REGISTRATION DOCUMENT 2018

Including the Annual Report, Statement of Extra-Financial Performance and Annual Financial Report

Fiscal year from October 1, 2017 to September 30, 2018

AGRICULTURAL SPRAYING | SUGAR BEET HARVESTERS | GARDEN SPRAYING AND WATERING | INDUSTRIAL SPRAYING

Contents

Components of the Annual Financial Report are identified in this table of contents with the sign AFR

2018 REGISTRATION DOCUMENT

Including the Annual Report, Statement of Extra-Financial Performance and Annual Financial Report

Fiscal year from October 1, 2017 to September 30, 2018

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 17, 2019.

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, 2017 contained in the Registration Document filed with the AMF on January 19, 2018;
- 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.

Message from the Chief Executive Officer

How was this year for EXEL Industries group?

Our year-end revenue of €839.1 million was lower than last year. In addition to currency impacts, the Sugar Beet Harvesters and Agricultural Spraying activities saw declines in sales. Garden Spraying and Watering had a good year and Industrial Spraying was consistent with its strategy of promoting standard equipment and partnerships with integrators.

The reduction in sales from our agricultural businesses meant that our operating margin returned to the level of the 2015/2016 fiscal year, representing 7.4% of sales. However, we are maintaining our objective of sustainable and profitable growth and are taking the measures necessary to redress our margins.

In addition, after falling for two years, working capital requirement increased significantly. This temporary situation is principally due to delays in deliveries of agricultural machinery and our decision to secure the supply of key components. We will pay particular attention to reducing inventories and work-in-progress in 2018-2019.

In the current context where phytopharmaceutical products are being called into question, what future do you see for sprayers?

The main and continuing challenge for agriculture is to increase the worldwide agricultural production by 60% in order to feed 10 billion people by 2050. From the beginnings of agriculture, weeds, diseases and insects have attacked and destroyed crops. The methods used to control them must also meet new environmental standards and requirements. Our best response is to offer accurate and selective spraying. The technological development of our sprayers enables a reduction of up to 50% in the quantity of products that are sprayed. Prototypes with even better levels of performance are currently being tested. These concrete solutions are highlighted in the solutions contract put forward by the National Federation of Agricultural Operators' Unions (FNSEA). This should lead to farming that is more productive and environmentally friendly and encourage the renewal of the sprayer fleet.

" As a family company, we are committed to a long-term approach and our solid balance sheet allows us to pursue our strategy based on innovation and international development and to remain attentive to any opportunities for external growth. "

What are your main areas of innovation?

In addition to patented technical innovations, we are inventing new sales models that are complementary to traditional distribution methods such as direct sales or long-term equipment leasing. In this context, we won a bronze medal for the BERTHOUD Rent concept at the SIMA Innovation Awards.

Our innovation strategy also extends to the digital arena. In March 2018, EXEL Industries took a stake in DKE-Data, a consortium of 11 manufacturers of agricultural machinery that runs the agrirouter data exchange platform. Farmers use agrirouter to connect their machinery and farm operating software. We are working with several Agtech startups and recently took a further step by investing in these innovative firms through the Agrinnovation Fund managed by Demeter.

You announced the payment of an exceptional "solidarity bonus", could you tell us a little more about it?

This bonus follows on from comments made by the French President. On the initiative of the Ballu family, EXEL Industries' majority shareholder, and the Board of Directors, the Company will pay an exceptional solidarity bonus to its lowest paid employees as a measure to boost their spending power. It will be an amount of €1,000 for all French employees earning less than €27,000 gross annually. French employees earning between €27,000 and €36,000 gross annually will be awarded a bonus on a sliding scale with a minimum amount of €100. In France, 60% of EXEL Industries employees will receive the bonus.

As an international family group, and in the belief that solidarity goes beyond national borders, EXEL Industries will extend the bonus to its international employees in accordance with local rules.

What is your forecast for EXEL Industries in the coming year?

We anticipate that 2018/2019 will be a better year than this one with strong growth in North America both in our agricultural and industrial markets.

In terms of agricultural machinery, sprayer sales are going through a period of uncertainty but are also part of the answer to reducing the use of pesticides. Prospects in North America are good. We are also opening a subsidiary in Canada. The trade war between China and the USA could lead to China investing more in agricultural equipment to improve its self-sufficiency in soybeans and other foodstuffs. In France, fruit and grape harvests were exceptional this year, indicating a promising year ahead in this area.

Sugar Beet Harvesters continues to be affected by the low price of sugar, but the prospects for growth remain attractive in Russia, Eastern Europe, China and the USA. The development of the Terra Variant, an in-field logistical transport machine, is accelerating and is promising.

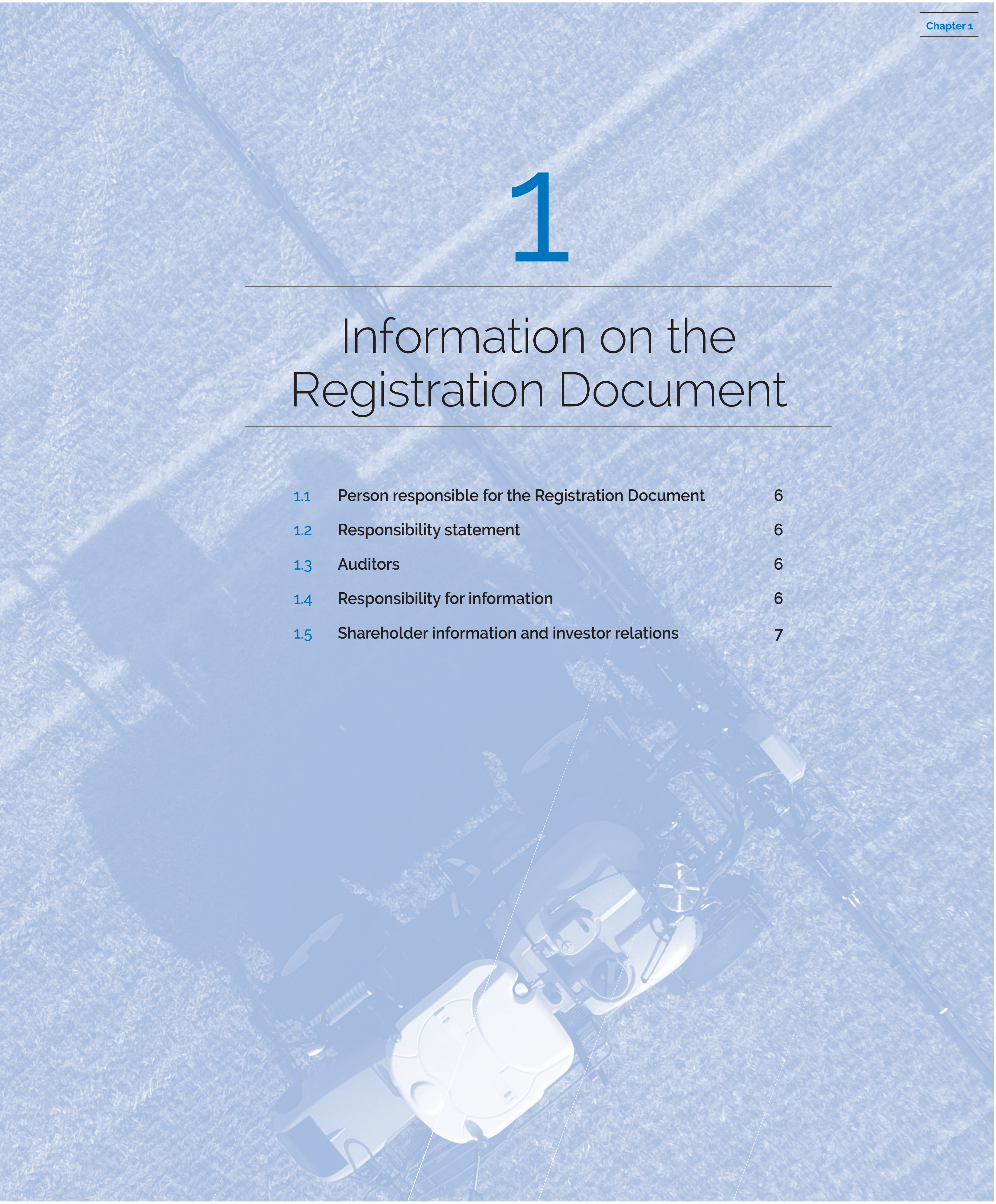
With regard to Garden Spraying and Watering, we have improved our positions in key markets such as the United Kingdom, France, Russia and Poland with the aim of going from being the leading player in Britain to being the leader in Europe in its widest sense.

As for Industrial Spraying, our strategy of developing standard sales products and partnerships with integrators is bearing fruit. Asia had an excellent year and initiatives have been launched to reinvigorate our sales in the USA.

As a family company, we are committed to a long-term approach and our solid balance sheet allows us to pursue our strategy based on innovation and international development and to remain attentive to any opportunities for external growth.

Guerric BALLU

Chief Executive Officer, EXEL Industries group



1

Information on the Registration Document

1.1 Person responsible for the Registration Document

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 101-104 for the fiscal year ended September 30, 2018 and on page 1, which is included for reference purposes, for the fiscal year ended September 30, 2017.

January 15, 2019

Guerric BALLU

CEO

1.3 Auditors

Statutory Auditors

The financial statements for the 2017/2018 fiscal year were approved by:

- **SA DELOITTE & Associés**

  Appointment date: January 21, 2015

  End of appointment: appointment expires on the date of the Annual Ordinary General Meeting called to approve the financial statements for the fiscal year ended in 2020.

- **SA MAZARS**

  Appointment date: January 21, 2015

  End of appointment: appointment expires on the date of the Annual Ordinary General Meeting called to approve the financial statements for the fiscal year ended in 2020.

Alternate Auditors

- **SAS BEAS**

  Appointment date: January 21, 2015

  End of appointment: appointment expires on the date of the Annual Ordinary General Meeting called to approve the financial statements for the fiscal year ended in 2020.

- **Mr. Alain Chavance**

  Appointment date: January 21, 2015

  End of appointment: appointment expires on the date of the Annual Ordinary General Meeting called to approve the financial statements for the fiscal year ended in 2020.

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
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 analysts and investors;
- visits to our manufacturing sites;
- a website with a section dedicated to financial and legal communications.

In addition, 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 "Media Library" 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 2017/2018 publications

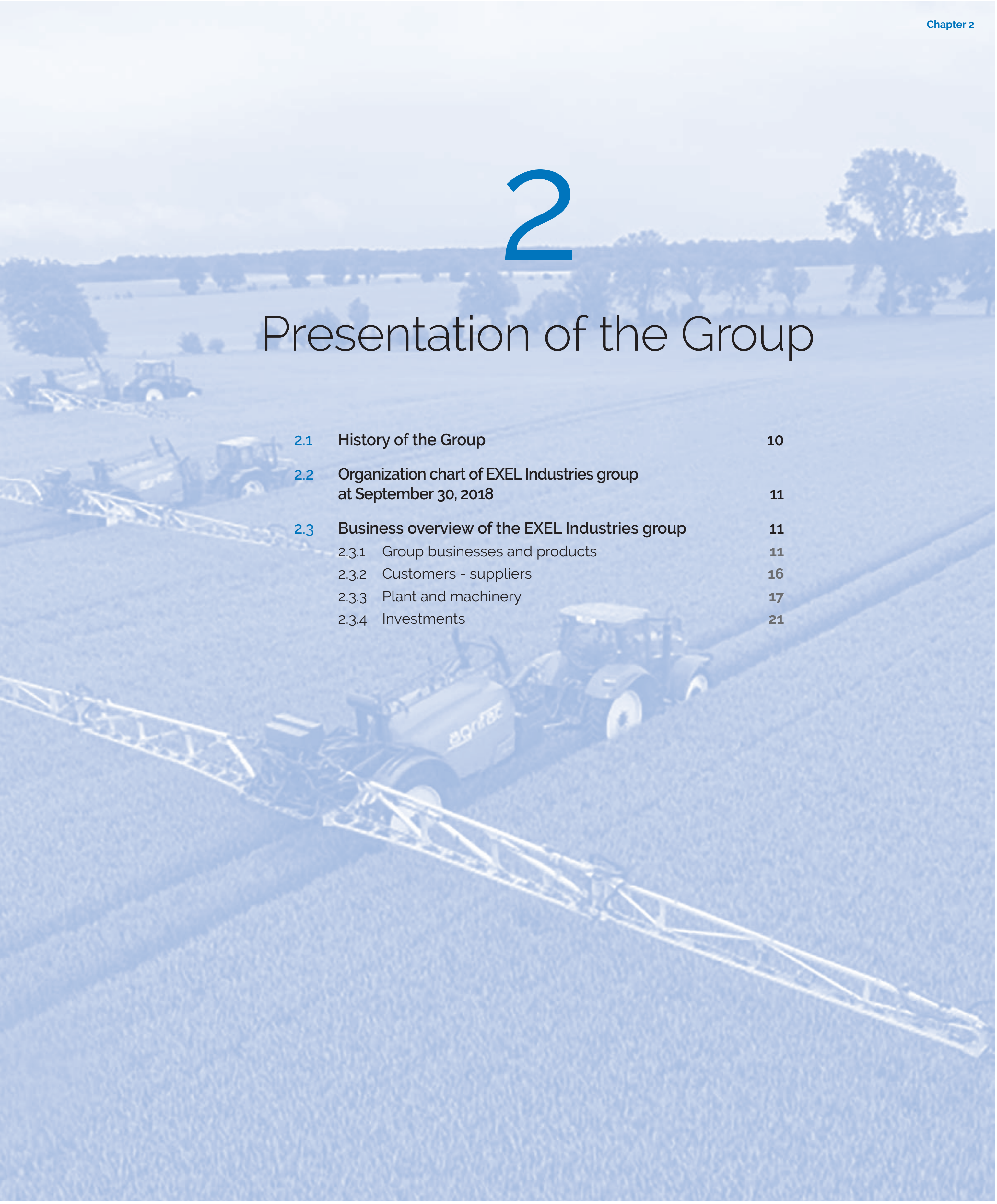
January 23, 2018	First-quarter sales
February 7, 2018	Annual General Meeting
April 19, 2018	Second-quarter sales
May 31, 2018	First-half results
July 19, 2018	Third-quarter sales
October 25, 2018	Fourth-quarter sales
December 18, 2018	Full-year results

1.5.4 Schedule of 2019 communications

January 24, 2019	First-quarter sales
February 7, 2019	Annual General Meeting
April 25, 2019	Second-quarter sales
June 4, 2019	First-half results
July 25, 2019	Third-quarter sales
October 29, 2019	Fourth-quarter sales
December 19, 2019	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, the father of Patrick BALLU and grandfather of Guerric BALLU, the current CEO, invents, develops and builds the prototype of the first "high-clearance tractor" for use in the vineyards of the famous Champagne producer Moët et Chandon. In 1947, this achievement won him first prize from the *Association Viticole Champenoise* and marked the beginning of automation for wine growing in Champagne and subsequently all narrow vineyards.

1952

Vincent BALLU founds the family company TECNOMA, to sell the high-clearance tractors.

1953

TECNOMA becomes a local dealer for VERMOREL spraying equipment.

1960

TECNOMA takes over manufacturing of its new synthetic resin sprayers.

1966

Acquisition of former market leader VERMOREL, Ulysse Fabre and Lachazette.

1967

First export award.

1975

Launch of the first garden spraying equipment made with synthetic resin injection.

1980

Death of the company's founder: Vincent BALLU.
Patrick BALLU takes the helm from his father, the Company generates close to €12 million in sales.

1986

The family company acquires agricultural spraying companies CARUELLE, near Orléans, and NICOLAS, in Agen.

1987

Acquisition of BERTHOUD, the leading manufacturer of farm and garden sprayers in France, with its subsidiaries SEGUIP, THOMAS and PERRAS.
The family company is renamed EXEL and becomes a multi-brand group in agricultural and consumer spraying.

1989

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

1990

Acquisition of PRÉCICULTURE, the French leader in agricultural self-propelled sprayers and high-clearance tractors.

1993

The Group's legal structure is simplified and it is renamed EXEL Industries, owning the trademarks and patents.

1996

After having established positions in the agriculture and consumer segments, the EXEL Industries group diversifies into the industrial market with the acquisition of KREMLIN, the international paint spraying company.

1997

EXEL Industries lists on the Paris stock exchange with sales of €150 million at the time, of which 75% earned in France and 25% abroad.

2000

Acquisition of FISCHER and REXSON.

2001

Acquisition of SAMES, a leading maker of electrostatic industrial spraying equipment, and MATROT, the leading French manufacturer of self-propelled sprayers and sugar beet harvesters.

2003

Merger of KREMLIN and REXSON.
Acquisition of HERRIAU (sugar beet harvesters).

2006

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

2007

Acquisition of the Danish group HARDI, a worldwide manufacturer of agricultural sprayers.
Acquisition of MOREAU, the French leader in sugar beet harvesters.

2011

In April, Patrick BALLU passes the baton to his son, Guerric BALLU, who takes over as CEO of the EXEL Industries group with sales of €384 million at the close of that fiscal year, of which 50% was earned in France, and 50% abroad.

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, technical 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.
EXEL Industries now has four businesses: Agricultural Spraying, Sugar Beet Harvester, Garden Spraying and Watering and Industrial Spraying.
Merger of all sugar beet harvester brands under the HOLMER brand.

2016

Acquisition of the ET Works group, a US company specialized in self-propelled agricultural sprayers.
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 HARDI EVRARD to form Groupe HARDI France.
EXEL Industries sees sales of €874 million, of which 20% in France and 80% abroad.

2.2 Organization chart of EXEL Industries group at September 30, 2018

2.3 Business overview of the EXEL Industries group

The Group has **four businesses:**

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 sugar beet harvester markets.

In 2018, the Group had sales of €839.1 million and devoted almost 3% of its sales to research and development. EXEL Industries employs 3,530 permanent employees spread over 27 countries and 22 production sites.

2.3.1.1 Agricultural Spraying

Sales: €364.4 million, or 43.4% of total Group sales

Number of employees: 1,842 (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 is 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. The EN ISO 16119 standard specifies other specifications;
- 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.; in-service inspection of sprayers is explained in the EN ISO 16122 standard. Each EU Member State has developed a National Action Plan which form the basis for a number of national regulations, as the French regulations demonstrate;
- 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, 2006, that has imposed a requirement for regular technical inspections (every five years) of all sprayers, mandatory since January 1, 2009;
- the Water Framework directive (2000/60/EC) has also had some impact by improving accuracy in order to reduce drift;
- 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;
- EU road transport approval requirements and the new brake regulation are also imposing an increased workload on all design departments. EU Regulation No. 167/2013 of the European Parliament and of the Council of February 5, 2013 on the approval and market surveillance of agricultural and forestry vehicles.

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 ten 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 €37.8 million in the fiscal year, compared with €42.1 million in the previous fiscal year.

BERTHOUD Agricole, a company located in Belleville-sur-Saône in the Rhône 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 €54.7 million in the fiscal year, compared with €49.9 million 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 €7.6 million in the fiscal year, compared with €9.4 million 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 Groupe HARDI France and HARDI Service in France, as well as six 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 €133.2 million in the fiscal year, compared with €138.0 million 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.

As in the previous fiscal year, the company had sales of €38.0 million.

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 €2.0 million in the fiscal year, compared with €3.4 million 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 €3.5 million in the fiscal year, compared with €2.6 million 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 €7.3 million in the fiscal year, compared with €9.0 million 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 2017/2018 fiscal year, amounted to €71.1 million compared with €80.2 million 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 2017/2018 fiscal year amounted to €73.1 million compared with €78.4 million.

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;
- CASE (United States) tractor manufacturer which is aiming to build a full line of products;
- Jacto (Brazil) for large-scale crops, vineyards and orchards;
- Amazone (Germany) for large-scale crops;
- Horch (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

Sales: €154.6 million, or 18.4% of total Group sales

Number of employees: 399 (permanent contracts)

Production sites: 1

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

Sugar beet harvesters

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, a self-propelled harvester attached to a tractor, 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 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 €1.4 million in the fiscal year, compared with €0.9 million 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 2017/2018 fiscal year, amounted to €145.0 million in the fiscal year compared with €159.8 million 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: €118.5 million, or 14.1% of total Group sales

Number of employees: 395 (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 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 non-buried watering category: hoses, reels, connectors and fittings, sprinklers, timers and micro-irrigation.

In this highly weather dependent world, the flagship products are freestanding and wheeled hose reels and hoses, where HOZELOCK offers leading products such as Auto Reel, an automatic rewinding reel, the Super TRICOFLEX premium hoses, and the SuperhoZe extending hose launched in 2017.

HOZELOCK 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 manufactures 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, technical hoses and aquatics. The group has five subsidiaries in Europe and around the world.

HOZELOCK group's sales for the 2017/2018 fiscal year amounted to €89.2 million, compared to €76.2 million the previous fiscal 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 €41.5 million in the fiscal year, compared with €38.7 million in the previous fiscal year.

Main competitors

EXEL Industries group's main competitors in the watering market are:

- Gardena (Germany and Europe);
- Cellfast (Poland and Eastern Europe);
- Claber (Italy and Southern Europe);
- Fitt (Italy and Europe);
- Dealer brands (various countries);

with regards to plant protection:

- Matabi (Spain);
- Gloria, Mesto, Solo (Germany);
- Dealer brands (various countries).

2.3.1.4 Industrial Spraying

Sales: €201.6 million, or 24.0% of total Group sales

Number of employees: 881

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: bonding, protection, and finishes.

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

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, technical 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 €167.6 million in the fiscal year, compared with €175.8 million the previous year, of which €151.1 million, or 90%, 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 8.9% of its workforce is involved in R&D.

It has six product ranges involving specific techniques:

- **AIRSPRAY**: 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 application performance with a high quality finish;
- **ELECTROSTATISTIQUE** : 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;
- **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;
- **REXSON Dispense**: 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;
- Carlisle Finishing (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 technical hoses

TRICOFLEX, a company based in Vitry Le François in the Marne department, specializes in the manufacture of technical 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 2017/2018 fiscal year amounted to €48.1 million compared with €47.0 million in the previous fiscal 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.

2.3.2.2 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.

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.

2.3.2.3 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 (pure players or sites affiliated to our specialized dealers). The Group enjoys excellent relations with major national and international groups, as well as a network of independent distributors.

Through its HOZELOCK, BERTHOUD, TECNOMA, 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 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.

2.3.2.4 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.

This enables it to fund research and innovation.

The products are marketed through two main channels namely, distribution and direct sales to major accounts.

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 counter sales and 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.

2.3.2.5 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).

2.3.3 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)]	Land area (m²)	of which useful area of buildings (m²)	Activity
AGRIFAC Machinery BV	Eesveesenweg 15-17, 8332 JA Steenwijk – Netherlands [(3)]	40,510	23,368	Production Offices
AGRIFAC Australia	1/45 Howson Way, Bibra Lake		503	Production Offices
	24 Duke Street, Jondaryan, QLD 4403 – Australia [(2)]	4,000	480	Production Offices
AGRIFAC UK Ltd	1 Martin Avenue, March, Cambridgeshire PE15 OAY – UK [(1)]	3,966	625	Production
	Thorby Avenue, March, Cambridgeshire PE15OAY – UK [(2)]	4,200	1,444	Production Offices
BERTHOUD Agricole SAS	1, rue de l'Industrie, 69220 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)]	2,860	1,860	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	31,124	10,600	Production Offices
	455 Merriman Rd. Mooresville, IN 46158 (1) – USA	441,108	6,832	Offices Warehouse
Ohio Valley Ag	2730 West 2nd St. Owensboro, KY 42304 [(1) and (2)] – USA	20,457	2,978	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
	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 Paul, 51200 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

Group companies	Site address [1], [2] and [3]	Land area (m²)	of which useful area of buildings (m²)	Activity
	Production sites (worldwide)			
GROUPE HARDI France SAS	43, rue Cuivre, 77542 Savigny-le-Temple [1]	13,827	5,182	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
HARDI SERVICE SAS	43, rue Cuivre, 77542 Savigny-le-Temple [2]	Same site as Groupe HARDI France	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 SA	Poligono Industrial "El Segre", 25080 LLEIDA – Spain [2]	13,182	6,007	Production Offices
HARDI North America Inc.	1500 W 76th Street, DAVENPORT – USA [1]	80,937	11,096	Production Offices
HOLMER Maschinenbau Gmbh	Regensburger Straße 20 – 84069 Schierling / Eggmühl – Germany [2]	54,275	10,594	Production Offices Warehouse
	Regensburger Straße 4 – 84069 Schierling / Eggmühl – Germany (2)	5,522	526	Warehouse
	Am Birlbaum – 84069 Schierling – Germany	7,156	5,429	Warehouse
	Zaitzkofener Straße 5 – 93101 Rogging / Pfakofen – Germany [2]	140,000	10,548	Production Offices Warehouse
	Lange Straße 48 – 3 9387 Oschersleben – Germany [1]	9,297	1,801	Production Offices
	An der alten Muhle 8, 38327 / Semmenstedt – Germany	1,116	711	Warehouse
HOLMER Exxact SAS	Rue Pasteur, 59159 Noyelles s/Escaut [3]	44,130	14,241	Production Offices Warehouse
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	2,000	1,204	Production Offices Warehouse
HOLMER CZ s.r.o.	Kldska 1187 /Hradec Kralove 50003 – Czech Republic [2]	780	246	Offices Warehouse
HOLMER Ukraine	Ul. Jablunska 144 – 08292 – Ukraine [2]	1,042	892	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 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

	Production sites (worldwide)			
Group companies	Site address (1), (2) and (3)	Land area (m²)	of which useful area of buildings (m²)	Activity
SAMES KREMLIN SAS	150, av. de Stalingrad, 93240 Stains (1)	37,140	13,081	Production Offices Warehouse
	13, chemin de Malacher, 38240 Meylan (1)	28,245	13,266	Production Offices Warehouse
API SCM SAS	29, av. Asthon Under Lyne, 52000 Chaumont (3)	69,086	3,500	Production Offices Warehouse
SAMES KREMLIN SA	Avnd Juan B. Justo 6021 C 1416 DLB C.A.B.A. – Argentina (2)	207	207	Offices Warehouse
SAMES KREMLIN GMBH	Moselstraße, 19 (41464) Neuss – Germany (2)	1,800	1,748	Offices Warehouse
SAMES KREMLIN EPE LTDA	R. Alfredo Mario Pizzoti, 41 -CEP:02060-040 V.Guilherme -SP/SP – Brazil (2)	1,467	908	Offices Warehouse
SAMES KREMLIN SA	Botanica, 49 – 08908 L'Hospitalet de Llobregat – Barcelona – Spain (1)	2,177.20	1,200	Offices Warehouse
SAMES KREMLIN SRL	Via Rivoltana, 35 20096 Pioltello (Mi) – Italy (2)	-	835	Offices Warehouse
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 – Warszawa – Poland (2)	2,000	800	Offices Warehouse
SAMES KREMLIN, UNIPESSOAL LDA	Rua da silveira, 554 – Touria – 2410-269, Pousos LRA – Portugal (2)	391	237	Offices Warehouse
SAMES KREMLIN INC.	45001, Five Mile Road - MI 48170 Plymouth (3)	20,234	4,830	Production Offices Warehouse
SAMES KREMLIN CO., LTD	Building No. 9, No. 3802 Shengang Road, Songjiang District, Shanghai China, 201611 – China (2)	2,547	2,407	Production Offices Warehouse
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 Warehouse
SAMES KREMLIN LLC	ul. Rodionova, 134, liter K, Nizhniy Novgorod – Nizhegorodskaya oblast', 603093 – Russia (2)		648	Offices Warehouse
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 (1)	34,068	18,296	Production Offices Warehouse
TRICOFLEX SAS	17 avenue Jean Juif 51300 Vitry-le-Francois (1)	69,074	24,940	Production 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.*

2.3.4 Investments

2.3.4.1 Summary of capital investments over recent fiscal years

(in € millions)	2013	2014	2015	2016	2017	2018
Capital expenditures for property, plant and equipment and intangible assets	9.0	50.1	13.0	28.5	20.9	19.0
Non-current financial assets	0.1	0.0	0.0	0.0	0.0	0.3

2.3.4.2 Main capital expenditures

In the last fiscal year, Group capital expenditures amounted to €19.3 million. The main capital expenditures included:

- construction and fixtures and fittings in recently erected buildings at HOLMER and AGRIFAC;
- purchase of industrial tooling and facilities, particularly at HOZELOCK, HOLMER, SAMES KREMLIN, AGRIFAC, TRICOFLEX and HARDI;
- the Group took a stake in the Agrinnovation fund and became a member of the Agrirouter consortium.

3

Management report

3.1 Annual highlights

Sales in fiscal year 2017/2018 were €839.1 million, down -1.7% at constant foreign exchange rates and -4% at actual foreign exchange rates. The change in exchange rates over the period, particularly the USD and AUD, had a negative impact of -€20.5 million on sales.

Agricultural Spraying finished the year at -1.5% at constant foreign exchange rates and -4.3% at actual foreign exchange rates. The pace of contraction in France has slowed, and the USA has shown strong growth since the second half-year. The Sugar Beet Harvesting activity enjoyed good sales, though off by -12% from 2016/2017, which was an exceptional year. Garden Spraying and Watering showed growth of 9%, bolstered by gains in market share, the development of new products and unusually favorable weather. Sales in Industrial Spraying were stable at constant foreign exchange rates and off -3.2% at actual foreign exchange rates. In keeping with our strategy of focusing on our most profitable business activity and of increasing market share, sales of standard equipment grew nearly 10% at constant rates, which offset the drop in direct sales of projects.

Because of the favorable product mix in Industrial Spraying, the Group's margin on the direct costs widened somewhat.

Stringent management enabled us to maintain fixed costs at the same level as last year and to offset wage inflation.

Significant trade receivable risks, one in the USA and the other in France, led to provision expense and reduced EBIT by €1.4 million.

Current EBIT fell by 11% and went from 7.9% on sales to 7.4% due to this non-recurring item, as well as to the volume effect of lower sales revenue.

WCR grew by €43 million due to increased inventories, due in turn to:

- forward purchases of certain strategic components;
- cancellations or postponements of beet harvester orders.

Net financial debt (NFD) at the end of September 2018 came to €84.5 million, up €23.2 million. Gearing (net financial debt/shareholders' equity) falls from 18.4% to 23.4%.

3.2 Events after the reporting period and outlook

Events after the reporting period

There were no significant events after the reporting period.

Profit forecasts or estimates

In the farming machinery sector, sales of sprayers are going through an uncertain time. Despite wheat prices up at about €200 per ton, farmers are putting off their sprayer purchases due to doubts about the political decisions that are coming in response to ecological and environmental pressures felt in France and across Europe. The outlook in North America is a good one, and we are opening a subsidiary in Canada. The trade war between China and the USA might cause the Chinese to invest more in farm equipment to improve its self-sufficiency in soy beans and other foodstuffs. In France, the orchard and vineyard harvests were extraordinary this year, foretelling a good year in this sector.

Given the low sugar price being maintained, sales of sugar beet harvesters should have declined, though partly offset by sales growth with the Terra Variant, an in-field logistical transport machine which has made a promising start.

Garden Spraying and Watering turned in an outstanding year. We strengthened our positions in our key countries (England, France, Russia and Poland) with the objective of turning our leadership in Great Britain into broader leadership in Europe. Growth in Garden Spraying and Watering will continue to be leveraged by developing the distribution network and new geographic markets.

In Industrial Spraying, our strategy of developing sales of standard equipment and partnering with integrators for projects is paying off. Asia turned in an excellent year, and steps have been taken to boost sales in the USA.

We are anticipating 2018/2019 to be better than this year, especially with nice growth in North America. As a family business, we favor the long view; and the strength of our balance sheet allows us to pursue our strategy based on innovation and international expansion and to remain alert to any opportunity for external 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 industrial 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 2017/2018 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 CGU

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;
- DynamicDosePlus: In this concept, a drone flies over and scans the plot to map the land. Point by point, the map gives the dosage to apply, from 0 to 100% of the maximum dose. In this innovative system, the plants receive the right dose for their growth stage.

Input costs are reduced – by up to 5% for some herbicides – while yields are increased.

This culture of innovation also contributes to regular launches of new product lines. In the past three years, 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;
- the Bruin HS 1100 and HS 700: this is the outcome of French-American technical cooperation of ET Works, BERTHOUD and PRECICULTURE. The Bruin self-propelled sprayer features four-wheel drive and ground clearance of up to 1.8 m;
- Précijet: with a view to making its application still more precise, TECNOMA now offers continuous circulation and a very precise wine-growing pack. In addition, for environmental reasons TECNOMA now offers with its EVO range the first high-clearance tractors that meet the latest Final Tier 4 anti-pollution standards;
- 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:

- SmartTurn: The HOLMER Terras Dos T4 sugar beet harvester turns automatically at the end of the field and realigns with the next rows;
- EasyLift: A system to lift the sugar beet using measures of the position of the top of the beet relative to soil depth and type;
- EasyHelp provides immediate diagnostics on operation, and optimizes spare parts supplies;
- DynaFill: a 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 connected sprinkling programmers.

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: Cloud Controller;
  - 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 CGU

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 include **Airspray**, **Airless**, **Airmix**®, and **electrostatic** spraying technologies;
- the range also includes an extensive range of pumps, each with its technical features;
- products for paint guns allowing problem-free use of latest-generation paints developed for industrial markets worldwide:
  - **REXSON Dispense**: 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 precision spraying, innovation is at the heart of its corporate strategy, with:

The new FPRO Airspray guns

This spray gun carries two patents specifically for atomizing paint. A "Restrictor" which will attenuate the flow of paint and a "Vortex" which will turn it so as to homogenize the matter inside the paint. These two patents make the SAMES KREMLIN FPRO the new standard in pneumatic applications.

The new TRICOFLEX paint hoses

TRICOFLEX has developed hoses specifically for paint applications for air and the fluids produced, to go on the manual SAMES KREMLIN devices.

They provide a degree of flexibility unheard of on the products now on the market.

The combination of the existing SAMES KREMLIN product lines with these new TRICOFLEX hoses has created a high value-added product mix that is quite innovative from the user's viewpoint.

In 2018 SAMES KREMLIN launched its FPro, Nanogun and XCite product lines in improved "FLEX" versions, giving them the best ergonomics on the market and repositioning it as the leader in manual painting tools.

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 1,400 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 industrial 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 Statement of Extra-Financial Performance

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 CSR Governance 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.

Ordinance No. 2017-1180 and its accompanying decree No. 2017-1265 determine our new extra-financial reporting system. They lay out the scope of the new statement of extra-financial performance, which now replaces the CSR report.

The Group's CSR governance is as follows: The Chief Executive Officer of EXEL Industries group has given CSR oversight to the Director of Human Resources, along with the CFO and the Chief Legal Officer for the portions that concern them. The business model, its extra-financial risks and all plans for implementing and monitoring them are defined and driven by the CEO and submitted to the Board of Directors for approval.

This document was 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 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 staffs were very involved.

The data are tested for consistency, before being globally consolidated at the Group level and audited by the Statutory Auditors.

General trends in terms of qualitative data were identified last year and during prior years. 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.

A key event this year was the merger of MATROT into HARDI EVRARD, with the new company known henceforth as the Groupe HARDI France. The latter is a French subsidiary of the HARDI Group. TRICOFLEX closed down all of its foreign subsidiaries.

These changes were reflected in the quantitative indicators.

3.4.2 Our Business Model

To begin with it should be mentioned that the major markets by geography and customer type, the competitive position, the place within the sector, the products and services and means of production are all given in Chapter 2 of this Registration Document.

The EXEL Industries group is a **federation of dynamic companies**.

Its principal **line of business** is spraying equipment for agriculture and industry. The Group also competes in the consumer watering products market and in sugar beet harvesters.

The Group is divided into **four business activities** in the following defined order:

- **Agricultural Spraying**

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. EXEL Industries is a company committed to helping farmers combats the three major scourges in agriculture: Plant diseases (viruses and fungi), attacking insects and invasive weeds.

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. The increasingly precise machines developed by EXEL Industries have led to fewer and smaller applications,

- **Sugar Beet Harvesting**

The **Sugar Beet Harvesting** activity is carried out by HOLMER, the global leader in beet harvesters. This division develops, manufactures and markets three product lines:

  - a full line of sugar beet harvesters,
  - cleaner-loaders for cleaning and loading beets before transport to the sugar refinery,
  - medium- and high-capacity carriers used for field logistics.

- **Garden Spraying and Watering**

EXEL Industries, through its many brands, is one of the market leaders in the watering and protection of plants. It offers high-quality, innovative products that provide effective solutions to satisfy both home gardeners and semi-professionals.

  - **Watering tools** are used to irrigate the garden, flowers, vegetables and other plants, including in pots.
  - **Garden sprayers** make it possible to treat plants with fertilizer and protect them against weeds and other pests.

- **Industrial Spraying**

The Group's Industrial Spraying activity comprises the following subsidiaries: SAMES KREMLIN and TRICOFLEX. Through its products EXEL Industries provides its customers with a full set of solutions and services in the areas of protection, material finishing and lubrication. The variety of our solutions enables us to operate over an extremely broad scope in a great many industrial markets. The products developed by the subsidiaries of EXEL Industries make it possible to have higher rates of transfer in painting, to avoid waste and to cause less pollution.

Key figures

	Sales *(in € millions)*	Permanent employees as of 09/30/2018	Production sites
Agricultural Spraying	364.4	1,842	14
Sugar Beet Harvesters	154.6	399	1
Garden Spraying and Watering	118.5	395	2
Industrial Spraying	201.6	881	5

Strategic thrusts of our development

The Group's strategic thrusts have been set by the Chief Executive Officer:

- Internationalization

Since its founding the Group has experienced considerable growth. The acquisitions of the past 10 years were all made outside of France.

Internationalization is one of the major orientations of the Group.

Our focus on international expansion has resulted in market share gains and acquisitions, the opening of new subsidiaries in growth markets, higher professional standards in our local teams and the launch of products specifically adapted to each market.

- Innovation

EXEL Industries' position of leadership was earned through innovation.

The growth of the Group has always been driven by a strategy of constant innovation, to offer customers unique, effective, competitive products that are simple to use.

Innovation is everywhere. It is found, of course, in our design and engineering departments with their wide range of professional expertise. It is also found in our skills in assembly and modularity.

Our cross-divisional processes are also shot through with innovation: supply chain, organization, customer service and support staff all geared towards meeting customer needs.

Our innovation is multi-faceted, as likely to be spontaneous as planned out, and increasingly open-ended as the future brings in digital technology and big data.

- Profitable and sustainable growth

Our goal is to ensure the long-term development of the Group. We are not looking for high short-term returns that might entail excessive risk; rather, we focus on sustainable, profitable growth for the long term.

We adhere to strict limitations on risk, equity and liquidity. A rigorous risk management system gives us that sustainability and enables us to concentrate on genuine cost savings.

EXEL Industries is a family Group with very little debt, and this allows it to weather crises, relying on its four-division model. Its continuing profitability enables it to make long-term investments.

Non-financial resources of the Group

EXEL Industries' origin as a family Group firmly ties it to human values.

Human capital is treated with the utmost care. The subsidiaries operate as SMEs with a CEO who runs each business with its own Management Committee and its own Human Resources staff, who provide company operations with a vision of employee relations and human resources development.

The Group's three development thrusts mentioned in the previous paragraph are aligned with its 8 values, which are:

- Customer Care;
- Love of product, Innovation;
- Excellence, Professionalism;
- Trust initiative;
- Openness/Transparency;
- Team spirit;
- Pride of belonging;
- Acting responsibly.

The centralized management tools developed and proven over many years in the training of all new Group managers, in tracking skills and in internal communications through the circulation and sharing of successes by individuals in our companies are important pillars of the Group.

Because of its respect for cultures and individuals, EXEL Industries is very able to consolidate its acquisitions and make them profitable.

- Intellectual capital

Paragraph 3.3.1 of the Registration Document spells out the importance of intellectual capital.

Through its policies as to patents, its R&D expenditure, its collaboration with universities and engineering schools, and through its partnerships with start-ups, individual entrepreneurs and incubators, EXEL Industries has prized its image as an innovative group.

3.4.3 Our extra-financial risks

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).

As regards extra-financial risks, EXEL Industries has therefore made a study of these in the following areas:

3.4.3.1 Employment and Society

The risks identified in this area involve several elements:

In an environment of scarcity of human resources and hyper-competition among workplaces, **Human Capital** represents a key resource for EXEL Industries group. Accordingly, the Group strives to attract tomorrow's talents to assist in its development and allow its current employees to have a work environment well suited to the effectiveness of its organizations and teams through training programs, to feel at home and respected in that environment, and to give jobs to as many as possible, never losing sight of diversity in all its aspects.

In particular, the main risks identified are:

- **attractiveness**: our companies, all in the manufacturing sector and of intermediate size, face the major challenge of making candidates wish to come here to work.

  Developing apprenticeships, close relationships with schools, ties to associations, and seeking out people with various, varied and unusual backgrounds are responses made to this risk;
- **maintenance and development of skills**: multiple, varied efforts must be made to help employees after they have joined our companies. In-house and outsourced training, throughout one's career, is one of the Group's considered responses;
- **workplace health and safety**: wellbeing at work, control of absenteeism and workplace accidents constitute major challenges for our Group and its companies.

3.4.3.2 Environment

The main environmental areas where our activities run risks are identified as:

Ground and air pollution

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. EXEL Industries is a company committed to helping farmers combats the three major scourges in agriculture: Plant diseases (viruses and fungi), attacking insects and invasive weeds.

Since its businesses involve spraying, EXEL Industries has for many years dealt with the risks related to 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 made to combat these diseases. 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 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.

Our Consumer activity, in its spraying aspect, is also affected by issues of this type.

Industrial spraying is constantly striving for greater effectiveness in its innovations and for improved transfer rates (the fraction of paint actually applied to the target).

Respect for biodiversity and limitations on soil compaction

Farming that respects the environment will preserve the soil; *i.e.*, it will respect biodiversity and limitations on soil compaction. EXEL Industries designs light machines, uses new pneumatic technologies to reduce pressure on the ground, and offers innovative solutions such as rear wheels on the machines that do not compact the soil in the tracks made by the front wheels.

Climate change and the sustainable use of resources

To deal with the challenge of climate change, the Group has undertaken a number of measures to minimize its carbon footprint and will continue its strategy of reducing its greenhouse gas emissions.

But more than that, EXEL Industries sells and employs products that enable its customers to minimize their carbon footprint.

3.4.3.3 Anti-corruption

The risk related to anti-corruption is something to which the Group has been committed for many years.

Given the Group's international reach, EXEL Industries is actively watchful and has adopted very real measures to combat corruption.

3.4.3.4 Human Rights

Our Group is committed to the privacy and rights of individuals whose data are processed by our information systems.

EXEL Industries group, in its outside dealings, respects the value chain of its suppliers and subcontractors.

3.4.3.5 Tax evasion

Our Group has always had a reasonable tax policy with the aim of guaranteeing the interests of the shareholders while preserving relationships of trust with the countries where it is located. The financial staff of EXEL Industries, both centrally and locally and with the support of tax advisors, is committed to respecting its national and international tax obligations. Through transfer pricing, the Group takes special care so that the profit of companies is located where the added value was generated, without regard to tax optimization. An analysis of profits broken down by country is presented to the Audit Committee.

Technical departures, however, may show up during audits, which may lead to tax disputes, particularly due to uncertainties in the interpretation of tax laws or in the way we fulfill our tax obligations. When and if necessary, after analyzing the materiality of the risk, provisions are recognized on the financial statements in order to reflect the financial consequences of such departures.

3

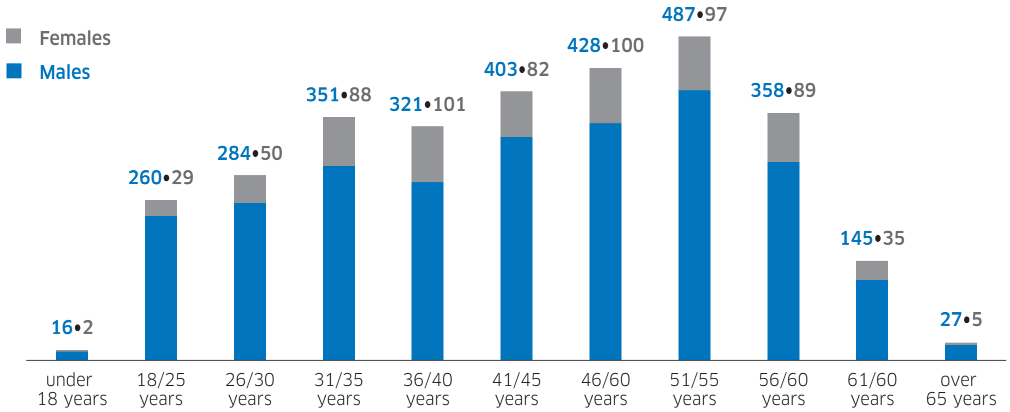
3.4.4 Actions undertaken

3.4.4.1 Employment and society

Foreword: Statement of Headcount - Primary data

On September 30, 2018 the Group's total workforce was 3,758 employees (permanent and fixed-term contracts), 18% female and 82% male, proportions which have not changed since last year. During the fiscal year the headcount averaged 3,798 employees.

The age pyramid looked as follows:



The average age in the Group fell. It went from 44 years and one month to 43 years and 10 months, which, in a group of 3,750 people, represents a significant change and one reflecting our renewed efforts to recruit young people. 53% of the employees are in the first part of their career (under 45 years old).

Young people under 25 are well represented and account for 6% of the workforce at September 30, 2018. The fraction of senior employees (over 55) fell slightly to 17.5% (vs. 19% last year.)

Over the reporting period, 730 people left the Group, including 100 layoffs, and there were 765 new hires.

Headcount - broken down internationally

	2018	2017
France	42.4%	43.3%
Europe excluding France	40.9%	39.6%
North America	8.4%	8.7%
Australia	3.2%	3.1%
CIS	2.4%	2.4%
Asia	2.1%	2.3%
South America	0.4%	0.5%
Africa	0.2%	0.2%

In terms of geographic distribution, for several years the Group has been expanding internationally and made regular additions to its headcount outside of France. A majority of its people, however, work in Europe. The fraction outside of France has kept increasing to where it is over 57.6%, while this year we have not changed the basis of consolidation. The internationalization of the Group is clearly continuing. It is tied to the need to meet the requirements of growing markets.

Note on the number of employees:

The workforce is given on September 30, 2018: these are all the employees on fixed-term contracts (including apprentices) and permanent contracts in the Group on September 30, 2018, 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.

3.4.4.1.1 Increasing our attractiveness

a - Apprenticeships, work-study and attracting new types of work relationships

The apprenticeship policy is part of the four historical thrusts in terms of corporate social responsibility.

An objective announced by Group senior management of 3% of the workforce has been put into effect.

This year continues to show the effort made in this direction, since for the first time the bar of 100 apprentices was reached (101 apprentices), representing nearly 2.7% of our workforce.

We have set ourselves the goal of exceeding 3% of the workforce in work-study programs for fiscal year 2019/2020.

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.

We are seeing the emergence of engineering and service staff in 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.

HOLMER, for example, has devoted one full-time employee, physical resources and machines to running a permanent group of 26 apprentices and is involved in the “Kids & Technology” project.

In France, the apprenticeship tax is primarily distributed to local educational establishments;

Work-study of all kinds is being promoted in more and more countries, including some which did not have a culture of using people’s skills in that way.

Moreover, we are coming across more and young entrepreneurs who are not interested in old-fashioned work relationships but occasionally come offering their (often highly specialized) skills for very specific projects. This is especially true in the area of partnerships with single-person start-ups.

b - Employing the disabled

Our welcoming, humanistic companies care a great deal about diversity.

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 has been carried out for two years with an outside firm to change people’s views of disability. This thoroughgoing program has affected the entire Stains plant, and the objectives of reaching the minimum required number of disabled employees have been reached.

In the Group, other sites are making progress in the same way with this partner.

We continue to observe positive change in the number of disabled people working in the Group. There are not 75 “units” reported as compared with 71 last year.

More broadly, we now expect our foreign subsidiaries also to participate more actively in this regard.

c - Gender balance and diversity

EXEL Industries group welcomes differences and believes that diversity and gender balance only add to the success of a business. The people of EXEL Industries have a wealth of varied, complementary backgrounds. EXEL Industries is a family-scale, human-scale group while also having international ambitions, and so welcomes people of every origin. The Group cares very much that its subsidiaries be managed by executives from the countries where they are located.

Gender balance: complementarity and an indispensable source of benefits

The number of women in the Group stayed level in 2018, at over 18%.

Group-wide, women’s representation in management fell back very slightly to 17.5% from 18.3% the year before, but remains in line with the percentage of women in the Group. In terms of directors of the Group’s holding company, this ratio is 50%,

The Group’s Board of Directors includes 2 women, 4 men and one paid director.

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.

The Group has also continued the theme of gender balance as the subject of specific action plans.

The Group’s policy is to favor competence and motivation beyond any consideration of sex in hiring and wage raises.

In practice, all the aforementioned topics are closely monitored by the Human Resources Departments of our companies.

- **Headcount Men-Women**: special attention is focused on the gender balance in certain departments, certain occupational categories or certain managerial levels: monitoring indicators have been set up. Local communication actions have been organized to promote certain more technical trades to girls.
- **Access to training**: forecast training plans have been studied concerning equality of access to training.
- **Special measures for family-life arrangements**: 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…), and on certain sites: providing child care access at locations close to work, with the Company contributing to its cost.
- Assistance in promoting gender balance on the shop floor
  - Anticipation on the fabrication lines of certain heavier products so as to adapt the work station.

Ethnic diversity, acting locally.

The organization of the Group comprises a union of enterprises 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. 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.

Other companies in more difficult regions have long been open to the youth of our neighborhoods and help them along, working with local networks, associations and partnering employers.

More broadly, the immigration issue has become a hopeful one in our companies, and several of them (BERTHOUD, HARDI, SAMES

KREMLIN and PRECICULTURE) have started up genuine courses of training and economic and cultural inclusion in order to bring real skills into their companies. Bonds have been forged with community assistance groups, and grants have been provided (*e.g.*, HOZELOCK EXEL funded a book of kitchen recipes from every country) to make our partnerships more effective.

d - Meaningful employer-employee discussions

Mature, peaceful employer-employee relationships lead to constructive dialog whose purpose is to advance the Company and the people who make it up.

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, remuneration, presentation of the Company's strategy and results, etc.

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 federation policy. There are 62 such agreements in force in the Group's different companies today.

At SAMES KREMLIN and the Groupe HARDI France, which resulted from the mergers of two companies, senior management has renegotiated all the rules of the two companies with the employees and their representatives, without waiting for the old agreements to become void by operation of law.

This year, important agreements were signed concerning welfare guarantees and supplemental insurance, new agreements on flex-time, renewals of agreements on profit-sharing, or the right to disconnect outside work.

Value No. 7: "Pride of belonging" is felt through long-service awards, open-door days for families and sometimes retirees, training offered to all teams, and participative programs to improve work stations.

The Group Works Committee brings together the representatives of the biggest companies worldwide. In addition, the Chief Executive Officer of the Group also invites members of the Works Committee to the Annual General Meeting.

In February 2018 the Group's Board of Directors took on its first director who is an employee representative elected by the Group's Works Committee.

e - Self-set schedules - New group and individual arrangements

Throughout the Group, part-time work that is actively encouraged and not merely tolerated has become increasingly important. Only overtime due to seasonality can be turned down as not applicable, to meet our strong seasonal surges, but such arrangements are increasing.

The total number of part-time workers across the entire Group as at September 30, 2018 was 122 people, going from 2.9% of the total workforce to 3.2%.

Two new work-time arrangements are being discussed in our companies with formal conversations about self-set schedules and home offices.

3.4.4.1.2 Maintain and develop skills

a - Customized training: aiming at the improved effectiveness of the Company

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.

The main topics covered are:

- safety is the prime topic covered in each company; Educating all personnel on this topic from the moment they join the Company is of top importance. This training involves new hires but also individuals who work for set periods of time such as seasonal and temporary workers;
- management: the EXEL Academy is a manager course organized by the Group on management tools; This year, the 8th graduating class included over a hundred new management employees of the Group learning the fundamentals of motivational management and self-knowledge, by practicing kindness and the 8 values of the Group.

  AGRIFAC worked on collaborative work through training using the DISC method, akin to personal development. SAMES KREMLIN set up several coaching and team accompaniment actions to develop collective intelligence; BERTHOUD implemented measures concerning management;
- due to the Group's internationalization and the need to develop synergies, languages are also a major training topic; English is quite obviously becoming the Group-wide language for communication, and any meeting where one of the participants does not understand French is conducted in English. But the Group also sees that French is taught in the foreign companies. Many courses are carried out in the foreign companies;
- technical skills are also the subject of numerous courses, in particular concerning products and know-how;
- computing was also a topic: ERPs, trade software, or office pack;
- DDMRP-type methods for implementing new methods of production management require broad skills and knowledge. Several Group entities have adopted these methods, which then require intensive training as well as the production of manuals that lay out these in-house training classes.

b - Qualifying training and re-training: indispensable for making and keeping workers employable, and keeping them abreast of technological advances

A lifelong course of training is becoming more and more of a necessity. Several major measures were taken in technical fields to raise skill levels. In particular, TRICOFLEX provided long-term training for professional qualification for Production Operators, and BERTHOUD provided long-term training in painting.

The Group's companies offered about 33,600 hours of training in all during the calendar year 2017, for a trained workforce of over 1,600 people and an investment of over €1.2 million.

This excludes work time dedicated to customized in-house training on work stations and assistance to young people in training for their apprenticeships, internships, etc.

c - Internal mobility: a way to develop skills and introduce the Group

The EXEL Industries group pays close attention to the development of its employees at its various subsidiaries. Interviews held at least yearly are arranged with management. These make it possible to focus on and take stock of employees' plans and ambitions.

The daily discussions between the Human Resources Departments of the various companies and oversight by the Group HR Department of a HR Committee for France and an HR Committee for International bring the HR professionals together to define the skills needed and the positions that need filling, so as to foster employees' mobility and career growth.

The brand new website contains career pages that give wide circulation to job offers in EXEL Industries and promote inter-company careers within the Group.

The Exechos magazine, produced at Group level in 8 languages, 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. This magazine introduces and explains the Group's cultural resources to all its employees beyond the confines of their own entity.

3.4.4.1.3 Ensure workplace health, safety & wellbeing

a - Absenteeism

The absenteeism rate is an indicator followed very closely by the EXEL Industries group and a strong marker of the climate within the Company.

For several years the objective has been to be under 3%. This is a very ambitious objective given the long-term social trend in France and internationally towards higher rates of absenteeism.

Absenteeism in fiscal 2018 was remarkably stable at 2.85%. It remains below the 3% threshold we set as our objective. The stability of this rate 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 topic continues to be one of the four areas of work selected by the Group. To improve wellbeing at work and to reduce absenteeism costs, concrete actions have been set up in the Group's companies:

- return to work interviews is held at TRICOFLEX, CARUELLE, BERTHOUD, PRÉCICULTURE, VERMOREL and TECNOMA for employees who were absent for over a week;
- 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 and VERMOREL;
- free vaccinations are available at HOLMER.

b - Act preventively to ensure the safety of employees

Workplace health and safety conditions are taken very seriously in all of the Group's companies.

The existing prevention plans contain numerous action plans, including:

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

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 very great majority of sites have set up welfare protection for employees, notably concerning health and welfare.

The Group also undertakes a global program dealing with risk conditions leading to individual accidents.

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 Groupe HARDI France, analysis of accidents with action plans and information in payslips at TRICOFLEX, awareness days at BERTHOUD or HOZELOCK Ltd, etc.

TRICOFLEX and Groupe HARDI France have an entire communications program in place taking one safety-related topic per month, year-round, with a training plan, communications and FAQs.

At HOLMER, a collaborative program 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, whose hours have been increased.

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

Four occupational illnesses were declared for the 2018 fiscal year across the whole Group.

Very great attention is also paid to psycho-social risks. In the companies, senior management, along with the medical/social staff of Human Resources Departments, work closely with the managers, employee representatives and the employees to prevent, watch out for and create alerts for such risks.

c - Measure and reduce occupational accidents

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

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

The frequency rate and the severity rate are tracked monthly by the Group through the reporting application.

Each subsidiary of the Group is thus now challenged and given assistance in the event of deviation or failure to control such risks.

Note on these two indicators:

- **The frequency rate is:**

$$\frac{\text{Number of occupational accidents with time lost} \times 1{,}000{,}000}{\text{Number of hours worked by all Group employees (excluding temporary workers)}}$$

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

- **Severity rate:**

$$\frac{\text{Number of days with time lost following occupational accidents} \times 1{,}000}{\text{Number of hours worked by all Group employees (excluding temporary workers)}}$$

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

	10/01/2017-09/30/2018	10/01/2015-09/30/2016	09/01/2015-09/30/2016	09/01/2014-08/31/2015
Frequency rate	22.45	21.97	25.58	19.32
Severity rate	0.51	0.58	0.51	0.42

The frequency rate, a measure of work stoppages, remains stable as slightly over 22. This figure is relatively low in comparison to the sector.

Our objectives must be increasingly ambitious. They have led us to decide on an objective frequency rate of 25, as opposed to the objective of 30 that we set for several years.

The increase in the severity rate observed over the past three years has been stemmed and has even declined, back to 0.51.

This improvement in our performance and the lesson that our objectives must only become more ambitious has led us to set a severity rate objective of 0.6 (after reducing the rate objective to 0.8 last year).

This year CARUELLE installed a “flash accident” application, and ET Works is also hard at work on this matter.

d - Good health, life hygiene and wellbeing

Beyond the basic health and safety requirements, the Group strives to create an environment conducive to helping workers feel happy and fulfilled in their work.

Collaborative spaces have been built, with open spaces, interactive discussion spaces and break rooms that give employees a chance to vary the rhythm of and take breaks from their workday.

Recreation rooms, such as at CARUELLE, morning exercise routines before taking up one’s workstation, as at HOZELOCK Ltd., and spaces that employees take over and decorate themselves (as at SAMES KREMLIN in Mexico where their perimeter wall was painted artistically) have all made their appearance.

SAMES KREMLIN at certain sites has also established wellbeing programs aimed at mental, psychological and physical comfort.

TECNOMA, for its part, took part in a tobacco-free month exercise.

The Group sponsors sporting events and encourages its employees to take part in them, such as the Beaujolais marathon.

3.4.4.2 The Environment

Foreword

EXEL Industries offers its customers solutions for reducing their environmental impact:

- accurate systems for treating crops that reduce the amounts of phytopharmaceutical products distributed;
- high transfer rate painting systems that reduce the amounts of paint and solvent used;
- powdered paint atomizers with recycling systems;
- hydrosoluble (solvent-free) paint sprayers;
- new alternative products to the application of chemical weed killers in our Consumer Division.

Internally, compared to other manufacturers, the Group’s production sites consist mainly of assembly plants that have only a slight environmental impact, with moderate water, energy and raw materials consumption and moderate pollution.

As a general rule, at each of the Group’s companies we put in place:

- a monitoring of local regulations: such legislation is a benchmark in all countries;
- in addition to legislation, voluntary actions are also set up;
- managers responsible for environmental matters in the entities most directly concerned;
- painting booths are a constant concern (controlling spray, recycling paints, storing paints, training employees);
- all Companies endeavor to sort waste, preferably using local networks;
- recycling procedures (water, raw materials);
- 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.

More specifically:

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

This was the case with the Group's latest major construction projects:

- SAMES KREMLIN in Meylan, France, a building compliant with a classified woodland area;
- the AGRIFAC factory in Steenwijk, Netherlands, with its 70% reduction in natural gas consumption;
- the HOLMER logistics center in Germany.

3.4.4.2.1 Ground and air pollution

Protecting people (customers, employees) from contact with hazards is accomplished through training, education/awareness, documentation and user manuals. Our innovations result from our Company executives' incorporation of everyday concerns into their business activities.

In the Industrial activity, our paint sprayers allow the spraying of non-polluting water-based products, with the best transfer rates on the market.

On certain sites, in particular those requiring ICPE authorization (Groupe HARDI France, TRICOFLEX, HOZELOCK EXEL, etc.), specific environmental procedures have been set up: For instance, on certain sites at Groupe HARDI France periodic audits can be set up as needed, depending on the legislation in force.

Below are some examples of anti-pollution projects completed.

In Industrial Spraying:

- at TRICOFLEX, generalization of storage tanks and six monthly analysis of the ground water table;
- at SAMES KREMLIN, replacement of the degreasing machine on the Stains site; use of modified alcohol instead of dichloromethane;
- at TRICOFLEX, the elimination of all phthalate procurements and the presence of it in our products.

In Agricultural Spraying:

- at Groupe HARDI France, environmental issues are monitored with the help of experts at the UIMM (metallurgical trade association). Written procedures have been established (such as ducts for VOC emissions);
- at HARDI Denmark, measures have been taken concerning emissions into the air; other measures relating to emissions into waterways are in progress. An oil separator has been fitted in the parking lot for employees' cars and self-propelled sprayers;
- at CARUELLE NICOLAS, NICOLAS' Rafale sprayer includes a spraying solution with mounted jets that very accurately adjust to different vineyard configurations. This solution is compatible with recovery panels that confine the spraying around the vine and recycle that portion of the phytopharmaceutical product that does not touch the plant;
- at TECNOMA, in vineyard applications, growers seek still greater precision in treating their vines.TECNOMA now offers an interlined air jet system and a very precise wine-growing pack. With its EVO range, TECNOMA now offers the first high-clearance tractors on the narrow vine-row market that meet the latest Final Tier 4 anti-pollution standards.

3.4.4.2.2 Respect for biodiversity and limitations on soil compaction

EXEL Industries companies play a key role in agriculture as major suppliers to the sector who contribute to soil preservation. As partners with their customers (distributors, contractors, end-user farms, etc.), they listen to them and meet their needs through innovations. In this way they participate actively in the transformation of the sector, creating long-term farm productivity and improved crop quality.

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).

AGRIFAC is dedicated to making sprayers that respect each plant and treat it only as needed.

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

Our agricultural developments are in line with the ECOPHYTO governmental plan. In France, EXEL Industries ensures its leadership position in agricultural spraying and works actively on the FNSEA "solution contract", which aims to implement real-world solutions for environmentally-friendly farming that uses less phytopharmaceutical products.

For the mass retail market, HOZELOCK EXEL has developed products that consume less active material (up to 90% for the Wonderweeder). Our electric weeder, which destroys weeds by creating a thermal shock, avoids the use of chemical weed killers (Green Power).

The HOZELOCK group partners with the French association of beekeepers so that it can promote the preservation of bees through socially-minded purchasing, in this case of seeds for replanting the flowers on which bees depend.

At its Arnas site, two hives were installed in late 2015. The hives swarmed in 2017, so a third one was put into operation. Honey harvests started in 2017. And this year, the second harvest was given a little celebration with the children of the employees.

We are also working on reducing soil compaction to preserve soil biodiversity. In Sugar Beet Harvesting our engineers are working on using wider tires with lower pressures to reduce soil compaction. In Spreading, GPS systems guide the machines and so help preserve the soil. The new manure spreader helps preserve the soil by being much lighter.

3.4.4.2.3 Waste management

For many years now the EXEL Industries companies have managed waste by sorting it by material and destination.

Sometimes enjoyable, participative activities are organized to get the involvement of the whole workforce. This was the case with the communications campaign about waste sorting that made use of "Happy Recyclers."

Of the numerous examples of waste management projects undertaken, a few may be cited:

During the conversion process of our products:

- 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);
- at HOLMER, new painting equipment reduces the amount of paint used;
- TECNOMA created a rotational molding rejects indicator showing results by machine and by customer, making it possible to track a medium-term plan on mold forms;
- SAMES KREMLIN has redesigned its product and shipping packaging and packing in order to reduce cardboard consumption.

At the end of the conversion process of our products:

- all processes for recycling of paper, cardboard, plastic, steel, and iron have been set up;
- BERTHOUD has created a waste treatment stream for paint wastes;
- SAMES KREMLIN, on the Meylan site, has instituted 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; Chemicals are inventoried and kept in storage tanks. Waste management is controlled: 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;
- HOZELOCK EXEL recycles hazardous waste and there are sorting bins in every department;
- HOLMER: recycling of paper, plastic, metal, used pallets, oils and metals depending on sites;
- Groupe HARDI France: recycling of wood, paper/cardboard, ferrous & non-ferrous metals, lead batteries, and hazardous waste;
- 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.

3.4.4.2.4 Take climate action by reducing air emissions and controlling energy usage

a - Climate action

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 equipped with video-conferencing and web-conferencing systems and makes increasingly frequent use of shared digital applications such as Skype. Vehicle fleets are managed so that CO_2 emissions are reduced per km. Several companies in the Group now offer mileage allowances to employees who travel to work by bike. This has become a recurring topic in annual wage and salary negotiations. SAMES KREMLIN's Chinese site organizes a shuttle service for home-work journeys.

The companies are starting to purchase electric company cars.

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.

AGRIFAC cut its natural gas usage by 70% after construction was finished off and solar panels were put into use.

Due to our customers using our equipment:

To reduce the greenhouse gas emissions of the farm machinery we market, 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 go beyond ecological concerns. Our engineers are trying to make our equipment consume the minimum necessary.

Adapt to climate change

Our machines already adapt to different climates, 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.

Calculation of CO_2 emissions:

	10/01/2017-09/30/2018	10/01/2015-09/30/2016	09/01/2015-09/30/2016	09/01/2014-08/31/2015
Calculation of CO_2 emissions	32,871,172	32,250,985*	32,044,312*	30,485,995*

* *Calculated on ISO scope of electrical consumption.*

The calculation of CO_2 emissions in prior years was revised in order to measure on the same scope throughout the period under study.

Despite the action plans to reduce CO_2 emissions in the EXEL Industries industrial processes, the increase in emissions was primarily due to a greater consumption of heating fuel.

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	0.244 kg CO_2/kWh PCI	Carbon-based
Petrol at the pump – Metropolitan France	2.79 kg CO_2/L	Carbon-based

b - To consume more efficiently

	10/01/2017-09/30/2018	10/01/2015-09/30/2016	09/01/2015-09/30/2016	09/01/2014-08/31/2015
Water usage *(in m³)*	91,825	84,544	103,876	89,922
Use of electricity *(in kWh)*	45,668,261	45,362,478*	46,338,644*	43,517,429*
Use of gas *(in kWh HHV)*	31,192,986	31,849,679	34,183,482	44,227,278
Use of propane *(in kWh HHV)*	6,030,252	6,104,867	5,905,669	ND
Use of fuel oil *(in liters)*	1,987,033	1,725,434	1,343,749	983,526

* *Calculated on ISO scope of electrical consumption.*

We are constantly committed to reducing our water and energy use.

- The new AGRIFAC plant is one of the most energy efficient buildings in the Netherlands. The 5,000 square meters of solar panels arrayed on the roofs of the plant produce more energy than they use. LED lighting was installed throughout the building. After an evaluation on 9 different categories, AGRIFAC earned Breeam certification for sustainable development.
- The new HOLMER logistics center was built in compliance with all environmental standards.
- The use of LED lighting has increased significantly in all Group companies.
- Water tests on agricultural machines are usually done in a closed circuit. (*e.g.* EMC in Russia, HARDI in Australia, BERTHOUD in France).
- VERMOREL has invested in more energy-efficient welding stations.
- Roof renovations and better insulated buildings also provide more energy efficiency, as was the case with CARUELLE and HOZELOCK EXEL.
- Rain water recycling systems (AGRIFAC and HOZELOCK Ltd.).
- New condensation furnace (CARUELLE).

3.4.4.3 Anti-corruption

3.4.4.3.1 Code of conduct

The code of conduct implemented last year was circulated broadly. It was translated into 19 languages, signed by our newly hired and existing employees and made a part of each company's company rules. Each employee agrees to abide by the Group's anti-corruption policy. This broad circulation was accompanied by a business-by-business analysis of corruption-related risks. With that analysis, in-house training and awareness plans about corruption risks were produced *via* various means of communication overseen by the Group's Legal Department (webinars, on-site training, and informational brochures) and disseminated to our local counterparts, chief executives, senior managers, HR Directors and sales managers. These different measures were carried out internally by our local counterparts.

A Group objective for 2018/2019 is that every employee will have signed the code of conduct.

3.4.4.3.2 Whistle-blowing provision

The Group has instituted a whistle-blowing provision that runs right up to the Chief Executive Officer and will protect anyone who observes an instance of corruption.

To date, no instances of corruption have been reported.

3.4.4.3.3 Precautionary procedures

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 among their purchasing agents.

We have tendering procedures for many Group contracts: We request 2 or 3 tenders for the following: insurance, Statutory Auditors, lawyers, mobile telephony, intellectual property counsels, choice of ERP, etc.

3.4.4.4 Human Rights

3.4.4.4.1 European data privacy regulations (GDPR)

In accordance with the European General Data Protection Regulation (EU 2016/679 of April 27, 2016) our Group presently defines and applies its legal provisions concerning the protection of personal data.

3.4.4.4.2 Outsourcing and suppliers

The Group incorporates social and environmental issues in its purchasing policy and management of 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.

3.4.4.4.3 Anti-discrimination policy

The Group's general policy is driven by a strong value ethic from the Board of Directors: The latter as of this year includes a director representing the employees. 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. is a fundamental value and included in its value No. 8 "Acting responsibly."

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 (over 80% of its employees), in countries which have ratified the ILO's fundamental conventions.

3.4.4.4.4 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 phytopharmaceutical products.

3.4.4.4.5 Other actions concerning human rights

Our respect for human rights is reflected in our values:

- Trust Initiative;
- Openness/Transparency;
- Team Spirit;
- Acting Responsibly.

3.4.4.5 Food waste, food scarcity, animal welfare and responsible, fair and sustainable food policy

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

Given its business activities, food scarcity, animal welfare and responsible, fair and sustainable food policy are not very relevant to the EXEL Industries group.

3.4.5 Outcomes and performance indicators, tracked monthly

Four CSR indicators are tracked and have been for several years:

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

From this year on, these indicators are supplied monthly by each company through the financial reporting system.

At the time of monthly management reviews, the CEOs report to Group Senior Management concerning the action plans instituted and explain any variances and departures from the objectives.

For the fiscal year 2017/2018

The objectives set and the results for 2017/2018 were as follows:

Absenteeism:

- 3% over 2017/2018 ➝ we have a rate of 2.85%.

Safety:

- frequency rate less than 30 in all Group companies and for companies at a lower level: at least maintaining or improving the rate the Group's frequency rate is stable at 22.45;
- severity rate less than 0.8 in all Group companies and for companies at a lower level: at least maintaining or improving the rate the Group's severity rate is 0.51.

Apprenticeship:

- 3% apprentices ➝ the apprenticeship rate remains below 3%, but continues to improve and rose from 2.6% to 2.67%. This year for the first time the bar of 100 apprentices was passed (101 apprentices on average in the Group).

Gender balance:

- create indicators and action plans in every Group company;
- numerous agreements are monitored and overseen.

For 2018/2019 and beyond

The four KPIs will continue to be measured.

The target rate of absenteeism remains at 3%.

The target severity rate of occupational accidents, already lowered to 0.8 in 2017/2018, will be lowered again to 0.6.

The target frequency rate will go down to 25 in 2018/2019 (vs. 30 in 2017/2018).

The still unreached target of 3% apprentices should be reached in 2019/2020 at the latest.

3.4.6 Report of the Statutory Auditor appointed as independent third party on the consolidated statement of extra-financial performance included in the Group's management report

Fiscal year ended September 30, 2018

To the Shareholders' Annual General Meeting,

In our capacity as Statutory Auditors of EXEL Industries appointed as an independent third party, certified by COFRAC under number 3-1048 (scope of accreditation available on www.cofrac.fr), we present our report on the consolidated statement of extra-financial performance relating to the fiscal year ended September 30, 2018, presented in the management report (hereinafter the "Statement"), pursuant to the laws and regulations of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

Company's responsibility

It is the duty of the Board of Directors to draw up a Statement in accordance with the laws and regulations, including a presentation of the business model, a description of the principal extra-financial risks, a presentation of the policies applied as regards those risks and the results of those policies, including key performance indicators. The Statement was prepared pursuant to the Company's procedures (hereinafter the "Guidelines"), the major points of which are presented in the Statement and available upon request at the Company's main office.

Independence and quality control

Our independence is defined is defined by the criteria laid out in Article L.822-11-3 of the French Commercial Code and the Code of Ethics for French auditors. 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.

Responsibility of Statutory Auditors appointed as an independent third party

It is our responsibility, based on our audit, to provide a reasoned opinion expressing a conclusion of moderate assurance concerning:

- the compliance of the Statement with Article R.225-105 of the French Commercial Code;
- the accuracy of the information provided pursuant to sections I(3) and II of Article R.225-105 of the French Commercial Code, namely the outcomes of the policies, including key performance indicators, and the actions taken in light of the principal risks—hereinafter "the Information".

On the other hand we do not have to pronounce on:

- the Company's observance of the other legal and regulatory requirements, including those pertaining to anti-corruption and taxation;
- the regulatory compliance of products and services.

Nature and extent of the audit

We conducted the work described hereinafter in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code, determining the ways in which the independent third party organization is to conduct the assignment and in accordance with the professional standards applicable in France, and with ISAE 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We conducted work to assess the compliance of the Statement with the regulatory provisions and the accuracy of the information, as follows.

- We informed ourselves as to the business activity of all of the companies within the basis of consolidation, the report on the principal social and environmental risks related to that activity and on its effects in terms of human rights, anti-corruption and tax evasion, as well the policies that derive from it and their outcomes.
- We appraised the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into consideration, where relevant, good industry practices.
- We verified that the Statement covers every category of information contemplated in section III of Article L.225-102-1 regarding social and environmental issues as well as human rights, anti-corruption and tax evasion.
- We verified that the Statement includes an explanation of the absence of some information required by par. 2 of section III of Article L.225-102-1.
- We verified that the Statement presents the business model and the principal risks associated with the operations of all of the entities included in the basis of consolidation, including, where it seems helpful and in proportion, the risks created by its business relationships, products and services as well as the policies, actions and outcomes, including key performance indicators.
- We have verified that the Statement presents the information called for in section II of Article R.225-105 if it bears on the principal risks or policies presented.
- We made an assessment of the process used to select and verify the principal risks.
- We looked into the existence of internal risk monitoring and management procedures used by the Company.

- We have assessed the consistency of the outcomes and the key performance indicators adopted regarding the principal risks and policies presented.
- We verified that the Statement includes a clear, reasoned explanation for the absence of a policy toward one or more of these risks.
- We verified that the Statement covers the basis of consolidation, *i.e.* all of the companies included in the basis of consolidation in accordance with Article L.233-16, within the limits given in the Statement.
- We appraised the information-gathering process used by the entity in terms of the thoroughness and accuracy of the Information.
- With regard to key performance indicators and other aquantitative outcomes [(1)], we undertook that we considered the most important:
  - analytical reviews verifying that the data collected was consolidated correctly and that its changes over time were internally consistent;
  - detailed spot checks to test that the definitions and guidelines were applied correctly and to compare the data with the underlying documents. This work was carried out at a selection of contributing entities [(2)] and covered between 16% and 45% of the consolidated data for the key performance indicators and outcomes chosen for these tests.
- We examined the documentary sources and conducted interviews to corroborate the qualitative information (actions and outcomes) that we considered the most important [(3)].
- We assessed the consistency of the entire Statement in light of our knowledge of the Company.

It is our view that the work we performed based on our professional judgment enables us to express a conclusion of moderate assurance. A higher level of assurance would have required a more extensive review.

Means and resources

Our work involved the efforts and abilities of five individuals.

To help us in our work, we called on our experts in corporate social responsibility. We conducted some ten interviews with the persons responsible for preparing the Statement.

Conclusion

Based on our review, we did not identify any material misstatement that would suggest that the Statement of extra-financial performance is not in accordance with the pertinent regulations or that the Information, taken as whole, is not presented fairly and in keeping with the Guidelines.

Comment

Without prejudice to the foregoing conclusion and in accordance with Article A. 225-3 of the French Commercial Code, we would make following comments:

- the process by which risks are identified and ranked could be stated, particularly how the Group factors in the needs and wants of stakeholders and the potential consequences for its business of the risks identified;
- the scope covered by the policies could be clarified, spelling out how they are implemented in the Group;
- the outcomes and performance indicators could be accompanied with explanations showing how they have changed over time.

Lyon, January 14, 2019

One of the Statutory Auditors

Deloitte & Associés

Nathalie Lorenzo-Casquet

Partner

(1) Electric power consumption (in kWh), natural gas consumption (in kWh), fuel consumption (in liters), greenhouse gas emissions (scope 1 and 2), headcount at 09/30/2018, average headcount, part-time headcount, number of women in management, number of hires, number of departures including layoffs, absenteeism rate, accident frequency rate (including number of accidents with time lost), accident severity rate (including number of days lost) and total hours of training.

(2) SAMES KREMLIN, BERTHOUD, HARDI.

(3) Soil and air pollution, respect for biodiversity and limitations on soil compaction, anti-corruption measures and climate action.

3.5 Company operations, consolidated and statutory 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

(in € millions)	**09/30/2018**	09/30/2017
Equity attributable to owners of the parent before appropriation of income	362.7	335.6
Goodwill	64.5	64.4
Net assets (excluding goodwill)	160.8	157.6
Cash and cash equivalents	78.9	103.7
Borrowings (current and non-current)	163.9	165.2
Provisions for contingencies and expenses (current and non-current)	48.5	51.3
SALES (EXCLUDING VAT)	**839.1**	**874.2**
Current operating income (EBIT)	61.7	69.5
Non-recurring income/(expenses)	0.1	2.4
Of which impairment of goodwill	0	0
Operating profit	61.9	71.9
Financial income/(expenses)	(6.7)	(8.3)
Net income from consolidated operations	39.2	45.3
Net income attributable to the equity holders of the parent before appropriation	39.2	45.3
Operating cash flows	50.5	59.3
(in euros)		
Consolidated net income per share	5.8	6.7
Cash flow per share	7.4	8.7

3.5.1.1 Income statement

- Consolidated sales are 4.0% lower than for the period ended September 30, 2017, down from €874.2 million to €839.1 million.
- Sales from exports fell 3.0% from €693.2 million to €672.5 million. International sales accounted for 80% of total sales, compared with 79% in the previous fiscal year.
- Sales were negatively impacted by a translation loss of €20.5 million, due to the appreciation of a number of currencies, notably the US and Australian dollars, and GPB.
- Current operating income (EBIT) rose from €69.5 million to €61.7 million after net depreciation allowances and provisions of €15.1 million, compared with €15.2 million in the prior period.
- The amount of net non-recurring income is positive by €0.1 million. It derives from reversals of restructuring provisions in Industry and Agricultural Spraying.
- Net financial expense was €6.7 million. This includes net borrowing costs of -€3.6 million plus net foreign exchange gains of -€3.1 million.
- Profit before tax rose from €63.7 million to €55.2 million.
- The tax expense decreased from €18.8 million in the previous fiscal year to €16.3 million.
- Net income attributable to the Group declined 13.4%. It totals €39.2 million, *i.e.* 4.7% of sales.

3.5.1.2 Balance Sheet

Equity attributable to the parent increased from €335.6 million to €362.7 million, up €27.1 million, breaking down as follows:

Total recognized income and expenses:	€37.8 million
Dividend distribution:	€(10.7) million
Change in treasury shares:	€0.0 million

Equity represented 51.2% of the balance sheet total, compared to 47.6% at the end of the previous fiscal year.

Provisions for contingencies and expenses (current and non-current) of €48.5 million were set aside or maintained to cover risks identified by the Company.

Working capital increased €5.5 million, from €234.5 million to €240.0 million, as a result of the following:

+ Change in shareholders' equity:	+ €27.1 million
+ Change in provisions:	+€1.0 million
+ Change in non-current financial liabilities:	€(21.5) million
- Change in non-current assets:	€(1.1) million

Working capital requirements, determined on the basis of net asset values, amounted to €256.8 million at September 30, 2018, compared to €212.7 million at September 30, 2017.

This fall of €43.6 million is explained by:

+ Change in current assets (excluding cash and cash equivalents):	€30.4 million
- Change in current liabilities (excluding provisions and short-term financial debt)	€(13.6) million

At September 30, 2018, the net cash balance (cash net of current financial liabilities) totaled +€16.8 million, or cash and cash equivalents of €78.9 million and current borrowings of €95.7 million.

3.5.2 Statutory Accounts

Parent company financial highlights:

(in € millions)	**2018**	2017
Sales:	24.1	24.2
Operating results:	16.1	16.4
Net financial income:	30.6	45.0
Net income:	44.3	58.5

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

(in € thousands)	Article D.441 I. - 1° of the French Commercial Code: Outstanding invoices received on the closing date of the fiscal year						Article D.441 I. - 2° of the French Commercial Code: Outstanding invoices sent on the closing date of the fiscal year					
	0 days (for information)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and more)	0 days (for information)	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						11						94
Total amount of invoices concerned exclusive of VAT		0	-	0	18	18		421	158	2	324	906
Percentage of total purchases for the fiscal year exclusive of VAT		0.01%	0.00%	0.00%	0.41%	0.42%						
Percentage of sales for the fiscal year exclusive of VAT								1.75%	0.66%	0.01%	1.35%	3.76%

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 and cited in Part 3.4.

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 43.4% 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, plowing, haymaking tools… brands. The weight of these tractor brands which practice back end 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 10.8% of consolidated sales for Agricultural Spraying compared to 9.2% last year, and the main customer represents 3.2%. The five largest customers account for 15.8% of consolidated sales for the Sugar Beet Harvesters segment compared to 20.4% last year, of which the main customer represents 6.1%, the result of a major agreement in the CIS zone. This exceptional factor aside, its five largest customers account for less than 11.3% of sales. The five largest customers account for 42.0% of consolidated sales for the Garden Spraying and Watering segment compared to 38.4% in 2016, and the main customer represents 20.7%. Finally, the five largest customers account for 20.9% of consolidated sales for Industrial Spraying compared to 21.8% last year, and the main customer represents 7.1%.

At Group level, the five largest customers account for 7.4% 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 6.8% of the Group's consolidated purchases compared to 6.3% in 2017, and the main supplier represents 1.9%. 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 it 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 09/30/2018, 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	€26,962 K
Finance lease liabilities	€1,116 K
Overdrafts and similar facilities	€45,985 K

Financial assets (money market funds and other short-term investments) bearing interest at a variable rate amounted to €76 thousand. Furthermore EXEL Industries held cash totaling €78,930 thousand on September 30, 2018.

A 0.5% increase in the interest rate would have a negative impact on the Group's pretax profit of €371 thousand.

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 09/30/2018, trade receivables, cash and cash equivalents and payables of the Group denominated in the main currencies were as follows:

In US dollars

■ Receivables and cash in USD	USD 30,912 K
■ Payables in USD	USD (43,425) K
■ Net receivables in USD	USD (12,513) K
	I.E. €(10,809) 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 27,494 K
■ Payables in DKK	DKK (109,636) K
■ Net receivables in DKK	DKK (82,143) K
	I.E. €(11,016) 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	£33,248 K
■ Payables in GBP	£(55,674) K
■ Net receivables in GBP	£(22,426) K
	I.E. €(25,274) K

In Australian dollars

■ Receivables and cash in AUD	AUD 9,796 K
■ Payables in AUD	AUD (11,354) K
■ Net receivables in AUD	AUD (1,559) K
	I.E. €971 K

In Chinese yuan

■ Receivables and cash in CNY	CNY 92,017 K
■ Payables in CNY	CNY (20,635) K
■ Net receivables in CNY	CNY 71,382 K
	I.E. €8,961 K

TOTAL NET RECEIVABLES IN OTHER CURRENCIES:	**€13,252 K**

Consolidated foreign exchange losses to September 30, 2018 total €1,817 thousand. Most of this amount originated from US dollars, pounds sterling and Australian dollars, breaking down as follows:

- losses on payments: €6,172 thousand;
- gains on revaluation of receivables and payables: €3,889 thousand;
- gains on sales of currencies and fluctuations on currencies in bank: €466 thousand.

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. For more detail, please refer to note 9 to the consolidated financial statements to September 30, 2018.

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 is holdings of its own shares in connection with a liquidity agreement with Gilbert Dupont.

At 09/30/2018, EXEL Industries held 1,401 treasury shares, equating to 0.02% of its share capital.

3.6.4 Other risks

Risks following Brexit

There is some uncertainty as to how the United Kingdom might withdraw from the European Union. In this regard, over the short term the Group is exposed mainly to increased volatility in the exchange rate between the euro and the pound sterling, which could have an impact on its balance sheet from the conversion into euros of transactions in the United Kingdom. Thereafter, the exposure could possibly extend to the re-institution of customs duties and increased governmental regulations. In terms of our Garden Spraying and Watering activity, this risk would then be limited by reorganizing our channels of distribution and supply and by our ability to make some items at several production sites. The Group receives a bit less than 10% of its sales revenue in the United Kingdom.

3.7 Insurance

In 2018 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 2019 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. Including the following coverage: ■ civil liability for operations; ■ post-delivery or post-work civil liability.
Directors and Officers civil liability (International Program)	Coverage for claims of liability against Executive and corporate officers.
Automobile fleet	Coverage for vehicles under 3.5 t (period < 5 years). Vehicles < 5 years old are insured for liability/theft/fire/all accident damage. Coverage for vehicles over 3.5 t (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 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 09/30/2016			On 09/30/2017			On 09/30/2018		
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%	71.02%	4,263,247	62.81%	71.04%	4,263,247	62.81%	70.57%
Patrick BALLU and family shareholders	906,866	13.36%	15.20%	902,297	13.29%	15.13%	903,958	13.32%	15.04%
BALLU FAMILY SUB- TOTAL	**5,170,113**	**76.17%**	**86.22%**	**5,165,544**	**76.10%**	**86.17%**	**5,167,205**	**76.12%**	**85.62%**
EXEL Industries SA	3,133	0.05%	0.00%	1,440	0.02%	0.00%	1,401	0.02%	0.00%
Financial inst., misc. investors & public	1,614,654	23.79%	13.78%	1,620,916	23.88%	13.83%	1,619,294	23.86%	14.38%
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 09/30/2016	11,896,013
On 09/30/2017	11,890,999
On 09/30/2018	11,969,731

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

L'Amiral de gestion

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

None.

Number of shareholders

(Based on the most recent identifiable bearer shares report on 11/09/2018): 1,420 (including 205 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 7, 2018 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 €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.

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, 2018, held 1,401 of said shares.

At 09/30/2018 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 09/30/2017	1,440
Number of shares repurchased in the fiscal year ended 09/30/2018	28,082
Shares were purchased at an average price of	€108.93
Number of shares sold in the fiscal year ended 09/30/2018	28,121
Shares were sold at an average price of	€108.04
Number of treasury securities held at 09/30/2018	1,401

Furthermore, an authorization was submitted for approval to the next Annual Ordinary General Meeting of February 7, 2019. Once approved by the shareholders, this authorization will cancel and supersede the authorization granted by the Annual Ordinary General Meeting of February 7, 2018. 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 issuer's capital and issue securities

Extraordinary General Meeting	Delegations of authority given to the Board of Directors	Preferential subscription rights	Nominal and maximum amount	Term of the authorization*	Authorizations in force used in fiscal year 2017/2018	Term of validity and exercise of securities
ESM of 02/07/2018	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 M	26 months	None	None
	2. Capital increase through the issuance of shares or other securities	With	€80 M	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 12/01/2016 to 11/30/2018

Fiscal year	Trading volume in number of shares	Capital *(in € ten millions)*	Price *(in euros)* High	Low	Closing price
12/2016	40,818	2.85	77.25	66.50	76.35
01/2017	78,546	6.02	79.90	72.00	79.51
02/2017	22,440	1.77	82.93	71.65	74.06
03/2017	16,659	1.32	80.45	73.86	80.32
04/2017	55,683	4.39	87.50	76.78	87.50
05/2017	22,156	2.10	99.60	86.88	97.59
06/2017	34,156	3.32	104.57	95.00	97.99
07/2017	85,944	8.29	102.02	92.95	100.95
08/2017	18,343	1.89	107.50	101.00	102.30
09/2017	9,239	0.98	107.50	102.20	105.72
10/2017	37,530	4.07	117.44	101.04	114.15
11/2017	49,525	5.62	118.35	109.5	110.00
12/2017	43,332	4.94	117.80	109.35	116.00
01/2018	35,199	4.18	125.50	113.00	118.50
02/2018	24,631	2.86	119.00	114.00	118.50
03/2018	10,085	1.12	119.00	106.50	106.50
04/2018	17,308	1.84	111.00	102.00	105.50
05/2018	8,521	0.91	110.50	104.50	105.50
06/2018	11,218	1.08	106.50	87.80	96.00
07/2018	19,732	1.97	107.50	94.40	106.00
08/2018	11,288	1.19	108.50	103.00	104.00
09/2018	12,871	1.24	104.00	92.80	97.40
10/2018	15,906	1.33	97.40	67.60	67.60
11/2018	24,374	1.74	78.20	67.2	74.40
TOTAL	**661,375**	**67.00**	**125.5**	**66.5**	**74.40**

3.10 Appropriation of net income of the fiscal year

3.10.1 Appropriation

It is proposed that the shareholders decide that the net profit for the fiscal year of €44,330,505 shall be appropriated as follows:

- distribution of a total dividend of €7,738,206 of €1.14 per share [1], it being noted that the Legal Reserve is already fully funded;
- carry forward to retained earnings of the remaining profit of €36,592,299;

It will thereby increase the amount of retained earnings to €290,393,885.

3.10.2 Dividends

Fiscal year	Dividend per share
2014/2015	€1.07 per share
2015/2016	€1.07 per share
2016/2017	€1.58 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

See pp. 112 to 115, paragraph 5.7.

3.11.2 Offices and positions held by each corporate officer as at September 30, 2018

See pp. 106-107, paragraph 5.1.

(1) Dividend to be payable as of February 15, 2019, directly by CM-CIC Market Solutions.

3.12 Current agreements concluded under normal conditions in fiscal year 2017/2018

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 €11.4 million (with no repayments in fiscal year 2017/2018);

The "better fortunes" (financial recovery) clause, following the debt waivers granted by EXEL Industries to CAPAGRI has been maintained in the amount of €2,141,489 (of which €215,000 was activated in 2017/2018).

3.12.2 Loan agreements

Loan agreement granted to ERE Australia at an annual rate of 5% (AUD 5,190,000 outstanding at 09/30/2018), signed on 11/10/2009;

Loan agreement granted to ERE USA at an annual rate of 5% (paid off in the fiscal year) signed on 06/30/2008;

Amendment No. 5 to loan agreement granted to VERMOREL, signed on 10/01/2017 at the 1-year EURIBOR plus 4% interest rate (€236,136 outstanding at 09/30/2018);

Loan agreement granted to AGRIFAC Machinery at the 1-year EURIBOR plus 5% interest rate (€7,750,000 outstanding at 09/30/2018) signed on 09/01/2013;

Cancellation of the loan agreement granted to HOZELOCK at the 1-month LIBOR + 3% interest rate signed 08/29/2013;

Loan agreement granted to HOZELOCK at the 1-year LIBOR plus 3% interest rate (GBP 29,320,000 outstanding at 09/30/2018);

Loan agreement granted to MINWORTH PROPERTY at the 3-month LIBOR plus 2.2% rate (GBP10,208,300 outstanding on 09/30/2018) signed on 07/25/2014;

Loan agreement granted to EXEL Industrial CHINA at an annual rate of 6% (paid off in the fiscal year) signed on 09/01/2013;

Loan agreement granted to ET Works at the 1-year LIBOR plus 3% interest rate (USD 4,280,000 outstanding at 09/30/2018), effective 01/01/2018;

Loan agreement granted to HARDI International at the 1-year EURIBOR plus 3% interest rate (€23,512,000 outstanding at 09/30/2018) effective 01/01/2018;

Loan agreement granted to HOLMER Exxact at the 1-year EURIBOR plus 3% interest rate (€6,200,000 outstanding at 09/30/2018) signed on 10/01/2017;

Loan agreement granted to HOLMER Maschinenbau at the 1-year EURIBOR plus 3% interest rate (€19,360,000 outstanding at 09/30/2018) effective 01/01/2018;

Loan agreement granted to AGRIFAC at the 1-year EURIBOR plus 5% interest rate (€9,720,000 outstanding at 09/30/2018) effective 01/01/2018.

3.12.3 Cash management agreements

Maintenance in the fiscal year 2017/2018 of Amendment No. 12 to the existing centralized cash management agreement between EXEL Industries and its subsidiaries carrying interest since 09/01/2014, at the 1-month EURIBOR plus 1.5% interest rate on EXEL Industries advances;

The existing centralized cash management agreement between EXEL Industries, and SAMES KREMLIN in US dollars, carrying interest at the 1-month LIBOR plus 1.5% interest rate on advances by EXEL Industries signed on 09/01/2016;

The existing centralized cash management agreement between EXEL Industries, and HOZELOCK Ltd in US dollars, carrying interest at the 1-month LIBOR plus 3% interest rate on advances by EXEL Industries, signed on 06/01/2017;

The existing centralized cash management agreement between EXEL Industries and EXEL REAL ESTATE NETHERLANDS at the 1-month EURIBOR plus 5% interest rate on advances by EXEL Industries, signed on 02/11/2016, amended 10/01/2017 to change the rate to 2.5%;

The existing centralized cash management agreement between EXEL Industries and EXEL REAL ESTATE GERMANY at the 1-month EURIBOR plus 3% interest rate on advances by EXEL Industries, signed on 02/11/2016;

The existing centralized cash management agreement between EXEL Industries and ET Works Inc. at the 1-month EURIBOR plus 3% interest rate (on advances in euros) or the 1-month LIBOR plus 3% interest rate (on advances in US Dollars) on advances by EXEL Industries, signed on 02/11/2016;

Amendment No. 2 to the existing cash management agreement between EXEL Industries and HOZELOCK Ltd., carrying interest at the 1-month GBP LIBOR plus 3% interest rate for advances by EXEL Industries, effective 02/01/2016;

Amendment No. 2 to the cash management agreement existing between EXEL Industries and HARDI International A/S carrying interest at the 1-week EURIBOR plus 1.5% interest rate for advances by EXEL Industries signed on 09/01/2014;

Amendment No. 1 to the cash management agreement existing between EXEL Industries and HOLMER Maschinenbau GmbH carrying interest at the 1-month EURIBOR plus 3% interest rate for advances by EXEL Industries signed on 08/29/2014;

The existing centralized cash management agreement between EXEL Industries and SC VERMOREL SRL at the 1-month EURIBOR plus 6% interest rate on advances by EXEL Industries, effective 09/01/2015;

Amendment No. 2 to the cash management agreement existing between EXEL Industries and AGRIFAC Machinery BV carrying interest at the 1-month EURIBOR plus 5% interest rate for advances by EXEL Industries, effective 03/01/2013.

3.12.4 Other current agreements

The existing tax consolidation agreement between EXEL Industries, as head of the tax group, and its subsidiaries, signed on 07/19/2010, was maintained in fiscal year 2017/2018;

The service provision agreement in force since 09/01/2014 between EXEL Industries and all its subsidiaries was maintained in fiscal year 2017/2018;

The patent license agreement signed between 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 2017/2018;

The trademark and model license agreement signed between 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 2017/2018;

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 2017/2018 as of 09/01/2014;

The Group insurance policies subscribed by EXEL Industries on behalf of its subsidiaries were maintained in fiscal year 2017/2018;

Maintenance in fiscal year 2017/2018 of the services provision agreement to provide accounting services to EXEL Industries with personnel seconded from TECNOMA Technologies;

Maintenance in fiscal year 2017/2018 of the services provision agreement to provide administrative, tax, legal and financial services to EXEL SAS, signed 09/13/2016;

Seconding agreement for IT services between TRICOFLEX and EXEL Industries, signed August 29, 2018;

Provision of services agreement between Groupe HARDI France and EXEL Industries, signed October 2, 2017.

3.13 Regulated Agreements

The Company did not conclude any agreement which could be considered to be a regulated agreement in the 2017/2018 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 29 of the Registration Document.

3.16 Parent Company results and five-year financial summary

Fiscal year closing date (12-month period) *(in euros)*	**09/30/2018**	09/30/2017	08/31/2016	08/31/2015	08/31/2014
Capital at year-end					
Share capital	16,969,750	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	24,116,022	24,249,366	22,197,427	20,593,013	8,172,869
Profit before income tax, employee profit-sharing, depreciation, amortization and provisions	47,476,660	61,778,788	51,809,780	46,530,394	33,407,138
Income taxes	2,437,203	2,795,112	7,733,113	5,923,516	4,864,434
Employee profit-sharing					
Depreciation, amortization and provisions	708,952	468,112	5,876,118	(7,254,546)	3,552,818
Net income	44,330,505	58,515,564	38,200,549	47,861,424	24,989,886
Distributed profit	7,738,206	10,724,882	7,263,053	7,263,053	7,941,843
Earnings per share					
Profit after tax, employee profit-sharing, before depreciation, amortization and provisions	6.64	8.69	6.49	5.98	4.20
Profit after tax, employee profit-sharing, depreciation, amortization and provisions	6.53	8.62	5.63	7.05	3.68
Dividend per share	1.14	1.58	1.07	1.07	1.17
Personnel					
Average number of employees	15	14	12	9	5
Payroll	1,576,389	1,534,607	1,228,752	1,008,194	354,661
Social charges and benefits paid (social security, social and community projects, etc.)	717,523	653,879	545,242	457,546	170,195

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The financial statements

Consolidated financial statements

Separate financial statements

Consolidated financial statements

4.1 Consolidated balance sheet at September 30, 2018

Assets

(in € thousands)	Notes	09/30/2018	09/30/2017
Non-current assets			
Goodwill	*3*	64,462	64,390
Intangible assets	*4*	13,774	14,158
Property, plant and equipment	*5*	142,285	138,879
Investments in associates	*6*	3,261	3,192
Financial assets	*7*	1,511	1,380
Deferred tax assets	*22*	17,587	19,848
TOTAL NON-CURRENT ASSETS		**242,880**	**241,848**
Current assets			
Inventories and work-in-progress	*8*	232,371	188,711
Trade receivables	*9*	134,397	134,331
Current tax receivables		6,184	11,683
Other receivables	*10*	14,076	21,900
Cash and cash equivalents	*11*	78,930	103,701
TOTAL CURRENT ASSETS		**465,958**	**460,326**
TOTAL ASSETS		**708,839**	**702,175**

Equity and liabilities

(in € thousands)	Notes	09/30/2018	09/30/2017
Shareholders' equity			
Capital	*12*	16,970	16,970
Other reserves		306,635	273,457
Treasury shares		(136)	(152)
Net income for the fiscal year		39,218	45,313
Shareholders' equity attributable to the Group		**362,687**	**335,587**
Attributable to non-controlling interests:			
Share of shareholders' equity		11	12
Share of net income		3	2
Total attributable to non-controlling interests		**15**	**14**
TOTAL EQUITY		**362,701**	**335,601**
Non-current liabilities			
Non-current provisions	*13*	44,146	47,877
Long-term financial debt	*14 & 15*	68,204	83,166
Deferred tax liabilities		3,461	6,227
TOTAL NON-CURRENT LIABILITIES		**115,811**	**137,270**
Current liabilities			
Current provisions	*13*	4,351	3,396
Current portion of long-term debt	*14 & 15*	49,734	49,000
Current bank facilities and overdrafts	*14 & 15*	45,985	33,006
Trade payables		62,389	69,778
Current tax liabilities		6,421	4,705
Other current liabilities	*16*	61,447	69,418
TOTAL CURRENT LIABILITIES		**230,326**	**229,303**
TOTAL EQUITY AND LIABILITIES		**708,839**	**702,175**

4.2 Consolidated income statement, period ended September 30, 2018

Consolidated income statement

(in € thousands)	Notes	09/30/2018 Fiscal year	09/30/2017 Fiscal year
Sales	*17*	839,068	874,205
Change in inventory		30,547	(9,001)
Other operating income		448	1,726
Operating income		**870,063**	**866,929**
Raw materials and consumables		(480,397)	(448,647)
Changes in inventories of finished goods and work-in-process		8,694	(16,727)
Other purchases and external charges		(120,271)	(118,017)
Taxes and duties other than on income		(7,872)	(8,245)
Payroll	*18*	(199,117)	(193,046)
Net allowances for depreciation and amortization		(15,079)	(15,182)
Net allowances for provisions & impairment of assets	*19*	11,246	6,861
Other operating expenses		(5,518)	(4,435)
Total recurring operating expenses		**(808,315)**	**(797,439)**
CURRENT OPERATING INCOME (EBIT)		**61,748**	**69,491**
Non-recurring income		896	5,319
Non-recurring expenses		(751)	(2,874)
Net non-recurring income	*20*	**145**	**2,445**
OPERATING PROFIT		**61,893**	**71,936**
Financial income		11,039	16,406
Financial expense		(17,772)	(24,672)
Net financial income	*21*	**(6,732)**	**(8,266)**
PROFIT BEFORE TAX		**55,161**	**63,670**
Corporate income tax	*22*	(16,349)	(18,730)
Share in earnings of equity-method associates	*6*	410	375
NET INCOME FOR THE FISCAL YEAR		**39,222**	**45,315**
Net income attributable to the Group		39,218	45,313
Net income attributable to non-controlling interests		3	2
Earnings per share *(in €)*		5.8	6.7
Diluted earnings per share *(in €)*		5.8	6.7

Statement of recognized income and expense

(in € thousands)	09/30/2018 Fiscal year	09/30/2017 Fiscal year
NET INCOME	39,222	45,315
Net actuarial losses on defined benefit plans	(111)	1,426
Deferred taxes on actuarial gains/losses	30	(579)
Changes in currency translation adjustments	(1,289)	(2,373)
Capital gains or losses on the disposal of treasury shares (net of tax)	(44)	(2)
TOTAL RECOGNIZED INCOME AND EXPENSES	**37,808**	**43,787**
Attributable to shareholders	37,805	43,785
Attributable to non-controlling interests	3	2

4.3 Consolidated statement of changes in shareholders' equity

	Equity attributable to owners of the parent							
(in € thousands)	Capital	Share premiums	Retained earnings and reserves	Translation adjustments	Treasury shares	Total attributable to the Group	Equity attributable to non-controlling interests	Total consolidated equity
BALANCE AT 09/30/2016	**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 09/30/2017	**16,970**	**2,528**	**319,537**	**(3,295)**	**(152)**	**335,587**	**14**	**335,601**
Total income and expenses recognized on the balance sheet	-	-	39,094	(1,289)	-	37,805	3	37,807
Dividends distributed			(10,722)			(10,722)	-	(10,722)
Change in Group structure						-		-
Other changes			8	(8)	16	16	(2)	15
BALANCE AT 09/30/2018	**16,970**	**2,528**	**347,917**	**(4,592)**	**(136)**	**362,687**	**15**	**362,701**

4.4 Consolidated statement of cash flows

(in € thousands)	Notes	**09/30/2018**	09/30/2017
A. Cash flows from operating activities			
Net income attributable to the Group		39,218	45,313
Attributable to non-controlling interests		3	2
- Share in earnings of equity-method associates		(410)	(375)
+ Allowances for depreciation of fixed assets		15,079	15,185
+ Net allowances for provisions and asset impairments (1)		(3,277)	(527)
- Net gains on disposals of fixed assets		(133)	(328)
Operating cash flows		**50,481**	**59,270**
Net working capital (+ use, - source)	*23*	**43,347**	**(10,387)**
Net cash flow provided by operating activities (3)		**7,134**	**69,657**
B. Cash flows from investing activities			
Purchases of fixed assets (2)		(19,280)	(20,933)
Proceeds from the sale of fixed assets		567	934
Impact of changes in Group structure		-	167
CASH BUDGETED FOR CAPITAL EXPENDITURES		**(18,713)**	**(19,831)**
C. Cash flows from financing activities			
Increase in share capital and premium		-	-
Net dividends paid in the fiscal year		(10,384)	(7,043)
Increase in borrowings		15,811	8,286
Repayment of borrowings		(30,142)	(32,658)
Change in Treasury shares		(29)	65
CASH FROM FINANCING ACTIVITIES		**(24,744)**	**(31,350)**
D. Effect of foreign exchange rates on cash		(1,426)	(580)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		**(37,749)**	**17,896**
Net cash and cash equivalents at beginning of the fiscal year		70,695	52,799
Net change during the fiscal year		(37,749)	17,896
NET CASH AND CASH EQUIVALENTS AT CLOSE OF THE FISCAL YEAR		**32,945**	**70,695**
Marketable securities		76	90
Cash at banks and on hand		78,854	103,611
Current bank facilities and overdrafts		(45,985)	(33,006)
NET CASH AND CASH EQUIVALENTS AT CLOSE OF THE FISCAL YEAR		**32,946**	**70,695**
(1) Excluding current asset provisions.			
(2) Purchases are net of changes in payables on fixed assets.			
(3) Of which interest expense paid		*4,108*	*4,134*
and of which corporate income tax paid (or refunded)		*9,821*	*29,092*

4.5 Notes to the consolidated financial statements

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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, 2018 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 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, 2018, and they take effect from this date. This mainly concerns IFRS 15 and its amendments relating to "revenue from contracts with customers" and IFRS 9 – Financial Instruments.

Starting October 1, 2018 the Group will apply IFRS 15 to replace IAS 11 and IAS 18 on the recognition of revenues from ordinary activities. With this in mind, it reviewed the principal transactions and contracts occurring throughout its activities in light of the new standard.

This analysis indicated that the main impact on revenue recognition will come, as a deduction from sales, for the right to return merchandise in the beet harvesting and agricultural spraying segments.

The retrospective effect of the standard will be treated using the simplified retrospective method: the opening balance of shareholders' equity for the period will be adjusted for the cumulative effect. The reduction of reserves (including deferred taxes) that results from that has been measured at less than 1% of shareholders' equity at September 30, 2018.

IFRS 9 will replace IAS 39 as of October 1, 2018, but no significant impact is expected when the transition is made. Holdings in investment funds whose change in fair value will be recognized in Profit and loss is scarcely material, and the new model for recognizing credit risk will not change in any significant way the amount of provisions for impairment of trade receivables.

In addition, the Group has begun a survey of its subsidiaries' leases, though at this point it cannot assess the impact of IFRS 16 "Leases" on the Group's consolidated financial statements. Application of IFRS 16 will be mandatory for reporting periods beginning on or after January 1, 2019.

The consolidated financial statements for the period ending September 30, 2018 were prepared according to the same accounting policies used for the period to September 30, 2017.

The consolidated financial statements of EXEL Industries were approved by the Board of Directors on December 13, 2018.

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, 2018, the net value of residual goodwill on the balance sheet amounted to €64,462 thousand.

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

1.7 Impairment of assets

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.

Since fiscal 2017 the Group has changed 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.

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 Corporate income tax (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 €13 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 September 30, 2018, accrued income was recognized for the CICE with respect to salaries for the period from January 2017 to September 2018. The total amount of the CICE credits recognized in the Group came to €2,184 thousand.

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 thousand).

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 the 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 Basis of consolidation

Name	Percentage controlled		Percentage held		Method of consolidation
	09/2018	09/2017	**09/2018**	09/2017	
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
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 Équipements SAS		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:					
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%	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

Name	Percentage controlled		Percentage held		Method of consolidation
	09/2018	09/2017	**09/2018**	09/2017	
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 SA (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
HARDI Agricultural Equipment (China)	100.00%		100.00%		FC
French subsidiaries:					
Groupe HARDI France SAS	100.00%	100.00%	100.00%	100.00%	FC
HARDI Service	100.00%	100.00%	100.00%	100.00%	FC
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
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%	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%	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 09/2018	Percentage controlled 09/2017	Percentage held 09/2018	Percentage held 09/2017	Method of consolidation
ET Works INC (USA)	**100.00%**	**100.00%**	**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

- HARDI EVRARD SA acquired MATROT Équipements SAS, at the beginning of the fiscal year, and the new entity was renamed Groupe HARDI France.
- The HARDI Group extended its sales network in China by creating a subsidiary.
- In July 2018 TRICOFLEX Benelux, a subsidiary of TRICOFLEX SAS, was dissolved.
- In September 2018 SAMES KREMLIN Singapore, a subsidiary of SAMES KREMLIN SAS, was dissolved.

Note 3 Goodwill

3.1 Changes in the fiscal year

(in € thousands)	09/30/2018	09/30/2017
OPENING NET VALUE	**64,390**	**65,842**
Changes in consolidated Group structure:		
Increases	-	-
Decreases	-	(355)
Impairment	-	-
Other net changes (foreign exchange effect)	72	(1,097)
CLOSING NET VALUE	**64,462**	**64,390**

The impact of foreign exchange rates on goodwill for the fiscal year closed on September 30, 2018 and fiscal year 2017 is mainly connected to the fluctuation between pound sterling and the American dollar. The valuation of ET Works' assets and liabilities was finalized in 2017, and resulted in the Group reducing goodwill by €0.4 million.

Parameters used in impairment tests:

All the tests were carried out using the following principal assumptions for fiscal year 2018:

- the perpetual growth rate is 1.8% (identical to 2017);
- the discount rate is 8.0% (identical to 2017).

The discount rate used for the impairment tests corresponds to the weighted average cost of capital (WACC) estimated on a date close to the closing date. The WACC is calculated on the basis of a target indebtedness of 25% of equity and a risk-free interest rate of 0.77% (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.

On September 30, 2018 the Group 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 2018.

3.2 Analysis of goodwill by cash generating unit (CGU)

(Net carrying value)

(in € thousands)	**09/30/2018**	09/30/2017
Agricultural Spraying CGU	25,925	25,732
Sugar Beet Harvesters CGU	-	-
Garden Spraying and Watering CGU	33,680	33,800
Industrial Spraying CGU	4,857	4,857
TOTAL	**64,462**	**64,390**

Note 4 Intangible assets

	09/30/2018				09/30/2017
(in € thousands)	**Gross**	**Amortized**	**Impairment**	**Net**	Net
Patents, trademarks, licenses and software	28,908	(15,137)	-	13,771	14,153
Other intangible assets	161	(183)	25	3	6
TOTAL	**29,069**	**(15,320)**	**25**	**13,774**	**14,158**

Note 5 Property, plant and equipment

	09/30/2018				09/30/2017
(in € thousands)	**Gross**	**Amortized**	**Impairment**	**Net**	Net
Land and developments	46,697	(3,470)	-	43,227	36,985
Buildings	132,736	(69,295)	-	63,441	60,094
Plant and equipment	190,833	(167,006)	-	23,827	26,247
Other property, plant and equipment*	32,112	(26,612)	-	5,500	5,231
Property, plant and equipment under construction	6,343	(70)	-	6,273	10,280
Advances and prepayments	17	-	-	17	42
TOTAL	**408,738**	**(266,453)**	**-**	**142,285**	**138,879**

* *Other property, plant and equipment consists mainly of vehicles, furniture and computer equipment. The gross value of property, plant and equipment includes €9,073 thousand for items acquired through finance leases (see note on financial debt).*

5.1 Changes in gross values during the fiscal year

(in € thousands)	**09/30/2018**	09/30/2017
GROSS VALUE OF PROPERTY PLANT AND EQUIPMENT AT THE START OF THE FISCAL YEAR	**395,094**	**385,396**
Acquisitions (net of transfers)	18,017	20,147
Change in Group structure	(0)	(37)
Disposals or decommissioned assets	(2,384)	(2,346)
Impact of foreign exchange and misc.	(1,989)	(8,066)
GROSS VALUE OF PROPERTY PLANT AND EQUIPMENT AT THE END OF THE FISCAL YEAR	**408,738**	**395,094**

5.2 Changes in accumulated depreciation during the fiscal year

(in € thousands)	**09/30/2018**	09/30/2017
ACCUMULATED DEPRECIATION AT THE BEGINNING OF THE FISCAL YEAR	**256,215**	**248,181**
Increases in the fiscal year	13,879	13,917
Change in Group structure	(0)	(40)
Reversals of disposals or decommissioned assets	(2,068)	(2,028)
Impact of foreign exchange and misc.	(1,572)	(3,815)
ACCUMULATED DEPRECIATION AT THE END OF THE FISCAL YEAR	**266,453**	**256,215**

The lines "Impact of foreign exchange and miscellaneous" include reclassifications between gross amounts and depreciation.

Note 6 Investments in associates

(in € thousands)	**09/30/2018**	09/30/2017
OPENING NET VALUE	**3,192**	**3,092**
Acquisitions	-	-
Change in Group structure	-	-
Share in earnings of equity-accounted associates	410	375
Dividend distribution	(341)	(274)
Disposals/deconsolidation	-	-
Other net changes (incl. foreign exchange)	-	-
CLOSING NET VALUE	**3,261**	**3,192**

This concerns POMMIER, a company 47% held by Groupe HARDI France, a direct subsidiary of HARDI International AS.

Note 7 Non-current financial assets

	09/30/2018			09/30/2017
(in € thousands)	Gross	Impairment	Net	Net
Equity interests	318	(0)	318	105
Receivables on equity interests	-	-	-	-
Other equity securities	3	(1)	2	2
Loans	43	-	43	45
Other non-current financial assets	1,334	(187)	1,147	1,228
TOTAL	**1,698**	**(188)**	**1,511**	**1,380**

Other non-current financial assets mainly include security deposits.

Note 8 Inventories and work in progress

	09/30/2018			09/30/2017
(in € thousands)	Gross	Impairment	Net	Net
Raw materials	117,047	(21,918)	95,129	83,153
Work-in-progress (goods and services)	17,480	(420)	17,060	16,016
Semi-finished and finished goods	67,535	(4,020)	63,515	47,506
Trade goods	65,586	(8,919)	56,666	42,036
TOTAL	**267,648**	**(35,277)**	**232,371**	**188,711**

Note 9 Trade receivables

	09/30/2018			09/30/2017		
(in € thousands)	Gross	Impairment	Net	Gross	Impairment	Net
Trade receivables	139,389	(4,992)	134,397	139,315	(4,984)	134,331
TOTAL	**139,389**	**(4,992)**	**134,397**	**139,315**	**(4,984)**	**134,331**

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:

(in € thousands)	09/30/2018	09/30/2017
ALLOWANCES FOR IMPAIRMENT OF TRADE RECEIVABLES AT THE BEGINNING OF THE FISCAL YEAR	(4,984)	(6,694)
Net allowance (or reversal) recognized under profit or loss	(19)	1,633
Change in Group structure	0	39
Other changes	11	39
ALLOWANCES FOR IMPAIRMENT OF TRADE RECEIVABLES AT THE END OF THE FISCAL YEAR	(4,992)	(4,984)

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

		Receivables not due				
(in € thousands)	Receivables not past due	< 90 days	91 to 180 days	181 to 360 days	> 360 days	Total
Gross trade receivables	94,679	31,691	6,086	3,008	3,925	139,389
Impairment of trade receivables	(131)	(161)	(558)	(1,108)	(3,034)	(4,992)
TOTAL NET RECEIVABLES	**94,548**	**31,530**	**5,528**	**1,900**	**891**	**134,397**

Note 10 Other receivables

(in € thousands)	09/30/2018 Net value	09/30/2017 Net value
Tax receivables excluding corporate income tax (mainly VAT)	7,574	10,973
Amounts receivable from payroll tax agencies	263	321
Advances and prepayments paid	673	2,846
Sundry debtors	2,077	1,902
Prepaid expenses	3,490	5,859
TOTAL	**14,076**	**21,900**

Other receivables mainly consist of amounts for VAT refunds.

Note 11 Cash and cash equivalents

(in € thousands)	09/30/2018	09/30/2017
Marketable securities	76	90
Cash at banks and on hand	78,854	103,611
TOTAL	**78,930**	**103,701**

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

Available cash is generally invested in risk-free investment vehicles (money market funds). The Company does not have any investment portfolios of equity securities.

Note 12 Share capital

At 09/30/2018, 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 09/30/2018, there were 1,401 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 *(in € thousands)*	09/30/2017	Allowance	Reversal (used provisions)	Reversal (unused provisions)	Actuarial gains and losses	Reclassification of accounts and others	Changes in scope and foreign exchange	**09/30/2018**
Provisions for contingencies	19,770	7,985	(8,173)	(1,187)	-	9	(38)	18,366
Provisions for expenses	31,503	1,634	(2,438)	(509)	111	-	(170)	30,131
TOTAL	**51,273**	**9,619**	**(10,611)**	**(1,696)**	**111**	**9**	**(208)**	**48,497**
Of which non-current provisions	47,877							44,146
Of which current provisions	3,396							4,351
TOTAL	**51,273**							**48,497**

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 *(in € thousands)*	**09/30/2018**	09/30/2017
Revenue-related litigation and expenses for work in progress	940	1,723
Contractual customer warranties	13,199	14,547
Risks of the closure of foreign establishments and subsidiaries	89	411
Retirement commitments including social charges	28,282	29,728
Other miscellaneous employee-related commitments (excluding redundancy plans)	395	147
Tax contingencies and provisions	290	291
Sundry	951	1,030
TOTAL	**44,146**	**47,877**

Current provisions for contingencies and expenses

Consolidated data *(in € thousands)*	09/30/2018	09/30/2017
Revenue-related litigation and expenses for work in progress	2,552	1,335
Redundancy plans	147	-
Risks of the closure of foreign establishments and subsidiaries	-	-
Tax contingencies and provisions	-	-
Other employee-related & miscellaneous commitments	1,652	2,061
TOTAL	**4,351**	**3,396**

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, 2018:

For French companies

- Growth rate of wages (including inflation): 2% (*vs.* 2% in 2017).
- Discount rate used (including inflation): 1.44% (compared to 1.45% in 2017).
- 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: 1.8% - 5.0%.
- Discount rate used: 2.9% (*vs.* 2.75% in 2017).
- Rate of inflation: 3.1% (identical to 2017).
- 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 period 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".

(in € thousands)	Gross	Social charges	Total 09/30/2018	Total 09/30/2017
Service costs in the fiscal year	480	216	695	796
Discount costs	41	19	60	111
Cost of interest	2,273	-	2,273	2,201
Change in plan	-	-	-	-
COST FOR THE FISCAL YEAR	**2,794**	**234**	**3,028**	**3,108**

Changes in pension and similar liabilities break down as follows:

(in € thousands)	Gross	Social charges	**Total 09/30/2018**	Total 09/30/2017
PENSION LIABILITIES AT THE BEGINNING OF THE FISCAL YEAR	**92,276**	**3,785**	**96,061**	**104,147**
Cost for the fiscal year	2,794	234	3,028	3,108
Actuarial gains and recognized in equity	(1,982)	50	(1,932)	(5,372)
Retirement benefits paid	(2,281)	(190)	(2,471)	(3,668)
Change in exchange rates	(515)	-	(515)	(2,086)
Change in Group structure	-	-	-	(68)
PENSION LIABILITIES AT THE END OF THE FISCAL YEAR	**90,292**	**3,880**	**94,171**	**96,061**

Change in plan assets:

(in € thousands)	Gross	Social charges	**Total 09/30/2018**	Total 09/30/2017
FAIR VALUE OF ASSETS AT THE BEGINNING OF THE FISCAL YEAR	**66,333**	**-**	**66,333**	**71,156**
Expected return on plan assets	1,855		1,855	1,777
Actuarial gains and recognized in equity	(2,041)		(2,041)	(4,000)
Contributions paid to plans	2,104		2,104	2,033
Retirement benefits paid	(1,953)		(1,953)	(3,001)
Change in exchange rates	(408)		(408)	(1,633)
Change in Group structure	-		-	-
FAIR VALUE OF ASSETS AT THE END OF THE FISCAL YEAR	**65,889**	**-**	**65,889**	**66,333**

Breakdown of plan assets:

(in € thousands)	**Total 09/30/2018**		Total 09/30/2017	
Shares	310	0.5%	350	2.7%
Bonds	11,377	17.3%	14,189	30.7%
Other assets	54,202	82.3%	51,794	66.6%
FAIR VALUE OF ASSETS AT THE END OF THE FISCAL YEAR	**65,889**	**100%**	**66,333**	**100%**

Reconciliation between total pension liabilities and provisions for liabilities recognized in the balance sheet at September 30, 2018:

(in € thousands)	Gross	Social charges	**Total 09/30/2018**	Total 09/30/2017
TOTAL PENSION LIABILITIES AT THE END OF THE FISCAL YEAR	**90,292**	**3,880**	**94,171**	**96,061**
Fair value of plan assets	(65,889)		(65,889)	(66,333)
PROVISIONS AT THE END OF THE FISCAL YEAR	**24,402**	**3,880**	**28,282**	**29,728**

Provisions for retirement varied as follows for the fiscal year:

(in € thousands)	Gross	Social charges	Total 09/30/2018	Total 09/30/2017
PROVISIONS AT THE BEGINNING OF THE FISCAL YEAR	**25,943**	**3,785**	**29,728**	**32,991**
Cost for the fiscal year	2,794	234	3,028	3,108
Actuarial gains and recognized in equity	59	50	109	(1,372)
Retirement benefits paid	(327)	(190)	(518)	(667)
Expected return on plan assets	(1,855)	-	(1,855)	(1,777)
Contributions paid to plans	(2,104)	-	(2,104)	(2,033)
Change in exchange rates	(107)	-	(107)	(453)
Change in Group structure	-	-	-	(68)
PROVISIONS AT THE END OF THE FISCAL YEAR	**24,402**	**3,880**	**28,282**	**29,728**

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

(in € thousands)	Total 09/30/2018	Total 09/30/2017 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	94,171	101,139	87,899

Note 14 Analysis of financial debt by nature

Consolidated data *(in € thousands)*	09/30/2018	09/30/2017
Short-term facilities for operations and bank overdrafts - France and other countries (2)	45,985	33,006
Finance leases (1)	1,116	1,816
Bank borrowings - France and other countries (3)	82,281	100,146
TOTAL Shareholder current account	33,431	29,035
Payables on employee profit sharing	476	375
Other borrowings	538	547
Regulated government subsidies (4)	94	246
TOTAL FINANCIAL DEBT	**163,922**	**165,171**
Breakdown between non-current and current:		
Non-current portion (> 1 year)	68,204	83,166
Current portion (< 1 year)	95,718	82,005
TOTAL FINANCIAL DEBT	**163,922**	**165,171**

The average rate of interest for the fiscal year was 1.9%, identical to the previous fiscal year.

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

(in € thousands)	Gross value	Depreciation	Net value	Loans outstanding
Land and buildings	2,949	(2,071)	878	
Facilities, equipment & tools	2,173	(2,098)	75	
Other non-current assets	3,951	(3,214)	737	(1,116)
Software	1,074	(1,074)	-	
TOTAL	**10,147**	**(8,457)**	**1,690**	**(1,116)**
Of which intangible assets	1,074	(1,074)	-	
Of which property, plant and equipment	9,073	(7,383)	1,690	
TOTAL	**10,147**	**(8,457)**	**1,690**	**(1,116)**

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 €5.1 million. These primarily concern the foreign subsidiary in Denmark.

(3) Bank borrowings break down as follows:

Consolidated data (in € thousands)	09/30/2018	09/30/2017
France	81,212	98,685
Foreign	1,069	1,460
TOTAL	**82,281**	**100,146**
Of which fixed rate	55,319	61,042
Of which variable rate	26,962	39,104

(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 09/30/2018, financial debt in foreign currencies broke down as follows:

- financial debt denominated in GBP €27,842 thousand (*i.e.* GBP 24,704 thousand);
- financial debt denominated in USD €5,694 thousand (*i.e.* USD 6,592 thousand);
- financial debt denominated in AUD €2,483 thousand (*i.e.* AUD 3,985 thousand).

Note 15 Repayment schedule of financial debt at September 30, 2018

Consolidated data (in € 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	45,985	-	-	45,985
Finance leases	246	870	-	1,116
Bank borrowings – France and other countries	15,586	63,408	3,287	82,281
Other borrowings	470	543	0	1,013
Contingent debt	-	94	-	94
TOTAL	**62,287**	**64,915**	**3,287**	**130,490**
Total Shareholder current account	33,431	-	-	33,431
TOTAL FINANCIAL DEBT	**95,718**	**64,915**	**3,287**	**163,922**

Note 16 Analysis of other current liabilities

Consolidated data *(in € thousands)*	09/30/2018	09/30/2017
Advances and prepayments received	5,893	11,381
Payables for tax (excluding corporate income tax) and payroll tax agencies	32,816	32,728
Other payables	17,428	17,015
Deferred income	5,311	8,295
TOTAL	**61,447**	**69,418**

Note 17 Net sales

Sales by market and geographical sector break down as follows:

Consolidated data *(in € millions)*	09/30/2018		09/30/2017	
	Fiscal year	%	Fiscal year	%
Market				
Agricultural sprayer	364.4	43.4%	381.0	43.6%
Sugar beet harvester	154.6	18.4%	176.0	20.1%
Garden	118.5	14.1%	108.8	12.4%
Industry	201.6	24.0%	208.4	23.8%
	839.1		**874.2**	
Geographical area				
France	166.5	19.8%	181.0	20.7%
International	672.6	80.2%	693.2	79.3%
	839.1		**874.2**	

International sales break down by geographical region as follows:

Consolidated data *(in € millions)*	09/30/2018 12 months	%	09/30/2017 12 months	%
Europe	428.5	63.7%	430.9	62.2%
USA/Canada/Latin America	137.5	20.4%	150.1	21.7%
Asia	49.5	7.4%	49.4	7.1%
Africa & Oceania	57.1	8.5%	62.9	9.1%
TOTAL EXPORT	**672.6**		**693.2**	

Amounts invoiced for export revenue broke down as follows (translated into euros):

- **total amounts invoiced in euros (subsidiaries + direct sales): €335.5 million**
- **total amounts invoiced in foreign currency: €337.0 million**
  - in US dollars: €124.8 million *i.e.* USD 148.6 million
  - In pounds sterling: €80.7 million *i.e.*, GBP 71.4 million
  - in Danish crowns: €6.4 million *i.e.* DKK 47.9 million
  - in Australian dollars: €30.2 million *i.e.* AUD 47.3 million
  - in other currencies: €94.9 million

Note 18 Staff costs and headcount

Statutory employee profit sharing agreements and voluntary profit sharing plans specific to certain companies of the Group amounted to €2,816 thousand for the fiscal year ended September 30, 2018, compared with €2,145 thousand 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	09/30/2018	09/30/2017
Executive officers and management	689	683
Technical and supervisory staff	1,241	1,193
Plant workers	1,600	1,632
TOTAL	**3,530**	**3,508**

Permanent staff by division	09/30/2018	09/30/2017
Headquarters		
Headcount in France	13	14
TOTAL	**13**	**14**
Agricultural Spraying		
Headcount in France	763	777
Headcount in other countries	1,079	1,040
TOTAL	**1,842**	**1,817**
Sugar Beet Harvester		
Headcount in France	30	29
Headcount in other countries	369	352
TOTAL	**399**	**381**
Garden Spraying and Watering		
Headcount in France	134	180
Headcount in other countries	261	267
TOTAL	**395**	**447**
Industrial Spraying		
Headcount in France	583	529
Headcount in other countries	298	320
TOTAL	**881**	**849**
Total workforce		
Headcount in France	1,523	1,529
Headcount in other countries	2,007	1,979
TOTAL	**3,530**	**3,508**

Note 19 Net allowances for provisions and impairment

Consolidated data *(in € thousands)*	**09/30/2018 Fiscal year**	09/30/2017 Fiscal year
Increases in operating provisions		
Provisions for contingencies and expenses	(9,089)	(12,084)
Provisions for current assets	(4,080)	(3,589)
Reversal of operating provisions		
Provisions for contingencies and expenses	11,937	11,748
Provisions for current assets	12,478	10,785
TOTAL	**11,246**	**6,861**

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 €0.1 million. This income derives from reversals of restructuring provisions in Industry and Agricultural Spraying.

Note 21 Financial income/(expenses)

Consolidated data *(in € thousands)*	**09/30/2018 Fiscal year**	09/30/2017 Fiscal year
Income from cash and cash equivalents	464	513
Finance costs, gross	(4,108)	(4,134)
NET INTEREST LOSS	**(3,621)**	**(3,621)**
(Losses)/gains on foreign exchange & other financial (income)/expenses	(3,088)	(4,645)
NET FINANCIAL LOSS	**(6,732)**	**(8,266)**

Note 22 Corporate income tax

Income tax expense breaks down as follows:

Consolidated data *(in € thousands)*	**09/30/2018 Fiscal year**	09/30/2017 Fiscal year
Current tax income Deferred tax income	(16,940)	(16,275)
Deferred tax income	592	(2,455)
TOTAL	**(16,349)**	**(18,730)**

22.1 Change in deferred taxes

Consolidated data *(in € thousands)*	**09/30/2018 Fiscal year**	09/30/2017 Fiscal year
NET DEFERRED TAX ASSETS/(LIABILITIES) AT THE BEGINNING OF THE FISCAL YEAR	**13,621**	**16,834**
Deferred taxes recognized in equity	30	(579)
Deferred tax income	592	(2,455)
Changes in Group structure	-	(41)
Translation gains	(116)	(138)
NET DEFERRED TAX AT THE END OF THE FISCAL YEAR	**14,127**	**13,621**
Of which deferred tax assets	17,587	19,848
Of which deferred tax liabilities	(3,460)	(6,227)

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22.2 Analysis of deferred taxes by nature

Consolidated data *(in € thousands)*	**09/30/2018 Fiscal year**	09/30/2017 Fiscal year
(assets if +; liabilities if -)		
Deferred taxes from temporary timing differences		
Employee benefits (provisions for pension liabilities, profit sharing, accrued vacation payments)	7,999	8,734
Other timing differences between the tax result and book result	(6)	492
Tax losses to be carried forward	5,712	4,399
Deferred taxes arising from consolidation adjustments		
Capitalization of finance leases	11	11
Cancellation of tax-driven provisions (accelerated tax depreciation)	(2,333)	(2,537)
Elimination of internal inventory margins	3,254	3,947
Revaluation surplus	(128)	(1,353)
Other misc. items	(382)	(72)
NET DEFERRED TAX AT THE END OF THE FISCAL YEAR	**14,127**	**13,621**
Of which deferred tax assets	17,587	19,848
Of which deferred tax liabilities	(3,461)	(6,227)

22.3 Reconciliation of the effective tax expense and theoretical tax expense

(Calculated at the tax rate applicable in France)

Consolidated data *(in € thousands)*	09/30/2018 Fiscal year	09/30/2017 Fiscal year
Profit (Loss) before tax and impairment of goodwill	55,161	63,670
Current tax rate in France	34.43%	34.43%
THEORETICAL TAX INCOME AT THE CURRENT TAX RATE	**(18,992)**	**(21,921)**
Impact of:		
Permanent tax differences	(1,050)	(696)
Tax loss not used	(2,330)	(1,648)
Tax rate differential with foreign subsidiaries	4,390	3,990
Tax credits	2,339	1,513
Taxes on dividend distribution	(286)	(550)
Misc. (including impact of the French tax sharing agreement)	(419)	583
NET TAX INCOME/(EXPENSE) RECOGNIZED	**(16,349)**	**(18,730)**
Effective Group tax rate (%)	29.6%	29.4%

Tax credits, mainly research tax credits (RTC).

Note 23 Change in working capital requirements (WCR)

(in € thousands)	09/30/2018	09/30/2017
Net inventories	45,434	(20,332)
Advances and prepayments paid	(2,054)	1,647
Net trade receivables	1,074	16,293
Current income tax receivables	(5,200)	8,956
Other net receivables	(4,612)	139
	34,642	**6,703**
Advances and prepayments received	(5,246)	2,404
Trade payables	(7,119)	13,671
Payables for fixed assets	93	(24)
Payables for tax (excluding corporate income tax) and payroll tax agencies	236	1,584
Current income tax payables	1,942	(3,579)
Other payables	(899)	55
	(10,993)	**14,111**
NET WORKING CAPITAL (+ USE, - SOURCE)	**45,635**	**(7,408)**
Payables on fixed assets reclassified under investments	(93)	24
Impact of change in Group structure on WCR	-	13
Impact of foreign exchange on WCR	2,380	2,942
OPERATING NET WORKING CAPITAL (+ USE, - SOURCE) (EXCLUDING EFFECT OF FOREIGN EXCHANGE AND SCOPE)	**43,347**	**(10,387)**

Note 24 Related-party transactions

24.1 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.

24.2 Transactions with other related parties

As part of the existing cash management agreement between EXEL SAS and EXEL Industries, the Group made payments to and withdrawals from the financial current account; the amount of the cash current account was €33 million at September 30, 2018 and is shown in financial liabilities (see note 14); EXEL Industries recorded a net interest expense of €493 thousand, representing an interest rate of 1-month EURIBOR plus 1.5%, with respect to this cash management agreement.

Note 25 Off-balance sheet commitments and contingent liabilities

25.1 Guarantees given on financial debt

Certain medium-term loans are guaranteed by pledges on equipment acquired. At September 30, 2018, 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 Minworth Property UK real estate company was pledged as depreciable collateral for a bank loan, the outstanding principal of which was GBP 10 million at September 30, 2018.

25.2 Opening of medium-term credit lines

In connection with possible acquisitions, EXEL Industries group's banks granted it a medium-term credit line.

25.3 Guarantees given

None.

25.4 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 26 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 27 Tax risk

To the best of its knowledge, the Group does not have any tax risks for which provisions have not been recorded.

Note 28 Events after the reporting period

There were no events after the reporting period.

Note 29 Statement of fees for Statutory Auditors and auditing services

	Deloitte & Associés				Mazars				Other Statutory Auditors			
(in € thousands)	**Total on 09/30/2018**	**%**	Total on 09/30/2017	%	**Total on 09/30/2018**	**%**	Total on 09/30/2017	%	**Total on 09/30/2018**	**%**	Total on 09/30/2017	%
Auditing services												
Statutory Auditors, certification and examination of separate and consolidated financial statements												
Issuer	60	9%	58	9%	40	8%	38	7%				
Fully consolidated subsidiaries	654	85%	574	85%	411	78%	437	81%	77	41%	82	100%
SUBTOTAL	**714**	**94%**	**632**	**94%**	**451**	**86%**	**475**	**88%**	**77**	**41%**	**82**	**100%**
Other services												
Other related assignments and other audit missions	23	3%	23	3%						0%		0%
Legal, tax, employee-related assignments	25	3%	21	3%	73	14%	62	12%	108	59%	91	53%
Information technology												
Internal audit												
Others												
SUBTOTAL	**48**	**6%**	**44**	**6%**	**73**	**14%**	**62**	**12%**	**108**	**59%**	**91**	**53%**
TOTAL	**762**	**100%**	**676**	**100%**	**524**	**100%**	**537**	**100%**	**185**	**100%**	**173**	**100%**

In 2018, the other services connected to certification missions included fees for auditing the Corporate Social Responsibility report (€20 thousand) 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, 2018

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, 2018 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, 2017 to the date of our report and we provided no services which are prohibited under Article 5 paragraph 1 of the Regulation (EU) No. 537/2014 or by the Code of Ethics of the Statutory Auditors' profession.

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 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 goodwilll

(Note 1.4 and 3 – Goodwill in the notes to the consolidated financial statements)

Risk identified

On September 30, 2018, the Group's net goodwill totaled €64.5 million *i.e.* around 9.1% 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 performance;
- 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,
  - 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.

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.

We certify that the statement of extra-financial performance called for in Article L.225-102-1 of the French Commercial Code does appear in the information about the Group given in the management report, it being noted that in accordance with Article L.823-10 of that Code, we have not checked the information contained in that report as regards its accuracy or 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 & ASSOCIÉS and January 21, 2015 for MAZARS.

On September 30, 2018 MAZARS was in the fourth successive year of its assignment, whilst DELOITTE & ASSOCIÉS was in the 22nd fiscal year of its assignment, of which 21 years for DELOITTE & ASSOCIÉS since the Company's shares were listed for trading on the regulated market.

Liability of persons in Management and Corporate Governance 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 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 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) No. 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 14, 2019

The Statutory Auditors

Mazars	**Deloitte & Associés**
Lionel GOTLIB	Nathalie LORENZO CASQUET

Separate financial statements

4.7 Balance sheet at September 30, 2018

Assets

(in € thousands)	**09/30/2018**	09/30/2017
Net intangible fixed assets	23,277	24,384
Net tangible fixed assets	441	618
Financial assets	296,760	215,316
NON-CURRENT ASSETS	**320,478**	**240,318**
Trade receivables	3,642	2,809
Other receivables	125,254	152,662
Cash and Cash equivalent	18,944	45,323
Accruals & transl. adjust.	1,949	5,760
CURRENT ASSETS	**149,789**	**206,553**
TOTAL ASSETS	**470,267**	**446,871**

Equity and liabilities

(in € thousands)	**09/30/2018**	09/30/2017
Capital	16,970	16,970
Share premiums	2,528	2,528
Reserves	4,101	4,101
Retained earnings	253,802	206,009
Net income	44,331	58,516
Tax-driven provisions	1,713	1,634
SHAREHOLDERS' EQUITY	**323,443**	**289,757**
PROVISIONS FOR CONTINGENCIES AND EXPENSES	**244**	**3,285**
FINANCIAL DEBT	**138,978**	**140,996**
Trade payables and related accounts	791	853
Tax and amounts payable to payroll tax agencies	676	590
Other payables	3,668	8,935
Accruals & transl. adjust.	2,467	2,455
TRADE AND OTHER PAYABLES	**7,602**	**12,833**
TOTAL EQUITY AND LIABILITIES	**470,267**	**446,871**

4.8 Income statement

(in € thousands)	**09/30/2018**	09/30/2017
Sales	24,116	24,249
Other operating income	481	555
Operating income	**24,597**	**24,804**
Operating expenses:		
Raw materials and consumables	-	-
Other purchases and external charges	(4,323)	(4,000)
Taxes and duties other than on income	(388)	(715)
Payroll	(2,294)	(2,188)
Increases in depreciation and amortization, provisions	(1,363)	(1,388)
Other expenses	(155)	(123)
Operating expenses	**(8,523)**	**(8,415)**
OPERATING RESULTS	**16,074**	**16,389**
NET FINANCIAL INCOME/(EXPENSE)	**30,558**	**44,947**
CURRENT OPERATING INCOME	**46,632**	**61,336**
NET EXCEPTIONAL INCOME/(LOSS)	**136**	**(26)**
PROFIT BEFORE TAX	**46,768**	**61,311**
Corporate income tax	(2,437)	(2,795)
NET INCOME	**44,331**	**58,516**

4.9 Notes to the parent company financial statements

Accounting principles, rules and methods

(Articles L.123-13 to L.123-21 of the French Commercial Code; ANC Regulation No. 2016-07)

1. Application of accounting policies and basis of presentation

These condensed financial statements of our Company for the fiscal year ended September 30, 2018 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 *(in € thousands)*	Opening gross value	Increases	Decreases	Reclassification from line to line	Closing gross value
Intangible assets	27,548	63			27,611
Property, plant and equipment	2,791	4			2,795
Financial assets:					
Equity interests	176,327		-		176,327
Receivables on interests	40,830	100,183	(16,737)		124,276
Other equity securities	3	316			319
Others	946	2			948
TOTAL	**248,445**	**100,568**	**(16,737)**	**-**	**332,276**

Amortization and depreciation

Separate financial statements *(in € thousands)*	Accumulated depreciation at opening	Allowances	Reversals	Accumulated depreciation at closing
Amortization of intangible fixed assets	3,163	1,170	-	4,333
Depreciation of tangible fixed assets	2,173	181		2,354
TOTAL	**5,336**	**1,351**	**-**	**6,687**

Changes affecting provisions for accelerated tax depreciation

Separate financial statements *(in € thousands)*	Accumulated depreciation at opening	Allowances	Reversals	Accumulated depreciation at closing
For intangible and tangible fixed assets	59	-	(27)	32
For acquisition costs for securities	1,576	105	-	1,681
REVERSAL OF TAX-DRIVEN PROVISIONS (ACCELERATED TAX DEPRECIATION)	**1,635**	**105**	**(27)**	**1,713**

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.

All the tests were carried out using the following principal assumptions for fiscal year 2018:

- the perpetual rate of growth lies between 1.2% and 1.8% depending on the IMF's long-term inflation forecasts for the country in which the entity is located;
- the discount rate is 8.0% (identical to 2017).

The discount rate used for the impairment tests corresponds to the weighted average cost of capital (WACC) estimated on a date close to the closing date. The WACC is calculated on the basis of a target indebtedness of 25% of equity and a risk-free interest rate of 0.77% (ten-year French government bond rate).

The valuation is made in the functional currency of the entity and converted at the year-end closing exchange rate.

On September 30, 2018 the Group 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 brought out a risk of additional impairment of no more than €950 thousand.

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)*

Subsidiaries and associates *(in € thousands)*	Foreign currency	Capital	Other equity before appropriation of 2018 income	Percentage of capital held *(in %)*	Gross carrying value of securities held	Net carrying value of securities held	Loans and advances granted by the Company	Pledges and guarantees given by the Company	2018 sales	Profit after tax for the last fiscal year 2018	Dividends received by the Company during the fiscal year
French subsidiaries											
BERTHOUD Agricole SAS	€K	1,155	13,527	100	5,457	5,457	595		54,673	2,745	2,195
CAPAGRI SAS	€K	80	102	100	524	205	-		1,366	78	-
CARUELLE NICOLAS SAS	€K	537	533	100	5,472	3,354	1,550		7,646	(890)	-
SCI CATHAN	€K	-	199	99	4,597	4,597	215		-	264	257
CMC SAS	€K	405	421	100	844	844			2,022	163	390
HOZELOCK EXEL SAS	€K	2,600	8,020	100	5,120	5,120	3,000		41,514	1,781	2,480
PRÉCICULTURE SAS	€K	420	6,565	100	1,584	1,584	300		37,995	2,853	3,105
SAMES KREMLIN	€K	12,720	20,572	100	15,815	15,815	1,000		115,404	16,222	16,659
TECNOMA Technologies SAS	€K	1,174	6,102	100	6,273	6,273			37,828	(214)	834
TRICOFLEX SAS	€K	1,909	7,192	100	22,022	22,022			48,123	2,312	1,814
Foreign subsidiaries											
AGRIFAC MACHINERY BV (NL)	€K	68	8,000	100	5,432	5,432	34,494		59,432	(4,039)	-
LLC EMC (Russia)	€K	100	505	100	184	184			7,311	486	411
EXEL REAL ESTATE (USA)	€K	1,447	226	100	1,116	1,116			-	48	
EXEL REAL ESTATE AUSTRALIA	€K	2,695	4,632	100	2,679	2,679	3,234		-	647	
EXEL REAL ESTATE NETHERLANDS	€K	-	951	100	-	-	11,505		-	890	
EXEL REAL ESTATE GERMANY	€K	25	(622)	100	25	25	18,725		-	(58)	
ETW Inc (USA)	€K	29,246	(21,109)	100	27,740	27,740	21,699		40,468	(1,701)	
HARDI INTERNATIONAL A/S (DK)	€K	13,411	21,431	100	39,852	39,852	43,409		67,626	332	
HOLMER Maschinenbau GmbH	€K	5,000	1,021	100	16,127	16,127	48,054		128,035	(3,432)	
MATROT UK	€K	-	11	100	42	42			-	-	
MINWORTH Property UK	€K	9,467	1,452	100	11,891	11,891	11,573		-	488	
RASINDECK Ltd (UK)	€K	137	1,129	100	179	179			-	-	
VERMOREL (RO)	€K	3,222	(2,545)	100	3,350	677	1,421		3,541	(268)	
INGELIA (RO)	€K	-	10	90	2	2			-	-	
Other equity holdings	**€K**				**319**	**318**					
					176,646	**171,535**	**200,774**				**28,145**

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.

At the fiscal year-end, there were 1,401 treasury shares valued at €97.40 per share for a total of €136 thousand.

During the fiscal year, the Company purchased 28,082 shares at an average price of €108.93 per share and sold 28,121 shares at an average price of €108.04 per share.

9. Foreign exchange risk

On 09/30/2018, the Company holds in its cash assets:

- USD 852 thousand; these foreign exchange holdings were not covered by a currency hedge; they are measured at the closing rate of USD 1.1576/€; this balance represented €736 thousand;
- GBP 228 thousand; these foreign exchange holdings were not covered by a currency hedge; they are measured at the closing rate of GBP 0.8873/€; this balance represented €256 thousand;
- AUD 281 thousand; these foreign exchange holdings were not covered by a currency hedge; they are measured at the closing rate of AUD 1.6048/€; this balance represented €175 thousand.

Our Company grants loans or foreign currency current account debits to certain of 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.

During the fiscal year the Company continued its currency hedging policy by using short-term and medium-term lines of credit in foreign currencies to hedge its 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

(in € thousands)	
Shareholders' equity at 09/30/2017	289,757
Dividends	(10,723)
Net income for the fiscal year	44,331
Change in tax driven provisions	78
SHAREHOLDERS' EQUITY AT 09/30/2018	**323,443**

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 *(in € thousands)*	09/30/2017	Allowance	Reversal (used provision)	Reversal (unused provision)	**09/30/2018**
Lawsuit contingency provisions for subsidiaries	110				110
Provisions for subsidiary losses	-				-
Provisions for retirement benefits	49	12			61
Provisions for foreign exchange losses	3,125	73	(3,125)		73
TOTAL	**3,284**	**85**	**(3,125)**	**-**	**244**

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 2016 fiscal year under the French Accounting Standards Authority's (ANC) recommendation No. 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 €61 thousand, broken down as follows:

- Liabilities/pension obligations - excluding social security contributions €57 thousand
- + Social security contributions (45% of the liability) €25 thousand
- - Unrecognized actuarial gains and losses -€21 thousand

= **Total provision (including social security contributions) €61 thousand**

12.3. Other provisions for contingencies and expenses

A provision for risks in subsidiary companies continues on the balance sheet in the amount of €110 thousand.

These provisions were recorded in the parent company's financial statements 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 a material nature, or are concluded on normal terms, or excluded from the scope of application of the French accounting standards authority (ANC) Regulation Nos. 2010-02 and 2010-03.

15. Trade receivables and payables

Statement of receivables

Separate financial statements *(in € thousands)*	Gross amount	Up to 1 year	More than 1 year
Receivables from equity interests	124,275	11,491	112,784
Other non-current financial assets	948		948
Trade receivables	3,642	3,642	
Tax and employee-related receivables	2,075	2,075	
Group and associates (related parties)	122,923	122,923	
Other receivables	444	444	
TOTAL	**254,307**	**140,575**	**113,732**
Loans granted in the fiscal year	100,183		
Repayments received in the fiscal year	16,737		

Detail on income receivable

- Accrued tax refunds............................€83 thousand
- Misc. accrued assets.........................€257 thousand
- Accrued interest receivable.............€4 thousand
- **Total accrued income.................. €344 thousand**

Statement of payables

Separate financial statements *(in € thousands)*	Gross amount	Up to 1 year	More than 1 year, less than 5 years	More than 5 years
Other bonds	30,335	335	30,000	-
Financial liabilities (including shareholder current accounts)	108,643	74,157	31,198	3,288
Trade payables	791	791		
Tax and amounts payable to payroll tax agencies	676	676		
Group and associates (related parties)	3,605	3,605		
Other payables and accruals	63	63		
TOTAL	**144,113**	**79,627**	**61,198**	**3,288**
Loans obtained in the fiscal year	-			
Loans repaid in the fiscal year	16,006			

Breakdown of accrued expenses

- Accrued interest/financial liabilities .... €480 thousand
- Trade payables .... €422 thousand
- Tax and amounts payable to payroll tax agencies ..... €578 thousand
- Other payables .... €63 thousand
- **Total accrued expenses .... €1,543 thousand**

Selected balance sheet information

Headings *(in € thousands)*	Affiliates
Non-current assets	
Equity interests	176,327
Receivables from equity interests	124,276
Current assets	
Trade receivables and related accounts	3,639
Other receivables	123,155
Payables	
Other loans and borrowings	33,431
Trade payables and related accounts	174
Other payables	3,605

16. Sales

Separate financial statements *(in € thousands)*	**09/30/2018**	09/30/2017
France Services	10,271	10,622
International Services	13,845	13,627
SALES	**24,116**	**24,249**

17. Net financial income/(expense)

Separate financial statements *(in € thousands)*	09/30/2018	09/30/2017
Financial income from equity interests	28,145	41,596
Other interest and similar income	8,133	7,068
Reserves written back to income	3,204	4,553
Foreign exchange gains	2,237	8,922
Net income on sales of short-term investments	17	16
TOTAL INCOME	**41,736**	**62,155**
Increases in provisions	(2,472)	(3,695)
Interest	(2,823)	(3,232)
Foreign exchange losses	(5,883)	(10,280)
Net expense on sales of short-term investments	-	-
TOTAL EXPENSES	**(11,178)**	**(17,208)**
NET FINANCIAL INCOME/(EXPENSE)	**30,558**	**44,947**

Changes in balances of cash and cash equivalents with affiliates break down as follows:

(in € thousands)	09/30/2018	09/30/2017
Financial income	36,277	48,663
Financial expenses	502	750

18. Net exceptional income/(loss)

Separate financial statements *(in € thousands)*	09/30/2018	09/30/2017
Application of a “better fortunes” (financial recovery) clause	215	-
Disposal price of decommissioned assets	-	9,632
Reversal of provisions/proceeds from the sale of fixed assets	-	312
Reversal of provisions for subsidiary contingencies	-	-
Other misc. items	27	28
TOTAL INCOME	**242**	**9,972**
Debt waivers granted to subsidiaries	-	(42)
NAV of deactivated assets	-	(9,626)
Allowances for subsidiary contingencies	-	(110)
Allowances for tax-driven provisions (accelerated tax depreciation)	(105)	(167)
Other misc. items	(1)	(52)
TOTAL EXPENSES	**(106)**	**(9,998)**
NET EXCEPTIONAL INCOME/(LOSS)	**136**	**(26)**

19. Income taxes

The Company is at the head of a tax group.

Agreements between the parent company and consolidated subsidiaries were drawn up 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....6,095
  (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)....(852)
  (of which tax cancellations of 3% contributions on dividends in the amount of (€739 thousand))
- French tax group expense/(revenue)....(2,293)
  (mainly from tax deficits of subsidiaries attributed to the Group's income/(loss)
- the Company's tax credits (mainly research tax credits)....(513)

Total income tax expenses for the fiscal year (or net income)....2,437

4

Breakdown of income tax

(in € thousands)	Profit before income tax	Taxes payable	Net income/(loss) after taxes
Current operating income	46,632	(5,608)	41,025
Net exceptional income/(loss)	136	878	1,013
Impact of tax consolidation		2,293	2,293
BOOK INCOME	**46,768**	**(2,437)**	**44,331**

Deferred taxes

(in € thousands)	Amount
Taxes payable on:	
Regulated provisions (accelerated tax depreciation)	1,713
TOTAL DEFERRED TAX ASSETS	**1,713**
Prepaid taxes on:	
Temporarily disallowed deductions and timing differences (to be deducted the following year)	867
Expenses to be subsequently deducted (non-deductible provisions)	61
TOTAL DEFERRED TAX LIABILITIES	**928**
NET DEFERRED TAXES	**785**

20. Other disclosures

Commitments given *(in € thousands)*	
Pledge of investment securities in an English subsidiary, granted to collateralize a bank loan	11,505
	11,505

Commitments received *(in € thousands)*	
"Better fortunes" (financial recovery) clauses (received from subsidiaries)	13,563
	13,563

Average number of employees

Average number of employees	09/30/2018	09/30/2017
Executive officers and management	12	11
Office staff and workers	2	2
TOTAL	**14**	**13**

21. Events after the reporting period

There were no events after the reporting period.

4.10 Proposed appropriation of net income

(in euros)	09/30/2018	09/30/2017
Sources:		
1. Retained earnings from previous fiscal years	253,801,587	206,008,797
2. Net income for the fiscal year	44,330,505	58,515,564
Appropriations:		
3. Statutory reserve	-	-
4. Dividends	7,738,206	10,724,882
5. Retained earnings	36,592,299	47,790,682
TOTAL	**44,330,505**	**58,515,564**

4.11 Statutory Auditors' report on the Company financial statements

Fiscal year ended September 30, 2018

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, 2018 as appended to this report, in performance of the assignment entrusted to us by your Annual 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 October 1, 2017 to the date of our report and we provided no services which are prohibited under Article 5 paragraph 1 of the Regulation (EU) No. 537/2014 or by the Code of Ethics of the Statutory Auditors' profession.

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 at September 30, 2018 for a net amount of €171.2 million, or 36.4% of total assets. They are recognized at their acquisition cost. Impairment is recognized if their recoverable value is below their net carrying value.

As stated in note 2.3 "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 documents sent to shareholders

We have also performed the specific verifications required by law in accordance with French professional auditing standards.

Information given in the documents concerning the financial position and the annual financial statements sent to the shareholders

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.

We certify the accuracy and the consistency with the annual financial statements of the information concerning payment terms mentioned in Article D.441-4 of the French Commercial Code.

Report on Corporate Governance

We certify that the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code is provided in the report of the Board of Directors on corporate governance.

With regard to the information provided, pursuant to the terms of Article L.225-37-3 of the French Commercial Code on remunerations 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.

Other disclosures

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 & ASSOCIÉS and January 21, 2015 for MAZARS.

On September 30, 2018 MAZARS was in the fourth successive year of its assignment, whilst DELOITTE & ASSOCIÉS was in the 22nd fiscal year of its assignment, of which 21 years for DELOITTE & ASSOCIÉS 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, according to generally accepted accounting principles in France, 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 which it is our responsibility to describe in this opinion.

We also supply the Audit Committee with the declaration stipulated in Article 6 of the Regulation (EU) No. 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 14, 2019

The Statutory Auditors

Mazars	**Deloitte & Associés**
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, 2018

To the Annual General Meeting of EXEL Industries,

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

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 14, 2019
The Statutory Auditors

Mazars	**Deloitte & Associés**
Lionel GOTLIB	Nathalie LORENZO CASQUET

5

Report on Corporate Governance

In accordance with the last paragraph of Article L.225-37 of the French Commercial Code, the Board of Directors has prepared this report on Corporate Governance together with the management report.

5.1 Offices and positions held in any company by each corporate officer during the 2017/2018 fiscal year

	Offices held within the EXEL Industries group								
	Patrick BALLU	Guerric BALLU	Marc BALLU	Franck BALLU	Cyril BALLU	Pascale AUGER	SAS JUMP'TIME (1)	EXEL SAS	Sylvain MACCORIN
Company	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	Independent director	Representative director CL. LOPEZ (2) and Chair, R&A Comm.	Director Rep. MPdCS (3)	Director representing employees
AGRIFAC Machinery		Director Rep. EI (4) Rep. of shareholder EI (4)							
ASHSPRING		Chairman (5)	Director (6)						
BERTHOUD Agricole		Chairman's Rep. EI (4)		Director of Operations					
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's Rep. EI						

	Offices held outside EXEL Industries group							
	Patrick BALLU	Guerric BALLU	Marc BALLU	Franck BALLU	Cyril BALLU	Pascale AUGER	SAS JUMP'TIME (1)	EXEL SAS
Company	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	Independent director	Director Rep. CL. LOPEZ (2) and Chair, R&A Comm.	Director Rep. MPdCS (3)
ALBARELLE							Chairman	
ASSISTEAL							Manager (2)	
AXEMA		Director						
CFJ PRO							Manager (2)	
Corporate Angel						Chairman		
COURS GALIEN							Chairman (2)	
COURS PAVIOT							Chairman (2)	
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								Chairman (8)
NEOMA	Director							
RABOT DUTILLEUL HOLDING						Member of Board of Directors and Remuneration Committee		
SCI LE CAPRICORNE	Manager							
SCI LE LION	Manager							
SCI LE SAGITTAIRE	Manager							

Key:
(1) SAS JUMP'TIME = 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.

5.2 Agreements concluded, directly or through a third party between, on the one hand, one of the corporate officers or one of the shareholders holding a proportion of voting rights greater than 10% in a company and, on the other hand, another company in which it owns, directly or indirectly, more than half of the capital

(With the exception of agreements relating to current operations concluded under normal conditions)

No agreement was concluded in the 2017/2018 fiscal year.

5.3 Summary of authorizations in force granted by the shareholders' Annual General Meeting relating to increases in share capital

The table below presents a summary of the financial authorizations in force, granted by the Annual General Meeting to the Board of Directors to repurchase shares, increase or reduce the share capital, and award stock subscription or purchase options.

Purpose of authorization	Nominal ceiling	Expiry/Term	Use
Share repurchases			
Order the Company to repurchase its own shares (AGM of February 7, 2018, resolution No. 8)	10% of the current share capital	August 7, 2019 (18 months)	28,082 shares repurchased 28,121 shares sold
Issue of securities			
Capital increases through the issue of shares with the maintenance of preferential subscription rights (EGM of February 7, 2018, resolution No. 1)	Maximum nominal amount of the share capital: €80 million	April 7, 2020 (26 months)	None
Capital increase through the issue of securities giving access to the capital with the maintenance of preferential subscription rights (EGM of February 7, 2018, resolution No. 2)	Maximum nominal amount of the share capital: €80 million	April 7, 2020 (26 months)	None

5.4 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 du CRAY-SIRIEIX**

  A company appointed director by the AGM of February 2, 1995, and subsequently reappointed, lastly by the AGM of February 9, 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, and subsequently reappointed, lastly by the AGM of February 7, 2018, for a term of office expiring at the end of the AGM called to approve the 2023 financial statements.

Independent directors

- **Mrs. Pascale AUGER**

  Chairman of Corporate Angel. Appointed by the AGM of February 7, 2018, for a term of office expiring at the end of the AGM called to approve the 2023 financial statements.

- **SAS JUMP'TIME**, represented by its Chairman, Claude LOPEZ

  A company appointed to the Board of Directors by the Annual General Meeting on January 12, 2016, for a term of office expiring at the end of the AGM called to approve the 2021 financial statements.

Director representing employees

- **Mr. Sylvain MACCORIN**

  Appointed by the AGM of February 7, 2018, for a term of office expiring at the end of the AGM called to approve the 2020 financial statements.

5.5 Committees

5.5.1 Audit Committee

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 is composed of two independent directors: Pascale AUGER, Chairman of the Committee and SAS JUMP'TIME represented by Claude LOPEZ.

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 2017/2018 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 May 28, 2018, regarding the consolidated financial statements of the first half-year of 2017/2018;
- on December 12, 2018, regarding the consolidated and annual financial statements for the 2017/2018 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 5/29/2018 and 12/13/2018.

5.5.2 Remuneration and Appointments Committee

On April 14, 2014, the Board of Directors formed a Remuneration and Appointments Committee.

This Committee is composed of two independent directors, SAS JUMP'TIME represented by Claude LOPEZ and Pascale AUGER, and the Chairman of the Board of Directors. It is chaired by 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.

5.6 Board of Directors

Corporate Governance

EXEL Industries group is majority owned by the Ballu family with some members serving as corporate officers. The Company is therefore committed to the principles of ethical business conduct, good corporate governance and sustainability. In organizing its corporate governance, the Company applies the principles of the recommendations of the Middlenext Corporate Governance Code.

In particular, the 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 the Board of Directors works and thus help to improve 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 corporate officers or special severance benefits payable if they cease to exercise their functions (golden parachutes), but they do benefit from health insurance and employee welfare arrangements. The CEO and executive corporate officers, except for the Chairman of the Board of Directors also benefit from the *Garantie Sociale des Chefs d'Entreprise* (GSC) (a social security regime for company managers).

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, the Board of Directors fully exercises its role of setting the Group's strategic direction and approving the strategy presented by the Chief Executive Officer.

Since April 22, 2011, the roles of the Chairman of the Board of Directors and Chief Executive Officer have been separated: Patrick BALLU is Chairman of the Board of Directors and Guerric BALLU is Chief Executive Officer of the Group.

Composition of the Board of Directors

EXEL Industries is managed by a Board of Directors that currently has seven members including two women, each possessing at least one share of the Company in accordance with Article 14 of the Articles of Association.

From the 2017/2018 fiscal year, the Board of Directors includes a director representing employees, Sylvain MACCORIN, and benefits from the experience of two independent directors, Claude LOPEZ on behalf of SAS JUMP'TIME and Pascale AUGER.

Directors are appointed for a term of six years, which is renewable for the same period of time, and the director representing employees is appointed for a term of three years.

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

Under his chairmanship, the Chairman of the Board of Directors calls meetings of the Board of Directors as often as necessary.

As Chairman of the Board of Directors, he organizes and oversees the work of the Board of Directors and ensures the proper functioning of the Company's governing bodies (Board of Directors, Annual General Meeting).

The Board of Directors is a collegial body and the directors therefore perform collectively the functions assigned in law to the Board.

The Chairman of the Board of Directors must ensure that directors are in a position to fulfill their duties and, in particular, ensure that they have all of the information necessary for them to carry out their duties.

The 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, 2017, the Board of Directors has met seven times, with several meetings being held by videoconferencing, pursuant to Article 17 of the Articles of Association.

Rules for shareholder participation in Annual General Meetings

By means of the Registration Document and press releases, the Company's shareholders continue to be kept properly informed about major foreseeable risks that could potentially jeopardize the continuing operations of the Company and its subsidiaries. The Company also has a solid understanding of our shareholder base and is seeking to strengthen long-term shareholder commitment (notably by granting them 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.

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

5.7.1 Remuneration of non-executive corporate officers

Remuneration of EXEL SAS, represented by Marie-Pierre DU CRAY-SIRIEIX *(in euros)*

	Fiscal Year 2016/2017		**Fiscal Year 2017/2018**	
Marie-Pierre DU CRAY-SIRIEIX, director	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	15,000	15,000	15,000	15,000
Services rendered	105,012	105,012	17,050	17,050
Benefits in kind				
TOTAL	**120,012**	**120,012**	**32,050**	**32,050**

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

	Fiscal Year 2016/2017		**Fiscal Year 2017/2018**	
Marie-Claude BERNAL, independent director	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	7,111	7,111
Services rendered	5,000	5,000	4,000	4,000
Benefits in kind				
TOTAL	**25,000**	**25,000**	**11,111**	**11,111**

Note: from February 7, 2018, Marie-Claude BERNAL is no longer an Independent director.

Remuneration of Pascale AUGER *(in euros)*

	Fiscal Year 2016/2017		**Fiscal Year 2017/2018**	
Pascale AUGER, independent director	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			17,889	17,889
Services rendered				
Benefits in kind				
TOTAL			**17,889**	**17,889**

Pascale AUGER has been an independent director since February 7, 2018.

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

	Fiscal Year 2016/2017		**Fiscal Year 2017/2018**	
JUMP'TIME, independent director	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	29,000	29,000
Services rendered	6,000	6,000		
Benefits in kind				
TOTAL	**26,000**	**26,000**	**29,000**	**29,000**

5.7.2 Remuneration of executive corporate officers

5.7.2.1 Fixed, variable and exceptional elements comprising the total remuneration and benefits of any kind that may be awarded to executive corporate officers for the 2017/2018 fiscal year

By adopting resolution seven, the Annual General Meeting of February 7, 2018, approved 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 executive corporate officers for the 2017/2018 fiscal year.

In accordance with the provisions of Article L.225-100 II of the French Commercial Code, the Annual General Meeting is invited to rule on 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, which are as follows:

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

Patrick BALLU, Chairman of the Board of Directors, EXEL Industries Director	Fiscal Year 2016/2017		**Fiscal Year 2017/2018**	
	Amounts due	Amounts paid	**Amounts due**	**Amounts paid**
Fixed remuneration	66,000	66,000	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	3,992	3,992	3,992	3,992
TOTAL	**84,992**	**84,992**	**84,992**	**84,992**

Patrick BALLU benefits from health insurance and employee welfare arrangements.

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

Guerric BALLU, Group Chief Executive Officer Director Director	Fiscal Year 2016/2017		**Fiscal Year 2017/2018**	
	Amounts due	Amounts paid	**Amounts due**	**Amounts paid**
Fixed remuneration	348,309	348,309	360,192	360,192
Annual variable remuneration	185,000	138,550	117,000	185,000
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	13,328	13,328	26,145	26,145
TOTAL	**561,637**	**515,187**	**518,337**	**586,337**

Guerric BALLU benefits from health insurance and employee welfare arrangements.

Remuneration of Marc BALLU, Deputy Chief Executive Officier *(in euros)*

Marc BALLU, Deputy Chief Executive Officer Director	Fiscal Year 2016/2017		**Fiscal Year 2017/2018**	
	Amounts due	Amounts paid	**Amounts due**	**Amounts paid**
Fixed remuneration	246,552	246,552	256,965	256,965
Annual variable remuneration	42,587	51,578	41,311	42,083
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	106,186	106,186	101,242	101,242
TOTAL	**410,325**	**419,316**	**414,518**	**415,290**

Marc BALLU benefits from health insurance and employee welfare arrangements.
N.B.: Average foreign exchange rate 2016-2017: €1 = £0.872.
Average foreign exchange rate 2017-2018: €1 = £0.885.
The difference between the remuneration paid in 2017-2018 and the remuneration due in 2016-2017 corresponds to this change.

Remuneration of Franck BALLU, Deputy Chief Executive Officier *(in euros)*

	Fiscal Year 2016/2017		**Fiscal Year 2017/2018**	
Franck BALLU, Deputy Chief Executive Officer	Amounts due	Amounts paid	**Amounts due**	**Amounts paid**
Fixed remuneration	102,253	102,253	98,856	98,856
Annual variable remuneration	12,806	7,940	9,863	12,806
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	**118,387**	**113,521**	**112,047**	**114,990**

Franck BALLU benefits from health insurance and employee welfare arrangements.

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

	Fiscal Year 2016/2017		**Fiscal Year 2017/2018**	
Cyril BALLU, Deputy Chief Executive Officer	Amounts due	Amounts paid	**Amounts due**	**Amounts paid**
Fixed remuneration	139,137	139,137	142,566	142,566
Annual variable remuneration	11,250	12,350	13,160	11,250
Multi-year variable remuneration				
Exceptional remuneration				
Pension payment and special compensation				
Directors' fees				
Services rendered				
Benefits in kind	3,920	3,920	8,320	8,320
TOTAL	**154,307**	**155,407**	**164,046**	**162,136**

Cyril BALLU benefits from health insurance and employee welfare arrangements.

5.7.2.2 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 executive corporate officers for the 2018/2019 fiscal year

In accordance with the law No. 2016-1691 of December 9, 2016 (Sapin II law) 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 of all 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 2018/2019 fiscal year must be put to the vote of the shareholders at the Annual Ordinary General Meeting.

5.7.2.2.1 Annual fixed 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.

5.7.2.2.2 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 (TB): their Target Bonus is determined in accordance with the annual Operating Cash Flow Before Tax (OCFBT) targets (OCFBT = EBITDA + Change in WCR) in their perimeter of personal responsibility;
  - range of bonus according to the degree that the OCFBT target is achieved: 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 2018/2019 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 £41,000 for the 2018/2019 fiscal year and can vary from between £28,700 to £53,300;
  - there is no Target Bonus for the Deputy Chief Executive Officer, Franck BALLU, who is on sabbatical leave within BERTHOUD Agricole, from October 2018 to August 2019;
  - the Target Bonus for Cyril BALLU, the Deputy Chief Executive Officer is fixed at €23,000 for the 2018/2019 fiscal year and can vary from between €16,100 to €29,900.

5.7.2.2.3 Exceptional remuneration of executive corporate officers

The executive corporate officers do not receive exceptional remuneration.

5.7.2.2.4 Stock options, stock subscription warrants (BSA) or founder share warrants (BSPCE)

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

5.8 Information that could be of significance in the event of a takeover bid

- **Share capital structure**

The share capital structure is as described in section 3.9.1 of the management report.

- **Restrictions in the Articles of Association on exercising voting rights and transferring shares and any provisions of agreements brought to the attention of the Company pursuant to Article L.233-11 of the French Commercial Code**

The Board of Directors is not aware of any restrictions of the exercising of voting rights and transfer of shares during the fiscal year.

- **Equity interests, whether direct or indirect, in the Company's capital and of which it is aware pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code**

EXEL SAS holds 70.60% of the voting rights and 62.81% of the capital of EXEL Industries. In addition, Patrick BALLU holds, directly and indirectly, 48.90% of the capital and 70.60% of the voting rights of EXEL Industries.

- **List of the holders of any security conferring special rights of control**

In accordance with the provisions of Article 12 "RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES" 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.

- **Control mechanisms provided in any employee shareholding scheme**

The Board of Directors is not aware of any control mechanism in relation to the employee shareholding scheme.

- **Shareholder agreements that may involve restrictions on the transfer of shares and the exercising of voting rights**

The Board of Directors is not aware of any agreement between shareholders that could involve restrictions on the transfer of shares and the exercising of voting rights.

- **Rules applying to the appointment and replacement of members of the Board of Directors and to the amendment of the Articles of Association**

Nomination and replacement of members of the Board of Directors

In accordance with the provisions of Articles 13, 14 and 15 of the Articles of Association, the Company is managed by a Board comprising at least three and at most 18 members who are appointed by the Annual General Meeting. The director(s) representing employees are appointed by the Group Works Committee. Each director must own at least one share, except for the director representing employees. Legal entities may be on the Board of Directors. They must designate a permanent representative who is subject to the same conditions and obligations as a director acting in their own name.

Directors are appointed for a period of six years and three years for the director representing employees.

Directors are appointed to or renewed in their roles in accordance with the conditions and arrangements provided in the laws and regulations in force. A director appointed to replace another director only remains in office for the remaining period of their predecessor's term of office.

Amendment of the Articles of Association: the Articles of Association may only be amended, unless otherwise required by law, by a decision taken by an Extraordinary General Meeting.

- **Agreements concluded by the Company that are amended or terminated in the event of a change of control**

The Board of Directors is not aware of any significant agreement that would be amended or that would be terminated in the event of change of control.

- **Agreements providing for severance payments to members of the Board of Directors or employees, if they resign or are dismissed without genuine and serious cause, or if their employment is terminated by reason of a takeover bid or exchange offer**

The Board of Directors is not aware of any agreement providing severance payments to members of the Board of Directors or employees, if they resign or are dismissed without genuine and serious cause, or if their employment is terminated by reason of a takeover bid or exchange offer.

5.9 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.

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.

The Group's Executive Management 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 annual and consolidated financial statements. This process is 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 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.

The Group has also developed an internal control self-evaluation process based on a questionnaire measuring whether the fundamental rules and procedures are being correctly implemented within the Group's most significant entities. This questionnaire is completed once every year. It is shared with Executive Management, the Finance Department, the CEO of the subsidiary and the Group's Audit Committee.

Opportunity and risk management (ORM)

To ensure the sustainability of its operating activities, the Group ensures 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 13, 2018, 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 the new statement of extra-financial performance has been improved compared to last year: the data are more reliable and the task of collecting, consolidating and auditing has been more efficient.

As in previous years, this statement was externally audited for the purposes of certification and a reasoned opinion on the fairness of the information.

On December 13, 2018, it was approved by the Board of Directors and incorporated into the Registration Document.

Group Insurance Policies and Legal Disputes

The Group negotiates and centralizes its various insurance contracts and manages any legal disputes and claims. To ensure that operations always comply with regulations, the Group's 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's Legal Department has rolled out, by means of a number of initiatives, a code of conduct to all of the Group's subsidiaries, (see Statement of Extra-Financial Performance in the management report).

In conclusion, it is important to bear in mind that the Group is a mid-size, international, family-operated and family-owned enterprise of French origin.

The Group's goal is to expand in its markets through a policy of constant innovation and an international growth strategy.

For this reason, the Board of Directors ensures that governance is sound and ethical. The Group's employees are given responsibility and proper motivation, and act with respect for our founding values.

6

Information on the Company and its share capital

6.1 General information on EXEL Industries

Company name

EXEL Industries

Registered Office

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

Duration

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 purpose (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

Register office

RCS REIMS B 095 550 356

Main office

RCS Paris B 095 550 356

APE business identifier code (registered office): 2830Z

APE business identifier 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.

Fiscal Year (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 Annual 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 7, 2018 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 €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.

An authorization for the Company to buy back its shares is submitted for vote by the next General Meeting of February 7, 2019. Once approved by the shareholders, this authorization will cancel and supersede the authorization granted by the Annual Ordinary General Meeting of February 7, 2018.

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
2014/2015	€1.07
2015/2016	€1.07
2016/2017	€1.58

Dividend policy

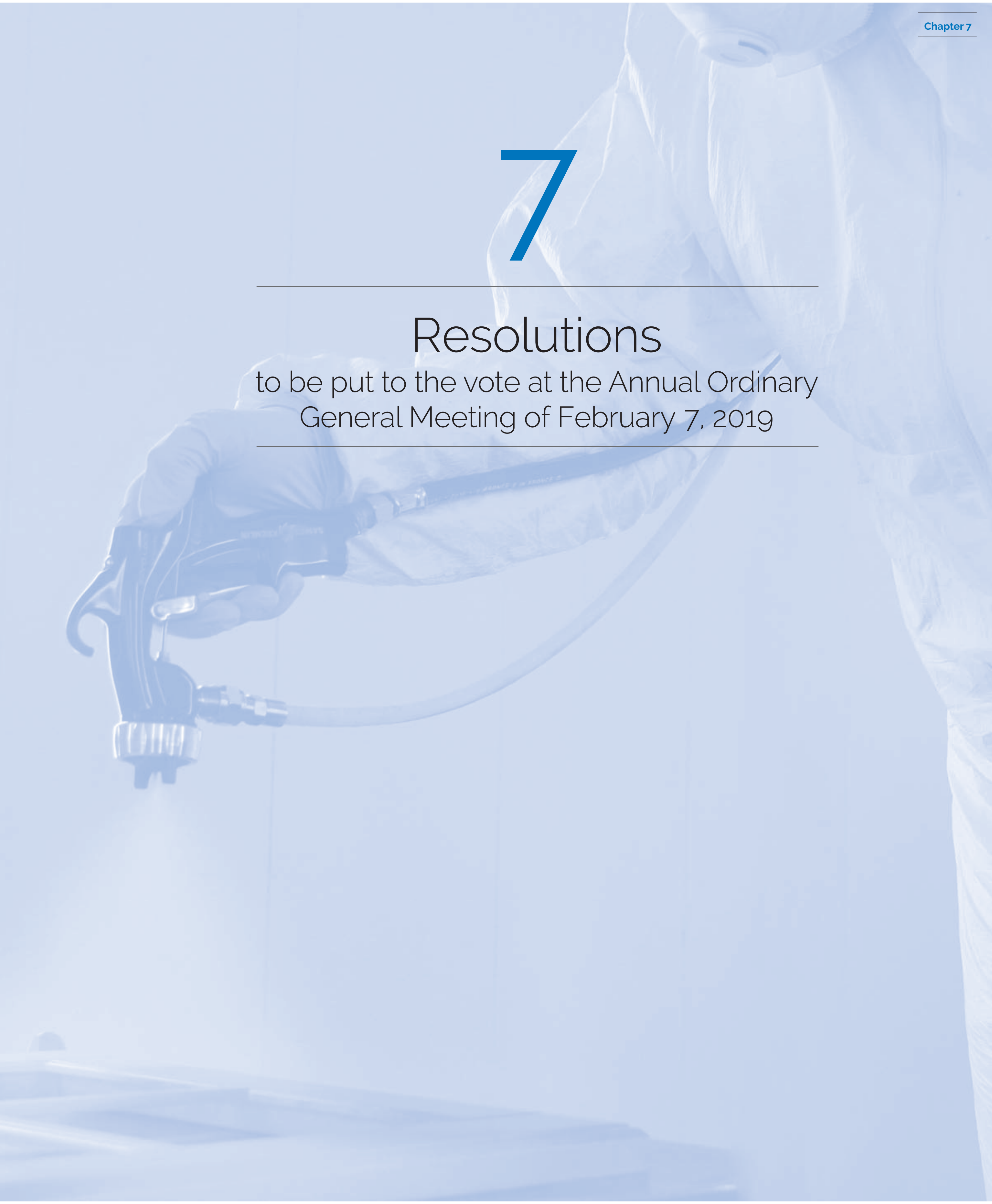
Over the coming years, the Company's policy is to pay dividends representing approximately one quarter of consolidated net income.

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 Annual Ordinary General Meeting of February 7, 2019

Resolution **one**

The shareholders, having reviewed the report of the Board of Directors, the report on Corporate Governance, and the Statutory Auditors' Reports, approve these reports and the consolidated financial statements of the fiscal year ended September 30, 2018, as presented, as well as the operations reflected in these financial statements and summarized in these reports, and showing a net consolidated profit of €39,218,085.

Resolution **two**

The shareholders approve the separate annual financial statements for the fiscal year ended September 30, 2018, as presented, as well as all operations reflected in these financial statements and summarized in these reports, and showing a net book profit of €44,330,505.

The shareholders note that non-deductible costs within the meaning of Article 39-4 of the French General Tax Code have been incurred by the Company in the amount of €29,180, in respect of the fiscal year ended September 30, 2018.

Resolution **three**

The shareholders, having reviewed the report of the Board of Directors, resolve to allocate the net book profit of the fiscal year ended September 30, 2018, as follows:

- distribution of a total dividend of €7,738,206, representing €1.14 per share [(1)];
- the remaining profit which amounts to €36,592,299 is entirely allocated to the Retained Earnings account;
- whose credit balance will thus be increased from €253,801,587 to €290,393,885.

Furthermore, the Board requests that the shareholders approve the appropriation to the "Retained Earnings" account of the amount corresponding to dividends not paid on treasury shares held by EXEL Industries.

The shareholders also note that, in accordance with Article 243 bis of the French General Tax Code, the Company has distributed dividends during the last three fiscal years as follows:

Fiscal year	Dividend per share
2014/2015	€1.07
2015/2016	€1.07
2016/2017	€1.58

Resolution **four**

The shareholders, having reviewed the Statutory Auditors' special report on the agreements governed by Articles L.225-38 *et seq*. of the French Commercial Code, approve all parts of the report and note that there are no regulated agreements.

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 resolve to set the total annual amount of directors' fees to be granted to members of the Board of Directors at €120,000 for the fiscal year ending September 30, 2019.

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 executive corporate officers for the 2018/2019 fiscal year, as set out in the report on Corporate Governance. It continues, without any significant amendment, the policy agreed for the 2016/2017 fiscal year and presented to the Annual Ordinary General Meeting of February 7, 2018.

Resolution **eight**

The shareholders, in accordance with the provisions of Article L.225-100 of the French Commercial Code, having reviewed the report of the Board of Directors, 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 paid or awarded to the Chairman of the Board of Directors, Patrick BALLU, in respect of the fiscal year ended September 30, 2018, as presented in the report on Corporate Governance. The amounts have been determined in accordance with the remuneration policy agreed last year by the shareholders.

(1) *The dividend will be made payable from February 15, 2019, directly by CM-CIC Market Solutions.*

Resolution **nine**

The shareholders, in accordance with the provisions of Article L.225-100 of the French Commercial Code, having reviewed the report of the Board of Directors, 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 paid or awarded to the Chief Executive Officer, Guerric BALLU, in respect of the fiscal year ended September 30, 2018, as presented in the report on Corporate Governance. The amounts have been determined in accordance with the remuneration policy agreed last year by the shareholders.

Resolution **ten**

The shareholders, in accordance with the provisions of Article L.225-100 of the French Commercial Code, having reviewed the report of the Board of Directors, 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 paid or awarded to the Deputy Chief Executive Officer, Marc BALLU, in respect of the fiscal year ended September 30, 2018, as presented in the report on Corporate Governance. The amounts have been determined in accordance with the remuneration policy agreed last year by the shareholders.

Resolution **eleven**

The shareholders, in accordance with the provisions of Article L.225-100 of the French Commercial Code, having reviewed the report of the Board of Directors, 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 paid or awarded to the Deputy Chief Executive Officer, Franck BALLU, in respect of the fiscal year ended September 30, 2018, as presented in the report on Corporate Governance. The amounts have been determined in accordance with the remuneration policy agreed last year by the shareholders.

Resolution **twelve**

The shareholders, in accordance with the provisions of Article L.225-100 of the French Commercial Code, having reviewed the report of the Board of Directors, 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 paid or awarded to the Deputy Chief Executive Officer, Cyril BALLU, in respect of the fiscal year ended September 30, 2018, as presented in the report on Corporate Governance. The amounts have been determined in accordance with the remuneration policy agreed last year by the shareholders.

Resolution **thirteen**

The shareholders, having reviewed the report of the Board of Directors, 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 shareholders resolve that 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 Annual Ordinary General Meeting held on February 7, 2018.

Resolution **fourteen**

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 preceding resolutions.

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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