their duties over the fiscal year.

Resolution six

The Shareholders set the total annual amount of directors' fees to be granted to members of the Board of Directors as €120,000 for the fiscal year ending September 30, 2018.

The Shareholders also approve the decision of the Board of Directors to distribute the attendance fees on a quarterly basis from the start of the fiscal year; subject to the amount of attendance fees granted remaining unchanged.

Resolution seven

The Shareholders, in accordance with the provisions of Article L.225-37-2 of the French Commercial Code, approve the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional elements comprising the total remuneration and benefits of any kind that may be awarded to the corporate officers for the 2017-2018 fiscal year, as set out in the Company's 2017 Registration Document in chapter 3 "Management Report", section 3.10 "Information on corporate officers".

Resolution eight

The Shareholders, after having reviewed the Board of Directors' report, authorize the Board, in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code and other applicable laws and regulations, to have the Company buy its own shares for a period of 18 months from the date of this Meeting.

These share buybacks may be carried out in accordance with the limits provided for by laws and regulations applicable at the time of said transactions and in accordance with the purposes and procedures set forth below.

The maximum number of shares purchased by the company under this authorization may not exceed 10% of its current share capital.

These shares may be acquired on one or more occasions and through any means for the following purposes:

- market-making or share liquidity services provided by an Investment Service Provider through a liquidity agreement in compliance with the conduct of business rules recognized by the French securities market regulator, the AMF;
- purchasing shares to be retained for future use for payment or exchange in connection with possible acquisitions;
- the cancellation of all or part of shares thus acquired;
- employee stock option plans (or other share grants to employees) or for debt securities convertible into shares.

These shares may be acquired, sold or transferred by any means, on or off market, including involving the use of any derivative financial instruments. The entire share repurchase program may be carried out through block trades.

The maximum purchase price may not exceed €220 per share, subject to adjustments linked to corporate actions that may be implemented. In a scenario involving the purchase of 5% of the shares, the maximum amount paid would be €74.7 million.

Shares thus purchased may be held, sold or transferred.

This authorization replaces the authorization granted by the Ordinary General Meeting held on February 9, 2017.

Resolution nine

The Shareholders, noting that the term of office of Marc Ballu is about to expire, decide, upon the proposal of the Board of Directors, to renew this term of office for the statutory period, i.e. expiring after the Annual General Meeting called to approve the 2023 financial statements.

Resolution ten

The Shareholders, noting that the term of office of independent director Marie-Claude Bernal, of French-American nationality, is about to expire, decide, upon the proposal of the Board of Directors, not to renew her term of office and to appoint as an independent director of the Company Pascale Auger, of French nationality, residing in Paris (75116), 42 avenue Georges Mandel for the statutory period, i.e. expiring after the Annual General Meeting called to approve the 2023 financial statements.

Resolution eleven

The Shareholders grant all powers to the holder of an original, a short-form certificate or a copy of the minutes of this Meeting to carry out all formalities that may be required.

Cross-reference table

The cross-reference table below refers to key headings for disclosures required by European Regulation No. 809/2004 applied in accordance with Directive 2003/71/EC (the "Prospectus Directive") of the European Parliament and Council of November 4, 2003, concerning.

The prospectuses to be published when securities are offered to the public or admitted to trading.

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