ANNUAL REPORT 2019

AKWEL

EFFICIENT AUTOMOTIVE SOLUTION

CONTENTS

MESSAGE FROM THE PRESIDENT OF THE EXECUTIVE BOARD

Dear Sir/Madam,

For the AKWEL Group, 2019 was a year of consolidating and improving performance in terms of safety, customer satisfaction and profitability. After numerous projects were initiated in 2018, 2019 provided the opportunity to confirm and establish these projects for the long term. The Safety aspects were bolstered, with centralised steering, harmonised objectives and new IT tools. Our Quality performance improved and was recognised several times by our customers, including General Motors and Jaguar Land Rover. In manufacturing, we completed the rollout of the new production system to improve peace of mind. Efforts also focused on upskilling the teams, including a major programme implemented on the SAP ERP software and robotisation as a priority. Lastly, the Group endeavoured to formalise its principles and values through a new ethical charter and the definition of its employer brand with the aim of sharing these more effectively with all of its employees and stakeholders.

2019 was a year of growth. AKWEL's revenue advanced 4.4%. The quality, logistics and development performances that the Group demonstrated enabled market share gains. This growth primarily took place in the cooling, air intake, mechanisms and fuel product families, although they were spread across numerous Group sites, which reached record levels of activity. This development should be viewed relative to the decline in global automotive production of around -5% during 2019, reflecting an outperformance of more than 9%.

Lastly, 2019 was a year of change. To support its customers in an automotive market that increasingly lacks visibility, AKWEL has advanced its product positioning, particularly in electrified vehicles, initiated entrepreneurship projects focused on new product lines such as hydrogen and analysed the possibilities provided by digitisation and artificial intelligence.

Meanwhile, due to the Covid-19 crisis and its health and business consequences, 2020 looks set to be extremely difficult. In terms of safety, AKWEL has implemented the most suitable provisions for this exceptional situation to ensure that all of its employees receive the best protection. In business terms, we have prepared ourselves to contend with a very significant decline in the global automotive market.

We were expecting a crisis and had prepared ourselves for several months, notably by scaling back our investments, although we did not imagine the situation would be so stark. Fortunately, we are able to count on our resilient business model, which is based on full ownership of plants and equipment, a low level of debt, production located as close as possible to customers and heavily integrated activity. In addition to these structural attributes, AKWEL can also draw on the responsiveness of its organisation, a short decision-making chain and the experience its teams acquired during the 2001 and 2008 crises.

I am convinced that this acquired knowledge and these solid foundations, combined with the collaboration and sharing of experience from China, will enable us to traverse this period of very low activity, resume operations under good conditions when possible and survive this extremely trying time.

Mr Mathieu Coutier
President of the Executive Board

ADMINISTRATION, MANAGEMENT & CONTROL

1. Supervisory Board

André Coutier	President of the Supervisory Board
Geneviève Coutier	Member
Emilie Coutier	Member
COUTIER DEVELOPPEMENT represented by Christophe Coutier	Member
Nicolas Job	Vice-President of the Supervisory Board
Christophe Besse (*)	Member

(*) Member elected by employees.

The *Report by the Supervisory Board on the corporate governance, including the Supervisory Board's observations concerning the management report and the financial statements* for the reporting period, contains information stating the age, independent status and member status of the Audit and Remuneration Committees, the end date of their mandates performed within the Company and the roles and mandates performed in other companies, listed or otherwise.

2. Executive Board

Mathieu Coutier	President of the Executive Board
Jean-Louis Thomasset	Vice-President of the Executive Board - Financial VP
Benoît Coutier	Member - Legal VP
Nicolas Coutier	Member - Industrialisation and Standardisation VP
Frédéric Marier	Member - Manufacturing Performance VP

The *Report by the Supervisory Board on the corporate governance, including the Supervisory Board's observations concerning the management report and the financial statements* for the reporting period, contains information stating their age, the end date of their mandates performed within the Company and the roles and mandates performed in other companies, listed or otherwise.

3. Executive Committee

Mathieu Coutier	President of the Executive Board
Jean-Louis Thomasset	Vice-President of the Executive Board - Financial VP
Benoît Coutier	Member of the Executive Board - Legal VP
Nicolas Coutier	Member of the Executive Board - Industrialisation and Standardisation VP
Frédéric Marier	Member of the Executive Board - Manufacturing Performance VP
Sébastien Boivin	Purchasing VP
Maxime Delorme	Operation VP
Huashan Feng	Operation VP

Thierry Foubert	Operation VP
Philippe Mao	Operation VP
Ludovic Mercier	Marketing and Sales VP
Alfredo Soto	Operation VP
Lee Richards	Business Development VP
Roger Sanchez	Operation VP

4. Auditors

	Date of first appointment	Date of reappointment	Mandate end date (ordinary general meeting called to approve the financial statements to)
Permanent Auditors			
ORFIS **Mr Jean-Louis Flèche** 149, boulevard Stalingrad 69100 Villeurbanne	24 June 2004	30 May 2018	31 December 2023
MAZARS **Mr Frédéric Maurel** 131, boulevard Stalingrad 69100 Villeurbanne	23 February 2004	30 May 2018	31 December 2023
Alternate Auditors			
Mr Bruno Genevois 149, boulevard de Stalingrad 69100 Villeurbanne	30 May 2018	-	31 December 2023
Philippe Galofaro 131, boulevard de Stalingrad 69100 Villeurbanne	30 May 2018	-	31 December 2023

RESPONSIBLE PERSONS

Person responsible for the document

Mr Mathieu Coutier, President of the Executive Board

Tel.: + 33 (0)4 50 56 98 98

Certification of the authority in charge of the annual financial report

I declare, to the best of my knowledge, that the accounts are prepared according to the applicable accounting norms and delivers a genuine image of the capital, the financial situation and the Company's profit/loss, as well as the whole companies encompassed in the scope of consolidation, and that the management report offers a transparent view of the business growth, profit/loss and the financial situation of the Company and all the companies included in the scope of consolidation as well as presents a description of the main risks and uncertainties to which they are confronted.

Mr Mathieu Coutier
President of the Executive Board

Financial Information Manager

Mr Jean-Louis Thomasset, Vice-President of the Executive Board, Financial VP.

Tel.: + 33 (0)4 50 56 99 25

REPORTS BY THE EXECUTIVE BOARD AND SUPERVISORY BOARD

MANAGEMENT REPORT BY THE EXECUTIVE BOARD PRESENTED AT THE ORDINARY GENERAL MEETING OF THURSDAY 28 MAY 2020

1. Presentation of the consolidated financial statements

Accounting standards

The consolidated financial statements of the AKWEL Group (hereinafter the "Group") were prepared in accordance with the IFRS standards, as approved by the European Union.

During the course of the financial year, the Group adopted the mandatory standards, amendments and implemented interpretations over the period. Theses texts have had a limited impact on the net income and financial position of the Group.

1.1. Significant events during the reporting period

1.1.1. New growth in business

During the 2019 financial year, the Group generated record revenue of €1.1012 billion, up 3.7% compared with the previous year and 4.4% at a comparable scope of business and exchange rates. This growth, which was once again significantly higher than that of the global automotive market, is due to numerous start-ups at almost all of the sites, market share gains and healthy activity at several strategic customers. The sales activity in the field of expertise of Fluid Management experienced an increase of 3.3% to reach a new all-time high. Business in the field of Mechanisms expertise advanced by 5.7%. The Group's top three customers (PSA, Ford and Renault-Nissan) accounted for 63.9% of business, versus 62.7% in 2018. Sales to Ford, the Group's second-largest customer, rose 15.7%, while those to Renault-Nissan were up 9.5%. The biggest growth in business, among the 12 strategic customers, came from BMW (up 64.5%), with this customer now accounting for 3.6% of the Group's total business. In total, the Group's top 10 customers accounted for 86.6% of revenue, compared with 85.5% during the previous financial year. In the space of five years, these major customers' share of business has advanced more than 5 points. Deliveries to customers located in France remain virtually stable at 24.7% of total sales versus 24.1% in 2018.

1.1.2. The 2019 financial year highlights

Over the last financial year, the major activities in terms of the scope of business or organisation are as follows:

- Record revenue (both in terms of consolidated revenue and Products & Functions revenue);
- Thirteen sites posted record levels of revenue;
- Sharp decline on the global automotive market (around -5%);
- Strengthening of workforce monitoring and adapting the headcount to activity;
- Start-up of the Group ERP on 1 at the Gebze site (Turkey);
- Collapse of the roof at plant A in Romans in June following bad weather;
- Extension of the plant in Gebze (Turkey);
- Significant decline in investments;
- Continued rebuilding of the inventory of finished products;
- Overall reduced tensions on prices and the availability of raw materials during the course of the year;
- Two of the three Quality performance indicators, at nine, are up significantly compared with the previous financial year;
- Unusual impact by both number and value from warranty returns (excluding SCR systems);
- Payment of a €20 million advance as a provisional indemnity to a strategic customer as part of warranty returns (this operation has no effect on 2019 results, as the corresponding charge is already the subject of provisions).

1.2. Analysis of the consolidated financial statements

The consolidated key figures for the 2019 financial year are as follows:

(in thousands of Euros)	31.12.2019	31.12.2018
Revenue excluding tax	1,101.2	1,062.2
Current operating income	92.2	77.4
Operating income	88.9	73.1
Net income Group share	**62.7**	**61.1**
Cash flow	**107.3**	**112.8**

The added value rate totalled 40.5% of consolidated revenue, versus 40.9% in 2018 and 42.4% in 2017. The 2019 financial year was adversely affected by falls in sale prices, increases in the purchase price of certain raw materials not fully passed on to our customers and a further rise in costs related to warranties.

Personnel costs, including temporary staff and employee profit-sharing at the French entities, totalled €309.5 million, up 2.3% compared with the previous financial year. The change in the payroll over the financial year is encouraging compared with the previous financial year. This reflects the efforts made to improve efficiency in the Research, Development, Industrialisation and Robotisation teams, as well as the end of the ramp-up phases, particularly in Mexico and Morocco. Initiatives were also undertaken during the financial year to more effectively adapt the payroll to activity, with the first tangible results coming in the second half of 2019.

EBITDA stands at €130.3 million, up 4.6% compared with the previous year, and accounts for 11.8% of consolidated revenue (11.7% in 2018). EBITDA benefited from the implementation of IFRS 16 (in the amount of €3.0 million). Excluding IFRS 16, this is the lowest figure for the last three years, despite the emphasis placed on robotisation and more generally on productivity gains.

Allowances for amortisation were €40.3 million, versus €34.7 million in 2018. This increase is the result of the significant investments made since the 2012 financial year, as well as IFRS 16 (in the amount €2.5 million).

Net allowances for provisions were €(2.2) million, versus €12.4 million in 2018. New allowances for provisions for risks and expenses are primarily linked to warranty return risks and recall campaigns. Note that during the 2018 financial year, there was a non-recurring allowance for provisions for risks and expenses linked to SCR tanks in the amount of €23.0 million.

Current operating income totalled €92.2 million, up 19.0% versus the previous financial year. All of the historical entities continue to post positive profitability, with the exception of MGI COUTIER UK, AKWEL VANNES FRANCE and the Swedish sites. Entities whose business has not yet stabilised (AKWEL EL JADIDA MOROCCO, AVON AUTOMOTIVE COMPONENTS (CHONGQING) CO LTD, WUHAN MGI COUTIER AUTO PARTS CO LTD and AKWEL RAYONG THAILAND CO LTD) posted operating losses again during the financial year, at €2.8 million versus €6.2 million in 2018.

Other non-recurring income and charges totalled €(3.2) million, versus (€4.3) million in 2018. The 2019 financial year was adversely affected by the recognition of a €1.8 million value loss on part of Sweden's goodwill, as well as penalties on indirect taxes in Mexico in the amount of €1.0 million.

The cost of net financial debt is stable at €2.2 million. The favourable impact of the fall in rates was more than offset by the costs linked to the implementation of a new RCF (revolving credit facility) totalling €100 million.

Other financial income and charges are not significant and do not call for any particular comments.

The income tax expense was €23.3 million, compared with €9.2 million in 2018. Note that the effective tax rate during the 2018 financial year was completely atypical, given the tax credits that some entities received and the impact of the tax reform in the US, which was ultimately less negative than anticipated.

Net income Group share was €62.7 million, compared with €61.1 million in 2018. This is the third-best figure ever posted by the Group.

1.3. Analysis of the Group's financial position, notably its indebtedness

Net financial debt totalled €34.7 million, down €5.9 million year on year. Excluding the impact of IFRS 16, the fall in net financial debt would have totalled €16.5 million despite the one-off €20 million negative impact linked to an advance concerning a provisional indemnity for a strategic customer as part of the warranty returns. Net financial debt is less than 0.3 times EBITDA for the financial year.

Shareholders' equity totalled €507.6 million, versus €454.0 million during the previous financial year. This covers nearly 59% of the balance-sheet total (and as much as 66% excluding cash assets). Tangible shareholders' equity (excluding goodwill, brands, patents, software, etc.) totals €461.5 million. These are also all-time records.

1.4. Investment policy

Non-financial investments amount to €48.6 million, versus €77.6 million during the previous financial year (and over €87 million in 2017). As expected, following the peaks in 2017 and 2018, 2019 investments naturally fell but remain sufficient to contend with new projects and the rollout of the corporate development plan on robotisation.

1.5. Important events since the close of the financial year and the date of preparation of the management report

With the exception of Covid-19, there have been no important events since the close of the financial year and the date of preparation of the management report.

In relation to Covid-19, the Group has taken the most appropriate measures to contend with this exceptional situation and effectively protect all of its employees, in accordance with the actions taken by the governments of the countries where the Group is present. With the exception of China, activities at almost all of the sites were gradually suspended or significantly reduced from 19 March in the case of Europe and one week later in the case of the Americas, India and Thailand. These reductions in activity or shutdowns have in most cases been implemented on a rolling two-week timetable. Each site is adapting its essential employee protection measures to its country of location and its specific characteristics. Logistics teams can continue to make deliveries to customers based on their needs. In the event of insufficient inventory, some plants may be required to undertake production activity with scaled-back teams. In China, the Group's three sites have reopened and are organising a return to normal production in accordance with the end of the lockdowns affecting employees. At this stage of the epidemic, the Group is not able to quantify the impacts of Covid-19 on its sales and profitability. The teams are working as a priority on the financial room for manoeuvre in order to be able to contend with this crisis calmly. The Group had large cash assets at the end of December 2019, totalling €104.9 million, plus €60 million in lines of credit confirmed and not used. During the first quarter of 2020, these cash assets further significantly increased thanks to good control of investments and continued efforts on the working capital requirement. Given this situation, the Group believes that its business continuity is not under threat from this crisis.

1.6. Foreseeable developments and future prospects

In 2020, all of the teams will be focused on improving operational and financial performances. The main objectives are as follows:

- successfully start up production linked to the significant audit entries in previous years;
- for all functions and all geographical regions, adapt all costs to the level of activity;
- stabilise or reduce the level of investments compared with 2019;
- amplify the efforts regarding working capital requirement and in particular inventory, as well as other receivables.

1.7. Risk factors

The Group undertook a review of its risks that could have a significant adverse effect on its business, its financial situation or its results and believes that there are no significant risks other than those presented.

There are no risk factors related to the Group, the main risks being inherent in an activity developed almost entirely in the field of automotive original equipment manufacturers.

1.7.1. Market risks

1.7.1.1. Risks associated with exchange rate fluctuations

The Group's operations primarily draw on local manufacturing plants. As a result, the Group is rarely affected by exchange rate fluctuations, except for the translation of financial statements.

The main currencies used are the euro (43.1% of business), the US dollar (24.5%) and the Turkish lira (11.2%). Therefore, no exchange risk coverage has been implemented.

1.7.1.2. Risks associated with raw material prices

The main raw materials used by the Group are plastic materials, rubber, silicone and steel. Even though the signed contracts with key customers do not provide for automatic and integral recovery of the changes in the costs of the raw materials, they will allow it after negotiations on a case-by-case basis. Historically speaking, the Group has never introduced any risk coverage to mitigate its exposure to raw material price fluctuations.

1.7.1.3. Interest rate risks

The Group's net income can be influenced by interest rate changes insofar as they have a direct effect on the cost of borrowing. The Group has low exposure to the interest rate risk, as nearly all of its debt is fixed-rate. No interest rate risk hedging was therefore put in place. A 1 point variation in the benchmark indices would have an effect of less than €350,000 on the amount of financial interest paid.

1.7.1.4. Liquidity risks

The Group must, at all times, have sufficient financial resources to fund its current activities and the investments required for the Group's expansion, but also to be able to face any exceptional events. Accordingly, capital markets are used in the form of long-term resources intended to secure the entirety of its net indebtedness over a long-term period (medium-term lines of credit) on the one hand, and on the other hand, short-term financial instruments (discount account).

The proportion of medium-term loans granted to the Company, subject to compliance with financial covenants since 2014, is around 50% of medium-term debt. The ratios are mainly calculated based on the annual consolidated financial statements.

Based on records for the last 15 years, these covenants have always been met. Furthermore, the Company's cash is monitored daily, while its subsidiaries' cash is monitored monthly.

As the current assets are higher than current liabilities, no information was given on maturity periods of less than one year.

The Group believes it is able to meet its upcoming due dates.

1.7.1.5. Non-performance risks (counterparty risk and own credit risk)

The analysis conducted in accordance with the standard IFRS 13 did not result in identifying an adjustment in respect of the risk of non-performance (counterparty and own credit risk) in the assessment of the fair value of financial assets, financial liabilities and derivatives (top-tier banking counterparties, non-significant derivatives, etc.).

1.7.2. Industrial and environmental risks

1.7.2.1. Environmental risks

In the various countries where the Group operates, its activities are subject to diverse and changing environmental regulations that require the Group to abide by increasingly strict standards in the field of environmental protection, particularly air and water polluting emissions, the use of hazardous substances and the disposal of waste. To align itself with this approach, the Group has implemented a health, safety and environment policy to support its employees and respect for its environment in accordance with the standard ISO 14001. The Plant General Managers are responsible for managing and monitoring environmental risks in coordination with the Manufacturing Performance VP.

1.7.2.2. Risks associated with products and services sold

The Group is exposed to the risks of claims under warranty or product liability claims issued by its customers with respect to products and services sold. The current risks are covered by reasonable provisions. The Group is also subject to the risk of product liability claims involving the failure or damage caused by products and services. In order to protect itself against this risk, the Group has taken out a liability insurance policy designed to protect the Group from the financial consequences of such civil liability claims. However, the Group's liability towards its customers is often unlimited, whereas insurance coverage is generally subject to maximum amount limits. Therefore, there is theoretically a residual risk.

1.7.3. Other risks

1.7.3.1. Risks associated with dependence on the automotive sector and customers

The Group's revenues directly depend on the level of global automotive production, particularly in Europe, North America, Turkey and China. This production can be affected by the general economic situation, government policies, namely incentive schemes of vehicle purchasing, trade agreements, regulatory changes and labour relations (including strikes and work disruptions). Moreover, the Group generates nearly 45% of its business directly with two automobile manufacturers, PSA and Renault-Nissan. The performance of these two manufacturers therefore has a considerable influence on the Group's revenue.

1.7.3.2. Risks associated with new projects

Any award of a new project is subject to a standardised profitability study, where the Executive Board establishes profitability projections and return on investment criteria. Once the project is awarded, it is monitored, from start-up to the launch of mass production thanks to milestones where all the financial and technical data are analysed and corrected as appropriate.

1.7.3.3. Risks associated with dependence on new models

Supply contracts take the form of open orders for all or a part of the equipment requirements for a vehicle model, with no guarantees on production volume. They are agreed upon separately for each of the vehicle's functions and are generally valid for the life cycle of the model. The Group's revenue, profit/loss and financial situation may therefore be affected by the commercial failure of a model and/or by the fact that the Group is not retained for a new generation of models. Moreover, in certain cases, the car manufacturer may reserve the right to change the supplier in an arbitrary manner during the life cycle of the model. However, these risks are mitigated thanks to the Group's wide range of products installed or assembled on a large number of vehicle parts.

1.7.3.4. Risks associated with contractual dependence

The Group works with a number of suppliers, which significantly mitigates the risk of its dependence on a specific contract or contractual clause. The first supplier including the top five and the top ten suppliers respectively account for 5.0%, 19.5% and 31.5% of the Group production purchases.

1.7.3.5. Customer risks

Every month, the Finance Department distributes a statement of outstanding and past due receivables per customer as well as a summary statement of disputes per site. The financial and sales teams' high sensitivity to these subjects enables us to have very few irrecoverable debts (see note on *1.7.6. Trade receivables)*.

1.7.3.6. Risks related to labour relations

The Group considers that relations with its employees are generally good. However, although the labour relations policy of the Group seeks to minimise such risks, the Group is not immune to employee movements that could affect its performance and profits.

The Group is defending itself in several employment-related legal disputes. Without prejudice to the outcome of these proceedings, any financial consequences are of an amount that would not affect the Group's financial stability.

1.7.3.7. Risks associated with intellectual property rights (patents)

The industrial expertise and the innovations developed by the Group's Research teams are - whenever possible and justified by the technological stakes - subject to patent-filing process in order to protect the intellectual property rights. The geographical scope and protection period are compliant with established practices of the field and adapted to the operational entities; as they are subject to systematic and regular revisions. As risks of infringement still exist, this approach constitutes an effective legal instrument to overcome them.

1.8. Research and development activity

In 2019, the Group continued devoting significant resources to Research and Development. Research and Development costs totalled €67.9 million, or 6.2% of consolidated revenue, compared to €69.6 million in 2018. The costs related to Research and Development have been recorded as charges during the period and do not comply with the whole criteria to be considered as fixed assets as provided for by accounting standards.

The Group received a Research Tax Credit worth €1.1 million (€1.5 million in 2018).

The main areas of focus related to Research and Development aim to meet the environmental issues, and in particular:

- the prevention and processing of polluting emissions,
- the reduction in CO_2 emissions (for example by designing lighter parts),
- the implementation of solutions adaptable to the bio-fuels or meeting the requirements of hybrid or electric vehicles,
- eco-design and product recycling.

2. Presentation of the corporate financial statements

The parent-company financial statements were prepared in compliance with the accounting principles applicable in France.

2.1. Position and activity of the Company during the financial year; balance sheet and income statement

Revenue totalled €394.7 million, down 3.4% compared with the previous year. The Company's activity held firm given the decline in diesel engines and the fall on the automotive market in Europe.

Added value stands at €102.4 million, down 5.2% compared to the previous year. Despite an overall improvement in industrial performance, the Company was once again adversely affected by significant efforts on sale prices and by a few increases in the purchase price of materials & components that could not be fully passed on to manufacturers. It is also important to note that the costs of warranty returns were once again very adverse (excluding the increase in these costs in 2019, added value would have fallen by 3.6%, a variation virtually in line with the change in activity).

Taxes and dues totalled €4.9 million, down 2.0% versus the previous financial year.

Personnel costs totalled €75.0 million, down 3.5%. They accounted for 19.0% of revenue, as in 2018. During the financial year, the Company continued to favour making additions to the support teams in particular over robotisation and developments.

EBITDA was €22.4 million, down 11.0%. The "EBITDA to revenue" ratio is still a long way off the standards in our sector of activity, although the context has been extremely difficult for the entire industry.

Allowances for amortisation were €12.8 million, versus €12.6 million in 2018. This increase is logical given the reduction in investment levels during the financial year.

Net allowances (net reversals) for provisions were €(5.1) million, versus €12.4 million in 2018. During the financial year, the Company was once again adversely affected by the increase in warranty returns, which led to significant reversals on provisions (these returns having been anticipated during previous financial years). Note that the 2018 financial year was atypical due to the recognition of a very substantial exceptional allowance for provisions concerning recall campaigns.

Given the previous items, operating income was €14.1 million, compared with €(0.9) million in 2018 and €26.8 million in 2017.

Financial income was €(13.6) million, compared with €(10.1) million in 2018. This increase is almost exclusively due to the rise in dividends received, at €3.5 million, and, conversely, the very significant increase (+€8.0 million) in net allowances for provisions. These net allowances for provisions primarily concern participating interests and in particular the AKWEL AUTOMOTIVE SWEDEN AB entity.

Exceptional income was not significant and therefore does not call for any particular comments.

During the financial year, the Company posted a tax profit of €0.4 million, versus €3.6 million during the previous financial year. A Research Tax Credit worth €1.1 million was granted (€1.4 million in 2018). There is no more Competitiveness and Employment Tax Credit (CICE). During the 2018 financial year, this was €2.4 million.

Taking the previous items into account, the Company's net income totalled €(0.3) million versus €(7.3) million in 2018.

2.2. Analysis of the Company's financial position, notably its indebtedness

Acquisitions of tangible and intangible fixed assets (excluding variations in assets under construction) totalled €8.9 million, versus €13.8 million during the previous financial year. Over the financial year, non-financial investments remained at a level close to the historical average.

Acquisitions of financial fixed assets totalled €22.4 million, versus €46.3 million during the previous financial year. The 2018 financial year saw a historically high level linked to financing the needs of new entities being constructed, in the start-up phase or in the ramp-up phase, as well as the Company's new role in the AVON AUTOMOTIVE historical scope of business. In 2019, the financial needs of AKWEL SA's subsidiaries were far more limited thanks to improved free cash flows at most of the entities.

Taking the aforementioned items into account, the Company's net debt totalled €166.0 million, versus €146.1 million in 2018. This level of debt still seems very reasonable relative to the size, assets and profitability of the Company and Group, particularly because €74.3 million is accounted for by intragroup financing (versus €65.1 million in 2018).

Shareholders' equity before profit distribution totalled €189.2 million, versus €197.5 million during the previous financial year. Shareholders' equity accounts for 38.8% of the balance sheet. The objective is still to achieve over 50% in the long term.

2.3. Important events since the close of the financial year and the date of preparation of the management report

See the section on the Group's management report stated in section 1.5. below.

2.4. Foreseeable developments and future prospects

See the section on the Group's management report stated in section 1.6. below.

2.5. Research and development activity

See the section on the Group's management report stated in section 1.8. below.

2.6. Income and appropriation

The Ordinary General Meeting will be asked to approve the transactions reflected in the profit and loss statements and the balance sheets that are submitted to it, then to give a verdict on the allocation of earnings for the financial year, which total €(252.561,26).

This loss will be assigned to retained earnings, which as a result will decline from €127,891,404.01 to €127,638,842.75.

In order to maintain the interests of all stakeholders under a shared solidarity approach, it is proposed to distribute to shareholders as dividends the sum of €5,214,502.80, amounting to a gross dividend per share of €0.195, a 35% decline in the dividend amount compared with the previous three years.

This sum will be deducted from retained earnings, which as a result will total €122,424,339.95.

Note that this dividend is subject (unless the shareholder specifically requests otherwise and provided it meets the criteria laid out by law) to the mandatory fixed deduction of 12.8% introduced by article 117 quater amended of the general registration conditions. This deduction is not income tax-exempt. Dividends are also subject to social security contributions at a rate of 17.2%.

Dividends are taxed either based on the Single Flat-Rate Deduction (*Prélèvement Forfaitaire Unique*) of 30%, already deducted as indicated above, or, at the shareholder's request, based on income tax after application, in the case of natural persons who are tax residents of France, of the relief stated in article 158, 3-2° of the French General Tax Code.

In accordance with the provisions of article 243a of the French General Tax Code, we inform you that the dividend amounts distributed corresponding to the previous three financial years were as follows:

Financial year ended	Dividend per share (in euros)	Income eligible or otherwise for tax relief
31 December 2016	0.30	Relief of 40% where applicable
31 December 2017	0.30	Relief of 40% where applicable
31 December 2018	0.30	Relief of 40% where applicable

In accordance with the provisions of article 223 quater of the French General Tax Code, we ask you to approve the expenses and charges stated in article 39.4 of said code, which total €36,540 and which resulted in taxation of €12,179 (at a rate of 33.33%).

2.7. Activities of subsidiaries and controlled companies

2.7.1. Table of subsidiaries and participating interests

(in thousands of Euros)	Shareholders' equity before allocation of profits	Share of capital held (%)	Book value of shares held	
			Gross	Net
AKWEL and subsidiary holdings				
SCI PAYS DE BRAY SUD	464	100.00	762	762
MGI COUTIER ITALIA SRL	(44)	100.00	50	-
AKWEL MATEUR TUNISIA SARL (formerly MGI COUTIER TUNISIE SARL)	13,657	100.00	4,424	4,424
NINGBO MGI COUTIER AUTO PLASTICS CO LTD	23,658	100.00	10,511	10,511
AKWEL CORDOBA ARGENTINA SA (formerly MGI COUTIER ARGENTINA SA)	271	100.00	13,925	349
AKWEL BURSA TURKEY OTOMOTIVE A.S. (formerly MGI COUTIER MAKINA YEDEK PARÇA IMALAT VE SANAYI AS)	23,775	100.00	6,721	6,721
AKWEL JUNDIAI BRAZIL LTDA (formerly MGI COUTIER BRASIL LTDA)	3,160	100.00	13,919	4,829
MGI COUTIER UK LTD	140,815	100.00	96,517	96,517
AKWEL VIGO SPAIN S.L (formerly MGI COUTIER ESPAÑA SL)	39,714	100.00	4,772	4,772
AKWEL MEXICO SA DE CV (formerly MGI COUTIER MEJICO SA DE CV)	(9,883)	100.00	6	-
AKWEL TIMISOARA ROMANIA SRL (formerly MGI COUTIER ROM SRL)	37,762	100.00	1,963	1,963
MGI COUTIER ILIA CO PJS	6	50.00	1,164	-
AKWEL TOOLING FRANCE (formerly DEPLANCHE FABRICATION SARL)	3,663	100.00	895	895
AKWEL USA INC (formerly AVON AUTOMOTIVE HOLDINGS INC)	306,598	100.00	28,402	28,402
AKWEL VANNES FRANCE (formerly AVON POLYMERES FRANCE SAS)	(2,256)	100.00	-	-
AKWEL AUTOMOTIVE PUNE INDIA PRIVATE LIMITED (formerly MGI COUTIER ENGINEERING PRIVATE LTD)	(1,314)	100.00	1,429	-
AKWEL AUTOMOTIVE SWEDEN AB (formerly AUTOTUBE AB GROUP)	10,289	100.00	32,881	16,395
AKWEL PARADES DE COURA (PORTUGAL) UNIOESSOAL, LDA (formerly MGI COUTIER LUSITANIA)	18,025	100.00	7,350	7,350
AKWEL EL JADIDA MOROCCO SARL (formerly MGI COUTIER MAROC SARL)	(216)	100.00	4,508	-
SINFA CABLES SARL	(356)	74.00	969	-
AKWEL RAYONG (THAILAND) CO, LTD (formerly MGI COUTIER THAILAND CO LTD)	4,656	100.00	6,100	4,656
AKWEL VIDIN (Bulgaria) EOOD	682	100.00	1,000	-

(formerly MGI COUTIER BULGARIA EOOD)				
WUHAN MGI COUTIER AUTO PARTS CO, LTD	13,374	21.00	3,260	3,260
BIONNASSAY M&P TECHNOLOGY	3,414	25.00	2,500	288
BIONNASSAY REAL ESTATE	152	33.33	67	67
Other	-	-	57	10
Total	**630,065**	**-**	**244,153**	**192,171**

(in thousands of Euros)	Gross advances granted (1) (2)	Revenue at 31.12.2019	Income at 31.12.2019	Dividends paid by the Company in 2019	Approvals & Guarantees
AKWEL and subsidiary holdings					
SCI PAYS DE BRAY SUD	(459)	95	49	-	-
MGI COUTIER ITALIA SRL	16	-	-	-	-
AKWEL MATEUR TUNISIA SARL (formerly MGI COUTIER TUNISIE SARL)	4,342	53,503	810	-	-
NINGBO MGI COUTIER AUTO PLASTICS CO LTD	152	11,794	635	-	-
AKWEL CORDOBA ARGENTINA SA (formerly MGI COUTIER ARGENTINA SA)	485	3,566	18	-	-
AKWEL BURSA TURKEY OTOMOTIVE A.S. (formerly MGI COUTIER MAKINA YEDEK PARÇA IMALAT VE SANAYI AS)	-	71,799	8,279	199	-
AKWEL JUNDIAI BRAZIL LTDA (formerly MGI COUTIER BRASIL LTDA)	-	5,478	794	-	-
MGI COUTIER UK LTD	(41,890)	13,235	3,095	-	-
AKWEL VIGO SPAIN S.L (formerly MGI COUTIER ESPAÑA SL)	(9,711)	101,807	6,122	-	7,500
AKWEL MEXICO SA DE CV (formerly MGI COUTIER MEJICO SA DE CV)	2,476	15,864	(141)	-	-
AKWEL TIMISOARA ROMANIA SRL (formerly MGI COUTIER ROM SRL)	(2,010)	87,626	5,466	-	-
MGI COUTIER ILIA CO PJS	1,849	-	-	-	-
AKWEL TOOLING FRANCE (formerly DEPLANCHE FABRICATION SARL)	(1,588)	2,938	347	-	-
AKWEL USA INC (formerly AVON AUTOMOTIVE HOLDINGS INC)	20,515	-	(575)	-	-
AKWEL VANNES FRANCE (formerly AVON POLYMERES FRANCE SAS)	1,227	31,810	(636)	-	-
AKWEL AUTOMOTIVE PUNE INDIA PRIVATE LIMITED (formerly MGI COUTIER ENGINEERING PRIVATE LTD)	2,271	1,157	6	-	-
AKWEL AUTOMOTIVE SWEDEN AB (formerly AUTOTUBE AB GROUP)	5,351	-	(5)	-	-
AKWEL PAREDES DE COURA	-	75,004	7,020	3,275	-

(PORTUGAL) UNIOESSOAL, LDA (formerly MGI COUTIER LUSITANIA)					
AKWEL EL JADIDA MOROCCO SARL (formerly MGI COUTIER MAROC SARL)	13,006	13,148	(1,021)	-	-
SINFA CABLES SARL	931	1,983	(215)	-	1,031
AKWEL RAYONG (THAILAND) CO, LTD (formerly MGI COUTIER THAILAND CO LTD)	4,505	7,819	25	-	-
AKWEL VIDIN (BULGARIA) EOOD (formerly MGI COUTIER BULGARIA EOOD)	(292)	-	(95)	-	-
WUHAN MGI COUTIER AUTO PARTS CO, LTD	(380)	5,548	270	..	..
BIONNASSAY M&P TECHNOLOGY	-	68,216	(5,660)	-	-
BIONNASSAY REAL ESTATE	-	0	(13)	-	833
Other	5,908	-	-	-	400
Total	7,085	572,389	24,587	3,474	9,764

(1) Net amount, of which: receivables: €81.405 million
liabilities: €(74.320) million
Total: €7.085 million

(2) Receivables from the subsidiaries AKWEL MEXICO SA DE CV, MGI COUTIER ILIA CO PJS, SINFA CABLES SARL, AKWEL AUTOMOTIVE PUNE INDIA PRIVATE LIMITED, AKWEL EL JADIDA MAROCCO and AKWEL CORDOBA ARGENTINA SA respectively depreciated in the amount of €2.476 million, €1.849 million, €356,000, €1.315 million, €216,000 and €485,000.

2.7.2. Acquisition of participating interests in companies headquartered in France or acquisition of a controlling interest in such companies during the financial year (articles L233-6 and L 247-1 of the French Commercial Code)

During the last financial year, the Company did not acquire a controlling or participating interest in companies that are headquartered in France.

2.7.3. Dispositions of shares conducted in order to regularise cross shareholdings

No disposition of shares occurred during the financial year.

2.8. Breakdown of capital and share ownership (article L 233-13 of the French Commercial Code)

The Company's capital is broken down as at 31 December 2019 as follows:

Shareholders	Shares	% of capital	Voting rights	% of voting rights
COUTIER DEVELOPPEMENT (1)	15,331,170	57.33	30,662,340	67.53
COUTIER SENIOR (2)	3,259,480	12.18	6,518,960	14.36
COUTIER family (natural persons)	48,260	0.18	85,270	0.19
COUTIER family partnership sub-total (3)	18,638,910	69.70	37,266,570	82.02
Free float	8,096,670	30.28	8,136,987	17.92
Treasury shares (4)	5,460	0.02	-	-

Total	**26,741,040**	**100.00**	**45,403,557**	**100.00**

(1) A French *société anonyme* with an Executive Board and Supervisory Board capitalised at €46,249,840, headquartered in Champfromier (01410), 975, route des Burgondes and registered on the Trading Companies Register of Bourg-en-Bresse under the unique identification number 395 006 398. COUTIER DEVELOPPEMENT is controlled by Messrs André and Roger Coutier and their descendants directly and/or indirectly, notably through asset holding companies. Mr André Coutier is President of the Executive Board and Mr Roger Coutier is President of the Supervisory Board.

(2) A civil law company capitalised at €4,822,000, headquartered in Champfromier (01410), 975, route des Burgondes and registered on the Trade and Companies Register of Bourg-en-Bresse under the unique identification number 451 360 150. COUTIER SENIOR's partners are the company COUTIER DEVELOPPEMENT (83.70% of the capital and voting rights) and two minority partners that are not members of the COUTIER family partnership (16.30%). Mr Roger Coutier is Manager.

(3) See in particular AMF document 207C1059 of 6 June 2007.

(4) In accordance with article L.225-10 of the French Commercial Code, the shares owned by the Company do not give entitlement to dividends and are deprived of voting rights.

2.9. Agreements stated in article L 225-86 of the French Commercial Code

In accordance with article L 225-86 of the French Commercial Code, the Supervisory Board presents to the General Meeting of Shareholders the agreements stated in article L 225-86 of the same code and concluded or continued during the last financial year. The Statutory Auditors were duly notified of these agreements, which they described in their special report.

2.10. Inventory of investment securities

The exhaustive inventory of the Company's French and foreign participating interests is presented in the table of subsidiaries and participating interests.

2.11. Financial results for the last five financial years (articles R. 225-83 and R. 225-102 of the French Commercial Code) (in euros, except "Average number of employees during the financial year")

FINANCIAL YEARS CONCERNED TYPE OF ITEMS	From 01.01.2015 to 31.12.2015	From 01.01.2016 to 31.12.2016	From 01.01.2017 to 31.12.2017	From 01.01.2018 to 31.12.2018	From 01.01.2019 to 31.12.2019
Capital at financial year end					
a) Share capital	21,392,832	21,392,832	21,392,832	21,392,832	21,392,832
b) Existing shares					
- number	26,741,040	26,741,040	26,741,040	26,741,040	26,741,040
- nominal value of shares	0.8	0.8	0.8	0.8	0.8
c) Number of shares with priority dividend (without voting rights)	-	-	-	-	-
d) Maximum number of future shares to be created	-	-	-	-	-
- by conversion of bonds	-	-	-	-	-
- by exercising subscription rights	-	-	-	-	-

Operations and income during the financial year					
a) EBT	325,201,166	403,879,211	429,363,055	408,584,745	394,715,527
b) Income before tax, employee profit-sharing, amortisation expense and depreciation	16,280,180	60,625,417	36,699,824	38,067,073	38,609,316
c) Income tax	(4,778,339)	(2,588,706)	(1,443,383)	(3,634,513)	(445,577)
d) Employee profit-sharing due for the financial year	-	-	-	-	-
e) Income after tax, employee profit-sharing, amortisation expense and depreciation	5,617,556	37,308,079	29,377,937	(7,344,242)	(252,561)
f) Total dividends	5,348,208	8,022,312	8,022,312	8,022,312	5,214,502
Income per share					
a) Income after tax, employee profit-sharing but before amortisation expense and depreciation	0.79	2.88	1.43	1.05	0.87
b) Income after tax, employees profit-sharing and amortisation expense and depreciation	0.21	1.40	1.10	(0.27)	(0.01)
c) Net dividend assigned to each share	0.20	0.3	0.3	0.3	0.195(*)
Personnel					
a) Average number of employees over the financial year	1,674	1,641	1,614	1,599	1,512
b) Total payroll for the financial year	53,213,606	54,486,791	55,413,911	56,217,645	56,239,297
c) Social contributions for the financial year (social security benefits, social welfare etc.)	19,897,029	20,803,869	21,114,647	21,507,512	18,746,143

(*) This is the dividend distribution that the Executive Board will propose at the General Meeting in May 2020.

2.12. Summary of securities transactions of the members of the Executive Board and Supervisory Board

In accordance with the law and AMF regulations, we hereby notify you that no director conducted transactions on an individual basis. The same applies to persons closely related to them.

2.13. Statement of employees' equity stake in the capital

In accordance with the provisions of article L.225-102 of the French Commercial Code, this report must specify the status of employees' participating interest in the share capital on the last day of the financial year and must establish a proportion of the capital represented by shares held by the Company's personnel and by the personnel of related companies as defined by the provisions of article L.225-180 of the French Commercial Code, as part of the company savings plan referred to in articles L.443-1 to L.443-9 of the French Labour Code and by employees and former employees in respect of corporate mutual funds. The shares held directly by the staff during the periods of inaccessibility provided by articles L. 225-194 and L. 225-197, in article 11 of the law no.86-912 dated 6 August 1986 associated with the procedures of privatisation and article L. 442-7 of the French Employment Law are also taken into account.

As at 31 December 2019, the Company employees' equity stake, calculated in accordance with the provisions of article L. 225-102 of the French Commercial Code (i.e. the shares held as part of a company savings plan as provided for in articles L. 3332-1 et seq. of the French Labour Code) was equal to 0.

2.14. Choice regarding the terms of retention by the corporate officers of bonus shares awarded and resulting from the exercise of stock options

None.

2.15. Calculation items and results of the adjustment of conversion bases and of the conditions of subscribing to or exercising investment securities giving access to the capital or of share subscriptions or purchases

None.

2.16. Share buyback transactions

We bring to your attention the shares acquired and resold during the 2019 financial year under the liquidity and market-making contract with GILBERT DUPONT.

Month	Number of shares purchased	Number of shares sold	Balance of shares at the end of month	Average price (in euros)	End-of-month value (in euros)
January 2019	14,273	12,120	6,683	16.38	70,170.94
February 2019	16,437	15,398	7,722	14.74	55,776.41
March 2019	14,004	15,176	6,550	14.83	73,520.06
April 2019	8,417	9,808	5,159	16.44	91,017.86
May 2019	13,580	12,588	6,151	15.58	117,933.59
June 2019	8,066	9,360	4,857	16.09	95,113.67
July 2019	6,731	8,046	3,542	16.75	117,933.59
August 2019	12,717	11,476	4,783	16.61	96,482.59
September 2019	18,825	17,491	6,117	16.92	73,558.07
October 2019	20,393	19,544	6,966	17.44	54,630.38
November 2019	11,948	15,504	3,410	19.61	122,300.00
December 2019	13,721	9,560	5,460	20.22	81,894.52
2019 total	**159,112**	**158,182**	**-**	**-**	**-**
Balance at 31.12.2019	**-**	**-**	**5,460**	**-**	**-**

2.17. Share price risk

None.

2.18. Financial penalties for anticompetitive practices

None.

2.19. Main risks and uncertainties facing the Company; use of financial instruments

See the section on the Group's management report stated in section *1.7. Risk factors.*

2.20. Information on payment terms for suppliers and customers

2.20.1. Received invoices not settled on the year-end date whose term has expired (Article D. 441 I. - 1° of the French Commercial Code)

	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) Late payment tranche						
Number of invoices concerned	8,452	178	25	14	33	**250**
Total amount of invoices concerned incl. tax	41,287,865	446,117	719,630	22,839	307,406	**1,495,993**
Percentage of the total amount of purchases during the financial year incl. tax	12.05%	0.13%	0.21%	0.01%	0.09%	**0.44%**
(B) Invoices excluded from (A) concerning disputed or unrecognised payables and receivables						
Number of invoices excluded	70	67	27	7	72	**173**
Total amount of invoices excluded incl. tax	628,839	(270,804)	(311,572)	(7,152)	(74,844)	**(663,372)**
(C) Benchmark payment terms used (contractual or legal term - article L. 441-6 or article L. 443-1 of the French Commercial Code)						
Payment terms used to calculate late payments	• Contractual terms: Excluding tools (payment per tranche and according to acceptance report), the average term is 45 days from end of month, although this may vary, depending on the supplier, from 30 days net to 90 days from end of month. • Legal terms: 45 days from end of month with French suppliers (excluding tools).					

2.20.2. Issued invoices not settled on the year-end date whose term has expired (Article D. 441 I. - 2° of the French Commercial Code)

	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) Late payment tranche						
Number of invoices concerned	8,430	623	230	222	356	1,431
Total amount of invoices concerned incl. tax	62,712,885	202,009	261,835	(7,525)	224,657	680,976
Percentage of revenue for the financial year incl. tax	14.15%	0.05%	0.06%	0.00%	0.05%	0.15%
(B)* Invoices excluded from (A) concerning disputed or unrecognised payables and receivables						
Number of invoices excluded	13	70	41	30	222	363
Total amount of invoices excluded incl. tax	43,496	115,591	58,330	46,192	542,501	762,614

* *of which 91 doubtful debt invoices with a total value of €89,199*

(C) Benchmark payment terms used (contractual or legal term - article L. 441-6 or article L. 443-1 of the French Commercial Code)	
Payment terms used to calculate late payments	• Contractual terms: Excluding tools (payment per tranche and according to acceptance report), the average term is 45 days from end of month, although depending on the customer this may range from 30 to 90 days from end of month. • Legal terms: 45 days from end of month with French customers (excluding tools).

2.21. Notice of existing branches

None.

2.22. Amount of inter-company loans granted pursuant to article L. 511-6 3 bis of the French Monetary and Financial Code

In accordance with the provisions of article L. 511-6, 3 bis of the French Monetary and Financial Code, we hereby state that no loan of less than two years was granted to companies with which the Company has economic ties.

2.23. Significant contracts

During the last three financial years and on the date of the present document, the Group did not conclude significant contracts, other than those concluded within the normal scope of business, that give rise to a significant obligation or commitment for the entire Group.

3. Internal control and risk management procedures

In accordance with article 117 of act 2003-706 of 1 August 2003, supplementing article L. 225-68 of the French Commercial Code, this part of the report is descriptive and does not contain any assessments.

3.1. Reminder of the Company's objectives on internal control procedures

The internal control procedures in place in the Company aim to:

- ensure that acts of operational management or execution, as well as staff behaviour, comply with the framework drawn up by the guidelines provided to the company's activities by corporate bodies, by applicable laws and regulations and by the values, standards and internal rules of the company;
- check that the accounting, financial and management information provided to the corporate bodies of the Company truly reflects the activity and position of the company.

One of the objectives of internal control is to prevent and control the risks generated from the Company's activity and errors or fraud risks, in particular in the accounting and finance fields. Like all control systems, it cannot however provide an absolute guarantee that such risks are completely eliminated.

The control and management of risks related to the Company's activities rely on the following principles:

- A decentralised operational organisation based on plants grouped together by industrial region and product lines to foster industrial performance, responsiveness and proximity to customers.
- An annual budgetary and monthly reporting procedure that serves as a key tool for the Group for steering its operations.
- Broad and frequent education of all personnel in risks.
- Strong cross-functional departments tasked with ensuring the application of the company's policies within their scope and inspecting their actual application.
- Plants specialised by production technology in order to strengthen and accelerate the experience curves.
- Formal delegation by the President of the Executive Board of the control of and proficiency in certain risks to the Directors most concerned.
- Separation of functions (between line personnel and support functions, between those incurring expenditure and those recording and regulating expenditure, between executive and controlling staff, etc.).
- The definition of objectives corresponding to the best global or internal practices and the regular measurement of the difference between the secured performance and its objectives;
- The involvement of all hierarchical levels and all sites in the improvement of performance and the control of activities.

Furthermore, the Group's employees are made aware of their ethical obligations by means of the instruction booklet, the ethical charter, the anti-corruption and anti-influence peddling code, the stock market ethics code and the Group's IT charter.

Moreover, each site has an internal procedure manual, which is distributed to all staff.

3.2. Analysis of the internal control environment

3.2.1. Brief description of the general organisation of internal control procedures

The President of the Executive Board formally delegates a part of his powers conferred upon him to the different Directors.

The procedures are developed by the Company. The Company identifies two categories of procedures: those concerning a function (e.g. financial procedures) and those concerning a process (delivery, handling of non-conformities, etc.). Eleven processes have been identified within the Company (five customer-oriented processes and six management or support processes). They cover all the Company's activities (from promoting the Company to new customers to improving supplier performance). 33 mandatory indicators (21 performance indicators and 12 efficiency indicators) cover these 11 processes and ensure the proper implementation and performance of these operating modes.

All procedures are approved beforehand by the Executive Board. Their update is also subject to formal approval by Executive Board members.

These procedures are available on an intranet network, enabling them to immediately be distributed to all staff in question.

Internal or Company memos or notices can be used to supplement, detail or provide a reminder of these procedures.

The cross-functional departments, which act as Process Owners, ensure the correct application of the processes for which they are responsible. They must report, at least once a year, to the Executive Board, on the results obtained within their field of expertise.

The Quality, Safety, Environment and Energy Department (QSE²) ensures the sound application of these procedures by the control of periodic reports and the achievement of internal audits.

The Finance Department specifically ensures the proper application of the accounting and financial rules.

The internal audit function ensures compliance with the directives, methodologies and all other instructions set out by the operational and cross-functional departments. It reports to the Legal Department.

Furthermore, there is a health, safety and working conditions committee on each of the Company's sites. Each commission meets regularly and aims to study, propose and validate all of the measures relating to health, safety, working conditions and risk prevention.

Every year, the Executive Board dedicates at least two half-days per cross-functional department and industrial region:

- One to the validity of strategic options (Products, Markets, Customers, Action Plans) within the framework of Medium-Term Plans,
- One to the validation of the short-term financial options as part of the end-of-year budgets and repeat forecasts.

For all of the product lines, the Executive Board devotes one day every year to reviewing and validating the Research and Innovation core focuses (Product and/or Process).

Furthermore, since 2008, a specific half-day meeting has been held for each region. This meeting is devoted to reviewing the main actions carried out regarding productivity and those actions envisaged for the next twelve months.

3.2.2. Summary description of the preparation and treatment of accounting and financial information

The preparation of the treatment of accounting and financial information is handled internally within the Finance Department.

The accounting teams are placed in two sites in the Company and work under a logic of Shared Services Centre (SCC) for all the Company's plants. The accounting teams are divided into two units. One of the units handles the customer aspects (billing, collection, reminders, customer disputes) while the other handles the supplier aspects, cash and all general accounting.

Both units report to the Accounting and Tax Manager.

The software used is an ERP (SAP). All modules, except the one covering Human Resources, have been deployed across all of the Company's sites. The accounting module (FI) benefits directly from these choices. No significant or specific developments were introduced on this ERP.

Finance Controllers are present on each of the Company's main sites. Finance control teams and accounting teams are completely separate, although information is exchanged on a permanent basis.

There are reference manuals adopted for the creation of:

- annual financial statements (general accounting plan),
- consolidated financial statements,
- monthly internal financial reports.

There are regular examinations provided by the Company's staff on the transmitted financial data.

Moreover, within the framework of legal obligation of the accounting audit, our Statutory Auditors provide an accounting control annually.

For the Executive Board
Mr Mathieu Coutier
President of the Executive Board

4. Filing of non-financial performance

In accordance with article R. 225-105 of the French Commercial Code and its decree no.2017-1265 of 9 August 2017 implementing order no.2017-1180 of 19 July 2017 concerning the publication of non-financial information by certain large companies and certain enterprise groups, the Companies required to produce a Filing of Non-Financial Performance concerning the Group scope. This filing is mandatorily verified by an independent third-party body.

4.1.1. Profile of the Group

Tier 1 worldwide components manufacturer

The Group is a components and systems manufacturer for the automotive and HGV industry that specialises in fluid management (86% of revenue) and mechanisms (14% of revenue).

Primarily dedicated to a homogenous market of a dozen strategic global clients, the Group designs, develops and distributes high-performance products and systems, with state-of-the-art industrial and technological expertise in mastering the application and processing of materials and mechatronic integration.

This expertise opens up a wide range of opportunities for the Group to devise, develop and manufacture the new products and components required due to rapid developments in vehicles.

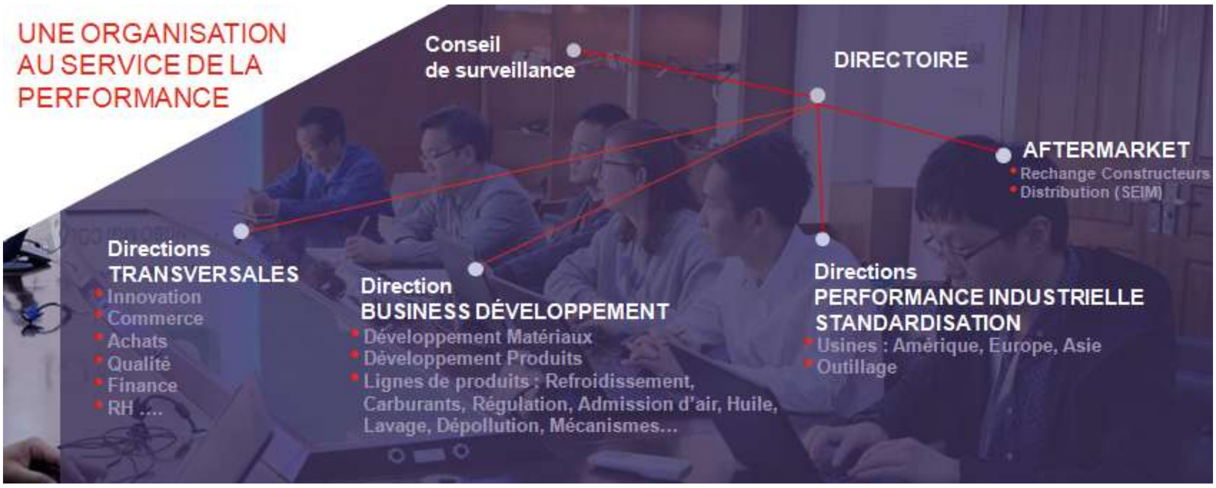
With facilities in 20 countries spanning five continents and 41 manufacturing sites, it provides its customers in the automotive industry with innovative and reliable solutions at competitive prices thanks to the skills of its 11,871 employees.

Our mission: "To be a trusted tier-one supplier for our customers, helping them to manufacture autonomous and smart vehicles that are more reliable and more ecologically responsible at a competitive price."

The Group intends to offer its strategic customers ever-more reliable and competitive solutions as close as possible to their production and delivery locations in order to enable them to continue positioning themselves among the market's top manufacturers in this unprecedented revolution that is sweeping the automotive industry today. This is taking place thanks in particular to the agility and imagination of a challenger that provides an alternative to the major equipment manufacturers and whose relationship of trust formed on a daily basis with its customers will in the near future be particularly decisive in an environment experiencing far-reaching changes.

Governance that guarantees independence

The Group is one of the few equipment manufacturers of its size to retain a family-based structure. A full 69.7% of the company's capital is owned by the Coutier family, the second generation of which is now in command. The Group places great stock in maintaining its independence and reflecting its values in its organisation structure. The Group's legal structure is built around a small executive body composed of a supervisory board and an executive board.



The Executive Board manages:

- the Executive Committee: this committee assists the Executive Board by formulating opinions and recommendations and encourages dialogue and the cross-functional dissemination of best practices throughout the Group's areas of activity;
- the cross-functional departments, which provide assistance and consistency, guarantee the cohesion of strategies and optimise the resources, including:
- the Business Development department, which oversees the product lines - cooling, pollution control, air and oil intake, fuel and regulation, mechanisms and washing - as well as materials and product development;
- the regional industrial departments, under which the plants are grouped by geographical zone;
- the aftermarket division, dedicated to the after-sales market.

Strong values and long-term ambitions

As a resolutely independent family group, the Group draws on four core values – simplicity, reliability, collaboration and performance – to cultivate its long-term ambitions:

- Establish its position as a recognised international player.
- Adapt to the multiple evolutions of its business and its customers.
- Maintain the balance and diversity of its teams.

The Group's place in tomorrow's mobility

In an automotive market in the midst of a revolution, with deep-seated changes in the car maker ecosystem and the emergence of new types of vehicle, the Group is making every effort to adapt its strategy and continue to offer its 12 strategic customers the innovative solutions that will enable them to stand apart in the future in this changing environment.

The automotive market is faced with major upheavals in the medium term. The development of completely redesigned vehicles, combining multiple engines, varying degrees of autonomy and a diverse range of configurations and usages is at the forefront of these challenges.

Further major challenges include the globalisation of customers and projects, local production, the arrival of new players, and the more stringent requirements on the environment and risk management. In this context, some products will be forced to evolve while others will disappear, replaced by new products and solutions. But the need for reliable equipment manufacturers successfully combining quality and competitiveness, global projects and local production will only increase for car makers.

To meet these many challenges, the Group is leading a long-term strategy driven by the industrial performance and adaptation of its products.

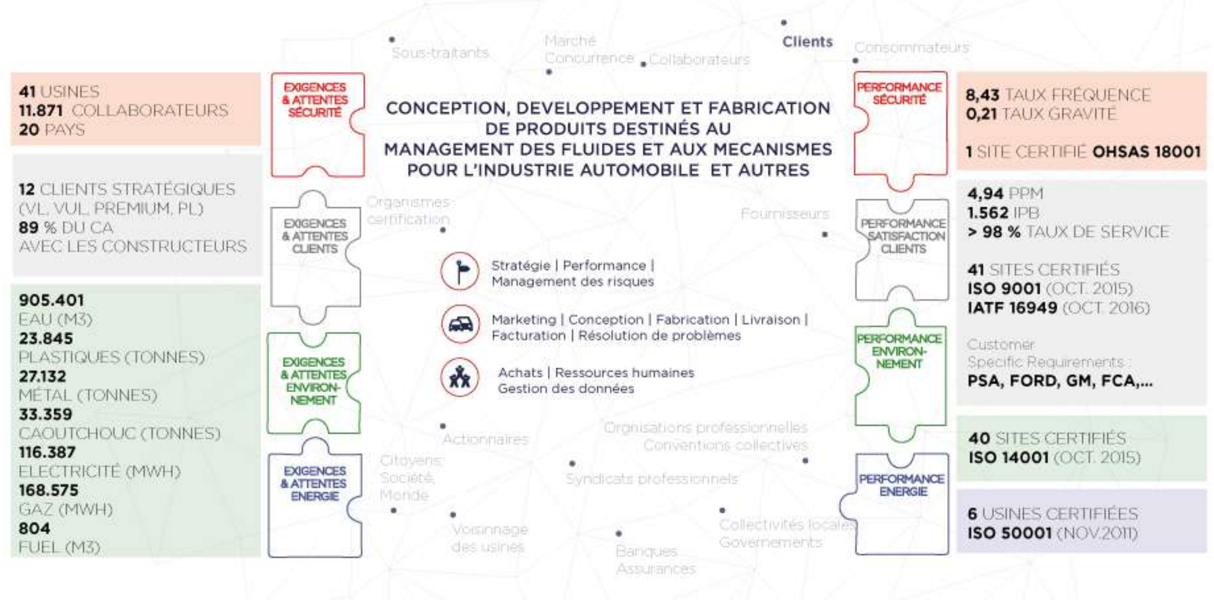
This vision is based on by the Group's ability to harness its expertise and its mastery of materials to conceive new products, the increasing use of mechatronics, a continually evolving organisation structure, an ever finer understanding of customers' needs and the ongoing training of its teams.

In short, an evolution without revolution to help customers build environmentally responsible autonomous and connected vehicles at a competitive price.

4.1.2. The Group's business model

Aware of its responsibility and the potential impact of its decisions and activities on the Company and on the environment, the Group makes several commitments to its stakeholders: the Safety of and Respect for individuals, Quality and Performance to satisfy our Customers, Environmental Protection and the Preservation of energy resources.

The Group conducts its activities in a constantly changing context involving multiple challenges and participants (customers, competitors, suppliers, local authorities, investors, etc.). The risks and opportunities (past, present and future) linked to our environment are identified, assessed and handled in order to gain control over our future.



These challenges and our continuous improvement culture provide input for our policies and action plans. They are embodied in our QSE²MS, or Quality, Safety, Environment and Energy Management System. Developed and rolled out within the Group, QSE²MS brings together our best practices and tools in a single system that applies to all of our teams in their day-to-day activities. Fed by the Group's values, it ensures that we reach the level of standard performance and satisfy the legal requirements, standards and regulations in effect at our customers and in dealings with local authorities. It is regularly audited both internally and externally to verify its implementation and to improve it.

4.1.3. The main non-financial risks and issues linked to the Group's activity

In accordance with articles L. 225-102-1 and R.225-104 of the French Commercial Code, the Group has reviewed its main non-financial risks based on their existing materiality, their relevance and the severity of the issues they raise linked to the analysis of financial risks.

The main risk factors, notably environmental risks, and the responses provided by the Group are presented in the section *1.7. Risk factors*

Our QSE² policy and the societal expectations concerning sustainable development have enabled the following key areas to be defined:

- **The Safety of and Respect for individuals**

Safety and workplace conditions
Promoting diversity
Ethics and compliance with international and national rules
Fairness of purchasing practices

- **Quality and performance of our products and services**

Overall product quality
Customer satisfaction and confidence
Industrial performance
Autonomous and smart vehicle

- **Environment protection and Preservation of energy resources**

Eco-design
Lean manufacturing
Sustainable purchasing and development
Waste recycling and management

Due to the nature of its business, the Group has little impact on the fight against food waste, food insecurity or the promotion of responsible, fairly traded and sustainable food. In addition, the Group's activities have no direct impact on animal welfare.

4.1.4. Data analysis methodology

The social, societal and environmental indicators are collected monthly from each Group entity. This data is then tested for robustness/consistency during a central consolidation process conducted by the head office teams. Unless stated otherwise, the scope covered by the non-financial report includes all fully consolidated subsidiaries.

4.1.5. Human resources information

The diverse and well-balanced nature of the teams is a real asset. Our organisation is bound together by trust and mutual respect and is clear about its aim to ensure compliance with legal requirements, standards and ethical, professional and anti-corruption regulations in effect.

Firmly engaged in a lasting relationship of trust with its stakeholders, the Group maintains healthy relations with its participants based on compliance with universal ethical rules. To promote this corporate culture and share these rules with everyone, the QSE²MS is supplemented by an ethical charter and an anti-corruption code that aims to implement measures to ensure that our employees, executives and directors, wherever they are located, can recognise and prevent any involvement by our Company in any corruption or influence peddling and, where applicable, to report either of these practices.

4.1.5.1. Headcount as at 31 December 2019

	2019	2018
Total	11,871	11,769

At 31 December 2019, the Group employed 11,871 employees (on open-ended and fixed-term contracts), an increase of 102 persons compared with 2018. This rise is due to the growth in business.

4.1.5.2. Breakdown of employees by age

	2019	2018
Under 25	1,872	1,842
25 to 29 years	2,040	1,960
30 to 39 years	3,232	3,291
40 to 49 years	2,860	2,861
50 years and over	1,867	1,815
Total	11,871	11,769

Employees in the under-30 age group accounted for 32.95% of the total headcount in 2019 and 32.31% in 2018. Those aged 50 and over accounted for 15.73 % of the total headcount in 2019 and 15.42 % in 2018.

4.1.5.3. Breakdown of employees by gender

	2019	2018
Male	6,995	7,019
Female	4,876	4,750
Total	11,871	11,769

The Group employs 4,876 women (41.07% of the total headcount) and 6,995 men (58.93%).

4.1.5.4. Breakdown of employees by geographical region

	2019	2018
France	1,697	1,796
Europe (excluding France) and Africa	4,397	4,360
North America	3,545	3,454
Asia and the Middle East (incl. Turkey)	2,171	2,082
South America	61	77
Total	11,871	11,769

The Group's workforce is spread across 19 countries. 37.04% of the Group's workforce is located in the Europe (excluding France) and Africa region; 29.86% in the North America region; 14.30% in France; 18.29% in the Asia and Middle East region (including Turkey) and 0.51% in the South America region.

The biggest increase between 2019 and 2018 was in the Asia and Middle East region, with an 4.27% rise in the headcount.

4.1.5.5. Staff movement – Employment and departures

Departures	**2019**	2018
Lay-offs and terminations	779	885
Pension	98	92
Voluntary redundancies and other reasons (*)	3,739	3,329
Total	4,616	4,306

(*) "Voluntary redundancies and other reasons" means resignations, the end of fixed-term contracts, trial periods and deaths.

Recruitments	**2019**	2018
Total	4,778	5,188

In 2019, the Group registered 4,778 recruitments and 4,616 departures, the majority of which were voluntary redundancies and other reasons (3,739).

4.1.5.6. Number of employees who work in a team

	2019	2018
Total	8,649	8,382

8,649 persons worked in a team, notably in production (2x8, 3x8).

4.1.5.7. Weekly working time

	2019	2018
Weekly working time	35 hrs to 48 hrs	35 hrs to 48 hrs

Working time is adapted to meet our customers' needs as effectively as possible within legal durations, which vary from 35 hours to 48 hours of work per week depending on legislation.

In addition, night work is carried out at certain plants to meet to our customers' needs.

4.1.5.8. Absenteeism

	2019	2018
Total rate of absenteeism	**5.05%**	**4.70%**
Rate of absenteeism excluding maternity leave	4.49%	4.15%

At all of the Group's sites, the level of absenteeism in 2019 was 4.49% not including absences due to maternity leave.

4.1.5.9. Work accidents, notably their frequency and severity

Safety is our priority and is a core component of all of our processes, every day, in each action. Every individual involved with the Group (employees, service providers, suppliers, etc.) is entitled to work in a healthy and safe working environment. The Safety at Work policy and the associated objectives are adjusted and defined locally, taking into account the specific characteristics of each site.

	2019	2018
OSHA frequency rate	**8.43**	**13.5** *
Severity rate	0.21	0.28

In 2019, the Company adjusted the Safety at Work indicator based on the frequency rate and the severity rate. Accordingly, the 2018 value was recalculated on the same basis.

The formula used for the frequency rate is the number of work accidents divided by the number of hours worked multiplied by 1,000,000.

* Note that, using the OHSA definition, the frequency rate would be 1.69 for 2019, versus 2.7 in 2018.

4.1.5.10. Appraisal of collaborative agreements, notably on health and safety at work

	2019	2018
Number of agreements concluded during the year	**26**	**23**
of which health and safety at work agreements	1	0

Across all of the Group's sites, negotiations resulted in the signature of 26 collaborative agreements.

4.1.5.11. Equal treatment: the measures taken to promote the employment and integration of persons with a disability

	2019	2018
Number of employees with a disability	169	169

The Group employs 169 people recognised as workers with a disability.

4.1.5.12. Other employment information - Training

	2019	2018
Total personnel costs (in thousands of Euros)	309,488	302,492
Amount allocated to training (in payroll percentage)	0.99%	1.18%

Training at the Group acts as a driver of team performance and professionalism. It serves to support developments in our featured roles and to adapt to new technological developments.

The training plans are assembled in each business unit by the employees, their managers, HR and Management liaising with each other.

For example, keen to assist staff working to develop new skills and to adapt to changes in the automotive sector, the Gournay site (France) has supported several of its employees through the "certification of professional qualifications" process (CPQ).

These certifications for "Autonomous industrial production crew member" and "Autonomous team leader" confirm their professional skills and build on their respective initial training.

4.1.5.13. Social relations

Beyond strict compliance with legislation, the Group ensures the proper conduct of social dialogue with the employee representatives, whether during Social and Economic Committee meetings (or the equivalent on sites outside France) on sites where this body is in place or at meetings of the Central Social and Economic Committee.

To take full account of the multinational aspect of the Group and to encourage social dialogue on transnational issues, an AKWEL European Works Council (EWC) was created in October.

The EWC covers all of the Group's employees in eight countries: Germany, Spain, France, Portugal, the Czech Republic, Romania, the United Kingdom and Sweden.

The EWC is informed about and consulted on the Group's strategic decisions. The employee delegation is comprised of 15 members (staff representatives and trade union representatives).

It discusses various themes such as the current situation and likely developments concerning employment, changes involving organisation, the introduction of new production processes, transfers of production, mergers and investments, etc., within the European scope.

More generally, the Group ensures that the Group's employees receive and have at their disposal high-quality information that can help them to understand the Group's strategy, environment and activities.

As such, various methods of communication are put in place at the Group's various sites, such as:

- A quarterly company newsletter translated into the Group's main languages (English, French, Spanish, Portuguese, Romanian, Swedish, Turkish, Czech, Chinese, Hindi and Thai);
- An intranet internal information system;
- Quarterly information meetings.

These methods of communication also develop a feeling of belonging and highlight the Group's values.

4.1.6. Environmental information

We offer our customers innovative solutions and concepts that aim to provide responses to environmental challenges (lighter components, pollution reduction) and energy challenges (local production, recycling).

To protect biodiversity and ecosystems, reducing our environmental impact and generating savings on natural resources form an integral part of our activities. The various solutions and materials possible during development (use of sustainable resources, recycling of products) are identified from the product design phase.

Our local production strategy, which reduces transportation and polluting logistics operations that impact climate change, helps to reduce the overall environmental and energy rating of the products.

Each of our factories aims to act as a responsible manufacturer by reducing energy consumption, emissions and rejects. The policy and the associated environmental and energy objectives are adjusted and defined locally, taking into account the specific characteristics of each establishment.

The QSE² Department (Quality, Safety, Environment and Energy) has expanded the ISO 14001 certification to all of the Group's production sites. The Group sets itself numerical targets every year. These are defined and rolled out for each site. They are presented and approved during the QSE² Department Review of the entity concerned.

The information provided below concerns all of the Group's production sites, except the site of AKWEL TOOLING FRANCE (formerly DEPLANCHE FABRICATION).

4.1.6.1. Resource consumption

Quantities consumed	2019	2018
Water (m^3)	889,851	970,293
Plastic materials (tonnes)**	18,115	21,547
Metal materials (tonnes)**	24,614	28,678 *
Rubber materials (tonnes)**	24,566	31,465
Electricity (MWh)	116,387	114,316
Gas (MWh)	168,575	162,281
Fuel (m^3)	811	1,048

** Correction of the 2018 figure following a reporting error.

* Tonnes purchased during the year

4.1.6.2. Waste

Waste	2019	2018
Non-hazardous industrial waste (tons)	14,957	17,872
Hazardous industrial waste (tons)	2,411	3,109
Total costs incurred by waste management (thousands of euros)	1,355	1,283
Secured savings due to waste-to-energy conversion (excluding metal waste) (thousands of euros)	200	182

In 2019, the Group reduced the production of non-hazardous industrial waste by 16%.

Meanwhile, the tonnage of hazardous industrial waste fell by 22% compared with 2018. This is due to the installation of the wastewater treatment centre at the Rudnik site (Czech Republic), which is now operational.

This compares with previous years, when the Group had an increase of around 20% per year. The cost of handling waste rose by just 4%. Note that the production site in Ixtaczoquitlan (Mexico) has experienced a very high increase in its wastewater due to the integration of the extrusion process.

Thanks to the resale of waste (repurposing of waste), AKWEL gained 10% compared with the previous year.

4.1.6.3. Climate change: greenhouse gas emissions – adaptation to the consequences of climate change

The Company published its Greenhouse Gas (GHG) report at the end of 2019 in accordance with the ADEME (www.bilans-ges.ademe.fr)

In line with decree no.2011-829 of 11 July 2011 concerning the GHG emissions report and the territorial climate-energy plan, a report is required every four years. Accordingly, the published values are for 2018 due to the fact that the previous GHG report was based on 2014 values.

In line with the order of 25 January 2016 concerning GHG covered by emissions reports, the GHG considered are:

- Carbon dioxide (CO_2)
- Methane (CH_4)
- Nitrous oxide (N_2O)
- Hydrofluorocarbons (HFC)
- Perfluorinated hydrocarbons (PFC)
- Sulphur hexafluoride (SF_6)

- Nitrogen trifluoride (NF_3)

The scope of the report covers all of the French production sites, except for the Vannes, Beaulieu les Loches and AKWEL TOOLING FRANCE sites, in line with strict regulatory obligations (scope 1 and scope 2 of the operational scope defined by the ADEME www.bilans-ges.ademe.fr).

Based on the 2018 reference values, the total emissions in the report were 3,356.46 tonnes of CO2, compared with 4,683 tonnes in 2014, a 28% improvement.

The breakdown is as follows:

- 1,945.37 tonnes of CO_2 regarding direct emissions of GHG (or 57.96%),
- 1,411.09 tonnes of CO_2 regarding indirect emissions associated with energy (or 42.04%).

The item generating the highest emissions is natural gas consumption, at 42.55%. The second-highest item is linked to indirect emissions due to electricity consumption, which accounts for 42.04%.

The Company has a certified energy management approach based on ISO 50001 at six French sites (Beaurepaire, Champfromier, Monteux, Nesle, Romans, Vieux Thann) with the aim of optimising energy performance and thereby reducing its GHG emissions.

Note: these six sites selected account for over 75% of the French energy bill.

For 2021, a decision was made to directly use the Greenhouse Gas Protocol method in order to have a single approach to consolidating the carbon footprint at all AKWEL sites.

4.1.6.4. Biodiversity protection: measures taken to preserve or restore biodiversity

The activities of the Group's sites have a limited impact on the surrounding natural habitats, which are assessed using each entity's risk analyses.

The Company collects and/or processes all of its waste that could have an impact on biodiversity. Each year, new processing methods are put in place to reduce these impacts to a minimum, such as the wastewater treatment stations (Rudnik in the Czech Republic, Rayong in Thailand).

4.1.6.5. Noise and odour pollution

The sites regularly conduct measurements of the noise emitted to the exterior of the plants in accordance with applicable local regulation. which are assessed using each entity's risk analyses.

4.1.6.6. The organisational structure put in place to contend with pollution accidents that have consequences on the environment

Based on the risk analyses conducted on each site, the associated emergency situations were identified. In most cases, these involve spillage, fire or explosion risks. For each emergency situation, the procedures for responding, as well as the prevention resources, are identified, listed and formalised in a security plan or another document. They are periodically tested, insofar as possible, on all personnel.

Furthermore, the QSE² Operational Control procedure strengthened the following obligations:

- Identify, in the security plan, the control of risks that could prevent delivery to the customer (including fire, serious pollution of the natural environment, flooding, etc.).
- Smoking is forbidden.
- Use a prevention plan for hazardous works and the fire permit.
- Place drip trays underneath all areas where pollutant liquid products are stored.
- Provide spillage kits in case of a spillage of pollutant products at various points in the plant and floor resins in the majority of production areas.
- Have response teams in the event of a fire.
- Verify the implementation of these "instructions" by conducting an LPA.

4.1.6.7. Costs incurred to prevent the environmental consequences of the Group's activity

(in thousands of Euros)	**2019**	2018
Investments to prevent environmental consequences	1,872	1,058

In 2019, various investments were conducted to install wastewater treatment centres in order to clean wastewater prior to release into local networks, replace or purchase equipment that provides better energy efficiency, and various costs linked to waste management (treatment, storage).

At the same time, the production sites also incurred expenses to more effectively optimise their energy consumption, whether by conducting studies to categorise their energy performances and identify areas for improvement or by financing installations following these studies (such as fitting new LED lights, installing new retaining equipment to handle potential leaks and the purchase of waste recycling and sorting equipment).

4.1.6.8. Assessment and certification procedures undertaken regarding the environment and energy

The Group has adopted an integrated management system encompassing the Quality, Safety, Environment and Energy aspects (QSE²).

Internal audits of the QSE²MS are conducted annually at the initiative of the QSE² Department in all entities of the Group (product lines, production sites and cross-functional departments).

Third-party audits of the QSE²MS are conducted by an independent certification body, BUREAU VERITAS, with:

- IATF 16949 and ISO 9001: 41 sites (including the production sites and the associated remote locations).
- ISO 14001: 40 sites and the 41st (El Jadida in Morocco) will be integrated in 2020.
- ISO 50001: 6 French sites (Beaurepaire, Champfromier, Nesle, Monteux, Romans, Vieux-Thann).
- OHSAS 18001: 1 site (Tondela in Portugal).

4.1.6.9. Employee training and education on the environment

As part of the QSE²MS, education in the environment and energy consumption for all personnel present on-site is included in the practices and modes of operation of the Group.

4.1.7. Societal information

The Group's Purchasing policy takes social and environmental challenges into account.

At the initiative of the Group's teams, all partners (suppliers, subcontractors, workers, etc.) must engage in this drive to respect individuals, protect the environment and control energy consumption.

These suppliers and subcontractors are required to follow the Code of Ethics and are included in the Group's procedures.

4.1.8. Business ethics

4.1.8.1. Information concerning corruption prevention

The Group is opposed to all forms of corruption.

Pursuant to act no. 2016-1691 concerning transparency, the fight against corruption and the modernisation of economic life, known as "Sapin II", the Company implements tools to detect and prevent corruption and influence peddling:

- A risk map;
- An Anti-Corruption and Anti-Influence Peddling Code;
- In-house or external account inspecting procedures;
- A training programme;
- An alert mechanism;
- Procedures for assessing the position of customers, suppliers and intermediaries;
- Disciplinary penalties if the Anti-Corruption and Anti-Influence Peddling Code is violated.

The Group has created a map of corruption risks that enables it to identify all of the risks to which it is exposed and to establish a hierarchy of them in terms of impacts and occurrences.

The Anti-Corruption and Anti-Influence Peddling Code was reviewed in 2019 to bolster the anti-corruption system in response to the Sapin II act. The aim of this Code is to implement measures to ensure that the Group's employees, wherever they are located, can recognise and prevent any involvement by our Company in any corruption or influence peddling and, where applicable, to report either of these practices.

The purpose of the internal whistleblowing system is to enable alerts to be collected from Group Employees concerning the existence of conduct or situations that breach the Anti-Corruption and Anti-Influence Peddling Code. The Company has strengthened this system by expanding the themes covered to all commitments of the Anti-Corruption and Anti-Influence Peddling Code and by opening it up to external stakeholders.

The whistleblowing system is presented in the Anti-Corruption and Anti-Influence Peddling Code and the method for using this system are detailed in a specific procedure (Whistleblower Procedure of the AKWEL Group), which is translated into English and is also available on the Company's intranet and website.

This procedure sets out the practical details of the whistleblowing system implemented by the Company as part of its ethical strategy and its duty of care to its parent company.

This whistleblowing system was presented to the staff representative bodies.

The Company has defined an enhanced process for selecting and monitoring its suppliers, regarding both the financial longevity aspects and the social, environmental and ethical aspects. This process covers in particular:

- the inclusion on the panel of a new supplier via a questionnaire;
- the supplier's adhesion to the Company's Ethical Charter;
- the SER assessment of suppliers and subcontractors via the EcoVadis platform;
- regular questioning of suppliers.

During 2020, the Group will also enhance its training and account inspection system regarding transactions liable to conceal a risk of corruption.

To communicate regarding its values, the Group has also written an Ethics Charter intended for its employees and stakeholders (customers, suppliers, etc.).

This describes the Group's principles, notably concerning compliance with legislation and respect for fair competition, prohibits conflicts of interest and insider trading, reasserts environmental protection, health and safety at work and the accuracy of accounting and financial information, and combats all forms of discrimination and harassment.

Furthermore, commercial relations that do not comply with these values may be terminated. To this end, contractual clauses have been included in the Group's contracts, purchase orders and general terms and conditions.

4.1.8.2. Tax policy

The Group is transparent about its taxation and aims for its tax policy to be a fully-integrated part of its corporate responsibility strategy. The Group has therefore adopted a consistent corporate citizenship approach, not only to comply with legislation but above all to make a fair contribution to the countries in which it conducts business.

To this end, the Group structures its tax policy around the following principles:

- Comply with the international tax standards issued by the OECD ("Transfer pricing guidelines for multinationals and tax administrations") to ensure that its intragroup transactions comply with the principle of full competition.
- Do not attempt to evade the payment of taxes and duties, notably via complex and opaque structures.

4.1.8.3. Information concerning efforts to promote human rights

The Company undertakes to abide by the following stipulations:

- Practise a fair salary policy (compliance with contractual salary scales as a minimum).
- Eliminate psychological or physical harassment.
- Eliminate any form of employment or profession-related discrimination.

The Company undertakes to abide by the ILO (International Labour Organisation) declaration on fundamental principles and rights at work and notably to uphold the rights to freedom of association and collective bargaining.

The Company does not employ child labour or forced or compulsory labour.

4.1.8.4. Vigilance plan

The Company must prepare and implement a vigilance plan concerning its activity and those of the companies it controls as defined by II of article L. 233-16 of the French Commercial Code, directly or indirectly, as well as the activities of the subcontractors or suppliers with which an established commercial relationship is conducted, where these activities are attached to this relationship.

To this end, the departments concerned (Purchasing Department, Human Resources Department, QSE[2] Department) are tasked with examining the consequences of its activities and those of these subcontractors or suppliers to identify the risks of series breaches of human rights and fundamental liberties, the health and safety of individuals and the environment in order to put in place, where applicable, the reasonable vigilance measures conducive to preventing these risks or mitigating them.

The measures that will be put in place during the 2020 financial year include in particular:

- the finalisation of the risk map, taking into account criteria concerning the environment, labour laws and freedoms, and working conditions;
- the finalisation of the assessment of the Group's subsidiaries and suppliers;
- adapted actions to mitigate risks or prevent serious breaches.

During the 2019 financial year, the Company extended the scope of the whistleblower procedure to integrate the serious breaches included in the vigilance plan.

4.1.8.4.1. *Procedures on the regular assessment of the situation of subcontractors or suppliers with which an established commercial relationship is conducted, of the subsidiaries;*

- Supplier assessment procedure

The Company conducts an upstream assessment of all new potential suppliers using an assessment questionnaire that indicates SER-related risks. This questionnaire is supplemented by an on-site visit.

All new suppliers must sign the Company's Ethics Charter.

Concerning suppliers with which an established commercial relationship already exists, in 2019 the Company planned the future rollout of a plan to assess its suppliers. This assessment was entrusted to EcoVadis, whose expertise in this field enables it to more effectively understand, verify and optimise supplier practices in terms of social, environmental and economic responsibility.

The themes addressed in this questionnaire are organised into four categories (environment, social, ethical and responsible purchasing).

This assessment produces a rating, and based on this rating the Company may discontinue its commercial relationships with suppliers that are not aligned with the thresholds that the Company has adopted.

The Company's goal for 2020 is for the EcoVadis assessment to encompass all of the Group's "direct" suppliers and the main "indirect" suppliers.

- Subsidiary assessment procedure

The Group's subsidiaries are assessed as part of the Group's SER reporting.

4.1.8.4.2. *Adapted actions to mitigate risks or prevent serious breaches*

The Company is still aiming to achieve ISO 14001 certification for all of its production sites. Through this certification, the Company is committed to meeting the demands of its customers and thereby demonstrating its environmental performance.

4.1.8.4.3. *System for alerts and collecting notifications concerning the existence or materialisation of risks*

The whistleblowing system put in place as part of the fight against fraud and corruption was extended in 2019 to allow the reporting of events falling under the scope of the Group's duty of vigilance and ethical commitments, as defined in its Ethics Charter.

This system, changes to which have been shared with the staff representative bodies, is now open to all employees, both permanent and temporary, as well as all of the external stakeholders, and covers all of the Group's vigilance challenges.

4.1.8.4.4. *Report on the implementation of the Vigilance Plan*

In 2021, the Company will communicate on the vigilance plan that it will have implemented, as well as the outcome of its actions.

The first report on its work will be produced in respect of the 2020 financial year and will be presented in the next management report.

REPORT BY THE VERIFICATION BODY

Financial year ended 31 December 2019

To the stockholders,

At the request of the company AKWEL (hereinafter "entity") and in our role as an independent third-party body accredited by the COFRAC under no. 3-1081 (scope available on www.cofrac.fr), we present to you our report on the consolidated filing of non-financial performance concerning the financial year ended 31 December 2019 (hereinafter the "Filing"), presented in the group's management report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

1. Responsibility of the entity

The Executive Board is responsible for preparing a Filing that complies with the legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied in respect of these risks and the results of these policies, including key performance indicators.

The Filing was prepared in accordance with the reference system used (hereinafter the "Reference System") by the entity, the significant elements of which are available on request at the Company's head office.

2. Independence and quality control

Our independence is defined by the provisions stated in article L. 822-11-3 of the French Commercial Code and the Code of Ethics of the profession. In addition, we have put in place a quality control system that includes policies and documented procedures designed to ensure compliance with ethics rules, the professional doctrine and applicable legal and regulatory texts.

3. Responsibility of the independent third-party body

Based on our work, it is our responsibility to formulate a reasoned opinion expressing a conclusion of moderate assurance regarding:

- the Filing's compliance with the provisions stated in article R. 225-105 of the French Commercial Code;
- the accuracy of the information provided pursuant to 3° of I and II of article R. 225-105 of the French Commercial Code, namely the results of the policies, including the key performance indicators, and the actions concerning the main risks, hereinafter the "Information".

Conversely, it is not our responsibility to give a verdict on:

- the entity's compliance with other applicable legal and regulatory provisions, notably concerning the vigilance plan and the fight against corruption and tax evasion;
- the compliance of the products and services with applicable regulations.

4. Nature and extent of the work

We carried out the work in accordance with standards applicable in France determining the terms under which the independent third-body conducts its assignment, and with the international standard ISAE 3000.

Our work was conducted between 30 March 2020 and 14 April 2020 over a period of around 12 man-days.

We conducted four interviews with the persons responsible for the Filing.

We conducted work that enabled us to assess the Filing's compliance with regulatory provisions and the accuracy of the Information:

- We familiarised ourselves with the activity of all of the companies included in the scope of consolidation, and with the presentation of the main social and environmental risks linked to this activity.
- We assessed the appropriateness of the Reference System in respect of its relevance, exhaustiveness, reliability, neutrality and comprehensible nature, taking into account, where applicable, best practices in the sector.

- We verified that the Filing covers each category of information stated in III of article L. 225-102-1 concerning social and environmental matters.
- We verified that the Filing presents the business model and the main risks linked to the activity of all of the entities included in the scope of consolidation, including, where relevant and proportionate, the risks posed by its business relations, its products or its services, as well as the policies, actions and results, including key performance indicators.
- We verified, where relevant in respect of the main risks or policies presented, that the Filing presents the information provided for in II of article R. 225-105.
- We assessed the process of selecting and validating the main risks.
- We enquired as to the existence of internal control and risk management procedures put in place by the entity.
- We assessed the cohesion of the results and the key performance indicators chosen in respect of the main risks and policies presented.
- We verified that the Filing covers the consolidated scope of business, namely all of the companies included in the scope of consolidation in accordance with article L. 233-16, together with the limits stated in the Filing section 1.9.6 Environmental Information.
- We assessed the collection process put in place by the entity to ensure the exhaustiveness and truthfulness of the Information.
- As regards the key performance indicators and the other quantitative results, we endeavoured to ensure that we considered the most important:
- analytical procedures consisting of verifying the proper consolidation of the data collected, as well as the cohesion of changes in this data;
- detail tests based on surveys, consisting of verifying the proper application of the definitions and procedures, and of reconciling the data of the supporting documentation. This work was conducted on a selection of contributing entities[1] covering between 6% and 45% of the consolidated data of the key performance indicators selected for these tests[2];
- We consulted the documentation sources and conducted interviews to corroborate the qualitative information (actions and results) that we considered to be the most important.
- We assessed the overall consistency of the Filing relative to our knowledge of all of the companies included in the scope of consolidation.

We feel that the work we conducted, exercising our professional judgement, enables us to formulate a conclusion of moderate assurance; a greater level of assurance would have required more extensive verification work.

Due to the use of sampling techniques, as well as the other limitations inherent in the functioning of any information and internal control system, the risk of failing to detect a significant anomaly in the Filing cannot be entirely eliminated.

5. Conclusion

Based on our work, with the exception of the elements described above, we did not identify any significant anomaly liable to call into question the fact that the filing of non-financial performance complies with the applicable regulatory provisions and that the Information, viewed as a whole, is presented, in a truthful manner, in accordance with the Reference System.

Lyon, 14 April 2020,

FINEXFI
Isabelle Lhoste
Partner

[1] Social indicators: AKWEL FRANCE; AKWEL VANNES FRANCE (Vannes and Beaulieu); Mateur (Tunisia); Juarez (Mexico). Environmental indicators: Champfromier site (France), Rudnik site (Czech Republic), Cadillac site (US).

[2] Employment, recruitments and redundancies, general policy on the environment, climate change, consumption of resources and the process of purchasing and monitoring the raw materials purchased.

SUPPLEMENTARY REPORTS BY THE EXECUTIVE BOARD

1. Special report on transactions conducted by the Company or by associated companies in respect of share purchase or subscription options reserved for salaried personnel and directors (article I 225-184 of the French Commercial Code)

Below you will find the elements of the special report intended to inform the shareholders of transactions conducted pursuant to the provisions stated in articles L.225-177 to L.225-186 of the French Commercial Code, concerning awards and exercises, during the last financial year, of options to purchase or subscribe to shares in the Company.

1.1. Purchase and subscription options awarded during the financial year

1.1.1. Purchase and subscription options awarded to the leading ten employees who are not corporate officers during the financial year

No purchase and subscription option award plan was put in place for the leading ten employees who are not corporate officers during the financial year.

1.1.2. Purchase and subscription options awarded to corporate officers during the financial year

No purchase and subscription option award plan was put in place for the corporate officers during the financial year.

1.2. Purchase and subscription options exercised during the financial year

1.2.1. Options exercised by the leading ten employees who are not corporate officers during the financial year

No purchase and subscription option award plan was exercised by the leading ten employees who are not corporate officers during the financial year.

1.2.2. Options exercised by the leading ten employees who are not corporate officers during the financial year

No purchase and subscription option award plan was exercised by the corporate officers during the financial year.

2. Special report on transactions conducted by the Company or by associated companies in respect of the award of bonus shares to salaried personnel and directors (article L 225-197-4 of the French Commercial Code)

Below you will find the elements of the special report intended to inform the shareholders of transactions conducted pursuant to the provisions stated in articles L.225-197-1 to L.225-197-3 of the French Commercial Code.

2.1. Bonus share award plans granted during the financial year

No bonus share award plan was put in place during the financial year.

2.2. Definitive award of bonus shares during the financial year

No bonus shares were awarded during the financial year.

For the Executive Board
Mr Mathieu Coutier
President of the Executive Board

REPORT BY THE EXECUTIVE BOARD ON THE WORDING OF RESOLUTIONS PROPOSED TO THE ORDINARY GENERAL MEETING OF 28 MAY 2020

Eighteen resolutions will be submitted to the shareholders at the Ordinary General Meeting of 28 May 2020 at 11 am at the Company's head office.

All of these resolutions fall under the competence of the Ordinary General Meeting and concern: the approval of the annual and consolidated financial statements for the financial year ended 31 December 2019, the appropriation of income, the approval of the regulated agreements stated in articles L.225-86 et seq. of the French Commercial Code, the approval of information regarding the remuneration of all of the corporate officers, the approval of the corporate officer remuneration policy, the approval of items comprising the remuneration and benefits of any nature paid to the members of the Executive Board and the President of the Supervisory Board in respect of the financial year ended 31 December 2019 and awarded to the members of the Executive Board and the President of the Supervisory Board in respect of the same financial year, and the authorisation concerning the share buyback programme.

1.1. Approval of the financial statements for the 2019 financial year (1st and 3rd resolutions) and discharge of the members of the Executive Board and Supervisory Board (2nd resolution)

The purpose of the 1st resolution is to approve the corporate financial statements for the financial year ended 31 December 2019, resulting in a loss of €252,561.26 and non-deductible expenses and charges.

This resolution also concerns the approval of the expenses and charges stated in article 39-4 of the French General Tax Code and totalling €36,540, as well as the corresponding tax charge.

The purpose of the 2nd resolution is to discharge the members of the Executive Board and Supervisory Board regarding their management of the Company during the 2019 financial year.

The purpose of the 3rd resolution is to approve the consolidated financial statements for the financial year ended 31 December 2019.

1.2. 2019 income appropriation (4th resolution)

The purpose of the 4th resolution is to decide on the appropriation of income for the Company's 2019 financial year and the distribution of a dividend.

The annual financial statements ended 31 December 2019 indicate a net loss of €252,561.26. This result, combined with retained earnings of €127,891,404.01, brings the total distributable amount to €127,638,842.75.

In order to maintain the interests of all stakeholders as part of a mindset of shared solidarity, it is proposed to distribute to shareholders as dividends the sum of €5,214,502.80, amounting to a gross dividend per share of €0.195.

This brings the balance of retained earnings to €122,424,339.95.

If paid to natural persons who are tax residents of France, this dividend is subject to either a single flat-rate deduction on the gross dividend at the flat rate of 12.8% (article 200 A of the French General Tax Code) or, at the taxpayer's express, irrevocable and general request, to income tax based on the progressive scale after, notably, a 40% relief (article 200 A, 13 and 158 of the French General Tax Code). Dividends are also subject to social security contributions at a rate of 17.2%.

If this proposal is adopted, the coupon will be detached on 8 June 2020 and the dividend will be paid on 10 June 2020.

When these dividends are detached, the dividend corresponding to treasury shares held by the Company would be assigned to the item "Retained earnings".

1.3. Regulated agreements (5th, 6th and 7th resolution)

Under the 5th resolution, you are asked to approve the renewal of the agreement on the provision of financial appraisal services between the Company and the company ATF.

It is tacitly renewed every year and approved at the General Meeting as part of the regulated agreements.

Under the 6th resolution, you are asked to approve the amendment and renewal of the agreement to provide premises and legal and administrative assistance services concluded with the company COUTIER DEVELOPPEMENT.

Under the terms of this amendment, the services provided by the Company to the company COUTIER DEVELOPPEMENT have been extended to the following services: legal, tax, administrative and IT assistance and assistance with payroll management.

It is tacitly renewed every year and approved at the General Meeting as part of the regulated agreements.

Under the 7th resolution, you are asked to approve the renewal of the agreement to provide premises and legal assistance services concluded with the company COUTIER DEVELOPPEMENT.

It is tacitly renewed every year and approved at the General Meeting as part of the regulated agreements.

These agreements appear in the Statutory Auditors' special report on regulated agreements and commitments appearing in section *Statutory Auditors' special report on regulated agreements and commitments*.

This report also mentions regulated agreements authorised by the Supervisory Board prior to 2019, approved during previous General Meetings and the execution of which continued during the financial year.

1.4. Approval of the corporate officer remuneration items (8th resolution)

The 8th resolution concerns the approval of the information mentioned in article L 225-37-3 I of the French Commercial Code appearing in the corporate governance report (say on pay ex post global).

1.5. Approval of the fixed and variable items of remuneration paid or awarded in respect of the 2019 financial year to the members of the Executive Board (from the 9th resolution to the 13th resolution)

Pursuant to article L.225-100 II of the French Commercial Code, taking into account the votes at the General Meeting of 29 May 2019 ruling on the remuneration policy envisaged for the financial year ended 31 December 2019, you are asked, in accordance with the vote on the 9th, 10th, 11th, 12th and 13th resolutions, to approve the fixed and variable items comprising the total remuneration and benefits of any nature paid during the 2019 financial year or awarded in respect of the same financial year to the members of the Executive Board in respect of their mandate, as presented in the corporate governance report in section 3.3.1.

1.6. Approval of the items comprising the remuneration and benefits of any nature paid or awarded in respect of the last financial year to Mr André Coutier, President of the Supervisory Board (14th resolution)

The 14th resolution submits for the shareholders' approval the items of remuneration and benefits of any kind paid or awarded in respect of the last financial year to Mr André Coutier, President of the Supervisory Board, as presented in the corporate governance report in section 3.3.4.

1.7. Approval of the corporate officer remuneration policy (15th and 16th resolution)

The purpose of the 15th and 16th resolution is to submit for your approval, pursuant to article L 225-82-2 of the French Commercial Code, the policy on remuneration for the members of the Executive Board and the members of the Supervisory Board for the 2020 financial year, as presented in the corporate governance report in section 3.2.

Pursuant to article L 225-100 of the French Commercial Code, the amounts resulting from the application of these principles and criteria will be submitted for approval by shareholders approving the 2020 financial statements.

1.8. Authorisation concerning share buyback programmes (17th resolution)

During the Combined General Meeting of 29 May 2019 (21st resolution), you gave your Company authorisation to conduct stock market transactions in its own shares.

The Company has implemented this authorisation and on 31 December 2019, the total number of treasury shares was 5,460.

We hereby remind you that these shares do not have voting rights and the dividends due to them are allocated to retained earnings.

Under the 17th resolution, you are asked to authorise it for a maximum period of 18 months to acquire a number of shares of the Company (including under a liquidity contract), limited to 0.5% of the number of shares comprising the capital of the Company, adjusted where applicable to take into account any capital increase or reduction operations that may occur during the period of the programme, under the following conditions:

The maximum purchase price would be set at €50 and the maximum number of shares that can be acquired would be limited to 0.5% of the number of shares comprising the share capital as at 31 December 2019, or 133,705 shares, in the maximum total amount of €6,685,250.

These transactions would be conducted according to article L 225-209 of the French Commercial Code.

The present authorisation would be granted in order to:

- ensure the liquidity of the market for the shares through one or several investment service providers acting independently, under a liquidity contract, in accordance with an ethics charter permitted under regulations, it being stated that the number of shares taken into account to calculate the aforementioned 0.5% limit corresponds to the number of shares purchased, minus the number of shares resold during the period of the present authorisation;
- implement any market practice that is recognised by regulations.

As in previous years, the resolution states that the authorisation would apply at any time, including during a public offer.

This new authorisation would override the authorisation granted by the Combined General Meeting of 29 May 2019, subject to its approval.

1.9. Powers to complete formalities (18th resolution)

The 18th resolution is a common resolution intended to authorise any holder of a copy or extract of the minutes of the General Meeting to undertake, where applicable, the legal formalities required to enforce the decisions made by the present Meeting.

Page *162* contains the text of the resolutions that we propose to submit for your approval.

REPORT BY THE SUPERVISORY BOARD ON THE CORPORATE GOVERNANCE, INCLUDING THE SUPERVISORY BOARD'S OBSERVATIONS CONCERNING THE MANAGEMENT REPORT AND THE FINANCIAL STATEMENTS FOR THE REPORTING PERIOD

In accordance with the provisions of the last paragraph of article L.225-68 of the French Commercial Code, the present corporate governance report includes the information stated in articles L. 225-37-3 to L. 225-37-5 of the French Commercial Code.

- The specific terms concerning shareholders' participation in the General Meeting.
- The composition of the Supervisory Board and the Executive Board of the Company and the list of all mandates and roles performed by each of them in any company other than the Company.
- The conditions pertaining to the preparation and organisation of the activities of the Supervisory Board during the financial year ended 31 December 2019.
- The delegations concerning capital increases and other authorisations granted to the Executive Board still valid during the 2019 financial year.
- Agreements concluded between a corporate officer or a shareholder holding more than 10% of the voting rights in the Company, and a subsidiary (excluding standard agreements).
- The remuneration of the members of the Executive Board and Supervisory Board.
- Elements likely to have an impact in case of a public offer.

Lastly, we also report to you, at the conclusion of this report, our observations on the management report prepared by the Executive Board of the Company, as well as on the financial statements for the 2019 financial year.

The present report was prepared based on contributions from several departments, notably the Financial and Legal Departments of the Group.

The indications concerning corporate governance were prepared based on various internal documents (articles of association, minutes of meetings of the Supervisory Board and its committees, etc.).

It was approved by the Supervisory Board during its meeting of 10 April 2020 and submitted to the Statutory Auditors.

As far as corporate governance is concerned, our Company has referred, since the Supervisory Board meeting of 26 June 2015, to the Corporate Governance Code in respect of mid and small caps published by Middlenext in December 2009 and amended on 14 September 2016. The Middlenext Code is available on www.middlenext.com.

It emerged at the Supervisory Board meeting that the Middlenext Corporate Governance Code was well suited to the Company, with regard to its size and the structure of its capital.

The Company follows most of the recommendations of this Code, and the present report states the recommendations not followed and the reason for this decision in accordance with the "comply or explain" rule.

1. Specific terms concerning shareholders' participation in the General Meetings

The terms concerning shareholders' participation in the General Meetings and the terms of exercising voting rights are described in articles 12 and 20 of the Company's articles of association.

The right to participate in meetings or to be represented in them is subject to the registration, in an account, of shares in the name of the shareholder or of the intermediary registered on their behalf, on the second business day preceding the meeting at midnight, Paris time, or in registered share accounts held by the Company, or in bearer share accounts held by an intermediary stated in article L 211-3 of the French Monetary and Financial Code.

Meetings of the Company's shareholders are convened, conducted and deliberated under the conditions provided for by law. Meetings take place either at the head office or at another location stated in the notice of meeting.

2. Governance

The Combined General Meeting of 26 May 1998 approved the adoption of a management structure including a Supervisory Board and Executive Board. This structure creates a separation between the executive and management functions performed by the Executive Board and the control functions of this Department assigned to the Supervisory Board, a shareholder representation body.

The Company has maintained this organisational structure, on the grounds that it more effectively ensures the balance of powers for the benefit of all stakeholders.

2.1. The Supervisory Board

2.1.1. Composition of the Supervisory Board

According to the articles of association, the Supervisory Board is comprised of at least three members and a maximum of 18 members, appointed by the General Meeting of Shareholders.

On the date the present report was prepared, the Supervisory Board of the company is comprised of six members: five natural persons and one legal entity.

The members of the Supervisory Board, the number of which cannot be below the legal minimum or above the legal maximum, are appointed for a three-year period that expires after the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the last financial year and held during the year in which the mandate expires.

2.1.1.1. Changes occurring in 2019

The changes occurring during the financial year were as follows:

Effective date	Change occurred
29.05.2019	Renewal of the mandate of Ms Geneviève Coutier and Ms Emilie Coutier, Mr André Coutier and of the company COUTIER DEVELOPPEMENT, represented by Mr Christophe Coutier
29.05.2019	Renewal of the mandate of Mr André Coutier as President of the Supervisory Board
29.05.2019	Appointment of Mr Nicolas Job as a new member of the Supervisory Board, replacing the company NJ CONSULTING
29.05.2019	Appointment of Mr Nicolas Job as Vice-President of the Supervisory Board
29.05.2019	Renewal by the central social and economic committee on 9 April 2019 of the mandate of Mr Christophe Besse as employee representative on the Supervisory Board

2.1.1.2. Current composition of the Supervisory Board

The members of the Supervisory Board on the day this document was prepared are as follows:

Members of the Supervisory Board	Nationality	Age	Primary position	Audit Committee	Remuneration Committee	Date of first appointment	Date of reappointment	Date of mandate expiry
André Coutier	French	71	President	Member	Member	26.06.2015	29.05.2019	29.05.2021
Geneviève Coutier	French	72	Member	Member	_	26.06.2015	29.05.2019	29.05.2021
Emilie Coutier	French	38	Member	_	_	29.06.2016	29.05.2019	29.05.2021
COUTIER DEVELOPPEMENT represented by Christophe Coutier	French	42	Member	Member	Member	_	29.05.2019	29.05.2021
Nicolas Job (1)	French	65	Member	President	Member	29.06.2016	29.05.2019	29.05.2021
Christophe Besse (2)	French	41	Member	_	_	14.12.2017	29.05.2019	29.05.2021

(1) Independent member. The notion of independence is defined in 2.1.1.3. of the present report.

(2) Member elected by employees.

2.1.1.3. Examination of the independence of the members of the Board

As stated in the Middlenext code, five criteria are used to presume the independence of the members of the Supervisory Board, which include the absence of a significant financial, contractual, family or proximity relationship liable to alter independent judgement:

- They must not be a salaried employee or corporate officer of the Company or of a company of the Group and must not have held such a position within the last five years.
- They must not be in a significant business relationship with the Company or the Group (client, supplier, competitor, service provider, creditor, banker, etc.) and must not have been so within the last two years.
- They must not be a reference shareholder of the Company or hold a significant percentage of voting rights.
- They must not have a close or family relationship with a corporate officer or reference shareholder.
- They must not have been a Statutory Auditor of the Company within the last six years.

In limited liability companies with an Executive Board and Supervisory Board, the corporate officers are assumed to be the President, Vice-President and members of the Supervisory Board.

The Board is required to verify each year, as well as at the time of their appointment, these members' position in respect of the aforementioned independence criteria.

Based on the independence criteria as defined above, the Supervisory Board, during its meeting of 10 April 2020, during which the annual examination of the independence of the members of the Board was on the agenda, believes that only Mr Nicolas Job can be categorised as an independent member. The Board acknowledged the absence of any business relations between the latter and the Group.

Mr Christophe Besse, member of the Supervisory Board, representing the employees, cannot be categorised as an independent member.

As the other members of the Supervisory Board belong to the family shareholder group, they cannot be categorised as independent members.

The Company is not in compliance with recommendation no.3 of the Middlenext Code, which stipulates a minimum of two independent members.

2.1.1.4. Gender-balanced representation in the Supervisory Board

Concerning a gender-balanced representation in the Board, it is recalled that the Board includes, on the date on which the present report was written, two women amongst its members.

As such, the Company complies with the legal provisions concerning "gender-balanced representation within the Board of Directors and Supervisory Board and professional equality" stipulated by the provisions of article L. 225-69-1 of the French Commercial Code, these stating that at least 40% of the members of the Supervisory Board must be female and that given the size of the Board, there must be a maximum gap of two between the number of each gender.

We remind you that the mandate of member of the board representing employees is not taken into account when calculating gender equality on the board.

2.1.2. Conditions related to the preparation and organisation of the Supervisory Board's activities

2.1.2.1. Responsibilities and powers of the Supervisory Board

The Supervisory Board carries out permanent control of the management of the Company by the Executive Board and gives the latter the authorisations required for the conclusion of operations that the Executive Board cannot accomplish without its authorisation.

It appoints the members of the Executive Board and designates the President and possibly the general managers; it also sets their remuneration.

Without prejudice to powers granted by the law to the General Meeting, it can dismiss the members of the Executive Board.

At any time of the year, the Supervisory Board may perform the verifications and controls that it considers appropriate and request the documents that it deems useful for the fulfilment of its duties.

2.1.2.2. Convening of the members of the Supervisory Board and the Statutory Auditors

The Company prepares a provisional schedule of the Supervisory Board meetings during a given year for the following year.

In addition, the Company ensures that the members of the Supervisory Board are invited around seven days before a meeting is held, by email, and by letter with acknowledgement of receipt in the case of the Co-Statutory Auditors where required.

All of the documents, technical files and information required for the duties of all of the members of the Supervisory Board are submitted to them at the same time as the invitation.

In addition, the members of the Supervisory Board are notified of the confidentiality of the documents communicated to them, either within the documents themselves or within emails or other accompanying correspondence (recommendation no.1 of the Middlenext Code).

2.1.2.3. Holding of meetings of the Supervisory Board and attendance rate

The Board meets as often as required in the interests of the Company.

The members of the Executive Board are invited to each meeting of the Supervisory Board. During the 2019 financial year, all of the members of the Executive Board attended and participated in the various meetings of the Supervisory Board, participating within the remit of their particular field. The Co-Statutory Auditors are also invited to participate in the Supervisory Board's meetings concerning the examination of the half-yearly and annual financial statements.

An attendance sheet is signed by all of the members of the Supervisory Board present.

During the last financial year, the Supervisory Board met eight times: on 14 February 2019, 11 April 2019, 2 May 2019, 29 May 2019, 4 July 2019, 22 August 2019, 25 September 2019 and 14 November 2019. This frequency of meetings enabled in-depth examination and discussion of subjects falling within its remit.

The average attendance rate of the members of the Supervisory Board during the 2019 financial year was 91.67%. The President chaired all of the meetings during 2019.

All of the Board's meetings are held at the Company's head office.

The articles of association allow the use of videoconferencing and telecommunication devices for the Board's meetings, other than those concerning the inspection of the annual financial statements and the examination of the management report.

However, it is preferable for the members to attend meetings in person. If they cannot be present in person, the member in question ensures that they can participate via videoconferencing or, if not, by telephone.

The table below shows the attendance rates per meeting of the members of the Supervisory Board during the 2019 financial year:

Meeting date	Attendance rate (member present)
14.02.2019	100%
11.04.2019	83.33%
02.05.2019	83.33%
29.05.2019	100%
04.07.2019	100%
22.08.2019	100%
25.09.2019	83.33%
14.11.2019	100%

2.1.2.4. Subjects debated during the board's meetings in 2019

During 2019, the Supervisory Board's substantial deliberations during the 2019 financial year primarily concerned:

- the verification and audit of the half-year and annual consolidated and corporate financial statements and the examination of the associated financial communication,
- the approval of the budget for the 2019 financial year;
- the quarterly financial position as at 31 March and 30 September 2019;
- the budget for the 2020 financial year;
- the renewal of the share buyback agreement;
- the annual examination of the regulated agreements;
- the renewal of the annual authorisation given to the Executive Board to grant sureties, endorsements and guarantees;
- the breakdown of the remuneration awarded to the members of the Supervisory Board;
- the adoption of the internal regulations of the Supervisory Board;
- the review of the human resources policy, with a particular focus on professional and wage equality;
- the main elements of the Company's policy on sustainable development and Corporate Social Responsibility.
- the preparation of the General Meeting of Shareholders of 29 May 2019 and the examination of the reports presented at the General Meeting;
- the preparation of the policy on remuneration for the members of the Executive Board for the 2019 financial year;
- the assessment of the functioning and work of the Supervisory Board;
- the appointment of the President of the Supervisory Board and of the Vice-President, whose mandate expired;
- the observation of the reappointment by the Economic and Social Board of the member of the Supervisory Board representing the employees;
- the renewal of the offices of the members of the Executive Board whose mandate expired,
- the renewal of the offices of the members of the Audit Committee and Remuneration Committee.

2.1.2.5. Independence and duty to speak

Each member of the Supervisory Board must ensure that they retain their independence of judgement, decision and action. They undertake to not allow themselves to be influenced by factors other than the corporate interest of the Company, which they are required to uphold.

Each member of the Supervisory Board is required to notify to the Supervisory Board any item of which they become aware and which they believe is liable to adversely affect the corporate interest of the Company.

Each member of the Supervisory Board must voice their questions and opinion to ensure that the corporate interest of the Company is protected and must strive to guide the other members of the Supervisory Board towards making decisions that enable this corporate interest to be maintained on a continuous basis. In the event of a disagreement between the members during a meeting of the Supervisory Board, the dissenting member can ask for his position to be recorded in the meeting minutes.

2.1.2.6. Independence and conflicts of interest

Each member must strive to avoid any situation in which his own interests conflict with the corporate interest of the Company. He is required to inform the Supervisory Board as soon as he is aware of a potential conflict of interest situation, irrespective of its nature, and consequently to refrain from taking part in debates or voting on any related resolution.

The Supervisory Board conducts an annual review of the conflicts of interest, including potential conflicts of interest, of which it has been informed.

2.1.2.7. Loyalty and good faith

Each of the members of the Supervisory Board and the participants in its meetings must refrain from conducting themselves in a way that is liable to adversely affect the corporate interest of the Company, in any way whatsoever, and must act in good faith under all circumstances.

Each member of the Supervisory Board undertakes to apply all of the decisions adopted by the Supervisory Board that comply with applicable legislations and regulations.

2.1.2.8. Confidentiality

In accordance with the provisions of article L. 225-92 of the French Commercial Code, each of the members of the Supervisory Board and the participants in its meetings is required to uphold professional secrecy concerning the debates and deliberations of the Supervisory Board and its Committees, as well as any information that he may receive during the conduct of his duties.

Each of the members of the Supervisory Board and the participants in its meetings undertakes to never disclose such information outside of meetings of the Supervisory Board.

2.1.2.9. Insider policy

Each of the members of the Supervisory Board and the participants in its meetings must comply with the Company's policy on insider trading.

2.1.2.10. Diligence

By accepting his mandate, each member of the Supervisory Board undertakes to dedicate the necessary time, care and attention to his duties, in accordance with applicable legislations and regulations. Except in unavoidable circumstances, each member of the Supervisory Board must attend all meetings of the Supervisory Board and of the Committees to which he belongs.

Each member of the Supervisory Board must abandon his mandate if he believes he is unable to fulfil his duties in accordance with applicable legislations and regulations and/or internal regulations.

2.1.2.11. Professionalism, self-assessment and protection

Each member of the Supervisory Board must contribute to collegial and effective administration of the activities of the Supervisory Board and of any Committee. He must formulate any recommendation that is liable to improve the board's procedures.

Each member of the Supervisory Board is required to ensure that the Supervisory Board's deliberations are conducted in the corporate interest of the Company and recorded in the meeting minutes.

Each member of the Supervisory Board ensures that all of the information required to debate a subject on the agenda is obtained in a timely manner.

The President of the Supervisory Board collects, once per year, the opinion of each of the members of the Supervisory Board regarding the functioning of the Board and of its Committees, as well as regarding the preparation of the Board's activities.

As such, the Supervisory Board assesses its functioning using a questionnaire to assess the rules of functioning. This is provided to each of the members of the Board, who respond to it anonymously. A summary of the assessment is then presented to the Board.

The President of the Supervisory Board ensures that the potential liability of the members of the Supervisory Board is duly assured and informs each of these members of the coverage put in place.

2.1.2.12. Procedure for assessing ordinary agreements concluded under normal conditions

In accordance with the provisions of the second paragraph of article L. 225-87 of the French Commercial Code, the Board, during its meeting of 13 February 2020, implemented a procedure to assess agreements concerning ordinary operations concluded under normal conditions.

2.1.2.13. Code of stock market compliance

The Company has enacted a Code of Stock Market Compliance, which is submitted to any person liable to have access to privileged information, including a reminder of the definition of privileged information, a description of the legal and regulatory provisions in effect, a schedule for the year notably including closed periods and information on penalties incurred.

2.1.2.14. Committees

The Supervisory Board may decide to create its own Committees in order to facilitate its proper functioning and effectively contribute to the preparation of its decisions.

The purpose of a Committee is to examine the questions and projects submitted to it by the Supervisory Board or its President, prepare the activities and decisions of the Supervisory Board concerning these questions and projects, and report on its conclusions to the Supervisory Board in the form of reports, suggestions, opinions, information and recommendations.

The Committees conduct their duties under the Supervisory Board's responsibility. No Committee may handle, at its own initiative, questions that are not within the specific scope of its duties.

The Committees do not have any decision-making powers.

2.1.2.15. Service contract

No service contract links the members of the Supervisory Board to the Company or to one of its subsidiaries.

2.2. The Executive Board

2.2.1. Composition of the Executive Board

The Executive Board may be comprised of a maximum of seven members. On the date on which the present report was prepared, the Executive Board was comprised of five natural person members appointed by the Supervisory Board and remunerated by the Company, all of whom were below the age of 70.

The Executive Board is appointed for a three-year period. Any member of the Executive Board can be reappointed.

The mandate of the members of the Executive Board currently serving was renewed by the Supervisory Board during its meeting of 29 May 2019.

The members of the Executive Board are as follows:

Members of the Executive Board	Nationality	Age	Primary position	Date of first appointment	Date of reappointment	Date of mandate expiry
Mathieu Coutier	French	45	President	2009	29.05.2019	29.05.2021
Jean-Louis Thomasset	French	55	Vice-President - Financial VP	1998	29.05.2019	29.05.2021
Benoît Coutier	French	42	Member - Legal VP	20.12.2013	29.05.2019	29.05.2021
Nicolas Coutier	French	38	Member - Industrialisation & Standardisation VP	20.12.2013	29.05.2019	29.05.2021
Frédéric Marier	French	56	Member - Manufacturing Performance VP	10.02.2017	29.05.2019	29.05.2021

2.2.2. Executive Board operating rules

2.2.2.1. Responsibilities and powers of the Executive Board

The Executive Board is vested with the most extensive powers in respect of third parties to act under all circumstances on the Company's behalf, limited to the corporate purpose and subject to those that the law expressly attributes to the Supervisory Board and to the shareholder meetings, in accordance with the provisions of article 15 of the articles of association.

The Executive Board meets as often as required in the interests of the Company, when convened by its President or half of its members, at the head office or at any other location indicated in the invitation.

In 2019, the Executive Board met once per week on average.

The Executive Board prepares each of the files for the meetings of the Supervisory Board, ensuring that the position of each of the Group's activities during the previous quarter is presented in detail.

The Executive Board jointly studies and decides on the various investment projects that are presented to it by the operational teams.

The Executive Board also closes the half-yearly and annual financial statements, as well as the provisional management documents and the terms of the Group's management report, which are then submitted to the Supervisory Board for examination.

Lastly, the Executive Board decides on the Group's financial communication.

2.2.2.2. Confidentiality

In accordance with article L. 225-92 of the French Commercial Code, all of the members of the Executive Board and any other person who attends the Executive Board's meetings are bound by professional secrecy concerning the Executive Board's discussions and deliberations, as well as concerning information that they may receive in the course of their duties.

2.2.2.3. Compliance

All of the members of the Executive Board and any other person attending the Executive Board's meetings undertake to comply with the insider trading policy put in place by the Company. All of the members of the Executive Board are required to uphold, and ensure that others uphold, the commitments stated in the Company's Code of Ethics in respect of the activities of each of said members, or employees acting under their responsibility.

2.3. Specialised committees

2.3.1. Committees of the Supervisory Board

The Supervisory Board, in accordance with recommendation no.6 of the Middlenext Code, has formed, within the Board, committees intended to improve the functioning of the Board and to effectively contribute to the preparation of its decisions.

The Board has thereby formed the following permanent committees: the Audit Committee and the Remuneration Committee.

The committees have not established their own internal regulations.

2.3.1.1. Audit Committee

2.3.1.1.1. *Composition of the Audit Committee*

Since 29 May 2019, the Audit Committee has been comprised of four members appointed for the duration of their mandate as a member of the Supervisory Board.

The Audit Committee is comprised of:

Nicolas Job	Committee President - Independent Member
Geneviève Coutier	Member
André Coutier	Member
Christophe Coutier	Member

2.3.1.1.2. *Operation of the Audit Committee*

The Audit Committee fulfils the duties of a specialised committee that monitors questions concerning the preparation and control of the accounting and financial information pursuant to articles L. 823-19 and L. 823-20-4 of the French Commercial Code.

A report on each meeting of the Audit Committee is written and submitted to the members of the Supervisory Board.

During the 2019 financial year, the Audit Committee met twice, with a 100% attendance rate.

2.3.1.1.3. *Duty of the Audit Committee*

The duty of the Audit Committee is to provide an independent perspective on the Group's risks, their management and their translation into financial information.

The Audit Committee conducts the activities stated in article L. 823-19 of the French Commercial Code.

As such, it notably assists the Supervisory Board in the following areas:

- the process of preparing financial information and, where applicable, formulating recommendations to guarantee the integrity of this information;
- a critical examination of the annual financial statements and the periodic information;
- Issuing a recommendation on the Statutory Auditors proposed for appointment.
- Monitoring the suitability of internal control in light of the perception of risks and the effectiveness of both internal and external auditing, and more generally, ensuring in these areas compliance with regulations and legal compliance, which are essential elements of the Group's reputation and valuation.
- Monitoring the Statutory Auditors' conduct of their assignment.
- The independence of the Statutory Auditors.
- The approval of the supply by the Statutory Auditors of services other than the certification of the financial statements.

The Audit Committee regularly reports to the Supervisory Board on the conduct of its duties.

During the financial year, the Audit Committee heard both the Statutory Auditors (including when the directors were not present) and the Internal Audit Manager.

The Audit Committee conducted fruitful dialogue with the Statutory Auditors during the preparation of the Statutory Auditors' report.

The Audit Committee's work met the objectives that it was given during the financial year, it being stated that since the audit was reformed, the Audit Committee's scope of work has increased.

2.3.1.2. Remuneration Committee

2.3.1.2.1. *Composition*

The Remuneration Committee is comprised of three members appointed for the duration of their mandate as a member of the Supervisory Board:

The Remuneration Committee is comprised of:

Nicolas Job	Independent member
André Coutier	Member
Christophe Coutier	Member

2.3.1.2.2. *Operation of the Remuneration Committee*

A report on each meeting of the Remuneration Committee is written and submitted to the members of the Supervisory Board.

During the 2019 financial year, the Remuneration Committee met once, with a 100% attendance rate.

During this meeting, it primarily formulated proposals to the Supervisory Board regarding the achievement of the Executive Board's qualitative objectives in respect of the 2019 financial year and the amount of corresponding payments.

2.3.1.2.3. *Duty of the Remuneration Committee*

The Remuneration Committee submits recommendations to the Supervisory Board at the beginning of the year regarding the remuneration of the Group's corporate officers for the current year and ensures the exhaustiveness, cohesion and balance of the various elements comprising said remuneration.

It proposes rules for determining the variable portion of the corporate officers' remuneration and verifies the application of the rules that it recommended if these were adopted by the Board.

It may also address the Group's general policy on the remuneration of the managers and all of the employees of the Group.

Furthermore, the Remuneration Committee is responsible for proposing to the Board rules governing the distribution of the remuneration awarded to the members of the Supervisory Board.

It is also tasked with examining every issue submitted to it by the President of the Supervisory Board.

2.3.2. The Executive Committee

In order to include the Group's managers in the strategic orientations, the Executive Board has created an Executive Committee comprised of the members of the Executive Board and of managers.

2.3.2.1. Composition of the Executive Committee

The Executive Committee is comprised of:

Mathieu Coutier	President of the Executive Board
Jean-Louis Thomasset	Vice-President of the Executive Board - Financial VP
Benoît Coutier	Member of the Executive Board - Legal VP
Nicolas Coutier	Member of the Executive Board - Industrialisation and Standardisation VP
Frédéric Marier	Member of the Executive Board - Manufacturing Performance VP
Sébastien Boivin	Purchasing VP
Maxime Delorme	Operation VP

Huashan Feng	Operation VP
Thierry Foubert	Operation VP
Philippe Mao	Operation VP
Ludovic Mercier	Marketing and Sales VP
Alfredo Soto	Operation VP
Lee Richards	Business Development VP
Roger Sanchez	Operation VP

2.3.2.2. Operation of the Executive Committee

The Executive Committee met twice per month on average during the 2019 financial year.

2.3.2.3. Duty of the Executive Committee

The purpose of the Executive Committee is to assist the Executive Board by issuing opinions and recommendations on all projects, operations and measures submitted to it by the President of the Executive Board. It encourages the exchange and dissemination of best practices between the Group's areas of activity.

3. Remuneration and benefits of any kind paid to the corporate officers

3.1. Corporate officer remuneration policy

The corporate officer remuneration policy (hereinafter the "Remuneration Policy") of the company AKWEL (hereinafter "the Company") was prepared pursuant to article L 225-82-2 of the French Commercial Code and in accordance with the recommendations of the Middlenext corporate governance code. It also took into account the specific characteristics of the Company.

It is aligned with the policy approved by the Combined General Meeting of Shareholders on 29 May 2019.

Where applicable, it will apply to all additional corporate officers appointed during the 2020 financial year, until the next General Meeting of Shareholders convened to approve the corporate officer remuneration policy.

3.1.1. General principles

The Remuneration Policy, as detailed below, and in particular the performance criteria, is aligned with the Company's corporate interest. It contributes to the Company's commercial strategy and longevity, and takes into consideration the conditions governing the remuneration and employment of the Company's employees.

The Remuneration Policy is designed to be competitive compared with the remuneration policies adopted by other similarly sized companies in the same sector in order to attract, retain and secure individuals recognised as particularly competent in the Company's areas of activity.

The principles of the Remuneration Policy also take into account the following objectives:

- remuneration must be ascertained as a whole: all of the components of remuneration and the balance between these components must be taken into account;
- a balance between fixed remuneration and variable remuneration;
- it requires consideration, where variable remuneration is established, of the combination of the assessment of individual performance, the Company's general business position and the Group's results. The assessment of individual performance is based on quantitative (financial) and qualitative (non-financial) criteria.

3.1.1.1. Items of remuneration for members of the Executive Board

The remuneration of members of the Executive Board includes the following items:

- annual fixed remuneration;
- annual variable remuneration;
- multi-annual variable remuneration;
- benefits in kind.

The members of the Executive Board are entitled to the reimbursement of expenses they incur during the course of their mandate, notably travel and accommodation expenses.

3.1.1.1.1. *Annual fixed remuneration*

Fixed remuneration must be set in such a way so as to attract to the highest executive positions talents from within the Company or, where applicable, recruited externally. It must also contribute to their commitment and retention.

It is determined with respect to their experience, skills and the responsibilities that each of them assume.

Fixed remuneration is paid in 12 monthly instalments.

The matter of changes to fixed remuneration is examined each year, although unless there are exceptional circumstances, fixed remuneration is only reviewed at relatively long intervals.

The criteria taken into account to decide on an increase are changes in the scope and level of responsibility, the individual's performance and his development in the position held, the positioning relative to the market in the case of equivalent positions in comparably sized multinational companies and the business and social context of the Company and the Group to which it belongs.

3.1.1.1.2. *Annual variable remuneration*

Annual variable remuneration is intended to reflect the personal contribution by members of the Executive Board to the Group's development.

Its payment is conditional upon the achievement of precise and demanding performance targets for each financial year, thereby helping to maintain a link between the Group's performance and the remuneration of members of the Executive Board within a short-term period.

Annual variable remuneration is balanced relative to annual fixed remuneration and may therefore result in the award, for each of the members of the executive board, of annual variable remuneration equal to 60% of their fixed remuneration (hereinafter the Variable Remuneration Ceiling).

The targets determining the award of the annual variable remuneration to the members of the Executive Board are based, in equal proportions, on the return on capital employed and customer satisfaction; these two criteria are assessed across the two halves of the financial year.

At the proposal of the Remuneration Committee, the Supervisory Board sets, at the start of the year, the performance targets for the current financial year, assigning to them a weighting coefficient that reflects its priorities, as well as the associated points scale for each of the indicators selected.

The amount of variable remuneration ranges from 0 to a ceiling equal to 60% of the amount of the fixed remuneration of the member of the Executive Board, according to the number of points obtained for each of the indicators.

The amount of annual variable remuneration is equal to the addition of various bonuses thusly determined.

Variable remuneration is paid in June of the year of award, subject to approval by the General Meeting of Shareholders under the conditions stated in article L. 225-100 III of the French Commercial Code.

The payment of variable remuneration is not associated with a reclaim system.

The performance targets and the indicators selected by the Supervisory Board during its meeting of 10 April 2020 for the current financial year are as follows:

- **Indicator linked to return on capital employed**

Return is defined by the following ratio: operating income to capital employed. This indicator is used to ascertain the quality of the Group's business and financial management.

The target selected by the Supervisory Board for the current financial year and the indicator's weighting in the amount of annual variable remuneration are as follows:

Indicator	-	=	+	++
ROCE (RE/CE)	<10.5%	10.5%	13.5%	15%
Weighting of the indicator in the amount of annual variable remuneration (50% of the annual remuneration ceiling)	0	1/3	2/3	3/3

- **Customer satisfaction indicator:**

Customer satisfaction (R) encompasses three combined quality indicators, which are:

R = PPM + IPB + Responsiveness
PPM (Parts per Million): number of defective or non-compliant parts reported by customers per one million parts delivered,
IPB (Incidents per Billion): number of incidents reported by customers per billion parts delivered,
Responsiveness after incident: 8D stages closed on time multiplied by the number of 8D sheets. This quality indicator is used to verify that problems identified during an audit are rapidly resolved.

The results of the indicators concerned are those saved on the manufacturer customer portals as at 31 December each year.

The purpose of these various indicators is to monitor the Company's quality with respect to production and its response in the event of a production incident.

The target selected by the Supervisory Board for the current financial year and the indicator's weighting in the amount of annual variable remuneration are as follows:

Indicators	0	=	+	++
PPM	more than 4	3 to 4	2.5 to 3	less than 2.5
IPB	more than 1,750	1,500 to 1,750	1,500 to 1,250	less than 1,250
Responsiveness after incident	less than 90%	90% to 92%	92% to 94%	more than 94%
Weighting of the indicator in the amount of annual variable remuneration (50% of the annual remuneration ceiling)	0	1/3	2/3	3/3

The points scale associated with these indicators is as follows:

Number of PPM points	Number of IPB points	Number of Responsiveness after incident points	Quotation	
6 pts	9 pts	3 pts	++	15 « R « 18
4 pts	6 pts	2 pts	+	10 "R" 14
2 pts	3 pts	1 pt	=	5 "R" 9
0 pt	0 pt	0 pt	-	0 "R" 4

3.1.1.1.3. *Multi-annual variable remuneration*

The purpose of multi-annual variable remuneration is to reflect the contribution by the member of the Executive Board from a medium- and/or long-term perspective and is assessed over several consecutive financial years.

Multi-annual variable remuneration is balanced relative to annual fixed remuneration and is limited to 10% of the total amount of annual fixed remuneration paid to each of the members of the Executive Board over a reference period, the latter not being less than two financial years (hereinafter the "Reference Period").

The target determining the award of multi-annual variable remuneration is based on the prospective revenue levels of the Group or any other performance indicator, alternative or otherwise, chosen by the Supervisory Board.

Multi-annual variable remuneration is paid during the financial year following the end of the Reference Period.

Multi-annual variable remuneration is paid in June of the year of award, subject to approval by the General Meeting of Shareholders under the conditions stated in article L. 225-100 III of the French Commercial Code.

The payment of variable remuneration is not associated with a reclaim system.

At the proposal of the Remuneration Committee, the Supervisory Board, during its meeting of 10 April 2020, selected the following criteria:

- Reference period: 1 January 2020 to 31 December 2022.
- Quantitative criterion: consolidated revenue of over €1.2 billion on 31 December 2022.

3.1.1.1.4. *Benefits in kind*

The members of the Executive Board may receive benefits in kind that are usual for the corporate officers of comparably sized groups or companies, such as the provision of a company vehicle and a mobile phone.

3.1.1.2. Items of remuneration for members of the Supervisory Board

3.1.1.2.1. *Annual budget for remuneration awarded to the members of the Supervisory Board in respect of their activity.*

In accordance with article L.225-83 of the French Commercial Code, the members of the Supervisory Board are entitled, as remuneration for their activity and their participation in the work of the Board and its committees, to the payment of annual fixed remuneration decided on by the General Meeting of Shareholders.

The total remuneration paid to all of the members of the Board is limited to a maximum amount set at €120,000 by the General Meeting of Shareholders of 28 May 2019.

This ceiling applies to the remuneration paid to the members of the Supervisory Board in respect of a calendar year, irrespective of the date of payment.

The terms governing the division of this remuneration between the members of the Supervisory Board, which are decided on by the Board at the proposal of the Remuneration Committee, are currently as follows, the Board reserving the ability to amend them if necessary:

- €2,000 per participation, irrespective of the method, in a meeting of the Supervisory Board for each member of the Supervisory Board, the total amount of which is limited to €12,000 per year;
- €6,000 for the members of the Supervisory Board who participate in the meetings of the Audit Committee;
- A further €6,000 for the members of the Supervisory Board who participate in the meetings of the Remuneration Committee.

At the end of the financial year, the Supervisory Board examines the division of the remuneration of the members of the Supervisory Board and the individual amount awarded to each person in respect of the financial year based on verification of the actual attendance of the members of the Supervisory Board at the meetings of the Supervisory Board, it being specified that absence from a meeting of the Supervisory Board has no effect on the payment of the total ceiling.

With the exception of the remuneration awarded in respect of their participation in committee meetings, the remuneration awarded to the members of the Supervisory Board for a financial year is therefore liquidated and paid during the following financial year, after approval by the Annual General Meeting, in accordance with article L. 225-82-2 of the French Commercial Code.

Concerning offices that end or begin during the course of a year, the award of remuneration is calculated on a pro rata temporis basis.

The members of the Supervisory Board are entitled to the reimbursement of expenses they incur during the course of their mandate (notably any travel and accommodation expenses incurred in relation to meetings of the Board and committees).

3.1.1.2.2. *Remuneration of the President and Vice-President of the Supervisory Board.*

In accordance with article L.225-81 paragraph 1 of the French Commercial Code, the President and Vice-President of the Supervisory Board receive fixed remuneration.

The amount of this remuneration is decided by the Supervisory Board, notably with respect to the market context, developments specific to the Company, changes to the remuneration of the Group's employees and remuneration provided by comparable companies.

Barring exceptional circumstances, the annual fixed remuneration of the President and Vice-President of the Supervisory Board is only reviewed at relatively long intervals.

At the proposal of the Remuneration Committee, the Supervisory Board, during its meeting of 10 April 2020, decided to maintain the amount of the fixed remuneration of the President of the Supervisory Board at €160,000 and that of the Vice-President at €55,000.

3.1.1.2.3. *Other items of corporate officer remuneration*

Exceptional remuneration

The Supervisory Board has adopted the principle under which:

- the members of the Executive Board may receive exceptional remuneration under extraordinary circumstances, which must be specifically communicated and justified. The payment of such remuneration can only be provided subject to shareholder approval pursuant to article L. 225-82-2 of the French Commercial Code;
- the members of the Supervisory Board may receive exceptional remuneration, in cash, for the one-off assignments given to some of its members or due to the specific nature of their profile or role; this remuneration is then subject to the procedure for approving regulated agreements.

Share subscription or purchase option plans

The corporate officers are not awarded share subscription or purchase options.

Performance shares

The corporate officers are not awarded performance shares or bonus shares.

Post-employment benefits

Gratuities or benefits due or liable to be due as a result of cessation or change of role. The corporate officers do not receive any contractual compensation in respect of the cessation of their mandate.

Severance benefits. The corporate officers do not receive severance benefits in the event that they retire. The employment contracts of the corporate officers who, prior to their appointment, are in possession of such a contract are suspended during the term of their mandate. Furthermore, and in the same respect and under the same conditions as the Group's employees, the members of the Executive Board who have an employment contract may receive severance benefits by law.

Social benefits. In the same respect as all of the executives, the corporate officers benefit from collective social welfare schemes, healthcare expenses and pension schemes in place within the Company.

Non-competition agreement. The corporate officers do not receive any commitment made by the Company and corresponding to benefits relating to a non-competition clause.

3.1.2. Decision-making process to determine, review and implement the Remuneration Policy

To ensure that the corporate officers' remuneration is aligned with the interests of the Company's shareholders and performance, the Supervisory Board and the Remuneration Committee play a decisive role in determining, reviewing and implementing the Remuneration Policy.

The same applies to the shareholders, who each year give a verdict at the General Meeting on the Remuneration Policy and the items paid by means of a binding vote.

At the start of the year, the Remuneration Policy is subject to a review by the Remuneration Committee, which proposes to the Supervisory Board to keep it unchanged or to amend it, notably with regards to the market context, developments specific to the Company, changes to the remuneration of the Company's employees and remuneration provided by comparable companies, or in the event of a significant change in the scope of responsibility of the members of the Executive Board.

At the proposal of the Remuneration Committee, the Supervisory Board defines the remuneration of the Company's corporate officers.

In particular, it determines their annual fixed and variable remuneration (ceiling, thresholds, terms and criteria of award) due in respect of the financial year ended 31 December of the last year, taking into account changes in the competitive environment and context. It sets the financial and non-financial criteria on which variable remuneration will be based for the coming financial year.

The Remuneration Committee prepares the decisions to submit to the General Meeting of Shareholders concerning these subjects.

To prevent or manage conflicts of interest that may adversely affect the Company's interests, the remuneration of the corporate officers is unanimously decided by the members of the Supervisory Board, and without the President and Vice-President being present when their remuneration is adopted. Similarly, the members of the Executive Board are not present during discussions by the Supervisory Board and the Remuneration Committee concerning their own remuneration.

It is specified that a conflict of interest is defined as a situation that involves having to choose between the interest of the Company and the personal interest of the corporate officers.

The Supervisory Board has adopted the principle under which no exemption to the application of the remuneration policy is possible.

3.1.3. Process of assessing the performance of the members of the Executive Board

Before the end of the financial year, the Remuneration Committee assesses the achievement of the aforementioned annual or multi-annual targets, and based on this examination the Supervisory Board decides to award to the members of the Executive Board all or part of the annual variable remuneration and, where applicable, the multi-annual variable remuneration.

The remuneration awarded in respect of a financial year is therefore liquidated and paid during the following financial year, after approval by the Annual General Meeting, in accordance with article L. 225-82-2 of the French Commercial Code.

3.2. Items put to a vote by the shareholders in accordance with article L 225-82-2 of the French Commercial Code

In accordance with article L. 225-82-2 of the French Commercial Code, the General Meeting of Shareholders of 28 May 2020 will be called upon to vote on a proposed resolution establishing as follows the corporate officer remuneration policy:

3.2.1. Policy on remuneration for members of the Supervisory Board

Remuneration items	Principles	Determination criteria
Remuneration	The total budget for remuneration paid to the members of the Board is set by the General Meeting	This budget is €120,000, in accordance with the 12th resolution of the General Meeting of 29 May 2019
Variable remuneration	Each member of the Supervisory Board receives variable remuneration in accordance with the meetings of the Board and of the committees in which he participates.	The amount of variable remuneration is defined in accordance with the rules stated in section *3.1.1.2.* of the Corporate Governance Report.
Exceptional remuneration	A member of the Supervisory Board may receive exceptional remuneration for the one-off assignments given to some of its members or due to the specific nature of their profile or role.	This remuneration is then subject to the procedure for approving regulated agreements.

3.2.2. Remuneration Policy applicable to Mr André Coutier, President of the Supervisory Board

Remuneration items	Principles	Determination criteria
Remuneration	Mr André Coutier receives fixed remuneration in 12 monthly instalments.	The amount of Mr Coutier's fixed remuneration is set at €160,000 per year.
Variable remuneration	In his role as a Member of the Supervisory Board, Mr André Coutier receives variable remuneration in accordance with the meetings of the Board and of the committees in which he participates.	The amount of variable remuneration is defined in accordance with the rules stated in section *3.1.1.2.* of the Corporate Governance Report.

3.2.3. Policy on remuneration for members of the Executive Board

3.2.3.1. Remuneration Policy applicable to Mr Mathieu Coutier, President of the Executive Board

Remuneration items	Principles	Determination criteria
Remuneration	Mr Mathieu Coutier receives fixed remuneration in 12 monthly instalments.	This totals €400,800.
Annual variable remuneration	Mr Mathieu Coutier receives variable remuneration, the amount of which is linked to performance. This remuneration is paid during the financial year following that in respect of which the performances were recognised. In accordance with article L. 225-82-2 of the French Commercial Code, the payment of variable remuneration is subject to approval by an Ordinary General Meeting of the items of remuneration of the President of the Executive Board under the conditions stated in article L. 225-100 of the French Commercial Code. The payment of annual variable remuneration is not associated with a reclaim system.	The amount of variable remuneration that can be awarded to Mr Mathieu Coutier is limited to 60% of the amount of his fixed remuneration in accordance with the policy described in section 3.1.1.1.2 of the Corporate Governance Report. This remuneration is based, in equal proportions, on the return on capital employed and customer satisfaction; these two criteria are assessed across the two halves of the financial year. The Board reserves the right to change these criteria as required.
Multi-annual	Mr Mathieu Coutier receives multi-annual	In accordance with the policy described in

variable remuneration	variable remuneration, the amount of which is linked to performance. Multi-annual variable remuneration is paid during the financial year following the end of the Reference Period. This remuneration is based on quantitative criteria linked to prospects concerning the Group's revenue levels. In accordance with article L. 225-82-2 of the French Commercial Code, the payment of variable remuneration is subject to approval by an Ordinary General Meeting of the items of remuneration of the President of the Executive Board under the conditions stated in article L. 225-100 of the French Commercial Code. The payment of multi-annual variable remuneration is not associated with a reclaim system.	section 3.1.1.1.3 of the Corporate Governance Report, the amount of multi-annual variable remuneration that can be awarded to Mr Mathieu Coutier is limited to 10% of the total amount of his annual fixed remuneration paid during the period from 1 January 2020 to 31 December 2022. The payment of multi-annual variable remuneration is subject to the achievement of the following target: Group revenue of more than €1.2 billion during the year 2022. The Board reserves the right to change these criteria as required.
Benefits in kind	Mr Mathieu Coutier receives a company vehicle.	

3.2.3.2. Remuneration policy applicable to Mr Jean-Louis Thomasset, Vice-President of the Executive Board

Remuneration items	Principles	Determination criteria
Remuneration	Mr Jean-Louis Thomasset receives fixed remuneration in 12 monthly instalments.	This totals €144,000.
Annual variable remuneration	Mr Jean-Louis Thomasset receives variable remuneration, the amount of which is linked to performance. This remuneration is paid during the financial year following that in respect of which the performances were recognised. In accordance with article L. 225-82-2 of the French Commercial Code, the payment of variable remuneration is subject to approval by an Ordinary General Meeting of the items of remuneration of the President of the Executive Board under the conditions stated in article L. 225-100 of the French Commercial Code. The payment of annual variable remuneration is not associated with a reclaim system.	The amount of variable remuneration that can be awarded to Mr Jean-Louis Thomasset is limited to 60% of the amount of his fixed remuneration in accordance with the policy described in section 3.1.1.1.2 of the Corporate Governance Report. This remuneration is based, in equal proportions, on the return on capital employed and customer satisfaction; these two criteria are assessed across the two halves of the financial year. The Board reserves the right to change these criteria as required.
Multi-annual variable remuneration	Mr Jean-Louis Thomasset receives multi-annual variable remuneration, the amount of which is linked to performance. Multi-annual variable remuneration is paid during the financial year following the end of the Reference Period. This remuneration is based on quantitative criteria linked to prospects concerning the Group's revenue levels. In accordance with article L. 225-82-2 of the French Commercial Code, the payment of variable remuneration is subject to approval by an Ordinary General Meeting of the items	In accordance with the policy described in section 3.1.1.1.3 of the Corporate Governance Report, the amount of multi-annual variable remuneration that can be awarded to Mr Jean-Louis Thomasset is limited to 10% of the total amount of his annual fixed remuneration paid during the period from 1 January 2020 to 31 December 2022. The payment of multi-annual variable remuneration is subject to the achievement of the following target: Group revenue of more than €1.2 billion during the year 2022.

	of remuneration of the President of the Executive Board under the conditions stated in article L. 225-100 of the French Commercial Code. The payment of multi-annual variable remuneration is not associated with a reclaim system.	The Board reserves the right to change these criteria as required.
Benefits in kind	Benefits in kind correspond to the provision by the Company of a private vehicle to Mr Jean-Louis Thomasset in respect of the agreement on the provision of financial appraisal services and, on an ancillary basis, tax monitoring together with the company ATF.	
Provision of services contract	The company ATF, of which Mr Jean-Louis Thomasset is a majority partner and manager, invoices fees to the Company in respect of a contract on the provision of financial appraisal services and, on an ancillary basis, legal and tax monitoring. It is tacitly renewed every year. This agreement is subject to the procedure for approving regulated agreements.	The fees amount to €502,490.

3.2.3.3. Remuneration policy applicable to Mr Benoit Coutier, Member of the Executive Board

Remuneration items	**Principles**	**Determination criteria**
Remuneration	Mr Benoit Coutier receives fixed remuneration in 12 monthly instalments.	This totals €400,800.
Annual variable remuneration	Mr Benoit Coutier receives a company vehicle and variable remuneration, the amount of which is linked to performance. This remuneration is paid during the financial year following that in respect of which the performances were recognised. In accordance with article L. 225-82-2 of the French Commercial Code, the payment of variable remuneration is subject to approval by an Ordinary General Meeting of the items of remuneration of the President of the Executive Board under the conditions stated in article L. 225-100 of the French Commercial Code. The payment of annual variable remuneration is not associated with a reclaim system.	The amount of variable remuneration that can be awarded to Mr Benoit Coutier is limited to 60% of the amount of his fixed remuneration in accordance with the policy described in section 3.1.1.1.2 of the Corporate Governance Report. This remuneration is based, in equal proportions, on the return on capital employed and customer satisfaction; these two criteria are assessed across the two halves of the financial year. The Board reserves the right to change these criteria as required.
Multi-annual variable remuneration	Mr Benoit Coutier receives multi-annual variable remuneration, the amount of which is linked to performance. Multi-annual variable remuneration is paid during the financial year following the end of the Reference Period. This remuneration is based on quantitative criteria linked to prospects concerning the Group's revenue levels. In accordance with article L. 225-82-2 of the French Commercial Code, the payment of variable remuneration is subject to approval	In accordance with the policy described in section 3.1.1.1.3 of the Corporate Governance Report, the amount of multi-annual variable remuneration that can be awarded to Mr Benoit Coutier is limited to 10% of the total amount of his annual fixed remuneration paid during the period from 1 January 2020 to 31 December 2022. The payment of multi-annual variable remuneration is subject to the achievement of the following target: Group revenue of more than €1.2 billion during the year 2022.

	by an Ordinary General Meeting of the items of remuneration of the President of the Executive Board under the conditions stated in article L. 225-100 of the French Commercial Code. The payment of multi-annual variable remuneration is not associated with a reclaim system.	The Board reserves the right to change these criteria as required.
Benefits in kind	Mr Benoit Coutier receives a company vehicle.	

3.2.3.4. Remuneration policy applicable to Mr Nicolas Coutier, Member of the Executive Board

Remuneration items	Principles	Determination criteria
Remuneration	Mr Nicolas Coutier receives fixed remuneration in 12 monthly instalments.	This totals €400,800.
Annual variable remuneration	Mr Nicolas Coutier receives a company vehicle and variable remuneration, the amount of which is linked to performance. This remuneration is paid during the financial year following that in respect of which the performances were recognised. In accordance with article L. 225-82-2 of the French Commercial Code, the payment of variable remuneration is subject to approval by an Ordinary General Meeting of the items of remuneration of the President of the Executive Board under the conditions stated in article L. 225-100 of the French Commercial Code. The payment of annual variable remuneration is not associated with a reclaim system.	The amount of variable remuneration that can be awarded to Mr Nicolas Coutier is limited to 60% of the amount of his fixed remuneration in accordance with the policy described in section 3.1.1.1.2 of the Corporate Governance Report. This remuneration is based, in equal proportions, on the return on capital employed and customer satisfaction; these two criteria are assessed across the two halves of the financial year. The Board reserves the right to change these criteria as required.
Multi-annual variable remuneration	Mr Nicolas Coutier receives multi-annual variable remuneration, the amount of which is linked to performance. Multi-annual variable remuneration is paid during the financial year following the end of the Reference Period. This remuneration is based on quantitative criteria linked to prospects concerning the Group's revenue levels. In accordance with article L. 225-82-2 of the French Commercial Code, the payment of variable remuneration is subject to approval by an Ordinary General Meeting of the items of remuneration of the President of the Executive Board under the conditions stated in article L. 225-100 of the French Commercial Code. The payment of multi-annual variable remuneration is not associated with a reclaim system.	In accordance with the policy described in section 3.2.3. of the Corporate Governance Report, the amount of multi-annual variable remuneration that can be awarded to Mr Nicolas Coutier is limited to 10% of the total amount of his annual fixed remuneration paid during the period from 1 January 2020 to 31 December 2022. The payment of multi-annual variable remuneration is subject to the achievement of the following target: Group revenue of more than €1.2 billion during the year 2022. The Board reserves the right to change these criteria as required.
Benefits in kind	Mr Nicolas Coutier receives a company vehicle.	

3.2.3.5. Remuneration policy applicable to Mr Frédéric Marier, Member of the Executive Board

Remuneration items	Principles	Determination criteria
Remuneration	Mr Frédéric Marier receives fixed remuneration in 12 monthly instalments.	This totals €354,000.
Annual variable remuneration	Mr Frédéric Marier receives variable remuneration, the amount of which is linked to performance. This remuneration is paid during the financial year following that in respect of which the performances were recognised. In accordance with article L. 225-82-2 of the French Commercial Code, the payment of variable remuneration is subject to approval by an Ordinary General Meeting of the items of remuneration of the President of the Executive Board under the conditions stated in article L. 225-100 of the French Commercial Code. The payment of annual variable remuneration is not associated with a reclaim system.	The amount of variable remuneration that can be awarded to Mr Frédéric Marier is limited to 60% of the amount of his fixed remuneration in accordance with the policy described in section 3.1.1.1.2 of the Corporate Governance Report. This remuneration is based, in equal proportions, on the return on capital employed and customer satisfaction; these two criteria are assessed across the two halves of the financial year. The Board reserves the right to change these criteria as required.
Multi-annual variable remuneration	Mr Frédéric Marier receives multi-annual variable remuneration, the amount of which is linked to performance. Multi-annual variable remuneration is paid during the financial year following the end of the Reference Period. This remuneration is based on quantitative criteria linked to prospects concerning the Group's revenue levels. In accordance with article L. 225-82-2 of the French Commercial Code, the payment of variable remuneration is subject to approval by an Ordinary General Meeting of the items of remuneration of the President of the Executive Board under the conditions stated in article L. 225-100 of the French Commercial Code. The payment of multi-annual variable remuneration is not associated with a reclaim system.	In accordance with the policy described in section 3.1.1.1.3 of the Corporate Governance Report, the amount of variable remuneration that can be awarded to Mr Frédéric Marier is limited to 10% of the total amount of his annual fixed remuneration paid during the period from 1 January 2020 to 31 December 2022. The payment of multi-annual variable remuneration is subject to the achievement of the following target: Group revenue of more than €1.2 billion during the year 2022. The Board reserves the right to change these criteria as required.
Benefits in kind	Mr Frédéric Marier receives a company vehicle	

3.3. Remuneration paid during the 2019 financial year or audit in respect of this same financial year to the corporate officers

In accordance with the provisions of article L. 225-100 of the French Commercial Code, the General Meeting of Shareholders of 28 May 2020 will be called upon to vote on a proposed resolution concerning the remuneration items paid in 2019 or awarded in respect of this same financial year to the corporate officers.

All of the remuneration paid or awarded to the members of the Executive Board for the 2019 financial year complies with the Remuneration Policy adopted by the shareholders during the General Meeting of 29 May 2019 in its 13th and 14th resolutions.

3.3.1. Remuneration paid to the members of the Executive Board

The total amount of remuneration due by the Company in respect of the positions of Member of the Executive Board in respect of the 2019 financial year total €2,898,215.

None of the members of the Executive Board received, during the 2019 financial year, remuneration from companies controlled by the Company.

3.3.1.1. Summary table of the remuneration of each member of the Executive Board due and/or paid in 2019 and during the financial years ended 31 December 2018 and 31 December 2017

(in euros)	2019 financial year		2018 financial year		2017 financial year	
	Due	Paid	Due	Paid	Due	Paid
Mathieu Coutier President of the Executive Board						
Fixed remuneration (1)	400,800	400,800	400,800	400,800	238,743	238,743
Variable remuneration (2)	220,440	220,440	220,440	113,583	113,583	46,296
Multi-annual variable remuneration	0	0	0	0	0	0
Benefits in kind (3)	2,121	2,121	2,121	2,121	2,478	2,478
Total	**622,882**	**622,882**	**623,361**	**516,504**	**354,804**	**287,517**
Jean-Louis Thomasset Vice-President of the Executive Board						
Fixed remuneration (1)	144,000	144,000	144,000	24,658	24,658	24,450
Variable remuneration (2)	79,200	79,200	79,200	0	0	0
Multi-annual variable remuneration	0	0	0	0	0	0
Benefits in kind (5)	0	0	15	15	0	0
Fees (4)	497,476	497,476	492,026	492,026	485,486	485,486
Total	**720,676**	**720,676**	**715,226**	**636,026**	**510,159**	**510,159**
Mr Benoît Coutier Member of the Executive Board						
Fixed remuneration (1)	354,000	354,000	354,000	354,000	148,761	148,761
Variable remuneration (2)	194,700	194,700	194,700	70,961	70,961	27,343
Multi-annual variable remuneration	0	0	0	0	0	0
Benefits in kind (3)	2,393	2,393	2,393	2,393	2,408	2,408

Total	**551,093**	**551,093**	**551,093**	**427,354**	**222,130**	**178,512**
Mr Nicolas Coutier Member of the Executive Board						
Fixed remuneration (1)	354,000	354,000	354,000	354,000	145,803	145,803
Variable remuneration (2)	194,700	194,700	194,700	69,630	69,630	26,160
Multi-annual variable remuneration	0	0	0	0	0	0
Benefits in kind (3)	2,393	2,393	2,393	2,393	2,408	2,408
Total	**551,093**	**551,093**	**551,093**	**426,023**	**217,841**	**174,371**
Mr Frédéric Marier (*) Member of the Executive Board						
Fixed remuneration in respect of his mandate (1)	354,000	354,000	354,000	354,000	21,948	21,948
Fixed remuneration in respect of his employment contract (1)	0	0	0	0	187,469	187,469
Variable remuneration (1) (2)	194,700	194,700	194,700	0	0	0
Variable remuneration in respect of his employment contract (1)	0	0	0	38,863	81,211	71,416
Multi-annual variable remuneration	0	0	0	0	0	0
Benefits in kind (3)	1,566	1,566	2,566	1,566	N/A	N/A
Total	**550,266**	**550,266**	**550,266**	**394,429**	**292,861**	**283,066**
Total	**2,898,215**	**2,898,215**	**2,991,039**	**2,400,336**	**1,597,795**	**1,433,625**

(1) Pre-tax gross basis.
(2) The targets determining the award of the annual variable remuneration are based on quantitative criteria notably linked to the profitability of capital employed and qualitative criteria notably linked to customer satisfaction; these two criteria are assessed across the two halves of the financial year.
(3) Benefits in kind correspond to the provision of a passenger vehicle by the Company.
(4) The Company concluded an agreement concerning the provision of financial appraisal services and, on an ancillary basis, tax monitoring services, with the company ATF, of which Mr Jean-Louis Thomasset is a partner and majority manager.
(5) Benefits in kind correspond to the provision by the Company of a private vehicle to Mr Jean-Louis Thomasset in respect of the agreement on the provision of financial appraisal services and, on an ancillary basis, tax monitoring together with the company ATF.

3.3.1.2. Percentage of variable remuneration relative to the fixed remuneration of the members of the Executive Board

	Percentage of variable remuneration relative to fixed remuneration paid in 2019
Mathieu Coutier, President of the Executive Board	35.48%
Jean-Louis Thomasset, Vice-President of the Executive Board	35.48%
Benoit Coutier, Member of the Executive Board	35.48%
Nicolas Coutier, Member of the Executive Board	35.48%
Frédéric Marier, Member of the Executive Board	35.48%

3.3.1.3. Decisions concerning the remuneration of members of the Executive Board awarded in respect of the 2019 financial year

3.3.1.3.1. *Annual variable remuneration of the members of the Executive Board*

During its meeting of 10 April 2020, the Board, at the proposal of the Remuneration Committee, after observing that the target achievement rate was 100%, determined as follows the amount of annual variable remuneration due to the members of the Executive Board in respect of the 2019 financial year.

	Amount of annual variable remuneration	Amount of the ceiling applicable in 2019	Ceiling achievement percentage
Mathieu Coutier, President of the Executive Board	€220,440	€220,440	100%
Jean-Louis Thomasset, Vice-President of the Executive Board	€79,200	€79,200	100%
Benoît Coutier, Member of the Executive Board	€194,700	€194,700	100%
Nicolas Coutier, Member of the Executive Board	€194,700	€194,700	100%
Frédéric Marier, Member of the Executive Board	€194,700	€194,700	100%

3.3.1.3.2. *Multi-annual variable remuneration of the members of the Executive Board*

During its meeting of 10 April 2020, the Board, after observing that the performance target governing the payment of multi-annual variable remuneration to the members of the Executive Board due in respect of the 2019 financial year had not been achieved, decided to not pay the multi-annual variable remuneration to the members of the Executive Board.

3.3.2. Remuneration due and/or paid in 2019 to the members of the Supervisory Board and during the financial years ended 31 December 2018 and 31 December 2017

The total amount of remuneration due by the Company in respect of the positions of Member of the Supervisory Board in respect of the 2019 financial year total €451,702.

None of the members of the Supervisory Board received, during the 2019 financial year, remuneration from companies controlled by the Company.

The following table summarises the amount of remuneration in respect of the positions of Member of the Supervisory Board and other remuneration received in 2019, 2018 and 2017 by the members of the Supervisory Board of the Company.

(in euros)	2019 financial year		2018 financial year		2017 financial year	
	Due	Paid	Due	Paid	Due	Paid
Mr André Coutier **President of the Supervisory Board**						
Fixed remuneration in respect of his mandate as President of the Supervisory Board (1)	160,000	160,000	160,000	160,000	71,537	71,537
Remuneration in respect of his mandate as Member of the Supervisory Board (1)	24,000	24,000	24,000	24,000	9,320	9,320
Fixed remuneration in respect of his mandate as President of the Executive Board of COUTIER DEVELOPPEMENT(1)	144,000	144,000	144,000	144,000	161,040	161,040
Benefits in kind in respect of the role of President of the Executive Board of COUTIER DEVELOPPEMENT(3)	1,619	1,619	1,619	1,619	1,619	1,619
Total	**329,619**	**329,619**	**329,619**	**329,619**	**243,516**	**243,516**
Mr Nicolas Job **Vice-President of the Supervisory Board from 29 May 2019**						
Fixed remuneration in respect of his mandate as Vice-President of the Supervisory Board (1) (2)	32,083	32,083	N/A	N/A	N/A	N/A
Remuneration in respect of his mandate as Member of the Supervisory Board(1) (3)	12,000	12,000	N/A	N/A	N/A	N/A
Total	**44, 083**	**44, 083**	N/A	N/A	N/A	N/A
Mrs Geneviève Coutier **Member of the Supervisory Board**						
Remuneration in respect of her mandate as Member of the Supervisory Board (1)	18,000	18,000	18,000	18,000	9,320	9,320
Total	**18,000**	**18,000**	**18,000**	**18,000**	**9,320**	**9,320**
Mrs Emilie Coutier **Member of the Supervisory Board**						
Remuneration in respect of her mandate as Member of the Supervisory Board (1)	12,000	12,000	12,000	12,000	9,320	9,320

Total	**12,000**	**12,000**	**12,000**	**12,000**	**9,320**	**9,320**
Christophe Coutier representing COUTIER DEVELOPPEMENT Member of the Supervisory Board						
Remuneration in respect of his mandate as Member of the Supervisory Board (1)	24,000	24,000	24,000	24,000	9,320	9,320
Total	**24,000**	**24,000**	**24,000**	**24,000**	**9,320**	**9,320**
Christophe Besse Member of the Supervisory Board						
Remuneration in respect of his mandate as Member of the Supervisory Board of the Company(1)	12,000	12,000	12,000	12,000	N/A	N/A
Fixed remuneration in respect of his employment contract (1)	54,036	54,036				
Total	**66,036**	**66,036**	**12,000**	**12,000**	N/A	N/A
NJ CONSULTING Member of the Supervisory Board until 29 May 2019						
Remuneration in respect of its mandate as Member of the Supervisory Board of the Company(1) (2)	12,000	12,000	24,000	24,000	9,320	9,320
Total	**12,000**	**12,000**	**24,000**	**24,000**	**9,320**	**9,320**
Total	**505,738**	**505,738**	**416,619**	**416,619**	**280,796**	**280,796**

(1) Pre-tax gross basis
(2) The amount of the remuneration awarded to the members of the Supervisory Board was calculated on a pro rata temporis basis for the company NJ CONSULTING, the mandate of which ended during the year (May 2019), as well as for Mr Nicolas Job, whose mandate ended during the 2019 financial year (May 2019).
(3) Benefits in kind correspond to the provision of a passenger vehicle by the company COUTIER DEVELOPPEMENT.

3.3.3. Remuneration and benefits of any kind due or paid to the corporate officers

3.3.3.1. Share subscription or purchase options exercised during the financial year ended 31 December 2019

None.

3.3.3.2. Share subscription or purchase options awarded during the financial year ended 31 December 2019

None.

3.3.3.3. Bonus shares awarded during the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017

None.

3.3.3.4. Bonus shares awarded during the financial years ended 31 December 2019, 31 December 2018, 31 December 2017 and linked to multi-annual performance

None.

3.3.3.5. Bonus shares acquired during the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017

None.

3.3.3.6. Remuneration paid or awarded by a company included in the scope of consolidation as defined in article L. 233-16 of the French Commercial Code

None.

3.3.3.7. The commitments of any kind made by the Company and corresponding to remuneration items, gratuities or benefits due or liable to be due as a result of the commencement, cessation or change of role or after the conduct of the latter

None.

3.3.4. Remuneration items and benefits of any kind paid or awarded in respect of the last financial year to the members of the Executive Board and the President of the Supervisory Board under their mandate (Say on Pay ex-post individual) put to a vote by the shareholders in accordance with article L 225-100 of the French Commercial Code

In accordance with article L. 225-100 of the French Commercial Code, the General Meeting of Shareholders of 28 May 2020 will be called upon to vote on proposed resolutions concerning the remuneration items paid in 2019 or awarded in respect of this same financial year to the members of the Executive Board.

The items of remuneration presented below will be subject to approval by the next General Meeting in resolutions 10 (for Mathieu Coutier), 11 (for Jean-Louis Thomasset), 12 (for Benoit Coutier), 13 (for Nicolas Coutier) and 14 (for Frédéric Marier).

These items, which are included in the present report by Supervisory Board on corporate governance, are also the subject of a presentation in the report by the Executive Board on the proposed resolutions.

We remind you that the payment of variable remuneration items to the Members of the Executive Board will be subject to the approval by the Ordinary General Meeting of their remuneration items and benefits paid or awarded under their mandate in respect of the last financial year.

Note that in accordance with the Law, the remuneration items due or awarded in respect of the financial year ended 31 December 2018 to Mathieu Coutier, in his role as President of the Executive Board, and to Jean-Louis Thomasset, Benoit Coutier, Nicolas Coutier and Frédéric Marier were put to a vote by the shareholders at the Combined General Meeting of 29 May 2019, in the 15th, 16th, 17th, 18th and 19th resolutions, all of which were approved by 94.74% of the votes cast.

3.3.4.1. The remuneration items due or awarded to Mr Mathieu Coutier, President of the Executive Board, in respect of the 2019 financial year are as follows:

Remuneration items paid or awarded in respect of the financial year ended 31 December 2019 (Article R.225-56-1 of the French Commercial Code)	**Amounts (in euros)**	**Comments**
Annual fixed remuneration	400,800	
Multi-annual variable remuneration	None	The performance target governing the payment of multi-annual variable remuneration was not achieved
Exceptional remuneration	None	
Attendance fees linked to the conduct of the mandate	None	
Awards of share subscription or purchase options	None	
Bonus share awards	None	
Remuneration, gratuities or benefits due or liable to be due as a result of taking office	None	

Retirement benefits	None	
Non-competition benefit	None	
Remuneration items and benefits of any nature due or liable to be due, in respect of agreements concluded, directly or via an intermediary, as a result of his mandate, with the Company, any company that it controls, as defined by article L.233-16, any company that controls it, as defined by the same article, or any company placed under the same control as it, as defined by this article	None	
Any other remuneration item that can be awarded in respect of the mandate	None	
Benefits of any nature awarded in respect of the corporate appointment	2,121	
Annual variable remuneration	220,440	(amount to be paid after approval by the General Meeting)

3.3.4.2. The remuneration items due or awarded to Mr Jean-Louis Thomasset, Vice-President of the Executive Board, in respect of the 2019 financial year are as follows:

Remuneration items paid or awarded in respect of the financial year ended 31 December 2019 (Article R.225-56-1 of the French Commercial Code)	**Amounts (in euros)**	**Comments**
Annual fixed remuneration	144,000	
Multi-annual variable remuneration	None	The performance target governing the payment of multi-annual variable remuneration was not achieved
Exceptional remuneration	None	
Attendance fees linked to the conduct of the mandate	None	
Awards of share subscription or purchase options	None	
Bonus share awards	None	
Remuneration, gratuities or benefits due or liable to be due as a result of taking office	None	
Retirement benefits	None	
Non-competition benefit	None	
Remuneration items and benefits of any nature due or liable to be due, in respect of agreements concluded, directly or via an intermediary, as a result of his mandate, with the Company, any company that it controls, as defined by article L.233-16, any company that controls it, as defined by the same article, or any company placed under the same control as it, as defined by this article	None	
Any other remuneration item that can be awarded in respect of the mandate	None	

Benefits of any nature awarded in respect of the corporate appointment	None	
Annual variable remuneration	79,200	(amount to be paid after approval by the General Meeting)

3.3.4.3. The remuneration items due or awarded to Mr Benoit Coutier, member of the Executive Board, in respect of the 2019 financial year are as follows

Remuneration items paid or awarded in respect of the financial year ended 31 December 2019 (Article R.225-56-1 of the French Commercial Code)	Amounts (in euros)	Comments
Annual fixed remuneration	354,000	
Multi-annual variable remuneration	None	The performance target governing the payment of multi-annual variable remuneration was not achieved.
Exceptional remuneration	None	
Attendance fees linked to the conduct of the mandate	None	
Awards of share subscription or purchase options	None	
Bonus share awards	None	
Remuneration, gratuities or benefits due or liable to be due as a result of taking office	None	
Retirement benefits	None	
Non-competition benefit	None	
Remuneration items and benefits of any nature due or liable to be due, in respect of agreements concluded, directly or via an intermediary, as a result of his mandate, with the Company, any company that it controls, as defined by article L.233-16, any company that controls it, as defined by the same article, or any company placed under the same control as it, as defined by this article	None	
Any other remuneration item that can be awarded in respect of the mandate	None	
Benefits of any nature awarded in respect of the corporate appointment	2,393	
Annual variable remuneration	194,700	(amount to be paid after approval by the General Meeting)

3.3.4.4. The remuneration items due or awarded to Mr Nicolas Coutier, member of the Executive Board, in respect of the 2019 financial year are as follows:

Remuneration items paid or awarded in respect of the financial year ended 31 December 2019 (Article R.225-56-1 of the French Commercial Code)	Amounts (in euros)	Comments

Annual fixed remuneration	354,000	
Multi-annual variable remuneration	None	The performance target governing the payment of multi-annual variable remuneration was not achieved
Exceptional remuneration	None	
Attendance fees linked to the conduct of the mandate	None	
Awards of share subscription or purchase options	None	
Bonus share awards	None	
Remuneration, gratuities or benefits due or liable to be due as a result of taking office	None	
Retirement benefits	None	
Non-competition benefit	None	
Remuneration items and benefits of any nature due or liable to be due, in respect of agreements concluded, directly or via an intermediary, as a result of his mandate, with the Company, any company that it controls, as defined by article L.233-16, any company that controls it, as defined by the same article, or any company placed under the same control as it, as defined by this article	None	
Any other remuneration item that can be awarded in respect of the mandate	None	
Benefits of any nature awarded in respect of the corporate appointment	2,393	
Annual variable remuneration	194,700	(amount to be paid after approval by the General Meeting)

3.3.4.5. The remuneration items due or awarded to Mr Frédéric Marier, member of the Executive Board, in respect of the 2019 financial year are as follows:

Remuneration items paid or awarded in respect of the financial year ended 31 December 2019 (Article R.225-56-1 of the French Commercial Code)	Amounts (in euros)	Comments
Annual fixed remuneration	354,000	
Multi-annual variable remuneration	None	The performance target governing the payment of multi-annual variable remuneration was not achieved
Exceptional remuneration	None	
Attendance fees linked to the conduct of the mandate	None	
Awards of share subscription or purchase options	None	
Bonus share awards	None	

Remuneration, gratuities or benefits due or liable to be due as a result of taking office	None	
Retirement benefits	None	
Non-competition benefit	None	
Any other remuneration item that can be awarded in respect of the mandate	None	
Benefits of any nature awarded in respect of the corporate appointment	1,566	
Annual variable remuneration	194,700	(amount to be paid after approval by the General Meeting)

3.3.4.6. The remuneration items due or awarded in respect of the financial year ended 31 December 2019 to Mr André Coutier, President of the Supervisory Board, are presented below:

Remuneration items paid or awarded in respect of the financial year ended 31 December 2019 (Article R.225-56-1 of the French Commercial Code)	**Amounts (in euros)**	**Comments**
Annual fixed remuneration	160,000	
Remuneration linked to fulfilment of the mandate (attendance fees)	24,000	
Any other remuneration item that can be awarded in respect of the mandate	None	

3.4. Equity ratio and change in remuneration 2015 - 2019

In accordance with article L 225-37-3 of the French Commercial Code, the ratios between the level of remuneration of the President and members of the Executive Board and of the President of the Supervisory Board, and the average remuneration on an equivalent full-time basis of employees other than the corporate officers, are provided below.

In respect of 2019, the median wage of the Company's full-time employees other than the corporate officers was €26,679, while the average wage of full-time employees was €32,940.

To identify the median and average wage of employees, all employees registered at the end of the month were taken into account, with the exception of State-aided contracts (apprentices, professional development) and trainees. Part-time employees were excluded from the calculation.

This remuneration includes the basic wage, back wages, bonuses (Quality Bonus, Performance Bonus), other bonuses (exceptional bonus, birth, patent, compensation, purchasing power), sums received under profit-sharing and benefits in kind.

The change in this ratio is compared with the change in consolidated revenue and current operating income.

The tables also show the annual change in remuneration, the Company's performances and the average remuneration of employees over the last five financial years.

	31.12.2015	**31.12.2016**	**31.12.2017**	**31.12.2018**	**31.12.2019**
André Coutier – President of the Supervisory Board					
Remuneration of the corporate officer	€188,714	€97,944	€80,857	€184,000	€184,000

(Change compared with the previous financial year)	-	- 48%	- 17.4%	127.5%	0%
Average remuneration of employees	€29,420	€30,898	€31,431	€31,752	€32,940
Ratio relative to the average remuneration of employees	x 6.4	x 3.1	x 2.5	x 5.7	x 5.6
(Change in the ratio compared with the previous financial year)	-	- 50.6%	- 18.8%	+ 125.2%	- 3.6%
Median remuneration of employees	€23,104	€25,121	€24,946	€25,407	€26,679
Ratio relative to the median remuneration of employees	x 8.2	x 3.9	x 3.2	x 7.2	x 6.9
(Change in the ratio compared with the previous financial year)	-	- 52.2%	- 16.8%	+ 123.4%	- 4.7%
Change in current operating income compared with the previous financial year	+ 52.4%	+ 40.4%	+ 3.6%	- 32.7%	+19.1%
Change in consolidated revenue compared with the previous financial year	+ 24.3%	+ 11.9%	+ 6.2%	+ 3.7%	+ 3.7%

	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019
Mathieu Coutier – President of the Executive Board					
Remuneration of the corporate officer	€ 267,931	€ 311,873	€287,517	€516,504	€623,361
(Change compared with the previous financial year)	-	16.4%	-7.8%	79.6%	20.6%
Average remuneration of employees	€29,420	€30,898	€31,431	€31,752	€32,940
Ratio relative to the average remuneration of employees	x 9.1	x 10.1	x 9.1	x 16.2	x 18.9
(Change in the ratio compared with the previous financial year)	-	+10.8%	- 9.4%	+77.8%	+16.3%
Median remuneration of employees	€23,104	€25,121	€24,946	€25,407	€26,679
Ratio relative to the median remuneration of employees	x 11.6	x 12.4	x 11.5	x 20.3	x 23.4
(Change in the ratio compared with the previous financial year)	-	+ 7%	- 26.3%	+ 122.2%	+ 14.9%
Change in current operating income compared with the previous financial year	+ 52.4%	+ 40.5%	+ 3.6%	- 32.7%	+19.1%
Change in consolidated revenue compared with the previous financial year	+ 24.3%	+ 11.9%	+ 6.3%	+ 3.7%	+ 3.7%

	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019
Jean-Louis Thomasset – Vice-President of the Executive Board					
Remuneration of the corporate officer	€477,121	€489,066	€510,159	€636,026	720,676
(Change compared with the previous financial year)		2.5%	4.3%	24.7%	13.3%
Average remuneration of employees	€29,420	€30,898	€31,431	€31,752	€32,940
Ratio relative to the average remuneration of employees	x 16.2	x 15.8	x 16.2	x 20	x 21.8
(Change in the ratio compared with the previous financial year)		-2.4%	2.5%	23.4%	9.2%
Median remuneration of employees	€23,104	€25,121	€24,946	€25,407	€26,679
Ratio relative to the median remuneration of employees	x 20.6	x 19.5	x 20.4	x 25	x 27
(Change in the ratio compared with the previous financial year)		- 5.7%	- 16.6%	+ 54.2%	+ 7.9%
Change in current operating income compared with the previous financial year	+ 52.4%	+ 40.5%	+ 3.6%	- 32.7%	+19.1%
Change in consolidated revenue compared with the previous financial year	+ 24.3%	+ 11.9%	+ 6.3%	+ 3.7%	+ 3.7%

	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019
Benoit Coutier – Member of the Executive Board					
Remuneration of the corporate officer	€175,779	€175,451	€178,512	€427,354	€551,093
(Change compared with the previous financial year)		- 0.2%	1.7%	139.4%	28.6%
Average remuneration of employees	€29,420	€30,898	€31,431	€31,752	€32,940
Ratio relative to the average remuneration of employees	x 5.9	x 5.6	x 5.6	x 13.5	x 16.7
(Change in the ratio compared with the previous financial year)		- 4.5%	+ 0.02%	+ 137%	+ 24.3%
Median remuneration of employees	€23,104	€25,121	€24,946	€25,407	€26,679
Ratio relative to the median remuneration of employees	x 7.6	x 7	x 7.2	x 16.8	x 20.7
(Change in the ratio compared with the previous financial year)		+ 22.8%	+ 196.2%	+ 18.7%	- 22.8%
Change in current operating income compared with the previous financial year	+ 52.4%	+ 40.5%	+ 3.6%	- 32.7%	+19.1%
Change in consolidated revenue compared with the previous financial year	+ 24.3%	+ 11.9%	+ 6.3%	+ 3.7%	+ 3.7%

	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019
Nicolas Coutier – Member of the Executive Board					
Remuneration of the corporate officer	€148,453	€163,759	€174,371	€426,023	€551,093
(Change compared with the previous financial year)		10.31%	6.48	144.32	29.36%
Average remuneration of employees	€29,420	€30,898	€31,431	€31,752	€32,940
Ratio relative to the average remuneration of employees	x 5	x 5.3	x 5.5	x 13.4	x 16.7
(Change in the ratio compared with the previous financial year)		5%	4.7%	141.8%	24.7%
Median remuneration of employees	€23,104	€25,121	€24,946	€25,407	€26,679
Ratio relative to the median remuneration of employees	x 6.4	x 6.5	x 7	x 16.8	x 20.7
(Change in the ratio compared with the previous financial year)		1.4%	- 159%	+ 202.2%	23.2%
Change in current operating income compared with the previous financial year	+ 52.4%	+ 40.5%	+ 3.6%	- 32.7%	+19.1%
Change in consolidated revenue compared with the previous financial year	+ 24.3%	+ 11.9%	+ 6.3%	+ 3.7%	+ 3.7%

	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019
Frédéric Marier – Member of the Executive Board					
Remuneration of the corporate officer	N/A	N/A	€283,066	€394,429	€550,266
(Change compared with the previous financial year)		N/A	N/A	39.3%	39.5%
Average remuneration of employees	€29,420	€30,898	€31,431	€31,752	€32,940
Ratio relative to the average remuneration of employees	N/A	N/A	x 9	x 12.4	x 16.7
(Change in the ratio compared with the previous financial year)		N/A	N/A	37.93%	34.48%
Median remuneration of employees	€23,104	€25,121	€24,946	€25,407	€26,679
Ratio relative to the median remuneration of employees	N/A	N/A	x 7	x 15.5	x 20.6
(Change in the ratio compared with the previous financial year)	N/A	N/A	N/A	72.4%	20.6%
Change in current operating income compared with the previous financial year	+ 52.4%	+ 40.5%	+ 3.6%	- 32.7%	+19.1%
Change in consolidated revenue compared with the previous financial year	+ 24.3%	+ 11.9%	+ 6.3%	+ 3.7%	+ 3.7%

3.5. Employment contract, specific retirements, retirement benefits and non-competition clause

	Employment contract	Supplementary pension plan	Gratuities or benefits liable to be due as a result of cessation or change of role	Gratuities relating to a non-competition clause
André Coutier, President of the Supervisory Board	No	No	No	No
Nicolas Job, Vice-President of the Supervisory Board (from 29 May 2019)	No	No	No	No
Geneviève Coutier	No	No	No	No
N.J. CONSULTING, member of the Supervisory Board (until 29 May 2019)	No	No	No	No
Christophe Coutier representing COUTIER DEVELOPPEMENT, member of the Supervisory Board	Yes (1)	No	No	No
Emilie Coutier, member of the Supervisory Board	No	No	No	No
Christophe Besse, member of the Supervisory Board	Yes	No	No	No
Mathieu Coutier, President of the Executive Board	No	No	No	No
Jean-Louis Thomasset, Vice-President of the Executive Board	No	No	No	No
Benoit Coutier, Member of the Executive Board	Yes (1)	No	No	No
Nicolas Coutier, Member of the Executive Board	Yes (1)	No	No	No
Frédéric Marier, Member of the Executive Board	Yes (1)	No	No	No

(1) Contract suspended at the time of their appointment

4. Delegations of powers granted to the Executive Board concerning capital increases and other authorisations given to the Executive Board

In accordance with the provisions of article L. 225-100, paragraph 7 of the French Commercial Code, we hereby inform you that no delegation of powers concerning capital increases was granted to the Executive Board by a General Meeting of Shareholders.

We hereby inform you that the delegations of powers granted to the Executive Board pursuant to articles L.225-129-1 and L.225-129-2 of the French Commercial Code are as follows:

- **Authorisation in effect**

	Meeting date	Expiry	Maximum amount authorised
Treasury share buyback	29.05.2019 (21st resolution)	28.11.2020	€50 per share 0.5% of capital

- **Authorisations put to the vote at the General Meeting of Shareholders of 28 May 2020**

	Meeting date	Expiry	Maximum amount authorised
Treasury share buyback	28.05.2020 (17th resolution)	27.11.2021	€50 per share 0.5% of capital

5. Elements likely to have an impact in case of a public offer

In accordance with article L.225-100-3 of the French Commercial Code, we point out the following:

The capital structure and the known direct holdings in the capital of the Company are described above and below.

There was one concerted action as defined by article 233-10 of the French Commercial Code between the companies COUTIER DEVELOPPEMENT (a family holding company controlled by Mr André, Mr Roger, the heirs of Joseph Coutier and their family) and Mr André, Mr Roger and the heirs of Joseph Coutier, which represented 69.70% of the capital and 82.08% of the voting rights.

In addition, we remind you that the company COUTIER DEVELOPPEMENT, formerly COUTIER JUNIOR, and Messrs André and Roger Coutier reached an agreement on 24 May 1994 under which they decided to jointly act to implement a common shareholder policy with respect to the Company. This agreement was initiated under the regulatory declarations to the supervisory authorities emphasising the agreement's publication (SBF Notice no.94-2365 dated 29 July 1994). The duration of this shareholder pact is five years, renewable by tacit agreement for periods of five years each, provided that one of the parties does not terminate its involvement before the end of the period. In such an event, the members remaining in the pact would continue to be bound by the resulting obligations.

There are double voting rights since the General Meeting dated 25 June 2015.

Every crossing by section of 1% of the ownership of capital, whether increasing or decreasing, must be notified to the Company.

The Company's articles of association do not involve any other specification in terms of the rules of appointment and dismissal of the members of the Executive Board and the Supervisory Board and the rules governing the power management within these bodies.

The amendment of the Company's articles of association is initiated in accordance with the legal and regulatory provisions.

6. Additional information

6.1. Family ties between the corporate officers

The Company is majority-owned by a group of family shareholders. As a result, there is a family tie between certain members of the Executive Board and/or certain members of the Supervisory Board.

6.2. Absence of fraud convictions against members of the Executive Board or Supervisory Board

To the Company's knowledge, no member of the Executive Board or Supervisory Board has been the subject of a fraud conviction during the last five years.

6.3. Bankruptcy, sequestration or liquidation with which members of the Executive Board or Supervisory Board have been associated

To the Company's knowledge, none of the members of the Executive Board or Supervisory Board has been associated with a bankruptcy, sequestration or liquidation during the last five years.

6.4. Official public accusation and/or penalty against the members of the Executive Board or Supervisory Board

To the Company's knowledge, no member of the Executive Board or Supervisory Board has been the subject of an official public accusation or penalty issued by statutory or regulatory authorities (including designated industry organisations) during the last five years.

6.5. Prohibition on serving as a corporate officer or involvement in the management or the conduct of business of an issuer

To the Company's knowledge, no member of the Executive Board or Supervisory Board has been prevented by a court from serving as a member of an administrative, management or supervisory body of an issuer or from involvement in the management or conduct of business of an issuer during the last five years.

6.6. Conflicts of interest at the level of the management and supervisory bodies

To the Company's knowledge, on the day on which the present report was prepared, no conflict of interest was identified between the duties of each of the members of the Executive Board or Supervisory Board regarding the Company in their role as a corporate officer and their private interests or other duties.

6.7. Restrictions on the transfer of shares

To the Company's knowledge, no restriction has been accepted by a member of the Executive Board or Supervisory Board concerning the disposal, for a certain period, of his interest in the Company's share capital.

6.8. Agreements reached between a director or a significant shareholder and a subsidiary

During the financial year, concluded agreements falling under the scope of article L.225-37-4 2° of the French Commercial Code are as follows:

- the lease between the company COUTIER DEVELOPPEMENT and the company AKWEL GERMANY SERVICES GMBH (formerly AVON AUTOMOTIVE DEUTSCHLAND GMBH);
- the lease between the company COUTIER DEVELOPPEMENT LCC, Inc and the company AKWEL CADILLAC USA, INC (formerly CADILLAC RUBBER AND PLASTICS)
- the lease between the company COUTIER DEVELOPPEMENT LCC, Inc and the company AKWEL USA, Inc (formerly AVON AUTOMOTIVE HOLDING Inc).

7. Table of Middlenext recommendations not fully applied

The Company indicates that it does not abide by the following recommendations of said Code:

Recommendations	Non-conformities	Reasons
R°2	The Supervisory Board only has one independent member.	The Supervisory Board has, as at 31.12.2019, one single independent member of the Supervisory Board. This recommendation was previously dismissed, as it was not very applicable to the Company's situation given its mostly family reference shareholdings.
R°9	The renewal of the mandates of the Supervisory Board's members is not staggered.	The implementation of staggered mandates of the members of the Supervisory Board is being considered.

8. Observations by the Supervisory Board regarding the management report prepared by the Executive Board and the 2019 financial statements

Ladies and Gentlemen,

Invited to the Combined General Meeting in accordance with the law and the articles of association, notably in order to submit to you for your approval the financial statements for the last financial year, you have familiarised yourselves with the reports by the Executive Board and the reports by the Statutory Auditors on the financial year ended 31 December 2019.

In accordance with the provisions of article L. 225-68 of the French Commercial Code, we bring to your attention our observations concerning the management report by the Executive Board and the financial statements for the financial year ended 31 December 2019.

Furthermore, we bring to your attention the purpose of the work of the Supervisory Board as presented in *2.1. The Supervisory Board* of the annual report.

During its meeting of 29 May 2019, the Supervisory Board decided to renew the offices of the Executive board as a whole for a three-year period.

The Supervisory Board renewed the mandate of Mathieu Coutier as President of the Executive Board.

First and foremost, the Board kindly informs you of the well-maintained relationship during the financial year with the Executive Board, which regularly circulates its activity reports and all of the required information enabling the Supervisory Board to accomplish with all due diligence its duty of permanent control.

Note that the corporate and consolidated financial statements for the financial year ended 31 December 2019 and the management report were submitted to the Supervisory Board within the timeframes set forth in the legal and regulatory provisions.

As such, the Executive Board, during the Supervisory Board meeting of 10 April 2020, presented to us the financial statements for the 2019 financial year, the consolidated financial statements and the management report prepared based on the financial statements and transactions during the financial year ended 31 December 2019.

The report by the Executive Board to the General Meeting does not call for any particular comment by the Supervisory Board.

The financial statements for the financial year ended 31 December 2019 show the following key items:

(in thousands of Euros)	Consolidated financial statements	Corporate financial statements
Balance sheet total	865,068	488,302
Revenue	1,101,162	394,716
Income for the financial year	63,251	(253)

During this financial year, activity was notably marked by:

- The achievement of record revenue despite the decline in diesel engines in Europe and the fall on the global automotive market for the second consecutive year;
- The continuation of actions regarding organisation, systems and efficiency;
- A less unfavourable external environment (notably regarding foreign exchange rates and changes in the prices of several commodities and components);
- A high level of cash generation thanks to a reduction in investments and improved control of the Working Capital Requirement.

The Board has considered the proposed resolutions submitted to the General Meeting and the Board invites you to approve them in order to give the Executive Board the necessary means to conduct its strategy.

The financial statements for the financial year ended 31 December 2019, as they have been presented to you after being examined by the Audit Committee and certified by the Statutory Auditors, do not call for any observation by the Supervisory Board.

The members of the Supervisory Board also ask you to approve the agreements and commitments stated in article L. 225-86 of the French Commercial Code, regularly authorised. Your Statutory Auditors have been regularly informed of these agreements. They will now present them to you and read you their special report.

For the Supervisory Board
Mr André Coutier
President of the Supervisory Board

LIST OF MANDATES, POSITIONS AND BUSINESS ADDRESSES OF THE SUPERVISORY BOARD AND EXECUTIVE BOARD AS AT 31 DECEMBER 2019

1. List of the mandates and positions of the members of the Supervisory Board as at 31 December 2019

1.1. Mr André Coutier

Positions:	**Business address:**
President and member of the Supervisory Board Member of the Audit Committee Member of the Remuneration Committee	975, route des Burgondes 01410 Champfromier

Current mandates:

French companies	***Positions***
COUTIER DEVELOPPEMENT Limited Company with an Executive Board and Supervisory Board (France)	President and member of the Executive Board
COFA2M, SAS (France)	Chief Executive Officer
COFA2B, SAS (France)	Chief Executive Officer
FOREX, SAS (France)	Chief Executive Officer
PEP VALORISATION (France)	Permanent representative of the Company AKWEL in his role as Executive Director

Foreign companies	***Positions***
AKWEL USA, INC (US) (formerly AVON AUTOMOTIVE HOLDING Inc)	Executive Director
AKWEL RUDNIK CZECH REPUBLIC AS (Czech Republic) (formerly AVON AUTOMOTIVE AS)	Member of the Supervisory Board

Mandates and positions expired during the last five financial years:

Executive Director of COUTIER DEVELOPPEMENT (formerly COUTIER JUNIOR)
President of the Executive Board of AKWEL (formerly MGI COUTIER)
President of the Board of Directors of AKWEL VIGO SPAIN SLU (Spain) (formerly MGI COUTIER ESPANA)
President of the Board of Directors of AKWEL TIMISOARA ROMANIA SRL (Romania) (formerly MGI COUTIER ROM)
Representative of MGI COUTIER UK (United Kingdom) in his role as Executive Director
President of the Board of Directors of AKWEL MEXICO SA DE CV (Mexico) (formerly MGI COUTIER MEJICO SA DE CV)
Executive Director and Vice-President of the Board of Directors of AKWEL BURSA TURKEY OTOMOTIVE (Turkey) (formerly MGI COUTIER MAKINA YEDEK PARÇA IMALAT VE SANAYI)

1.2. Mrs Geneviève Coutier

Positions:	**Business address:**
Member of the Supervisory Board Member of the Audit Committee	975, route des Burgondes 01410 Champfromier

Current mandates: None

Mandates and positions expired during the last five financial years: None

1.3. Mrs Emilie Coutier

Positions:	**Business address:**
Member of the Supervisory Board	975, route des Burgondes 01410 Champfromier

Current mandates:

French companies	***Positions***
COUTIER DEVELOPPEMENT, a Limited Company with an Executive Board and Supervisory Board (France)	Permanent representative of the company COFA2E, in her role as a member of the Supervisory Board
COFA2E, SAS (France)	President

Mandates and positions expired during the last five financial years: None

1.4. COUTIER DEVELOPPEMENT

Positions:	**Business address:**
Member of the Supervisory Board.	975, route des Burgondes 01410 Champfromier

Current mandates: None

Mandates and positions expired during the last five financial years: None

1.5. Mr Christophe Coutier

Positions:	**Business address:**
Permanent representative of COUTIER DEVELOPPEMENT, a Limited Company with an Executive Board and Supervisory Board (France) Member of the Audit Committee Member of the Remuneration Committee	975, route des Burgondes 01410 Champfromier

Current mandates:

French companies	***Positions***
COUTIER DEVELOPPEMENT Limited Company with an Executive Board and Supervisory Board (France)	Member of the Executive Board
COFA2C, SAS (France)	President
FOREX, SAS (France)	President
GFF Groupement Forestier (France)	Manager
Foreign companies	***Positions***
COUTIER DEVELOPMENT LCC, Inc (US)	President

Mandates and positions expired during the last five financial years: None.

Member of the Executive Board of AKWEL (formerly MGI COUTIER)
Executive Director of COUTIER DEVELOPPEMENT (formerly COUTIER JUNIOR)

1.6. NJ CONSULTING

Positions:	**Business address:**
Member of the Supervisory Board until 29 May 2019	11, chemin des anciennes vignes 69410 Champagne au mont d'or

Current mandates: None

Mandates and positions expired during the last five financial years: None

1.7. Mr Nicolas Job

Positions:	**Business address:**
Permanent representative of the company NJ CONSULTING until 29 May 2019 Vice-President and remember of the Supervisory Board from 29 May 2019 President and member of the Audit Committee. Member of the Remuneration Committee.	11, chemin des anciennes vignes 69410 Champagne au mont d'or

Current mandates:

French companies	***Positions***
NJ CONSULTING (France)	Manager

Mandates and positions expired during the last five financial years: None

1.8. Mr Christophe Besse

Positions:	**Business address:**
Member of the Supervisory Board Preliminary Project Engineer	AKWEL – 41/43, Avenue Emile Zola 26100 Romans sur Isère

Current mandates: None

Mandates and positions expired during the last five financial years: None

2. List of the mandates and positions of the members of Executive Board as at 31 December 2019

2.1. Mr Mathieu Coutier

Positions:	**Business address:**
President and member of the Executive Board	975, route des Burgondes 01410 Champfromier
Current mandates:	
French companies	***Positions***
COUTIER DEVELOPPEMENT Limited Company with an Executive Board and Supervisory Board (France)	Member of the Executive Board
COFA2M, SAS (France)	President
SCI DU PAYS DE BRAY SUD (France)	Manager (from 26 June 2019)
Foreign companies	***Positions***
AKWEL USA, INC (US) (formerly AVON AUTOMOTIVE HOLDING INC)	Executive Director and President
AKWEL CHIPPENHAM UK, Limited (United Kingdom) (formerly AVON AUTOMOTIVE UK HOLDING Ltd)	Executive Director
AKWEL CADILLAC USA, INC (US) (formerly CADILLAC RUBBER & PLASTICS DE MEXICO SA DE CV)	Executive Director and treasurer
AKWEL GERMANY SERVICES, GMBH (Germany) (formerly AVON AUTOMOTIVE DEUTSCHLAND GMBH)	Manager
AKWEL RUDNIK CZECH REPUBLIC (Czech Republic) (formerly AVON AUTOMOTIVE AS)	Member of the Executive Board
AKWEL SANT JUST SPAIN S.L (Spain) (formerly INDUSTRIAL FLEXO SL)	Executive Director and President
AKWEL GEBZE TURKEY OTOMOTIV SANAYI LIMITED SIRKETI (Turkey) (formerly AVON OTOMOTIV SANAYI VE TICARET LIMITED SIRKET)l)	Executive Director
AKWEL SWEDEN AB (Sweden) (formerly AUTOTUBE AB AKTIEBOLAG)	Executive Director and President
AKWEL AUTOMOTIVE SWEDEN AB (Sweden) (formerly AUTOTUBE GROUP HOLDING AKTIEBOLAG)	Executive Director and President
MGI COUTIER UK, LTD (UK)	Permanent representative of AKWEL, in his role as Executive Director
AKWEL BURSA TURKEY OTOMOTIVE A.S. (Turkey) (formerly MGI COUTIER MAKINA YEDEK PARCA IMALAT VE SANAYI A.S)	Vice-President and Executive Director
AKWEL TIMISOARA ROMANIA SRL (Romania) (formerly MGI COUTIER ROM SRL)	Executive Director
NINGBO MGI COUTIER AUTO PLASTICS CO LTD (China)	Executive Director
WUHAN MGI COUTIER AUTO PARTS CO LTD (China)	Executive Director

AKWEL MEXICO, SA DE CV (Mexico) (formerly MGI COUTIER MEJICO)	Executive Director
AKWEL JAPAN SERVICES CO LTD (Japan) (formerly AVON AUTOMOTIVE JAPAN CO.LTD)	Executive Director
AVON AUTOMOTIVE COMPONENTS CHONGQING CO.LTD (China)	President and Executive Director
GOLD SEAL AVON POLYMERS PRIVATE LIMITED LTD (India)	Executive Director
AKWEL AUTOMOTIVE USA, INC (US) (formerly PETROL AUTOMOTIVE HOLDINGS Inc)	President and Executive Director
MGI COUTIER ILIA CO PJS (Iran)	President and Executive Director
AKWEL JUAREZ MEXICO SA DE CV (formerly CADIMEX SA DE CV)	President
Mandates and positions expired during the last five financial years:	
Executive Director of COUTIER DEVELOPPEMENT (formerly COUTIER JUNIOR) President of the Board of Directors of WUHAN MGI COUTIER AUTO PARTS CO LTD (China)	

2.2. Mr Jean-Louis Thomasset

Positions:	**Business address:**
Vice-President and member of the Executive Board	975, route des Burgondes 01410 Champfromier
Current mandates:	
French companies	***Positions***
ATF, SARL (Lyon)	Manager
Foreign companies	***Positions***
AKWEL AUTOMOTIVE SWEDEN AB (Sweden) (formerly AUTOTUBE GROUPE AB)	Executive Director
AKWEL SWEDEN AB (Sweden) (formerly AUTOTUBE AB)	Executive Director
AKWEL RUDNIK CZECH REPUBLIC (Czech Republic) (formerly AVON AUTOMOTIVE AS)	Member of the Supervisory Board
AKWEL MEXICO, SA DE CV (Mexico) (formerly MGI COUTIER MEJICO)	Executive Director
AKWEL VIGO SPAIN SL (Spain) (formerly MGI COUTIER ESPANA SL)	Executive Director and Vice-President
Mandates and positions expired during the last five financial years:	
Executive Director of WUHAN MGI COUTIER AUTO PARTS CO LTD (China) Executive Director of AKWEL BURSA TURKEY OTOMOTIVE (formerly MGI COUTIER MAKINA YEDEK PARÇA IMALAT VE SANAYI) (Turkey)	

2.3. Mr Benoît Coutier

Positions:	**Business address:**
Member of the Executive Board	975, route des Burgondes

	01410 Champfromier
Current mandates:	
French companies	***Positions***
COUTIER DEVELOPPEMENT, a Limited Company with an Executive Board and Supervisory Board (France)	Member of the Executive Board
COFA2B, SAS (France)	President
Foreign companies	***Positions***
AKWEL JUNDIAI BRAZIL LTDA (Brazil) (formerly MGI COUTIER BRASIL LDA)	Manager
AKWEL TIMISOARA ROMANIA SRL (Romania) (formerly MGI COUTIER ROM SRL)	President and Executive Director
MGI COUTIER ILIA CO PJS (Iran)	Permanent representative of the Company AKWEL in his role as Executive Director
NINGBO MGI COUTIER AUTO PLASTICS CO LTD (China)	Executive Director
AKWEL MEXICO SA DE CV (Mexico) (formerly MGI COUTIER MEJICO SA DE CV)	President and Executive Director
AKWEL RAYONG (THAILAND) CO, LTD (Thailand) (formerly MGI COUTIER THAILAND CO LTD)	Executive Director
AKWEL JUAREZ MEXICO SA DE CV (formerly CADIMEX SA DE CV)	Vice-President
WUHAN MGI COUTIER AUTO PARTS CO Ltd (China)	Executive Director
GOLD SEAL AVON POLYMERS PVT LTD (India)	Executive Director
MGI COUTIER UK CO LTD (United Kingdom)	Executive Director
AKWEL SWEDEN AB (Sweden) (formerly AUTOTUBE AB)	Executive Director
AKWEL AUTOMOTIVE SWEDEN AB (Sweden) (formerly AUTOTUBE AB GROUP HOLDING AB)	Executive Director
AKWEL PUNE INDIA PVT LTD (India) (formerly MGI COUTIER ENGINEERING PVT LTD)	Executive Director
AKWEL BURSA TURKEY OTOMOTIV AS (Turkey) (formerly MGI COUTIER MAKINA YEDEK PARÇA IMALAT VE SANAYI AS)	Executive Director and President of the Board of Directors (from 9 December 2019)
AKWEL TONDELA (PORTUGAL), LDA (Portugal) (formerly AVON AUTOMOTIVE LDA)	Manager
MGI COUTIER FINANCE, LTD (United Kingdom)	Executive Director
AKWEL SANT JUST SPAIN S.L (Spain) (formerly INDUSTRIAL FLEXO SL)	Executive Director
AKWEL JAPAN SERVICES, CO LTD (Japan) (formerly AVON AUTOMOTIVE JAPAN)	Executive Director
AVON AUTOMOTIVE CHONGQING, CO LTD (China)	Executive Director
AKWEL VIDIN (Bulgaria) EOOD (Bulgaria) (formerly MGI COUTIER BULGARIA EOOD)	Manager

AKWEL USA, INC (US) (formerly AVON AUTOMOTIVE HOLDINGS INC)	Officer: secretary
AKWEL AUTOMOTIVE USA, INC (US) (formerly PETROL AUTOMOTIVE HOLDINGS Inc)	Executive Director Officer (from 01.01.2019)

Mandates and positions expired during the last five financial years:

Executive Director of COUTIER DEVELOPPEMENT, SA (formerly COUTIER JUNIOR)

2.4. Nicolas Coutier

Positions:	**Business address:**
Member of the Executive Board	975, route des Burgondes 01410 Champfromier

Current mandates:

French companies	***Positions***
COUTIER DEVELOPPEMENT Limited Company with an Executive Board and Supervisory Board (France)	Member of the Executive Board
COFA2N, SAS (France)	President

Foreign companies	***Positions***
AKWEL VIGO SPAIN SL (Spain) (formerly MGI COUTIER ESPANA SL)	Executive Director
AKWEL PUNE INDIA PVT LTD (India) (formerly MGI COUTIER ENGINEERING PVT LTD)	Executive Director
AKWEL JAPAN SERVICES CO LTD (Japan) (formerly AVON AUTOMOTIVE JAPAN CO.LTD)	Supervisor
AKWEL SWEDEN AB (Sweden) (formerly AUTOTUBE AB)	Executive Director
AKWEL AUTOMOTIVE SWEDEN AB (Sweden) (formerly AUTOTUBE AB GROUP HOLDING AB)	Executive Director

Mandates and positions expired during the last five financial years: None

Executive Director of COUTIER DEVELOPPEMENT, SA (formerly COUTIER JUNIOR)

Manager of AKWEL PAREDES DE COURA (Portugal) UNIPESSOAL, LDA (formerly MGI COUTIER LUSITANIA UNIPESSOAL LDA)

Executive Director of GOLD SEAL AVON POLYMERS (India)

2.5. Mr Frédéric Marier

Positions:	**Business address:**
Member of the Executive Board	975, route des Burgondes 01410 Champfromier

Current mandates: None

Mandates and positions expired during the last five financial years: None

FINANCIAL STATEMENTS - AKWEL GROUP

CONSOLIDATED BALANCE SHEET

As at 31 December 2019
(in thousands of Euros)

ASSETS	*Notes no.*	31.12.2019 Net amounts	31.12.2018 Net amounts
Goodwill	7.	45,202	46,711
Other intangible assets	8.	891	1,141
Intangible assets		**46,093**	**47,852**
Land		18,343	18,226
Buildings		68,782	69,229
Equipment		153,532	143,366
Other tangible assets		11,133	9,916
Assets linked to use rights		14,564	-
Assets under construction, advances and progress payments		39,225	43,051
Tangible fixed assets (*)	9.	**305,579**	**283,788**
Non-current financial assets	10.	1,530	3,219
Deferred tax assets	11.	6,728	8,655
Total non-current assets		**359,930**	**343,514**
Inventory	12.	145,665	136,617
Trade accounts receivable and other assets linked to customer contracts	13.	187,723	183,303
Non-trade receivables	14.	66,807	50,793
Cash and cash equivalents	17.	104,943	92,700
Total current assets		**505,138**	**463,413**
Assets held for sale	19.	-	-
Total assets		**865,068**	**806,927**

(*): From 2019, the capital-leases previously recognised under land and buildings were assigned to the item "assets linked to use rights", including both leases and capital-leases.

LIABILITIES	Notes no.	31.12.2019	31.12.2018
Share capital	15.	21,393	21,393
Revaluation adjustment for land		2,333	2,333
Reserves and retained earnings		419,760	368,259
Interim dividends		-	-
Income for the financial year, Group share		**62,692**	**61,106**
Group share of shareholders' equity		**506,178**	**453,091**
Minority interests		**1,467**	**941**
Shareholders' equity		**507,645**	**454,032**
Long-term provisions	16.	30,127	10,346
Medium and long-term financial debts	17.	64,324	86,409
Debts on non-current lease obligations	17.	10,641	-
Deferred tax liabilities	11.	7,157	5,164
Total non-current liabilities		**112,249**	**101,919**
Current provisions	16.	14,040	37,232
Financial debts falling due within one year	17.	64,658	46,886
Trade accounts payable		117,354	121,349
(including fixed asset trade receivables)		4,979	4,837
Other debts	18.	49,122	45,509
Total current liabilities		**245,174**	**250,976**
Liabilities held for sale	19.	-	-
Total liabilities		**865,068**	**806,927**

The Group applied the IFRS 16 standard starting on 1 January 2019 and opted for the Retrospective method described in note 1.3.1. . The comparative financial statements were therefore not restated.

CONSOLIDATED INCOME STATEMENT

As at 31 December 2019 (in thousands of Euros)

	Notes No.	31.12.2019 (12 months)	31.12.2018 (12 months)
REVENUE	3.	**1,101,162**	**1,062,170**
Change in inventoried products		5,016	8,209
Quantities consumed		(512,605)	(494,164)
Other external expenses		(147,565)	(142,060)
ADDED VALUE		**446,008**	**434,155**
Taxes and dues		(6,253)	(7,060)
Payroll and temporary staffing expenses		(309,488)	(302,492)
EBITDA		**130,267**	**124,603**
Amortisation allowances		(40,344)	(34,725)
Provisions/net write-back of provisions		2,245	(12,452)
CURRENT OPERATING INCOME	3.	**92,168**	**77,426**
Other net non-current profits (charges)	3.2.	(3,239)	(4,315)
OPERATING INCOME		**88,929**	**73,111**
Income from cash and cash equivalents		680	152
Cost of gross financial debt		(2,916)	(2,331)
Cost of net financial debt	5.	**(2,236)**	**(2,179)**
Other financial income (and charges)	5.	(131)	55
Current and deferred taxes	6.	(23,311)	(9,191)
Proportionate interest of the affiliated companies in the profit or loss		-	-
NET INCOME FROM CONTINUING OPERATIONS		**63,251**	**61,796**
Income after tax from discontinued operations or operations held for sale		-	-
NET INCOME		**63,251**	**61,796**
* of which consolidated Group share		62,692	61,106
* of which share accruing to minority interests		559	690
Group share of net income per share (in euros)		**2.34**	**2.29**
Diluted Group share of net income per share (in euros)		**2.34**	**2.29**

The Group applied the IFRS 16 standard starting on 1 January 2019 and opted for the Retrospective method described in note 1.3.1. . The comparative financial statements were therefore not restated.

The added value and EBITDA are indicators used in the Group's management reports and as such are presented above.

STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY UNDER SHAREHOLDERS' EQUITY

As at 31 December 2019
(in thousands of Euros)

	31.12.2019	31.12.2018
NET INCOME	**63,251**	**61,796**
Translation differences	777	(10,079)
Actuarial differences on retirement commitments net of tax	(475)	473
OCI - Reclassification items	-	(712)
OCI - Non-reclassification items (Impairment of BIONNASSAY shares)	(1,500)	-
PROFITS AND LOSSES RECORDED UNDER SHAREHOLDERS' EQUITY	**(1,198)**	**(10,318)**
COMPREHENSIVE INCOME	**62,053**	**51,478**
* of which consolidated Group share	61,523	50,814
* of which share accruing to minority interests	530	664

The Group applied the IFRS 16 standard starting on 1 January 2019 and opted for the Retrospective method described in note *1.3.1.* . The comparative financial statements were therefore not restated.

Clarification: all of the components of the other items of comprehensive income are intended to be reclassified under income, with the exception of actuarial gains and losses linked to long-term employee benefits and changes in the fair value of non-consolidated securities.

CONSOLIDATED CASH FLOW STATEMENT

As at 31 December 2019
(in thousands of Euros)

	Notes No.	**31.12.2019 (12 months)**	**31.12.2018 (12 months)**
NET INCOME		**63,251**	**61,796**
Goodwill amortisation allowances	*7. and 8.*	1,792	4,990
Allowances for amortisation excluding use rights	*7. and 8.*	37,547	34,414
Allowances for amortisation linked to use rights	*7. and 8.*	2,797	311
Capital gains/losses on asset transfers		412	(195)
Changes in provisions and other operating resources		1,543	11,527
Elimination of income from companies treated using the equity method		-	-
CASH FLOW		**107,342**	**112,843**
Change in other short-term assets and liabilities		(30,639)	(39,467)
CHANGE IN CASH FROM OPERATING OPERATIONS		**76,703**	**73,376**
Acquisitions of tangible and intangible fixed assets	*7. and 8.*	(48,649)	(76,998)
Acquisitions of financial fixed assets		(433)	(3,287)
Transfers of fixed assets		944	700
CASH FLOW VARIATION INITIATED FROM INVESTMENTS		**(48,138)**	**(79,585)**
Dividend distribution		(8,021)	(8,021)
Variation of indebtedness	*17.*	(5,811)	47
Change in lease debts		(2,396)	-
CASH FLOW VARIATION INITIATED FROM FUNDING		**(16,298)**	**(7,974)**
Effect of variations in exchange rates and the scope of business		156	(1,038)
NET CHANGE IN CASH FLOW		**12,423**	**(15,221)**
CASH FLOW AT OPENING		**92,137**	**107,358**
CASH FLOW AT CLOSING	*17.*	**104,560**	**92,137**
of which: Cash and cash equivalents		*104,943*	*92,700*
Bank credit balances		*(383)*	*(563)*

The rules for preparing the Cash Flow Statement are stated in note 1.12. below.

The Group applied the IFRS 16 standard starting on 1 January 2019 and opted for the Retrospective method described in note *1.3.1.* . The comparative financial statements were therefore not restated.

Details of other short-term assets and liabilities

	31.12.2019 (12 months)	31.12.2018 (12 months)
Change in financial costs	(7)	-
Inventory change	(9,671)	(15,309)
Change in trade receivables	(23,238)	(23,927)
Change in operating debts	(1,146)	4,666
Change in non-operating receivables	1,653	(283)
Change in non-operating debts	1,770	(4,614)
Change in other short-term assets and liabilities	**(30,639)**	**(39,467)**

Details of the change in debts (excluding lease debts)

	31.12.2019 (12 months)	31.12.2018 (12 months)
Capital increase or contributions	(203)	338
Change in other equity	-	(33)
Receipts from borrowings	40,000	34,607
Repayment of loans	(45,608)	(34,865)
Treasury shares	-	-
Change in debts (excluding lease debts)	**(5,811)**	**47**

VARIATION IN CONSOLIDATED SHAREHOLDERS' EQUITY

As at 31 December 2019
(in thousands of Euros)

	Capital	Bonuses	Reserves	Gains and losses recognised under shareholders' equity	Total Group share	Minority interests	Total
Shareholders' equity at 31 December 2017	**21,393**	**9,704**	**407,525**	**(29,311)**	**409,311**	**137**	**409,448**
Income for the 2018 financial year	-	-	61,106	-	61,106	690	61,796
Gains and losses recognised under shareholders' equity	-	-	-	(10,053)	(10,053)	(26)	(10,079)
OCI	-	-	-	(239)	(239)	-	(239)
S/Total global P/L	-	**-**	**61,106**	**(10,292)**	**50,814**	**664**	**51,478**
Dividend distribution	-	-	(8,021)	-	(8,021)	-	(8,021)
Other variations	-	-	-	987	987	140	1,127
Shareholders' equity at 31 December 2018	**21,393**	**9,704**	**460,610**	**(38,616)**	**453,091**	**941**	**454,032**
Income for the 2019 financial year	-	-	62,692	-	62,692	559	63,251
Gains and losses recognised under shareholders' equity	-	-	-	331	331	(29)	302
OCI	-	-	-	(1,500)	(1,500)	-	(1,500)
S/Total global P/L	-	**-**	**62,692**	**(1,169)**	**61,523**	**530**	**62,053**
Dividend distribution	-	-	(8,021)	-	(8,021)	-	(8,021)
Other variations	-	-	(416)	-	(416)	(4)	(420)
Shareholders' equity at 31 December 2019	**21,393**	**9,704**	**514,865**	**(39,785)**	**506,177**	**1,467**	**507,644**

The amount of dividends proposed for distribution during the next General Meeting of 28 May 2020 is €5,214,502.

The Group applied the IFRS 16 standard starting on 1 January 2019 and opted for the method presented in *1.3.1.* of the appendix; the comparative financial statements were therefore not restated. In addition, the first application did not have an impact on the opening shareholders' equity on 1 January 2019.

APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2019

1. Accounting rules and methods

The Group's consolidated financial statements were closed by the Executive Board on 06 April 2020.

1.1. Key events during the last financial year

Over the last financial year, the major activities in terms of the scope of business or organisation are as follows:

- Record revenue (both in terms of consolidated revenue and Products & Functions revenue);
- Thirteen sites posted record levels of revenue;
- Sharp decline on the global automotive market (around -5%);
- Strengthening of workforce monitoring and adapting the headcount to activity;
- Start-up of the Group ERP on 1 at the Gebze site (Turkey);
- Collapse of the roof at plant A in Romans in June following bad weather;
- Extension of the plant in Gebze (Turkey);
- Significant decline in investments;
- Continued rebuilding of the inventory of finished products;
- Overall reduced tensions on prices and the availability of raw materials during the course of the year;
- Two of the three Quality performance indicators, at nine, are up significantly compared with the previous financial year;
- Unusual impact by both number and value from warranty returns (excluding SCR systems);
- Payment of a €20 million advance as a provisional indemnity to a strategic customer as part of warranty returns (this operation has no effect on 2019 results, as the corresponding charge is already the subject of provisions).

Note that the significant activities mentioned in respect of the 2018 financial year were as follows:

- Record revenue (both in terms of consolidated revenue and Products & Functions revenue).
- The Cooling product line became the Group's largest in terms of activity.
- Fifteen sites posted record revenue levels (there were already 19 in 2017).
- Termination of the proposed plant in Bulgaria.
- Start-up or ramp-up of five sites (two in China, one in Thailand, one in Morocco and one in Mexico).
- Sharp decline on the Chinese automotive market at the end of the financial year.
- Increase in the purchase price of several raw materials partially reflected in sale prices.
- Supply difficulties concerning certain raw materials and components, causing significant additional logistics and/or manufacturing costs.
- Recruitment difficulties at certain sites, causing significant cost overruns (use of overtime, payment of a one-time bonus, etc.).
- Recognition of a provision for warranty returns primarily during the fourth quarter of an exceptional amount of €23.0 million.
- Increase in resources dedicated to manufacturing linked to the number of new projects and the aim to internalise certain skills.
- Start-up of the Group ERP system on 1 July on the Cadillac (US) and Juárez (Mexico) sites (a total of 30 sites have already migrated since the project launched).
- Regionalisation of the Product Lines teams and resources since 1 September.
- Further division of the regional industrial departments into six regions, versus four previously (new organisation effective as of 1 January 2019).
- Change of name in May (MGI COUTIER became AKWEL).
- Acquisition of a minority stake in BIONNASSAY M&P TECHNOLOGY, a holding company for acquiring the assets of the companies FRANK & PIGNARD and PRECIALP.
- Non-financial investments down compared to the record level during the 2017 financial year but remained at a high level.
- Acquisition in December of the land and buildings on the Vigo site in Spain, previously leased (the Vigo plant being one of the Group's three largest by revenue).

1.2. Declaration of conformity

Pursuant to the European regulations 1606/2002 and 1725/2003, the consolidated financial statements of the AKWEL Group are prepared in compliance with international accounting standards applicable within the European Union on 31 December 2019. The international accounting standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), the amendments and their SIC and IFRIC interpretations (Standards Interpretations Committee and International Financial Reporting Interpretations Committee) are available on the following website: http://eur-lex.europa.eu/fr/index.htm.

The consolidated financial statements are presented in euros and are rounded off to the nearest thousand.

1.3. New standards, amendments and interpretations applicable in 2019

The new standards, amendments and interpretations adopted by the European Commission, and applicable from 1 January 2019, are presented below.

- IFRS 16 "Leases".
- IFRIC 23 - "Uncertainty over income tax treatments". The analysis conducted did not result in the recognition of additional liabilities in respect of tax uncertainties.
- Cycle of annual improvements 2015-2017 (IFRS 3, IFRS 11, IAS 12 and IAS 23 amendments), no impact on the Group's financial statements.
- Amendments to IAS 19 "Plan amendment, curtailment or settlement", no impact on the Group's financial statements.
- Amendments to IFRS 9 "Prepayment features with negative compensation", no impact on the Group's financial statements. This amendment did not have an impact on the restructuring of financial debt.
- Amendments to IAS 28 "Investments in associates and joint ventures", no impact on the Group's financial statements.

The Group decided to not apply in advance the standards, amendments and interpretations adopted or not yet adopted by the European Union, but the early application of which would have been possible, and which will come into effect after 31 December 2019. They primarily concern:

- Amendments to the references of the conceptual framework in the IFRS standards, published on 6 December 2019.
- Amendments to IAS 1 and IAS 8 "Definition of material" regarding the materiality threshold, published on 10 December 2019.
- Amendments to IFRS 7, IFRS 9 and IAS 39 as part of the reform of benchmark interest rates, published on 16 January 2020.
- Amendments to IFRS 3, "Definition of a business", of which an amendments publication is scheduled during the second quarter of 2020.

The Group does not expect the other standards, amendments and interpretations to have a significant impact on the Group's consolidated financial statements.

There are no standards, amendments or interpretations published by the IASB and mandatorily applying for financial years starting on 1 January 2019, but not yet approved at a European level (and the early application of which is not possible at a European level), that would have a significant impact on the annual financial statements.

The financial statements of the Group's various companies, prepared according to the accounting rules enforced in their respective country, are restated so that they are aligned with the accounting principles chosen for the consolidated financial statements.

1.3.1. First application of the IFRS 16 standard concerning leases

As indicated in the appendix to the 2018 consolidated financial statements, on 1 January 2019 the Group applied the IFRS 16 standard on leases by opting for the retrospective method and recognising the cumulative effect of its first application on 1 January 2019 under shareholders' equity in the consolidated reserves.

The assessment of contracts in progress (lease or contract containing a lease) was conducted on 1 January 2019.

Where the contracts do not have specific durations, the Group has adopted the following economic durations:

- 10 years for industrial buildings;
- 5 years for logistics buildings;

- 3 years for property goods.

The Group has opted for the following simplification options:

- Calculation of the incremental borrowing rate on the date of first application, for leases previously not restated, taking into account the initial duration;
- Non-restatement of leases whose residual duration on 1 January 2019 is less than 12 months;
- A debt on assets leased for each contract, entered under liabilities, which corresponds to the present-day value of remaining rental payments determined using the lessee's incremental borrowing rate on 1 January 2019 based on the initial durations of the contracts;
- Calculation of the asset linked to the use right corresponding to the amount of the adjusted lease debt, or €12.265 million before the date of first application;
- Exclusion of the initial direct costs of the assessment of assets;
- Non-conduct of impairment tests, adjusting the value of the asset based on the amount of provisions recognised in its financial position immediately before the date of first application, in respect of loss-making contracts. In practice, there were no loss-making contracts on the date of first application.

In accordance with the provisions of this transition method, the comparative financial statements were not restated.

The main impacts on the 2019 aggregates are presented below:

- Impact of €(208,000) on shareholders' equity during the first application;
- Impact of €11.971 million on tangible assets on 1 January 2019 (or 3.9% of the net asset value of tangible assets) due to the recognition of assets linked to use rights;
- Impact of €12.265 million on financial debts on 1 January 2019 (or 117.2% of financial debts) due to the recognition of debts in respect of lease obligations;
- Impact of €473,000 on the 2019 operating income;
- Impact of €2.966 million on the 2019 consolidated cash flow;
- Impact of €2.212 million on loan repayments during 2019.

The reconciliation table concerning, firstly, commitments presented as off-balance sheet commitments as at 31 December 2018 in accordance with the IAS 17 standard and, secondly, the debt as at 1 January 2019 in respect of lease obligations under the IFRS 16 standard (excluding capital lease contracts previously restated) is presented below:

- Lease commitments as at 31 December 2018 indicated in the appendix; €3.7 million;
- Discounted lease commitments as at 31 December 2018 indicated in the appendix; €17.3 million;
- Debts linked to lease obligations as at 1 January 2019: €12.265 million;
- Difference: €5.0 million;
- Explanation of the significant difference: The main differences are due to the durations used and the discount rates;

The Group is in the process of analysing the effects of the IFRIC decision published in December 2019 concerning the determination of the enforceable duration of a lease and the period for depreciating irremovable fittings.

1.4. Use of estimates and assumptions

The financial statements reflect the assumptions and estimates used by the Group's Management. The presentation of the financial statements requires the use of estimates and assumptions for the evaluation of certain assets, liabilities, profits, charges and commitments. The final information can be different from these estimates and assumptions. The goodwill, deferred tax assets, provisions recorded under the liabilities of the balance sheet and the durations of leases are the main elements of consolidated financial statements concerned with the use of assumptions and estimates.

The Group did not note any significant impact over the financial year in terms of the uncertainties linked to these estimates and assumptions, except for the extremely high volatility of the discount rate used to calculate the payroll commitments (see note *1.7.9. Pension commitments*) and commitments linked to translation differences.

1.5. Scope of consolidation

As stated above, the Group applied the new standards of consolidation as of 1 January 2016.

The significant companies in which the Company directly or indirectly holds exclusive control are globally integrated. The exclusive control analysis is carried out according to the IFRS 10 standard (direct or indirect power to lead the financial and operational policies on relevant activities, exposure to variable profitability and capacity to exert its power to influence the profitability). This control is generally supposed to exist in the companies in which the Company directly or indirectly holds more than 50% of the voting rights of the controlled company. To assess this control, the potential voting rights immediately exercisable, including those retained by another entity, are taken into account.

The significant associated companies where the Company performs directly or indirectly a notable influence are evaluated using the equity method. The significant influence is seen as the power to take part in the financial and operational policies of a company without exerting control over these policies. It is considered when the Group holds whether directly or indirectly between 20% and 50% of voting rights. The equity method consists of adjusting to book value the securities held and the amount of the share they represent in the capital equity of the associate company, including the profit/loss of the financial year.

The analysis of partnership achieved depending on criteria defined by the standard IFRS 11 only led to the identification of joint-ventures, with no joint activity. The joint-ventures are consolidated using the equity method.

The list of companies belonging to the scope of consolidation as at 31 December 2019 is presented in note *2. Scope of consolidation*.

All of the significant transactions between the integrated companies are eliminated as well as the unrealised internal profit/loss, including the fixed assets and the consolidated companies' inventories.

1.5.1. Business Combinations

Since 2010, the Group has applied the revised standards IFRS 3 "Business combinations" and IAS 27 "Consolidated and separate financial statements".

According to this method, the Group lists at fair value on the acquisition date the assets, liabilities and potential liabilities identifiable on this date.

The cost of acquisition corresponds to the fair value, at the exchange date, of the given assets, incurred liabilities and/or instruments of capital equity issued in exchange for the control over the acquired entity.

The costs pertaining to business combinations are not part of the fair exchange value. They are then recorded as charges and no longer included in the cost of acquisition of the securities.

The Group values the minority interests during the acquisition either at the fair value (full goodwill method), or on the basis of their share of the net assets of the acquired company (partial goodwill method). The option is taken in each acquisition.

The impact of scope variations without control modification is noticed directly in consolidated reserves.

When the agreement of the business combinations provides an adjustment of the purchase price depending on future events, the Group includes the amount of that adjustment in the cost of business combinations on the acquisition date if this adjustment is probable and can be reliably measured. Any subsequent change is recognised under income.

The Group is bound to a deadline of twelve months starting from the acquisition date in order to complete the accounting of a considered business combination (excluding changes in price supplements - see above). Any modification of the acquisition price, applied outside the assignment deadline, has as a counterpart the profit/loss without changing the acquisition or goodwill cost. This 12-month deadline does not apply to earn-out clauses, variations in which are recognised under income after the acquisition.

1.6. Conversion of financial statements and transactions into foreign currency

The financial statements of foreign companies are established in their operating currency, i.e. in the currency significant for the activity of the concerned subsidiary. It usually refers to the local currency.

The Group carries out the closing rate method for converting the subsidiaries' financial statements:

- All the items in the foreign companies' balance sheet are converted at the closing rate, with the exception of shareholders' equity.
- The items in the income statement of foreign companies, drawn up in local currency, are converted at the average rate for the financial year.

- The Group's share of shareholders' equity is converted at the historic rate except for the profit/loss of the financial year converted at the average rate.
- Changes in translation differences are recognised under other comprehensive income.
- The goodwill observed on foreign subsidiaries is recorded in the currency of the subsidiary.

Foreign exchange differences resulting from foreign currency transactions conducted during the financial year are included in the income statement under current operating income.

The Group did not implement foreign exchange risk hedging instruments during the financial years presented.

In the event of the disposal of foreign subsidiaries that prepare their financial statements in a currency other than the euro, the cumulative translation differences are reclassified under income in order to be integrated into the proceeds from the disposal.

The translation differences pertaining to a monetary element, which is an integral part of the net investments in a foreign subsidiary, are directly recorded in consolidated shareholders' equity under the item "translation differences", when the criteria defined by the standard are met.

1.7. Accounting principles and methods

The financial statements of the Group's companies, prepared according to the accounting rules enforced in their country of activity, are restated before being consolidated when differences of accounting principles exist with the principles adopted by the Group.

1.7.1. Intangible assets

Intangible assets are presented in the balance sheet at their acquisition cost and mainly correspond to the following elements:

- patents (amortised using the straight-line method over their protection period),
- computer software (amortised using the straight-line method over a period ranging from 1 to 3 years).

Research expenses are recorded under expenses for the financial year during which they are incurred. Development costs are recorded as intangible assets when the conditions linked to the technical feasibility, the market potential, the capacity to reliably assess the assignable expenses and raise future economic advantages are met. Development costs are annually reviewed in order to determine if the criteria for recognising an intangible asset are met.

In 2019 and 2018, no development costs were recorded as fixed assets considering that the capitalisation criteria were not met. Indeed, the development costs incurred within the framework of a new product of a project or a significant evolution of an existing product must meet six criteria in order to be recorded as fixed assets.

One of these criteria requires demonstrating the existence of a market for the production resulting from the project. The existence of a market is demonstrated when the Group receives the manufacturers' approval certificate and the volumes suggested by the manufacturers generate a sufficient profitability. However, the corresponding development expenses are incurred at an earlier stage of the project, prior to manufacturers' approval process. The amount of Development and Research expenses recorded under the expenses for the 2019 financial year totalled €67.9 million (€69.6 million in 2018).

1.7.2. Goodwill

The positive difference in value recorded between the cost of acquired shares and the fair value of assets and liabilities of the subsidiary on this date constitutes goodwill recorded as a fixed asset in the consolidated balance sheet under "goodwill". The non-affected business intangibles are equally considered as goodwill.

The acquisition price encompasses the estimated impact of potential adjustments on the acquisition price, such as the price supplements. The price additions are determined by applying the criteria stated in the acquisition contract (revenue, profit/loss, etc.) to forecasts considered the most probable. They are re-estimated at each end of period and the potential changes are charged to income after the acquisition date (including in the period of one year following the acquisition date). When the impact is significant they are updated. The effect of the "accretion" of the debt recorded in the liabilities is accounted in the heading "Net financial indebtedness cost". The acquisition expenses are directly recorded as charges.

Pursuant to the exception provided by the standard IFRS 1, the positive goodwill value determined under French standards was not adapted to the IFRS standards during the changeover to IFRS in 2005.

When goodwill is negative, it is immediately recognised under profit/loss.

Goodwill is not amortised. It is subject to impairment tests (see note *7. Goodwill*).

Impairment tests of non-current and non-financial assets:

In accordance with the IAS 36 standard, impairment tests are implemented at least once a year for non-amortised assets (essentially goodwill) and for other tangible and intangible assets, if there are indicators of impairment losses.

In practice, non-current and non-financial assets correspond essentially to goodwill and land.

For the completion of impairment tests on goodwill, the latter is broken down between the cash generating units (CGU) corresponding to homogenous sets raising independent cash flows.

Regarding goodwill, the groups of cash generating units (CGU) correspond to the countries in which they are located (France, Spain, Turkey, China, USA, Sweden, etc.). No change of CGU occurred in the presented financial years.

The carrying value of the assets grouped is compared to their value in use or their market value less transfer costs, whichever is higher. In practice, only the value in use is applicable.

The value in use of goodwill corresponds to the value determined based on the discounted future cash flow of the CGUs (cash generating units) under the following estimated economic assumptions:

- The cash flows used are generated from the 2020-2021-2022 budgets and are extended over an explicit overall period of five years, with a stable operating profit/revenue ratio;
- Beyond that period, the terminal value corresponding to capitalisation in perpetuity, with a perpetual growth rate of 1.5% (1.5% in 2018), of the last cash flow for the specific period is calculated;
- The discount rate corresponds to a weighted average cost of capital after tax. Its use produces recoverable values identical to those obtained by applying pre-tax rates to cash flows before tax.

The discount rate used at 31 December 2019 to discount future cash flow was 9.0%, versus 9.0% as at 31 December 2018.

In the absence of identified local risks, identical business sectors, a similar customer base and homogeneous businesses, the Group has not separated by CGU the discount rate and the perpetual growth rate.

When the tests indicate an impairment, this is charged as a priority to the goodwill, then to the other assets of the CGU, limited to their recoverable value. Impairments are recorded under current or non-current operating profit/loss, depending on the event that generated the impairment. Impairments of goodwill are irreversible until the date on which the linked generating units concerned are disposed of.

The one-year delay in the 2020-2021-2022 budgets will not have an effect on the results of the goodwill impairment tests (excluding Sweden). The Group has also adjusted its economic assumptions by 0.5 points. As such, a 0.5 point decrease in the perpetual growth rate or a 0.5 point increase in the discount rate or a combination of both would not result in the recognition of an impairment (excluding Sweden). Conversely, a 0.5 point decrease in the operating margin rate would generate an additional impairment loss of €2.416 million (excluding Sweden).

1.7.3. Tangible fixed assets

Fixed assets are recorded at their acquisition cost or at their fair value in the case of business combinations. The Group opted for the revaluation of land as displayed hereafter in note *9. Tangible fixed assets*).

Capital lease agreements for real property and moveable assets are restated in order to reflect the acquisition cost of these assets, under fixed assets and financial debts. These assets are depreciated depending on the rules detailed below.

The analysis initiated according to the IAS 23 standard did not result in capitalising the costs of borrowing.

For conformity purposes, depreciation is restated using the straight-line method over the assets' useful life.

The generally adopted depreciation periods are as follows:

- buildings: 25 to 40 years;
- fittings of constructions: 5 to 10 years;
- technical installations: 5 to 10 years;
- industrial equipment and tools: 5 to 10 years;
- general installations: 10 years;
- furniture, office equipment: 5 to 10 years.

In accordance with the IAS 36 standard, the Company conducts impairment tests, using a methodology similar to the one adopted for goodwill, if there are indicators of impairment on the assets.

The assets owned by the Group are not affected by expenses that are the subject of major multi-annual servicing or revision programmes. The sole purpose of the expenses incurred is to verify the proper operating condition of these facilities and to provide maintenance without extending their lifespan beyond the initially anticipated lifespan.

The tangible assets held by the Group have no significant residual value.

Accounting principles linked to restatements of leases

As indicated above, on 1 January 2019 the Group applied the IFRS 16 standard "Leases" by opting for the retrospective method and recognising the cumulative effect of its first application on 1 January 2019 under shareholders' equity in the consolidated reserves. By applying this option, the comparative financial statements were not restated.

Rules on the recognition of leases until 31 December 2018, by application of the IAS 17 standard:

The recognition rules were detailed in note 2.8 of the appendix to the 2018 financial statements. There is no significant capital lease contract in the Group.

Rules on the recognition of leases since 1 January 2019, by application of the IFRS 16 standard:

The options adopted for the transition from 1 January 2019 are detailed in note *1.3.*

The IFRS 16 standard does not make a distinction, on the lessee's side, between capital lease contracts and operating leases, as previously defined by the IAS 17 standard.

Leases or contracts that contain a lease are contracts that confer the right to control the use of a determined good for a given period of time in exchange for a consideration.

Leases that meet this definition are recognised under the terms defined below, except in the exemption cases provided for by the standard (duration of contracts less than 12 months, or low-value underlying goods), and for contracts not restated due to their insignificant impact. In practice, the analysis only resulted in the main leases being restated.

In the case of contracts not restated as leases, the rent is recognised under expenses on a straight-line basis over the duration of the contract.

In the case of contracts that fall under the scope of the IFRS 16 standard, the accounting rules are as follows:

- on the start date of the contract, the Group recognises an asset in respect of the use right and a financial liability in respect of the lease obligation;
- the lease obligation is assessed based on the present-day value of rental payments not yet made, over the duration of the contract. The present-day value is determined using the explicit interest rate, in the case of lease contracts, and the incremental borrowing rate in other cases. The incremental borrowing rate is calculated for each country, based on the duration of the contract and the repayment profile (duration rate);
- the duration of a lease is the enforceable period, which corresponds to the non-cancellable period. If a duration is not mentioned in the contract, leases are amortised based on the economic durations of views presented in 1.3.1.

In practice, the durations used for leases in France correspond to the enforceable period of nine years ("3/6/9" commercial leases): non-cancellable period of three years and certainty of exercising the extension options after three and six years.

There is no early termination clause in the various leases and there is no clause liable to lead the lessors to pay to the Group compensation that is more than insignificant, in the event of the lease not being renewed at the end of the non-cancellable period.

Rental payments correspond to fixed payments, variable payments that are determined by an index or a rate, and purchase option exercise prices that the lessee has reasonable certainty of exercising. In practice, the majority of rental payments are fixed, there is no purchase option and there is no penalty more than substantial in the event that the lease is terminated at the lessor's initiative.

The asset linked to the use right is assessed according to the cost model as follows: amortisations and impairment losses are deducted from the cost, which is adjusted to take into account reassessments of the lease obligation, where applicable.

In the absence of a purchase option, the assets linked to the use right are depreciated over the duration of the contract as defined above.

In the wait for the response to the petition of the IFRS IC in June 2019, fittings linked to leases are depreciated over the duration of the contract, except if there is an array of assumptions showing that the underlying asset will be used over a period longer than the duration of the contract.

Impact on deferred taxes

In the wait for confirmation from the IFRS IC, the Group has decided to recognise a deferred tax on the restatement of leases in accordance with the IFRS 16 standard, except in the event of a non-significant impact.

Impact on impairment tests

The analysis conducted did not result in the identification of assets linked to leases that would be tested independently of a CGU.

In the wait for clarifications regarding the practical terms of conducting impairment tests incorporating the restatement of the IFRS 16 standard, and taking into account the numerous practical difficulties identified, the impairment tests were conducted, firstly, before the IFRS 16 standard and, secondly, using an approximation by integrating into the book value of the CGU the asset linked to the use right and the debt linked to the lease obligation, without changing the calculation of the provisional cash flow.

Note that there is no CGU for which the recoverable value was close to the net book value as at 31 December 2019, taking into account leases. Furthermore, the first application of the IFRS 16 standard should not in principle have a significant impact in the case of a recoverable value determined relative to provisional cash flow.

Impact on cash flow

In accordance with the IAS 7 standard, only repayments of debt linked to lease obligations are reported in the cash flow statement, under financing flows. Flows linked to increases in assets and liabilities linked to leases are offset.

Interest paid on debt linked to lease obligations is presented under "Changes in debt" flows, as is other interest paid.

1.7.4. Non-current financial assets

Financial assets valued at amortised cost:

This item primarily includes deposits and sureties paid by the Group's companies.

Assets valid at fair value through other comprehensive income:

The Group values non-consolidated securities at their fair value (see note *1.10.*). In certain exceptional cases (absence of reliable and reason information), the historical cost is considered an acceptable baseline for the fair value (in this case, only negative changes in fair value are recognised, rather than impairment).

Assets valued at fair value through profit or loss:

No non-current financial value is included in this category.

1.7.5. Inventories

Inventories are valued at their purchase price in the case of raw materials, and at manufactured cost in the case of finished goods and work-in-process inventories. General costs not contributing to production and financial costs are excluded from the manufactured cost. All of these costs are determined on a "first in, first out" basis and, given inventory rotation, are similar to the latest cost prices.

An impairment provision is recorded when the net value of the inventories is higher than their net realisable value, and/or when impairment losses are highlighted (rotation, obsolescence, etc.).

Tooling is valued at the full cost (external costs) within the limit of the price to be invoiced to the customer.

1.7.6. Trade receivables, other assets and liabilities linked to customer contracts

Trade receivables:

Receivables are recorded on the initial accounting date at the fair value of the receivable due. The fair value of receivables is equivalent to their nominal value due to payment terms that are generally less than or equal to 3 months. Trade accounts receivable are restated on the closing date of bills of exchange presented for collection and not due, as well as bills of exchange that are the subject of a cash discount. Trade accounts receivable not due and disposed of as part of a factoring contract and not meeting the derecognition conditions of the IAS 39 standard are retained under the entry "Trade receivables and other receivables"; otherwise, they are recognised under cash.

A provision is recorded in accordance with the IFRS 9 standard based on anticipated losses, taking into account any warranties. Note that, on the whole, the customer risk is considered to be low.

The Group applies the simplified receivables impairment method. The Group distinguishes doubtful customers (customers for which there is a high risk of default) from other trade receivables.

Provisions are made for doubtful receivables on a case-by-case basis.

Provisions are made for non-doubtful trade receivables based on a provisioning matrix, which takes into account the profitability of default and the probability of a loss in the event of default.

The probabilities are based on a risk analysis that takes into account quantitative and qualitative criteria such as the customer's financial position, the age of the receivable and the existence of a dispute.

Other assets linked to customer contracts:
There are no assets linked to the costs of obtaining or executing contracts.

Remuneration agreements:
None.

Contracts containing a significant financial component:
None.

Liabilities linked to customer contracts:
Liabilities linked to customer contracts include:

- debts to customers linked with counterparties to be paid to customers,
- deferred income, of a low amount, designed to attach revenue to the financial year.

1.7.7. Cash and cash equivalents

Available cash assets are primarily comprised of bank account balances.

Cash equivalents are investment securities meeting the criteria of the IAS 7 standard for classification as "cash and cash equivalents": short-term, very illiquid investments that are easily convertible into a known cash amount and subject to a negligible risk of value variation.

They are initially recorded at their acquisition cost and then valued at their fair value, which corresponds to the market value on the reporting date. The change in fair value is recorded under financial income.

1.7.8. Taxes owed and deferred taxes

Taxes owed

Tax assets and liabilities owed include assets and liabilities linked to tax uncertainties and risks, in accordance with IFRIC 23. In practice, no amount was recognised during the financial years presented.

Deferred taxes

Deferred taxes reflect the differences over time between the expenses and income used for preparing the consolidated financial statements and those used to calculate the corporate income tax.

Deferred taxes, which determined using the variable carry forward method, mainly result from:

- temporary non-deductible provisions,
- consolidation adjustments (method of amortisation, capital-lease, retirement compensation, etc.),
- the elimination of internal profit included in inventories.

No deferred tax assets are recognised under deductible temporary differences and tax loss carry-forwards unless they can be charged to future taxable differences, where there is a reasonable probability of realisation or recovery by charging to future income, or where there are tax optimisation possibilities at the Company's initiative. The time projection used for estimating future profits is at most 5 years, bearing in mind that a review of projections and assumptions used is performed periodically, and that any limitation rules relevant to the use of deficits are recognised, as appropriate.

The application of the above principles led us not to recognise, at the Group level, the asset deferred taxes on tax deficits relevant to tax deficits recorded at the end of the financial year for certain subsidiaries due to uncertainty about their future use and the absence of a precise repayment schedule for the use of fiscal losses.

Deferred tax assets and liabilities were offset if they apply to a single legal entity.

In accordance with the IAS 12 standard, deferred taxes are not discounted, except for changes to future tax rates that did not have a significant impact during the last financial year.

The rules on recognising deferred taxes pursuant to IFRS 16 are presented in note *1.7.3. Tangible fixed assets* "Accounting principles linked to restatements of leases".

1.7.9. Pension commitments

As far as defined contribution schemes are concerned, payments made by the Group are recorded as expenses in their corresponding period.

In the case of defined contribution schemes involving post-employment benefits, the costs of those benefits are estimated based on projected benefit obligation units with end-of-career remuneration.

The amounts pertaining to rights acquired by employees pursuant to the various applicable collaborative agreements are assessed on the basis of actuarial assumptions: changes to wages, retirement age, age of death and staff turnover, then discounted to their present value based on a discount rate. The provision corresponding to these entitlements is accounted for in full in the provisions for retirement and other benefits.

The discount rate was determined by taking account of the yield rates from private bonds that do not pose risks and have a maturity close to the bonds' maturity.

The amounts were calculated based on a 1.0% discount rate (versus 1.8% at the 2018 year end), a 2.0% wage increase (versus 3.0 % at the 2018 year end) for both executives and non-executives, a retirement age of 65 and average hypotheses regarding staff turnover. These hypotheses apply to French entities, which account for the largest portion of pension commitments recognised (€9.638 million out of a total €12.302 million).

Current and former members of administrative and management bodies are not entitled to any particular retirement benefits.

The cost of delivered services and financial charges are recognised under consolidated income. The impact of pension scheme changes is equally recognised immediately under consolidated income.

Actuarial differences (related to changes of actuarial assumptions and their effects) are recorded under other comprehensive income, not re-classifiable under income.

No changes or modifications occurred during the financial years presented.

Finally, the Group did not opt for raising capital for the commitment from external funding sources.

1.7.10. Share-based payment

If applicable, under IFRS 2, the share subscription or purchases options granted to employees and which are settled in shares are valued at their fair value. This fair value is recorded on the income statement over the period during which the exercise rights are acquired by employees, taking into account the probability of rights acquisition, re-assessed at each year-end. The amount of the cumulative benefit is set on the date of acquisitions of the rights, according to the rights actually acquired.

1.7.11. Provisions

In general, each of the identified disputes involving the Group is examined on the reporting date by the Management. After consultation with external bodies, where applicable, the provisions deemed necessary are made to cover the estimated risks.

Any assets are mentioned in the appendix when their occurrence is probable and their amounts are significant. Any liabilities are mentioned in the appendix when the amounts involved are significant.

1.7.12. Loans and financial debts

Loans and financial debts are valued according to the amortised cost method by using the effective interest rate.

The rules on recognising financial debts on lease obligations pursuant to IFRS 16 are presented in note *1.7.3. Tangible fixed assets* - Accounting principles linked to restatements of leases.

1.7.13. Derivative financial instruments

1.7.13.1. Foreign exchange risk:

Purchase and sale transactions conducted by both the Company and its subsidiaries are primarily conducted in the same currencies, thereby providing a natural hedge. Consequently, the Group has not used, to date, financial instruments to cover these trade flow risks.

1.7.13.2. Interest rate risk:

The Group's companies do not historically have any swaps intended to guarantee a maximum fixed rate on a part of the implemented variable-rate funding.

1.7.14. Assets/liabilities classified as held for sale, discontinued activities

Assets and liabilities classified as held for sale are valued at the net book value or the fair market value less the costs of sale, which is lower.

The profits/losses of discontinued activities are recorded on a separate line on the income statement. No assets or liabilities meet this definition during the financial years presented.

1.7.15. Treasury shares

The shares of the parent Company and the shares held by itself or by one of its integrated subsidiaries are recognised by the Group by deduction from shareholders' equity at their acquisition cost up to the date of sale.

Income from the disposal of these shares is directly assigned to shareholders' equity net of the corresponding tax.

1.8. Presentation of the income statement

1.8.1. Revenue

The IFRS 15 standard establishes the principles for recognising revenue based on an analysis process containing five successive stages:

- Identification of the contract.
- Identification of the various performance obligations, i.e. the list of goods or services that the seller has agreed to supply to the buyer.
- The determination of the overall price of the contract.
- Allocation of the overall price to each performance obligation.
- Recognition of the revenue and associated costs when a performance obligation is met.

Sales of parts and tooling are recorded under income at the time of delivery of the good, corresponding to the date of transfer of control, in accordance with the specific conditions of each contract or order.

The Group proceeded to select the main transactions and contracts representative of the Group's current and future business. These transactions and contracts were analysed based on a five-step model introduced by the standard in order to identify the assessment areas and any changes caused by its application. The conclusions of this analysis are presented below.

For a specific automotive project, the three main promises made by the Group to a manufacturer generally identified as part of the preliminary analysis are as follows:

- Product study, which notably includes determining the intrinsic technical specific characteristics of the parts, as well as those linked to the associated production process.
- Supply of production tooling, such as the moulds and the other equipment used for the production of parts.

- Supply of parts.

The analysis led to the finding that these three phases are distinct performance obligations for which the Group recognises revenue upon delivery/completion. In the vast majority of cases, each performance obligation is covered by a specific legal contract. Each contract is therefore independent, and where the performance obligation is met, the manufacturer has the ability, without penalty, to abandon the execution of the other contracts concerning the same items, which demonstrates the separate nature of these performance obligations. Where several performance obligations are included in a single contract, the Group's policy is to set the price of each performance obligation independently so as to prevent any risk of loss in the event that a contract is terminated following a performance operation.

Revenue from tooling is recognised during transfer of control to the customer, who is considered to be satisfied when the customer validates the conformity of the tooling. Until this transfer is complete, the production costs are capitalised in the amount of the price that can be invoiced to the customer.

The prices of transactions are allocated to the performance obligations based on the contractual prices. Given the independence of the contract and the risk of the manufacturer abandoning the execution of the other legal contracts, the Group conducts negotiations with the manufacturers for each contract based on the standalone price.

Contributions received by customers to development costs and prototypes are now shown under the "Revenue" entry, as they result from a contract with the customer with a view to obtaining, in exchange for a counterparty, goods or services resulting from the Group's ordinary activities. This means there will be no presentational impact regarding this matter.

Warranties:

Furthermore, the Group considers that the contractual promise made to the manufacturer in terms of the warranty on supplied parts does not meet the definition of a distinct performance obligation, as it does not result in an "additional service". As such, warranty costs will continue to be recognised in accordance with IAS 37 "Provisions, contingent liabilities and contingent assets".

Distinction between agent and principal:

The use of outsourcing is limited, given the extent of the Group's integration and the fact that when the Group uses outsourcing, it integrates the outsourced products into larger assemblies and therefore remains responsible for the supply of the good or service as the principal.

Concerning certain specific contracts, the examination of the relationship with the end customer led the Group to consider that it acts as an agent rather than as a principal.

Other points:

- Customer contracts do not include a "financing" component.
- Revenue recognition rules do not use significant estimates.

1.8.2. Personnel costs

Personnel costs include temporary expenses and staff profit sharing.

1.8.3. Regional economic contribution (*Contribution économique territoriale* - CET)

Both the French company added-value contribution (CVAE) and the company property tax (CFE) are recognised under operating expenses, with no change compared with the classification formerly adopted for business tax.

1.8.4. Current operating income

The Group mainly uses current operating income as a performance indicator.

Current operating income corresponds to net income before taking into account the following:

- miscellaneous income and charges, which primarily included significant restructuring costs,
- losses, profits and changes in provisions covering exceptional events, i.e. either because they are abnormal in terms of the amounts involved or their incidence, or because they rarely occur,
- capital gains or losses from asset disposals or impairment,
- non-current impairment of goodwill, in which the cause of impairment is non-current,
- financial income,
- current and deferred taxes,
- net incomes from related undertakings.

This presentation complies with the ANC recommendation no. 2013-03 of 7 November 2013.

1.9. Income per share

Income per share is calculated based on the average number of shares in circulation during the course of the financial year, based on Group net income.

Diluted income per share takes into account potential shares arising from the exercise of rights attached to the subscription warrants issued. As at 31 December 2019, there were no new shares that could potentially be created, as no subscription options were still valid or had been exercised.

1.10. Financial instruments - Financial assets and liabilities, Derivative financial instruments

Financial assets and liabilities are recorded under several headings of the balance sheet (non-current financial assets, accounts receivable, other current assets, accounts payable, other current debts, financial debts, cash and cash equivalents). Financial instruments are assigned to categories that do not correspond to identified headings of the balance sheet, bearing in mind that the assignment determines the accounting and valuation rules.

Presentation of the three categories of financial assets: see note *1.7.4.*

The main financial liabilities (primarily loans and trade accounts payable) are valued at the amortised cost.

The Group has not put in place hedging instruments that meet the hedging definition stated in the IFRS 9 standard.

In accordance with the IFRS 13 standard, applicable since 2013, financial instruments are presented under three categories (see note *22.*), based on a hierarchy of fair value determination methods:

- Level 1: fair value calculated by reference to non-adjusted listed prices on an active market for identical assets and liabilities.
- Level 2: fair value calculated by reference to observable market data for the asset or liability concerned, either directly (adjusted level 1 listed prices) or indirectly, namely data derived from prices, based on valuation techniques drawing on observable data such as the prices of similar assets or liabilities or listed parameters on an active market.
- Level 3: fair value calculated by reference to data concerning the asset or liability that are not based on observable market data (e.g. using valuation techniques entirely or partially based on non-observable data such as prices on an inactive market or valuation based on multiples in the case of unlisted shares).

The implementation of this standard for calculating the fair value of financial instruments has not led to the identification of adjustments by virtue of non-performance risks, in relation to the calculations performed previously.

1.11. Sector-based information

The Group has only defined one sector-based activity, which revolves around the design, manufacturing and delivery of vehicle components, parts or equipment mechanisms.

The Group identifies five regions for allocating the resources to the various sectors and assessing their performance:

- France;
- Europe & Africa;
- North America;
- South America;
- Rest of the world.

These regions were determined based on their geographical proximity, their similar economic characteristics and their contribution to the Group's revenue and income.

The breakdown of revenue and fixed assets by geographical area is presented for information purposes in *note 3. Sectoral information.*

The only balance sheet information monitored by geographical region in the Group's management reports is investments.

The Group's revenues directly depend on the level of global automotive production, particularly in Europe, North America, Turkey and China. This production can be affected by the general economic situation, government policies, namely incentive schemes of vehicle purchasing, trade agreements, regulatory changes and labour relations (including strikes and work disruptions). Moreover, the Group generates 64% of its business directly with three automobile manufacturers, (PSA, Ford and Renault-Nissan). The performance of these three manufacturers therefore has a considerable influence on the Group's revenue.

1.12. Cash flow statement

The Group applies the indirect method of presenting cash flow, based on a presentation similar to the model proposed by the *Autorité des Normes Comptables* (ANC) in its recommendation 2013-03 of 7 November 2013.

Cash flows for the financial year are broken down into the flows generated by activity according to investment activities and financing operations (shareholder equity).

The cash flow statement is prepared based on the following rules:

- Net cash corresponds to the net credit and debit positions;
- Gains and losses are presented at their amount net of tax, if the Company records a tax;
- Provisions on current assets are recorded on changes in operating cash flow from working capital requirement (WCR) and associated with corresponding asset items (inventory, trade and other receivables);
- Acquisitions of fixed assets are shown exclusive of changes in debt on asset acquisitions. Income from disposals is shown exclusive of changes in receivables from asset disposals.

The impact of changes in the scope of consolidation is presented as a net amount in investment flows. It corresponds to the actual amounts paid/collected during the financial year, adjusted for the acquired cash assets/liabilities.

2. Scope of consolidation

Companies	% held	Consolidation method	Location
AKWEL (PARENT COMPANY)			Champfromier, France
PAYS DE BRAY SUD, SCI	100	Full consolidation	Champfromier, France
NINGBO MGI COUTIER AUTO PLASTICS CO, LTD	100	Full consolidation	Cixi, China
AKWEL MATEUR TUNISIA, SARL (formerly MGI COUTIER TUNISIE SARL)	100	Full consolidation	Mateur, Tunisia
MGI COUTIER ITALIA SRL	100	Full consolidation	Asti, Italy
AKWEL CORDOBA ARGENTINA SA (formerly MGI COUTIER ARGENTINA SA)	100	Full consolidation	Cordoba, Argentina
AKWEL JUNDIAI BRAZIL LTDA (formerly MGI COUTIER BRASIL LTDA)	100	Full consolidation	Jundiai, Brazil
MGI COUTIER UK, LTD	100	Full consolidation	Minworth, UK
AKWEL BURSA TURKEY OTOMOTIVE A.S. (formerly MGI COUTIER MAKINA YEDEK PARÇA IMALAT VE SANAYI A.S.)	100	Full consolidation	Bursa, Turkey
AKWEL VIGO SPAIN S.L (formerly MGI COUTIER ESPAÑA SL)	100	Full consolidation	Vigo, Spain
AKWEL MEXICO SA DE CV (formerly MGI COUTIER MEJICO SA DE CV	100	Full consolidation	Veracruz, Mexico
AKWEL TIMISOARA ROMANIA SRL (formerly MGI COUTIER ROM SRL)	100	Full consolidation	Timisoara, Romania
AKWEL TOOLING FRANCE (formerly DEPLANCHE FABRICATION SARL)	100	Full consolidation	Treffort, France
AKWEL PUNE INDIA PVT LTD (formerly MGI COUTIER ENGINEERING PRIVATE LTD)	100	Full consolidation	Pune, India
MGI COUTIER FINANCE LTD	100	Full consolidation	Chippenham, UK
AKWEL USA, INC (formerly AVON AUTOMOTIVE HOLDINGS INC)	100	Full consolidation	Cadillac, USA
AKWEL AUTOMOTIVE USA, INC (formerly PETROL AUTOMITVE HOLDING INC)	100	Full consolidation	Cadillac, USA
AKWEL CADILLAC USA, INC (formerly CADILLAC RUBBER & PLASTICS INC)	100	Full consolidation	Cadillac, USA
AKWEL MEXICO USA, INC (formerly CT RUBBER & PLASTICS INC)	100	Full consolidation	Cadillac, USA
AKWEL JUAREZ MEXICO SA DE CV (formerly CADIMEX SA DE CV)	100	Full consolidation	Juarez, Mexico
AKWEL ORIZABA MEXICO SA DE CV (formerly CADILLAC RUBBER & PLASTICS DE MEXICO SA DE CV)	100	Full consolidation	Orizaba, Mexico
AKWEL CHIPPENHAM UK LIMITED (formerly AVON AUTOMOTIVE UK HOLDINGS LIMITED)	100	Full consolidation	Chippenham, UK
AKWEL GEBZE TURKEY OTOMOTIV SANAYI LIMITED SIRKETI (formerly AVON OTOMOTIV SANAYI VE	100	Full consolidation	Gebze, Turkey

Companies	**% held**	**Consolidation method**	**Location**
TICARET LIMITED SIRKETI)			
AKWEL GERMANY SERVICES, GMBH (formerly AVON AUTOMOTIVE DEUTSCHLAND GMBH)	100	Full consolidation	Stuttgart, Germany
AKWEL AUTOMOTIVE VANNES FRANCE (formerly AVON AUTOMOTIVE FRANCE HOLDINGS SAS)	100	Full consolidation	Vannes, France
AKWEL VANNES FRANCE (formerly AVON POLYMERES FRANCE SAS)	100	Full consolidation	Vannes, France
AKWEL RUDNIK CZECH REPUBLIC A.S (formerly AVON AUTOMOTIVE A.S).	100	Full consolidation	Rudnik, Czech Republic
AKWEL SANT JUST SL (formerly INDUSTRIAL FLEXO S.L)	100	Full consolidation	St Just, Spain
AKWEL TONDELA (PORTUGAL), LDA (formerly AVON AUTOMOTIVE PORTUGAL LTDA)	100	Full consolidation	Tondela, Portugal
GOLD SEAL AVON POLYMERS PRIVATE LIMITED	55	Full consolidation	Daman, India
AVON AUTOMOTIVE COMPONENTS CHONGQING CO LTD	100	Full consolidation	Chongqing, China
AKWEL AUTOMOTIVE SWEDEN AB (formerly AUTOTUBE AB GROUP)	100	Full consolidation	Varberg, Sweden
AKWEL SWEDEN AB (formerly AUTOTUBE AB)	100	Full consolidation	Varberg, Sweden
AKWEL PAREDES DE COURA (PORTUGAL) UNIPESSOAL, LDA (formerly MGI COUTIER LUSITANIA UNIPESSOAL LDA)	100	Full consolidation	Paredes De Coura, Portugal
AKWEL EL JADIDA MOROCCO SARL (formerly AKWEL MGI COUTIER MAROC SARL)	100	Full consolidation	El Jadida, Morocco
SINFA CABLES SARL	74	Full consolidation	Casablanca, Morocco
WUHAN MGI COUTIER AUTO PARTS CO LTD	100	Full consolidation	Wuhan, China
AKWEL RAYONG (THAILAND) CO, LTD (formerly MGI COUTIER (THAILAND) CO LTD)	100	Full consolidation	Rayong, Thailand
AKWEL VIDIN BULGARIA EOOD (formerly MGI COUTIER BULGARIA EOOD)	100	Full consolidation	Vidin, Bulgaria

The company MGI COUTIER ILIA (Iran), which is not a significant part of the Group, was deconsolidated on 1 January 2018. It was previously consolidated using the equity method. This change did not have an impact on results for the reporting period.

All of the subsidiaries of the Group end their financial year on 31 December of each year, with the exception of AKWEL AUTOMOTIVE PUNE INDIA PVT LTD and GOLD SEAL AVON POLYMERS PRIVATE LIMITED, whose financial year ends on 31 March of each year.

The companies BIONNASSAY M&P TECHNOLOGY and BIONNASSAY REAL ESTATE were not consolidated. Despite its interest of 25% in the capital of the company BIONNASSAY M&P TECHNOLOGY and of 33.33% in the capital of BIONNASSAY REAL ESTATE, the Group does not have significant influence over these entities.

3. Sectoral information

3.1. Per geographical zone.

(in thousands of Euros)	France	Europe & Africa	North America	South America	Rest of the world	Interco elimin.	Total
At 31 December 2019							
Total sales	429,178	529,680	364,746	9,043	176,999	(408,485)	1,101,162
Current operating income	15,646	26,350	36,937	1,154	15,449	(3,369)	92,167
(in thousands of Euros)	**France**	**Europe & Africa**	**North America**	**South America**	**Rest of the world**	**Interco elimin.**	**Total**
At 31 December 2018							
Total sales	452,315	506,181	344,374	12,370	142,036	(395,106)	1,062,170
Current operating income	4,519	24,443	31,507	1,951	11,682	3,324	77,426

The "Western Europe" region became "Europe & Africa" on 1 January 2018.

The breakdown of fixed assets (intangible and tangible) by geographical area is analysed as follows:

(in thousands of Euros)	Gross values	Net values
France	291,244	72,039
Europe & Africa	240,641	111,157
North America	101,087	72,399
South America	4,148	790
Rest of the world	69,510	50,085
Total fixed assets	**706,630**	**306,470**

3.2. By category

(in millions of euros)	31.12.2019	31.12.2018
Products and functions	1,048.5	1,011.8
Tooling	46.0	43.9
Miscellaneous	6.7	6.5
Total	**1,101.2**	**1,062.2**

4. Net non-current revenue and expenses

(in thousands of Euros)	31.12.2019	31.12.2018
Restructuring costs (net)	-	-
Capital gains	(475)	197
Goodwill amortisation allowances	(1,792)	(4,990)
Other	(970)	478
Total	**(3,237)**	**(4,315)**

5. Financial income

(in thousands of Euros)	31.12.2019	31.12.2018
Bank interest on short- and medium-term financing [1]	(2,236)	(2,179)
Net foreign exchange gains and (losses)	-	-
Other income (charges)	(131)	55
Total	**(2,367)**	**(2,124)**

[1] Of which €571,000 in respect of interest linked to IFRS 16

The Group's exposure to foreign exchange and credit risks is detailed in section *1.7.1*. of the management report.

6. Income tax

(in thousands of Euros)	31.12.2019	31.12.2018
Current taxes	(18,951)	(9,719)
Deferred taxes	(4,360)	528
Total	**(23,311)**	**(9,191)**

The tax calculation is implemented individually at each consolidated legal entity. The deferred taxes positions were recognised taking into account overall rates of 31%, based on provisional due dates for reversals of deferred tax bases.

The reconciliation of the total income tax expense recorded under consolidated net income and the theoretical income tax expense is established as follows:

(in thousands of Euros)	31.12.2019	31.12.2018
Pre-tax income of integrated companies	86,562	70,987
Non-tax profits (temporary exemption)	-	-
Use of deficits not recognised previously/Loss deficits	2,711	(1,236)
Long-term capital gain	-	-
Permanent and other differences (*)	1,818	1,568
Tax base	**91,091**	**71,319**
Tax at standard rate of 28%	(28,238)	(19,969)
Different tax rates	4,624	4,632
Tax credit	108	3,580
Other impacts (including tax adjustments)	195	2,566
Effective tax expense	**(23,311)**	**(9,191)**

(*) Of which €1.161 million in respect of the CIR and CICE.

Deferred taxes are presented below in *note 11(*)* concerning the treatment of assets valued at fair value through other comprehensive income – see note *1.7.4. Non-current financial assets*

The Group's exposure to foreign exchange and liquidity risks is detailed in section *1.7.1.* of the management report.

Deferred taxes.

7. Goodwill

(in thousands of Euros)	31.12.2019	31.12.2018
Net value on 1 January	46,711	51,537
Acquisitions during financial year	-	-
Adjustment of asset and liability values for operations acquired prior to financial year	49	34
Disposals	-	-
Translation differential (and other transactions)	298	144
Impairment	(1,856)	(5,004)
Net amount	**45,202**	**46,711**

Goodwill primarily concerns the sub-group AVON AUTOMOTIVE in the US in the amount of €26.527 million, the sub-group AUTOTUBE AB in Sweden in the amount of €10.359 million, AKWEL VIGO SPAIN S.L (formerly MGI COUTIER ESPAÑA SL) in Spain in the amount of €2.307 million and other entities in the amount of €6.009 million.

Following the tests conducted in 2019, the goodwill of AKWEL AUTOMOTIVE SWEDEN AB (formerly AUTOTUBE AB GROUP) was impaired in the amount of €1.792 million.

8. Other intangible assets

Changes to other intangible fixed assets were as follows:

(in thousands of Euros)	Software	Other	Total
Gross value recognised			
Value at 1 January 2019	11,747	-	11,747
Acquisitions	658	-	658
Disposals	(640)	-	(640)
Translation and other differences	161	-	161
Value at 31 December 2019	**11,926**	**-**	**11,926**
Total amortisations and impairment losses			
Value at 1 January 2019	(10,605)	-	(10,605)
Amortisation	(981)	-	(981)
Amortisation reversals	-	-	-
Net impairment losses	-	-	-
Disposals	637	-	637
Translation and other differences	(86)	-	(86)
Value at 31 December 2019	**(11,035)**	**-**	**(11,035)**
Net amounts recognised at 31 December 2019	**891**	**-**	**891**

9. Tangible fixed assets

9.1. Tangible fixed assets (excluding use rights)

Changes to tangible fixed assets were as follows:

(in thousands of Euros)	Land	Buildings	Technical installations, equipment & tooling	Other tangible fixed assets	Fixed assets under construction	Total
Gross value recognised						
Value at 1 January 2019	18,369	121,627	415,805	41,997	43,051	**640,849**
Reclassification of assets linked to use rights (lease) on 1 January 2019	(266)	(19,249)	(10,180)	(406)		**(30,101)**
Acquisitions	41	3,010	11,789	3,141	30,173	**48,154**
Disposals	-	(1,002)	(10,028)	(1,188)	415	**(11,803)**
Translation and other differences	385	5,292	29,102	730	(34,414)	**1,095**
Value at 31 December 2019	**18,529**	**109,678**	**436,488**	**44,274**	**39,225**	**648,194**
Cumulative depreciation and impairment losses						
Value at 1 January 2019	(143)	(52,398)	(272,439)	(32,081)	-	**(357,061)**
Reclassification of assets linked to use rights (lease) on 1 January 2019	-	14,900	10,180	406	-	**25,486**
Amortisation	(43)	(3,159)	(31,195)	(2,721)	-	**(37,118)**
Write-back	-	-	-	-	-	**-**
Net impairment losses	-	-	-	-	-	**-**
Disposals	-	9	10,246	1,140	-	**11,395**
Translation and other differences	-	(248)	252	115	-	**119**
Value at 31 December 2019	**(186)**	**(40,896)**	**(282,956)**	**(33,141)**	**-**	**(357,179)**
Net amounts recognised at 31 December 2019	**18,343**	**68,782**	**153,532**	**11,133**	**39,225**	**291,015**

9.2. Assets linked to use rights

Changes to fixed assets linked to use rights were as follows:

(in thousands of Euros)	Land	Buildings	Technical installations Equipment & Tooling	Other tangible fixed assets	Fixed assets under construction	Total
Gross value recognised						
Value at 1 January 2019	-	-	-	-	-	**-**
Reclassification of assets linked to use rights (lease) on 1 January 2019	266	19,249	10,180	406	-	**30,101**
Other assets linked to use rights at 1 January 2019	-	15,592	111	-	-	**15,703**
Increases	-	857	-	-	-	**857**
Decreases	-	-	-	-	-	**-**
Translation differences	-	(151)	-	-	-	**(151)**
Value at 31 December 2019	**266**	**35,547**	**10,291**	**406**	**-**	**46,510**
Cumulative depreciation and impairment losses						
Value at 1 January 2019	-	-	-	-	-	**-**
Reclassification of assets linked to use rights (lease) on 1 January 2019	-	(14,900)	(10,180)	(406)	-	**(25,486)**
Other assets linked to use rights at 1 January 2019	-	(3,724)	(7)	-	-	**(3,731)**
Amortisation	-	(2,780)	(29)	-	-	**(2,809)**
Reversals	-	-	-	-	-	**-**
Net impairment losses	-	-	-	-	-	**-**
Decreases	-	-	-	-	-	**-**
Translation differences	-	77	-	-	-	**77**
Value at 31 December 2019		**(21,326)**	**(10,216)**	**(406)**	**-**	**(31.948)**
Net amounts recognised at 31 December 2019	**266**	**14,221**	**75**	**-**	**-**	**14,562**

As indicated in note *1.7.3.* , the analysis conducted did not result in impairment tests being conducted on assets linked to use rights alone.

In accordance with the IAS 7 standard, increases and decreases that do not generate cash flow are not listed under investment flows in the cash flow table.

10. Non-current financial assets

Changes to non-current financial assets were as follows:

(in thousands of Euros)	Participating interests (*)	Other	Total
Gross value recognised			
Value at 1 January 2019	3,856	3,326	7,182
Increases	-	422	422
Decreases	-	(1,007)	(1,007)
Changes in the scope of consolidation	-	-	-
Translation and other differences	2	397	397
Value at 31 December 2019	**3,858**	**3,138**	6,996
Total amortisations and impairment losses			
Value at 1 January 2019	(1,991)	(1,972)	(3,963)
Impairments	(1,500)	-	(1,500)
Net impairment losses	-	-	-
Transfers / write-backs	-	-	-
Changes in the scope of consolidation	-	-	-
Translation and other differences	(1)	(2)	(3)
Value at 31 December 2019	**(3,492)**	**(1,974)**	**(3,966)**
Net amounts recognised at 31 December 2019	**366**	**1,164**	**1,530**

(*) concerning the treatment of assets valued at fair value through other comprehensive income – see note *1.7.4. Non-current financial assets*

The Group's exposure to foreign exchange and liquidity risks is detailed in section *1.7.1.* of the management report.

11. Deferred taxes

Deferred taxes (€6.728 million in assets, €7.157 million in liabilities, giving a net amount of €429,000) are broken down as follows:

(in thousands of Euros)	31.12.2019	31.12.2019
Expert revaluation of land in France	(875)	(875)
Special amortisations and other regulated provisions	(7,913)	(8,736)
Pension	1,498	1,223
Activated tax losses	6,649	8,734
Other differences	(212)	3,145
Total	**429**	**3,491**
Of which deferred tax assets	**6,728**	**8,655**
Of which deferred tax liabilities	**(7,157)**	**(5,164)**

The application of IFRS 16 on 1 January 2019 did not result in the recognition of significant deferred taxes.

As at 31 December 2019, non-activated losses were as follows:

(bases - in thousands of Euros)	31.12.2019	31.12.2018
AKWEL SANT JUST SL	24,046	24,046
AKWEL VANNES FRANCE	4,154	4,232
AVON AUTOMOTIVE COMPONENTS CHONGQING CO LTD	8,413	6,181
WUHAN MGI COUTIER AUTO PARTS CO LTD	1,433	1,615
Total	**38,046**	**36,074**

The losses of AKWEL VANNES FRANCE and of AKWEL SANT JUST SL are capitalised at a rate of 28% insofar as these tax losses will likely be used in the next three years.

12. Inventories

(in thousands of Euros)	Gross value 31.12.2019	Prov. for impairment	Net value 31.12.2019	Net value 31.12.2018
Materials, components & goods	51,552	(7,100)	44,452	39,946
Semi-finished and finished products	74,143	(3,863)	70,280	63,532
Work in progress	31,631	(698)	30,933	33,139
Total	**157,326**	**(11,661)**	**145,665**	**136,617**

13. Trade accounts receivable and other assets linked to customer contracts

(in thousands of Euros)	31.12.2019	31.12.2018
Trade accounts receivable	188,393	184,347
Impairment allowances	(670)	(1,044)
Net value	**187,723**	**183,303**

Trade receivables fall due within less than one year.

The Group is not able to communicate the total amount of receivables due. Monthly monitoring is performed by each entity that is not consolidated. However, given the attention traditionally paid to this subject, receivables due are very low, including in the case of delays from one to five days.

Receivables more than six months old, not impaired, are not significant. There are no other significant debts not impaired.

Nearly all impairment provisions relate to doubtful debts, all of which are depreciated by amounts excluding tax. No significant provisions occurred during the financial year.

14. Other current receivables

(in thousands of Euros)	31.12.2019	31.12.2018
Deferred expenses	2,020	2,785
Deferred tax	44,998	44,108
Social security and other receivables	959	1,800
Assets on contracts (1)	19,064	2,533
Gross value	**67,041**	**51,226**
Impairment	(234)	(433)
Net value	**66,807**	**50,793**

(1) Assets on contracts correspond exclusively to advances and prepayments on orders.

All receivables classified under the heading "Other receivables" are deemed as falling due in less than one year.

15. Share capital

As at 31 December 2019, the capital was comprised of 26,741,040 shares with a nominal value of €0.8. The family Group holds 67.53% of the capital, with 57.33% held by the company COUTIER DEVELOPPEMENT.

The Company is not subject to any obligation related to a regulatory or contractual nature regarding share capital.

The Company does not adopt a specific management policy concerning capital. Decisions between external funding and capital increase are made on a case-by-case basis according to the estimated operations. Shareholders' equity monitored by the Group encompasses the same components as consolidated shareholders' equity.

16. Current and non-current provisions

(in thousands of Euros)	31.12.2018	Increases	Uses	Unallocated write-backs/Other transactions	31.12.2019
Retirement & severance benefits	11,189	2,311	(1,002)	(196)	12,302
Other provisions for liabilities and charges	36,389	11,289	(15,784)	(29)	31,865
Total	**47,578**	**13,600**	**(16,786)**	**(225)**	**44,167**

The variations of scope occurring over the financial year are not significant.

Retirement benefits were calculated in accordance with note *1.7.9.* . Retirement benefits paid during the financial year totalled €817,000, versus 1.152 million in respect of the previous financial year.

The increase in other provisions for liabilities and charges is primarily due to technical and commercial liabilities, notably warranty returns. In the latter case, the amounts recognised under allowances for provisions were estimated based on warranty returns observed during the financial year, contractual warranty periods and available historical data net of insurance income.

At 31 December 2019, provisions are broken down as follows based on their due date:

- less than one year: €14.040 million,
- more than one year: €30.127 million.

At the close of the financial years presented, there are no significant assets and liabilities.

17. Net financial debts

Financial debts are analysed as follows:

(in thousands of Euros)	31.12.2018	Issuance of debt	Repay-ments	Translation and other differences	Change of method	31.12.2019
Debts and borrowings from credit institutions	126,663	40,000	(41,014)	180		125,829
Debts on lease obligations	-	857	(2,396)	(85)	12,265	10,641
Other	-	-	-	-	-	-
Other financing	6,070	-	(3,300)	-	-	2,770
Bank credit balances	562	-	(179)	-		383
Sub-total Financial debts	**133,295**	**40,857**	**(46,889)**	**95**	**12,265**	**139,623**
Sub-total Cash and cash equivalents	**92,700**	**12,276**	**-**	**(33)**	**-**	**104,943**
Net financial debts	**40,595**	**28,581**	**(46,889)**	**128**	**12,265**	**34,680**

The column "Change of method" notably includes the first application of IFRS 16 on 31 December 2019.

At 31 December 2019, financial debts are broken down as follows based on their due date:

- less than one year: €66.701 million (€46.886 in 2018);
- one to five years: €67.211 million (€77.889 in 2018);
- more than five years: €5.711 million (€8.52 million in 2018).

At the close of the financial years presented, the Group had no debts on the acquisition of securities. Fixed-rate debts totalled €96.853 million and variable-rate debts €42.77 million.

Certain bank loans are subject to compliance with financial covenants (based on profitability, indebtedness and capitalisation criteria). All Group companies abided by all of these covenants as at 31 December 2019.

The Group's exposure to credit and liquidity risks is detailed in section *1.7.1*. of the management report.

18. Other debts

(in thousands of Euros)	31.12.2019	31.12.2018
Advances and deposits received	5,171	5,850
Deferred payments	387	846
Sub-total Other liabilities on contracts	**5,558**	**6,696**
Tax debts	9,374	8,496
Payroll expenses	33,742	30,182
Other debts	448	135
Total	**49,122**	**45,509**

Deferred payments mainly correspond to tooling invoiced early at the request of the customers concerned.

19. Assets and liabilities held for sale or discontinuation

Assets and liabilities held for sale or discontinuation are not of a significant amount.

20. Off-balance sheet commitments and granted guarantees

Commitments linked to external growth operations: none.

Commitments related to financial operations:

As at 31 December 2019, the amount of other commitments to financial organisations was

- €10.266 million in respect of sureties granted by the parent Company for the requirements of certain Group foreign subsidiaries, including:

  AKWEL VIGO SPAIN SL: €7.5 million;
  SINFA CABLES SARL: €1.031 million;
  BIONNASSAY REAL ESTATE: €833,000;
  AKWEL GEBZE TURKEY OTOMOTIV SANAYI LIMITED SIRKETI (formerly AVON OTOMOTIV SANAYI VE TICARET LIMITED SIRKETI): €400,000;
- €8.773 million in respect of mortgages and guarantees granted on non-financial assets (this amount already being included under the Group's financial debts).

Other commitments:

The three British subsidiaries, MGI COUTIER UK LTD, MGI COUTIER FINANCE LTD and AKWEL CHIPPENHAM UK LTD, wholly owned directly or indirectly by AKWEL, benefit from the provisions of article 479a of the Companies Act of 2006, pertaining to the exemption from audit for subsidiary companies. As a shareholder, AKWEL has granted its agreement for these three subsidiaries in order not to be subject to a legal audit of accounts. As a result, AKWEL has provided a legal guarantee as required by article 479c of the British Companies Act of 2006 in respect of debts contracted by MGI COUTIER UK LTD, MGI COUTIER FINANCE LTD and AKWEL CHIPPENHAM UK LTD as at 31 December 2019.

21. Headcount

The breakdown of employees by category, at year-end, is analysed as follows:

	31.12.2019	31.12.2018
Executives	595	587
Employees and technicians	3,574	3,832
Operatives	7,702	7,350
Total	**11,871**	**11,769**

As at 31 December 2019, the Group's total headcount was 11,871 people, 1,697 of whom were in France. Changes in headcount are as follows:

Companies	31.12.2019	31.12.2018
AKWEL (PARENT COMPANY)	1,476	1,563
AKWEL TOOLING FRANCE (formerly DEPLANCHE FABRICATION SARL)	22	21
AKWEL VANNES FRANCE (formerly AVON POLYMERES FRANCE SAS)	199	212
Total France	**1,697**	**1,796**
NINGBO MGI COUTIER AUTO PLASTICS CO LTD	132	150
AKWEL MATEUR TUNISIA SARL (formerly MGI COUTIER TUNISIE SARL)	973	887
AKWEL CORDOBA ARGENTINA SA (formerly MGI COUTIER ARGENTINA SA)	17	27
AKWEL JUNDIAI BRAZIL LTDA (formerly MGI COUTIER BRASIL LTDA)	44	50
MGI COUTIER UK LTD	109	121
AKWEL BURSA TURKEY OTOMOTIV AS (formerly MGI COUTIER MAKINA YEDEK PARÇA IMALAT VE SANAYI A.S.)	887	734
AKWEL VIGO SPAIN S.L (formerly MGI COUTIER ESPAÑA SL)	341	387
AKWEL TIMISOARA ROMANIA SRL (formerly MGI COUTIER RO SRL)	717	695
AKWEL PUNE INDIA PVT LTD (formerly MGI COUTIER ENGINEERING PRIVATE LTD)	24	20
AKWEL CADILLAC USA INC (formerly CADILLAC RUBBER & PLASTICS INC)	540	643
AKWEL JUAREZ MEXICO SA DE CV (formerly CADIMEX SA DE CV)	1,422	1,273
AKWEL ORIZABA MEXICO SA DE CV (formerly CADILLAC RUBBER & PLASTICS DE MEXICO SA DE CV)	1,883	1,538
AKWEL CHIPPENHAM UK LIMITED (formerly AVON AUTOMOTIVE UK HOLDINGS LIMITED)	45	45
AKWEL GEBZE TURKEY OTOMOTIVE SANAYI LIMITED SIRKETI (formerly AVON OTOMOTIV SANAYI VE TICARET LIMITED SIRKETI)	749	718

Companies	31.12.2019	31.12.2018
AKWEL GERMANY SERVICES GMBH (formerly AVON AUTOMOTIVE DEUTSCHLAND GMBH)	10	10
AKWEL RUDNIK CZECH REPUBLIC A.S (formerly AVON AUTOMOTIVE A.S)	690	662
AKWEL SANT JUST SPAIN S.L (formerly INDUSTRIAL FLEXO SL)	165	181
AKWEL TONDELA (PORTUGAL), LDA (formerly AVON AUTOMOTIVE PORTUGAL LDA)	573	620
GOLD SEAL AVON POLYMERS PRIVATE LIMITED	144	155
AKWEL JAPAN SERVICES CO LTD (formerly AVON AUTOMOTIVE JAPAN CO LTD)	3	3
AVON AUTOMOTIVE COMPONENTS CHONGQING CO LTD	91	141
AKWEL AUTOMOTIVE SWEDEN AB (formerly AUTOTUBE AB)	330	326
AKWEL PAREDES DE COURA (PORTUGAL) UNIPESSOAL, LDA (formerly MGI COUTIER LUSITANIA)	206	223
AKWEL EL JADIDA MOROCCO SARL (formerly MGI COUTIER MAROC SARL)	173	133
SINFA CABLES SARL	65	68
WUHAN MGI COUTIER AUTO PARTS CO LTD	62	80
AKWEL RAYONG (THAILAND) CO, LTD (formerly MGI COUTIER THAILAND CO LTD)	79	81
AKWEL VIDIN (BULGARIA) EOOD (formerly MGI COUTIER BULGARIA EOOD)	0	2
Total	**11,871**	**11,769**

22. Financial instruments

Balance sheet items - 2019 financial year (in thousands of Euros)	Name of financial instruments	Fair value levels (see below)	Net book value	Fair value
Assets				
Non-consolidated securities and related receivables	A	2	366	366
Other non-current financial assets	D	-	1,164	1,164
Trade and other receivables	D	-	187,723	187,723
Other current assets (excluding deferred expenses, tax receivables)	D	-	2,100	2,100
Fair value of financial instruments	B	2	-	-
Cash and cash equivalents	B	1	104,943	104,943
Liabilities				
Financial debt (non-current and current portion)	C	2	139,240	139,240
Share acquisition debts (non-current and current portion)	C	2	-	-
Bank credit facilities	D	2	383	383
Fair value of financial instruments	B	2	-	-
Trade and other accounts payable	D	-	117,354	117,354
Other current liabilities (excluding deferred revenue, tax liabilities and payroll expenses)	D	-	5,619	5,619

A: Financial assets and liabilities valued at amortised cost.
B: Financial assets at fair value through other comprehensive income (a).
C: Assets at fair value through profit or loss.
D: Financial liabilities at fair value (a).
E: Derivative financial instruments.

When the fair value is used, either to value the financial assets/liabilities (as is the case with short-term investments) or in order to provide information in the appendix in the preceding table on the fair value of other financial assets/liabilities, financial instruments are broken down according to the organisation defined by the IFRS 13 standard, which was introduced in 2013 and which is very similar to the IFRS 7 standard previously implemented.

The definitions of fair value levels are presented in note *1.10. Financial instruments - Financial assets and liabilities, Derivative financial instruments*.

No valuation level is indicated when the net book value is close to the fair value.

23. Directors' remuneration

Remuneration paid to the members of the Executive Board concerning the Company totalled €2,898,215 in respect of the financial year ended 31 December 2019 (€2,400,335 in 2018), while remuneration paid to the members of the Supervisory Board totalled €306,083 (€451,702 in 2018).

24. Share purchase options

The Company has not authorised or agreed upon any purchase share option for directors.

25. Risks and disputes

The review of risks that could have a significant adverse effect on the Group's business, financial position or results is presented in the management report in *1.7. Risk factors*.

26. Business combinations

The impacts of acquisitions during the period are not significant.

27. Post-closing events

The only major event since the close of the financial year and the date of preparation of the management report concerns Covid-19. A specific section addresses this subject in the management report.

28. Statutory Auditors' fees

(in euros)	MAZARS SA - MAZARS			ORFIS SAS – ORFIS (1)			OTHER (2)		
	Total (excl. tax)		%	Total (excl. tax)		%	Total (excl. tax)		%
	Y	Y-1	(Y)	Y	Y-1	(Y)	Y		
Audit									
Auditing of accounts, certification, examination of individual and consolidated financial statements:									
Issuer	110,600	99,350	-	101,350	88,250	-	-	-	-
Fully-consolidated subsidiaries	258,203	213,369	-	-	-	-	135,227	111,194	-
Services other than account certification:									
Issuer	6,000	6,000	-	-	-	-	-	-	-
Fully-consolidated subsidiaries	-	-	-	-	-	-	-	-	-
Sub-total	**374,803**	**318,719**	**18%**	**101,350**	**88,250**	**15%**	**135,227**	**111,194**	**22%**
Other services delivered by the networks to fully-consolidated subsidiaries									
Legal, tax, social	56,640	57,679	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Sub-total	56,640	57,679	-	-	-	-	-	-	-
Total	**431,443**	**376,397**	**15%**	**101,350**	**88,250**	**15%**	**135,227**	**111,194**	**15%**

(1) ORFIS SAS as a member of Allinial Global International
(2) OTHER corresponds to the fees received by the members of Allinial Global International

Services other than account certification concern tax compliance reviews, notably in terms of transfer prices.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

ORFIS
149, Boulevard de Stalingrad
69100 Villeurbanne

MAZARS
Le Premium
131, boulevard de Stalingrad
69624 Villeurbanne

Financial year ended 31 December 2019

To the General Meeting of the company AKWEL,

Opinion

In accordance with the terms of our appointment by your General Meeting, we audited the consolidated financial statements of the company AKWEL concerning the financial year ended 31 December 2019, as attached to the present report. These financial statements were closed by the Executive Board on 6 April 2020 based on the items available on that date in a changing context involving the Covid-19 health crisis.

We certify that the consolidated financial statements are, in respect of the IFRS standard as adopted in the European Union, accurate and truthful and provide a true picture of operations during the last financial year, as well as of the financial position and assets, at the end of the financial year, of the group comprised of the individuals and entities included in the scope of consolidation.

The opinion formulated below is consistent with the content of our report to the audit committee.

Basis of the opinion

Audit benchmark

We conducted our audit in accordance with the professional standards applicable in France. We believe that the items we gathered are sufficient and appropriate for supporting our opinion.

The responsibilities incumbent upon us in respect of these standards are indicated in the section "Responsibilities of the Statutory Auditors concerning the audit of the consolidated financial statements" of the present report.

Independence

We conducted our audit assignment in accordance with the rules of independence that apply to us, during the period from 1 January 2019 to the date on which our report was issued, and notably we did not provide services prohibited by article 5, paragraph 1, of regulation (EU) no. 537/2014 or by the accounting profession's code of ethics.

Observation

Without calling into question the opinion expressed above, we draw your attention to the point laid out in note *1.* of the appendix to the consolidated financial statements, which presents the new standards, amendments and interpretations that your Company applied from 1 January 2019, notably the IFRS 16 standard.

Explanatory notes on our assessment - Key points of the audit

Pursuant to the provisions of article L.823-9 and R.823-7 of the French Commercial Code concerning the justification of our assessments, we bring to your attention the key points of the audit concerning the risks of significant anomalies, which, in our professional opinion, were the most significant for the audit of the consolidated financial statements for the financial year, as well as the responses that we provided to these risks.

The performed assessments form part of the context of the audit of the consolidated financial statements as a whole, closed under the aforementioned conditions, and of the formation of our opinions expressed above. We did not express an opinion on items of these consolidated financial statements viewed in isolation.

Assessment of provisions linked to technical and commercial liabilities

Note Accounting principles and methods – Provisions and note Long-term provisions of the appendix to the consolidated financial statements

Risk identified

As the Group is present in numerous countries and supplies numerous automotive manufacturers, it is exposed to the risks inherent in its activity, notably concerning the commercial and industrial aspects.

In this context, the Group may encounter uncertain, litigious or contentious situations, notably in relation to technical risks and recall campaigns conducted by automotive manufacturers.

The risk assessment is regularly reviewed by the group's management. The incomplete identification and/or incorrect assessment of a risk may cause the Group to overestimate or underestimate its provisions.

At the close of the 2019 financial year, other provisions for liabilities and charges totalled €44.2 million and were primarily linked to technical and commercial liabilities. We felt that the assessment of provisions linked to technical and commercial liabilities was a key point of our audit given the potential Group-wide financial stakes and the management's judgement in the assessment of the risks and amounts recognised.

Responses provided during our audit

Our work notably consisted of:

- obtaining external confirmations from lawyers, enabling us to compile an inventory of disputes and contentious situations involving the group;
- familiarising ourselves with the risk analysis conducted by the group, with the corresponding documentation and, where applicable, reviewing the written consultations of its external advisors;
- meeting the product line director concerned by technical liabilities;
- assessing the main risks identified and examining the reasonable nature of the assumptions chosen by the Management in view of the information collected to assess the amount of provisions recognised.

Goodwill valuation and amortisation

Note Accounting principles and methods – Goodwill and note Goodwill of the appendix to the consolidated financial statements

Risk identified

As part of its development, the Group has been led to undertake targeted external growth transactions and recognise several goodwill items.

This goodwill, which in the present case corresponds to the difference between the price paid and the fair value of the assets and liabilities acquired, is described in the note "Accounting methods and principles – Goodwill". There were assigned to the groups of cash generating units (CGU), activities into which the companies acquired have been integrated.

The Management ensures during each financial year that the book values of this goodwill, appearing on the balance sheet in the amount of €45.2 million as at 31 December 2019, are not greater than their recoverable values and do not pose a risk of impairment loss. However, any adverse development in the anticipated returns on the activities to which this goodwill has been assigned, for example due to factors linked to the economic and financial environment, is liable to substantially affect the recoverable value and necessitate the recognition of impairments. Such a development involves reassessing the relevance of all of the assumptions used to determine these values, as well as the reasonable and coherent nature of the calculation parameters.

The terms of the impairment tests implemented are described in the note "Accounting principles and methods – Goodwill" and the details of the assumptions adopted are presented in the note "Goodwill". The recoverable values were determined with reference to the values in use, calculated based on the discounted values of cash flow expected from the groups of assets comprising the activities.

Determining the recoverable value of goodwill, which totals a significant amount, is based in particular on the management's judgement, notably regarding the growth rate used for the cash flow projections and the discount rate that is applied to them.

We therefore viewed the valuation of goodwill as a key point of the audit.

Responses provided during our audit

Our work notably consisted of:

- Examining the compliance of the methodology applied by the company with current accounting.
- Conducting a critical examination of the methods of implementing this methodology and verifying in particular:
  - The exhaustiveness of the items comprising the book values of the CGU groups relating to the activities tested and the coherence of the determination of these values with the way in which the cash flow projections were determined for the values in use;
  - The reasonable nature of the cash flow projections relative to the economic and financial context in which the activities operate and the reliability of the process of establishing estimates by examining the causes of the differences between forecasts and actual achievements;
  - The coherence of these cash flow projections with the management's latest estimates as presented to the supervisory board as part of the budget processes;
  - The coherence of the growth rates used for the flows;
  - The calculation of the discount rates applied to the estimated cash flows expected by verifying the various discount parameters;
  - The analysis of the sensitivity of the values in use conducted by the Management to a change in the main assumptions adopted.
- We also assessed the appropriateness of the information presented in the notes of the appendix to the consolidated financial statements.

Specific check

In accordance with professional standards applicable in France, we also conducted a specific verification, as provided for by law, of the information concerning the group and provided in the Executive Board's management report of 6 April 2020. Concerning events occurring and items arising after the reporting date concerning the effects of the Covid-19 crisis, the management indicated to us that they would be communicated at the General Meeting convened to approve the financial statements.

We have no observation to make regarding the veracity of the information and its consistency with the consolidated financial statements.

We certify that the consolidated filing of non-financial performance provided for in article L. 225-102-1 of the French Commercial Code appears in the information concerning the group provided in the management report, it being stated that, in accordance with the provisions of article L. 823-10 of this Code, we did not verify whether the information contained in this filing is truthful or whether it is consistent with the consolidated financial statements; this information must be addressed in a report by an independent third-party body.

Information resulting from other legal and regulatory obligations

We were appointed the Statutory Auditors for the financial statements of the company AKWEL by the Ordinary General Meeting of 23 February 2004 in the case of the consulting firm MAZARS and by the Ordinary General Meeting of 24 June 2005 in the case of the consulting firm ORFIS.

As at 31 December 2019, the consulting firm MAZARS was in the 16th uninterrupted year of its assignment and the consulting firm ORFIS was in the 15th uninterrupted year of its assignment.

Responsibilities of the Management and of the individuals conducting corporate governance concerning the consolidated financial statements

It is the management's responsibility to establish consolidated financial statements that present a true picture in accordance with the IFRS standard as adopted in the European Union, as well as to implement the internal control that it believes is necessary in order to establish consolidated financial statements that do not contain any significant anomalies, whether as a result of fraud or errors.

During the preparation of the consolidated financial statements, it is the management's responsibility to assess the company's ability to continue its operation, to present in these financial statements, where applicable, the necessary information concerning the continuity of operations and to apply the accounting policy for a going concern, unless plans are in place to liquidate the company or discontinue its activity.

It is the audit committee's responsibility to monitor the process of preparing the financial information and to monitor the effectiveness of the internal control and risk management systems, as well as, where applicable, of the internal audit concerning the procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements were closed by the Executive Board.

Responsibilities of the Statutory Auditors concerning the audit of the consolidated financial statements

Audit objective and approach

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements as a whole do not contain any significant anomalies. Reasonable assurance corresponds to a high level of assurance, although it does not guarantee that an audit conducted in accordance with professional standards systematically detects all significant anomalies. Anomalies may arise from fraud or result from errors and are considered significant if it is reasonable to expect that they may, considered individually or cumulatively, influence the business decisions that the users of the financial statements make by drawing on them.

As stated in article L.823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not consist of guaranteeing the viability or quality of your company's management.

In an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises its professional judgement throughout the audit. Furthermore:

- It identifies and assesses the risks that the consolidated financial statements contain significant anomalies, whether these arise from fraud or result from errors, defines and implements audit procedures to contend with these risks and gathers elements that it deems sufficient and appropriate to form its opinion. The risk of not detecting a significant anomaly arising from fraud is higher than the risk of not detecting a significant anomaly resulting from an error, as fraud may involve collusion, falsification, intentional omissions, false declarations or the bypassing of internal control.
- It familiarises itself with the internal control relevant to the audit in order to define appropriate audit procedures for the circumstances, rather than to express an opinion on the effectiveness of internal control.
- It assesses the appropriateness of the accounting methods used and the reasonable nature of the accounting estimates made by the management, as well as the information concerning these and provided in the consolidated financial statements.
- It assesses the appropriateness of the management's application of the accounting policy for a going concern and, based on the items collected, the existence or otherwise of a significant uncertainty linked to events or circumstances liable to call into question the company's ability to continue its operations. This assessment draws on the items collected until the date of its report, although subsequent circumstances or events could nevertheless call into question the continuity of operations. If it concludes that a significant uncertainty exists, it draws the attention of the readers of its report to the information provided in the consolidated financial statements regarding this uncertainty or, if this information is not provided or is not relevant, it formulates a certification with reservations or a refusal to certify.
- It assesses the overall presentation of the consolidated financial statements and assesses whether the consolidated financial statements reflect the underlying operations and events in such a way that they provide a true picture of them.
- Concerning the financial information on the persons or entities included in the scope of consolidation, it collects items that it deems sufficient and appropriate to express an opinion on the consolidated financial statements. It is responsible for the management, supervision and conduct of the audit of the consolidated financial statements, as well as for the opinion expressed regarding these financial statements.

Report to the Audit Committee

We submitted a report to the audit committee that notably presents the extent of the audit work and the work programme put in place, as well as the conclusions resulting from our work. We also bring to its attention, where applicable, the significant weaknesses in internal control that we identified concerning the procedures relating to the preparation and processing of accounting and financial information.

The items communicated in the report to the audit committee include the risks of significant anomalies that we deemed to have been the most important for the audit of the consolidated financial statements for the financial year and which, as a result, constitute the key points of the audit. These points are described in the present report.

We also provide to the audit committee the statement indicated in article 6 of regulation (EU) no. 537-2014 confirming our independence, under the rules applicable in France as established notably by articles L.822-10 to L.822-14 of the French Commercial Code and in the accounting profession's code of ethics. Where applicable, we meet with the audit committee to discuss the risks adversely affecting our independence and the safeguarding measures applied.

Drawn up in Villeurbanne, on 15 April 2020

The Statutory Auditors

ORFIS	MAZARS
Mr Jean-Louis Flèche	Mr Frédéric Maurel

FINANCIAL STATEMENTS - AKWEL

BALANCE SHEET

Corporate financial statements
as at 31 December 2019
(in thousands of Euros)

ASSETS	Notes no.	Gross amounts	Amortisation or provisions	31.12.2019 Net amounts	31.12.2018 Net amounts
Intangible fixed assets	3.1.	**15,293**	**13,276**	**2,017**	**2,378**
Tangible fixed assets	3.1.				
Land		679	170	509	498
Buildings		26,687	16,481	10,206	10,584
Plant, machinery and equipment		168,132	131,163	36,969	41,510
Other tangible assets		21,401	17,422	3,978	4,262
Assets under construction, advances and progress payments		3,426	-	3,426	2,414
		220,324	**165,237**	**55,087**	**59,268**
Financial assets	3.2.				
Equity investments and related debts		325,558	58,696	266,862	264,596
Other financial assets		521	122	399	347
		326,079	**58,817**	**267,261**	**264,943**
Inventories	3.3.	**41,548**	**6,459**	**35,089**	**34,815**
Advances and received downpayment		**17,834**		**17,834**	**1,586**
Accounts receivable					
Trade and other receivables	*0*	60,426	88	60,339	64,754
Non-trade receivables	3.5.	16,042	34	16,007	18,396
		76,468	**122**	**76,346**	**83,150**
Cash assets and marketable securities	3.6.	**33,522**		**33,522**	**39,816**
Deferred Expenses		**589**	-	**589**	**480**
Charges deferred over several financia years	3.8.	**556**	-	**556**	**-**
Translation Gains/Losses on Assets		**-**	**-**	**-**	**-**
Total Assets		**732,214**	**243,912**	**488,302**	**485,491**

LIABILITIES	Notes no.	31.12.2019	31.12.2018
Shareholders' equity	*3.9.*		
Share capital		21,393	21,393
Merger premiums and additional paid-in capital		9,705	9,705
Legal reserve		2,139	2,139
Regulatory reserves		41	41
Other reserves		-	-
Retained earnings		127,891	143,256
Interim dividends		-	-
Profit/loss for the financial period		(253)	(7,344)
Regulatory provisions	*3.8.*	28,273	28,268
Net Provision Before Distribution		**189,190**	**197,458**
Other equity			
Conditional subsides		**-**	-
Provisions for Liabilities & Charges	*3.10.*	**25,184**	**31,140**
Debts			
Financial debt	*3.11.*	125,215	120,862
Associates - various financial debts	*3.11.*	74,320	65,084
Trade and other accounts payable		58,291	54,150
Tax liabilities and personnel expenses	*3.12.*	12,481	13,052
Other debts	*3.12.*	3,619	3,505
		273,926	**256,653**
Deferred Revenue		**-**	**240**
Translation Gains/Losses on Liabilities		**2**	**-**
Total Liabilities		**488,302**	**485,491**

INCOME STATEMENT

As at 31 December 2019
Corporate financial statements
(in thousands of Euros)

	Notes no.	31.12.2019 (12 months)	31.12.2018 (12 months)
NET REVENUE	4.1.	**394,716**	**408,585**
Change in inventoried products		(170)	(4,710)
Operating subsidies		-	-
Other operating profits		8,042	5,435
OPERATING PROFITS		**402,588**	**409,310**
Purchases		(84,892)	(86,177)
Variation in inventory and WIP		1,239	(384)
Other purchases and external charges		(216,567)	(214,778)
ADDED VALUE		**102,368**	**107,971**
Taxes and dues		(4,936)	(5,035)
Personnel costs		(74,985)	(77,725)
EBITDA		**22,446**	**25,211**
Amortisation allowances		(12,826)	(12,628)
Write-offs and provisions		5,136	(12,393)
Other income and (expenses)		(621)	(1,049)
OPERATING PROFIT		**14,136**	**(859)**
Financial income and (expenses)	4.2.	(13,637)	(10,110)
CURRENT PROFIT (LOSS) BEFORE TAX		**498**	**(10,969)**
Exceptional income and (expenses)	4.3.	(305)	(10)
Employee profit-sharing		-	-
INCOME BEFORE TAX		**193**	**(10,979)**
Tax provisions	4.4.	(446)	(3,635)
NET INCOME		**(253)**	**(7,344)**

APPENDIX TO THE CORPORATE FINANCIAL STATEMENTS

31 December 2019

1. Presentation of the Company and financial year highlights

The Company's activity consists of designing, developing and producing tooling and parts primarily marketed to French and foreign automotive and truck manufacturers. Its mission is to be simultaneously a designer, manufacturer and functional assembler.

As the parent company, the Company also coordinates the industrial and financial activities of all the subsidiaries of the Group, of which it is the parent company.

The annual financial statements are presented in thousands of euros.

Over the last financial year, the major activities in terms of the scope of business or organisation are as follows:

- Decline in revenue significantly less than developments in diesel engines and on both the French and European automotive market;
- Increase in the costs of warranty returns, which adversely affected both added value and EBITDA;
- Return to largely positive operating income thanks to the absence, during the financial year, of non-recurring allowances for provisions for warranty returns and recall campaigns;
- Further decline in financial income due to the increase in allowances for provisions for securities and receivables attached to significant holdings (these allowances being primarily linked to the fall in the current and foreseeable profitability of the Swedish entities).

2. Accounting principles and valuation method

2.1. Accounting principles

The financial statements as at 31 December 2019 are presented in accordance with generally accepted accounting principles in France and take into account ANC regulation no. 2014-03 of 5 June 2014 concerning the rewriting of the French General Accounting Plan and amended by regulation 2016-07.

The general accounting conventions were applied in accordance with the precautionary principle and the basic assumptions of:

- continuous operation,
- consistency of accounting methods from one financial year to another,
- independence of financial years,

and in accordance with the general rules for preparing and presenting annual accounts.

No accounting method change occurred during the financial years presented.

2.2. Fixed assets and amortisation

Fixed assets are valued at their acquisition or production cost.

2.2.1. Intangible assets

Costs of design and development are entered as expenses over the financial year during which they are incurred.

Goodwill is entered based on its transfer value. Goodwill appearing on the balance sheet will be subject to a provision for depreciation if the inventory value is lower than the book value. The inventory value is determined based on criteria linked to observed profitability and future projections for the activity concerned. Following the implementation on 1 January 2005 of the regulation 2002-10, the Company no longer amortises goodwill entered as an asset on the balance sheet.

IT equipment and software programmes are amortised over a period of 12 months. Other software packages or expenses incurred during the introduction of a new computer system (SAP) are capitalised and amortised over a period of three years.

Patents are amortised over their protection period.

The Company conducts impairment tests on its goodwill every year.

The duration of use of goodwill is presumed to be unlimited.

The Company impairs the value of an asset if its current value (the venal value or value in use, whichever is higher) falls below its net book value.

2.2.2. Tangible assets

Depreciation of tangible assets is calculated over the period of useful life of the assets on a straight-line or declining-balance method.

The main applicable periods of depreciation can be summarised as follows:

- Buildings: 25 to 40 years;
- Building fixtures and fittings: 5 to 10 years;
- Technical installations: 5 to 10 years;
- Equipment and industrial tooling: 5 to 10 years;
- General installations: 10 years;
- Furniture, office equipment: 5 to 10 years.

Additional depreciation resulting from the implementation of tax provisions (declining, exceptional balance) are treated as accelerated tax depreciation, which is entered under "regulated provisions".

2.2.3. Financial assets

Participating interests and other fixed securities are entered on the assets side of the balance sheet at their acquisition cost.

Participating interests are subject to an impairment provision if their value in use is lower than their book value. The value in use of participating interests is assessed using several criteria, in particular shareholders' equity, multiples of gross operating margin, and development and profitability prospects.

2.3. Receivables from participating interests

As of 2 January 2002, the Company has implemented cash management agreements with all subsidiaries of the Group. These stipulate that all intra-group receivables and commercial debts due and not reimbursed are considered as cash advances. As the settlement of these advances is not planned, they are entered under the headings "receivables attached to ownership equity" or "debts attached to ownership equity".

The receivables concerned are valued at their nominal value and may be depreciated in line with the analysis of equity interests to take into account non-recovery risks to which they may be exposed according to the information known on the closing date.

2.4. Inventories

Inventories are valued at the purchase price of raw materials in accordance with the "first in, first out" method, and at the manufactured cost for finished and work-in-progress products. The manufactured cost excludes general costs not contributing to production and financial costs.

The necessary provisions are made for stocks presenting a risk of obsolescence, or where the cost is greater than the realisable value. Tooling is valued at the full cost (external costs) within the limit of the price invoiced to customers.

2.5. Trade receivables

Accounts receivable and debts are valued at their nominal value. Provisions for bad debts are established according to ageing criteria of outstanding receivables. A provision is also recorded whenever an actual and serious dispute is noted, or when a customer is subject to legal proceedings.

Furthermore, provisions for depreciation of accounts receivable are also calculated in accordance with ageing criteria for uncollected invoices and according to the following terms:

- provision equal to 25% of the amount before tax of unpaid account receivables whose due date is exceeded by more than 150 days and less than 360 days.
- provision equal to 100% of the amount before tax of unpaid accounts receivable whose due date is exceeded by more than 360 days.

2.6. Provisions for liabilities and provisions for charges

In general, each of the known disputes involving the Company is examined on the closing date by the Directors and after external consultation; otherwise, the provisions considered necessary were established to cover the estimated risks.

2.7. Pension commitments

No provision is made for the rights acquired by staff members in terms of retirement compensation. They are nevertheless valued and their amount at the end of the financial year is recorded under financial commitments (see *5.1.*).

Pension commitments are estimated using the retrospective method of projected credit units with a final salary. The sums of employees' entitlements under the various applicable collaborative agreements are valued based on development assumptions for salaries, retirement age, mortality rate and staff turnover, then calculated at their current value based on a discount rate. Estimates were performed based on a 1% discount rate, a 2% salary increase for management (non-management likewise) and a retirement age of 65. The Company considered the impact on the valuation of its workforce commitments under act no. 2010-1330 of 9 November 2010 concerning pension reform. After examining the characteristic features of its employees (age, start of professional life, career profile, etc.), the Company has maintained its assumption for retirement at the age of 65.

There were no provisions for liabilities and charges for long-service awards, as the corresponding commitments are not significant. The collaborative agreements applied to the Company's sites do not include these commitments, and the practices of the Company remain incidental in this matter.

2.8. Exceptional expenses and income

Exceptional profits and losses include in particular income and expenses resulting from events or operations that are clearly different from the company's ordinary activities and therefore not likely to be repeated frequently or regularly. Exceptional expenses and income include in particular exceptional amortisation expenses or reversals, profits from assets disposal as well as income and expenses not linked to current business activities.

2.9. Foreign exchange transactions

Foreign exchange expenses and income are recorded at their equivalent value on the date of the transaction. Accounts receivable and debts in foreign currency are valued at the exchange rate in effect on the closing date. The difference resulting from discounting debts and accounts receivable in foreign currency at the closing rate is recorded in the balance sheet under translation differences. A provision for the risk of unrealised foreign exchange losses has been made.

2.10. Tax integration

The Company has reached a tax integration agreement with its French subsidiaries of which it directly or indirectly owns more than 95%.

This agreement, which came into effect for the first time on 22 December 2011, was signed as part of the option taken by the Company for the group system as defined in articles 223 A et seq. of the French General Tax Code. Each fiscally integrated company recognises the income tax for which it would have been liable had there been no group tax election. The additional tax saving or charge resulting from the difference between the tax due by the integrated subsidiaries and the tax resulting from determining the overall income is recorded by the Company.

The application of the tax integration system resulted in 2019, as far as the scope of consolidation is concerned, in a net tax saving of €153,157. Without tax integration, the net tax expense for the Company would have been €2,090,658.

3. Notes on the balance sheet

3.1. Tangible and intangible assets

(in thousands of Euros)	31.12.2018	Increases	Decreases	31.12.2019
Intangible assets	14,938	359	4	15,293
Land	661	18	-	679
Buildings	26,363	330	5	26,687
Plant, machinery and equipment	166,886	6,435	5,189	168,132
Other tangible assets	21,063	766	429	21,401
Assets under construction, advances and progress payments	2,414	9,829	8,817	3,426
Gross values	**232,325**	**17,736**	**14,444**	**235,617**
Amortisation of other intangible assets	(12,560)	(720)	(4)	(13,276)
Provisions for land	(164)	(7)	-	(170)
Buildings depreciation	(15,779)	(707)	(5)	(16,481)
Technical installations depreciation	(125,376)	(10,308)	(4,521)	(131,163)
Depreciation of other assets	(16,801)	(1,028)	(407)	(17,422)
Total amortisations/provisions	**(170,680)**	**(12,770)**	**(4,937)**	**(178,513)**
Net value	61,645	4,966	9,507	57,104

"Intangible assets" are analysed as follows as at 31 December 2019:

(in thousands of Euros)	Gross amount	Amortisation	Net amount
Software	8,966	(8,550)	416
Goodwill	6,327	(4,726)	1,601
Other intangible assets	-	-	-
Total	**15,293**	**(13,276)**	**2,017**

Research and Development costs recognised as expenses during the financial year totalled €22.526 million (€25.478 million during the 2018 financial year).

3.2. Financial assets

(in thousands of Euros)	31.12.2018	Increases	Decreases	31.12.2019
Participating interests	239,625	4,527	-	244,153
Receivables from participating interests	67,684	17,820	(4,099)	81,405
Other financial assets	487	34	-	521
Gross values	**307,796**	**22,381**	**(4,099)**	**326,079**
Provisions for participating interests	(36,219)	(17,077)	1,313	(51,982)
Provisions for related liabilities	(6,493)	(866)	647	(6,713)
Provisions for other assets	(140)	-	18	(122)
Total provisions	**(42,852)**	**(17,943)**	**1,978**	**(58,817)**
Net value	264,944	4,438	(2,121)	267,261

3.3. Inventories

(in thousands of Euros)	31.12.2019	31.12.2018
Raw materials	12,942	11,684
WIP	5,972	7,390
Semi-finished and finished products	22,628	21,379
Goods	7	7
Gross value	**41,548**	**40,460**
Impairment allowances	(6,459)	(5,645)
Net value	35,089	34,815

3.4. Trade accounts receivable

(in thousands of Euros)	31.12.2019	31.12.2018
Trade accounts receivable	60,426	64,835
Impairment allowances	(88)	(81)
Net value	60,339	64,754

3.5. Non-trade receivables

(in thousands of Euros)	31.12.2019	31.12.2018
Income tax	10,120	16,089
VAT	5,501	1,829
Other	421	512
Gross value	**16,042**	**18,430**
Impairment allowance	(34)	(34)
Net value	16,007	18,396

3.6. Cash assets and marketable securities

(in thousands of Euros)	31.12.2019	31.12.2018
Cash assets	33,522	39,816
Net value	33,522	39,816

3.7. Receivables and liabilities by maturity

Accounts receivable are due in less than one year except for those recorded under the following headings:

(in thousands of Euros)	Due dates > 1 year
Financial debts/equity investments	81,405
Other financial assets	521
Customer debt provisions	88
Other debt provisions	34
Total	82,048

Debts are payable within one year with the exception of those displayed under the following headings:

(in thousands of Euros)	Due dates 1 to 5 years	Due dates > 5 years	Total
Financial debt	122,484	-	122,484
Miscellaneous financial debts	74,320	-	74,320
Total	196,804	-	196,804

3.8. Charges deferred over several financial years

Debt issuance expenses are recognised under charges deferred over several financial years and are deferred on a straight-line basis over the life of the borrowings. As at 31 December 2019, deferred charges still to be amortised in respect of debt issuance expenses totalled €555,997.

3.9. Shareholders' equity

The share capital is comprised of 26,741,040 shares of €0.80 each.

The change in shareholders' equity during the 2019 financial year is analysed as follows:

(in thousands of Euros)	Amounts
Shareholders' equity at 31.12.2018	197,458
Dividend distribution	(8,021)
Income for the financial year	(253)
Regulated provisions transactions	6
Total	189,190

3.10. Provisions for liabilities and provisions for charges

The provisions for liabilities and charges mainly related to current disputes with third parties, severance procedures and unrealised exchange rate losses are analysed as follows:

(in thousands of Euros)	31.12.2018	Transfers	Uses	Unallocated write-backs/Other transactions	31.12.2019
Provisions for disputes	31,140	7,380	(12,945)	(392)	25,183
Provisions for foreign exchange losses	-	-	-	-	-
Total	31,140	7,380	(12,945)	(392)	25,184

Allowances for litigation are primarily linked, in respect of the 2019 financial year, to technical and commercial liabilities and notably warranty returns. In the latter case, the amounts were estimated based on warranty returns observed during the financial year, contractual warranty periods and available historical data.

3.11. Financial debt

(in thousands of Euros)	31.12.2019	31.12.2018
Group debts	74,320	65,084
Debts exclusive of Group:	-	-
- Loans	122,484	114,117
- Interest payable	614	568
- Others	2,117	6,177
Total	199,535	185,946

Some bank loans are subject to financial covenants. As at 31 December 2019, the Company has abided by all of these covenants.

3.12. Tax liabilities, payroll expenses and other debts

(in thousands of Euros)	31.12.2019	31.12.2018
Welfare organisations	4,886	5,092
Personnel	6,250	5,320
Statutory taxes (VAT, corporate tax, etc.)	1,344	2,639
Advances and deposits received	2,951	3,502
Other debts and expenses	668	4
Total	16,100	16,557

3.13. Related payables

Accrued income is primarily comprised of supplier credit notes in the amount of €6.592 million (€6.794 million in 2018) and unbilled revenue in the amount of €5.535 million (€3.781 million in 2018). Accrued liabilities are primarily comprised of accrued invoices in the amount of €18.804 million (€16.096 million in 2018), accrued credit notes in the amount of €9.309 million (€6.248 million in 2018) and tax liabilities and personnel expenses in the amount of €9.204 million (€8.168 million in 2018).

3.14. Negotiable instruments

Trade accounts receivable include an amount of €5.537 million (€18.823 million in 2018) corresponding to received trade bills not yet due and not anticipated. Trade accounts payable include notes payable in the amount of €3.331 million (€2.922 million in 2018).

4. NOTES TO THE INCOME STATEMENT

4.1. Breakdown of revenue

Revenue in France totalled €206.661 million, or 52.31% of total revenue (51.70% in 2018). Export revenue totalled €188.408 million, or 47.69% of total revenue (48.30% in 2018).

4.2. Financial profits and charges

(in thousands of Euros)	31.12.2019	31.12.2018
Equity investment profits	3,474	87
Net translation differences	449	348
(Expenses)/net reversal of provisions	(15,965)	(8,964)
Write-offs	-	-
Interest expenses and other financial expenses (net)	(1,595)	(1,581)
Total	(13,637)	(10,110)

Allowances for provisions on participating interests totalled €17.077 million (€9.907 million in 2018). These exclusively concern the subsidiaries AKWEL CORDOBA ARGENTINA SA, AKWEL RAYONG THAILAND, AKWEL EL JADIDA MAROCCO SARL, AKWEL AUTOMOTIVE SWEDEN AB, AKWEL VIDIN BULGARIA and BIONASSAY M&P. A reversal was recorded for AKWEL JUNDIAI BRAZIL in the amount of €1.313 million (0 in 2018). Allowances for provisions for receivables from participating interests totalled €381,000 (€647,000 in 2018). These primarily concern AKWEL EL JADIDA MAROCCO SARL and SINFA CABLES. Reversals on provisions for receivables from participating interests totalled €162,000 (€1.682 million in 2017). These reversals primarily concern the subsidiary AKWEL CORDOBA ARGENTINA SA.

4.3. Exceptional income

(in thousands of Euros)	31.12.2019	31.12.2018
Depreciation and provisions (net)	(6)	(671)
Net asset sales	(583)	238
Other income (charges)	283	423
Total	(305)	(10)

4.4. Breakdown of tax between current and exceptional profit/loss

(in thousands of Euros)	Income before tax	Tax	Net income after tax
Current profit/loss (and securities)	498	(446)	53
Exceptional income	(305)	-	(305)
Profit/loss	193	(446)	(253)

4.5. Increase and relief of future tax debt

Items generating a tax deferral entail a future tax increase of €9.136 million (€9.152 million in 2018), based on total rates of 31%, 28% and 25%, taking into account provisional due dates for reversals of deferred tax bases.

5. OTHER INFORMATION

5.1. Pension

Total commitments linked to retirement gratuities that are not subject to provisions at the closing date totalled €5.544 million. The calculation assumptions are stated in note 2.7.

5.2. Leasing

The original value of fixed assets acquired through capital leases totalled €31.444 million, whereas their net value would total €5.363 million when required under full ownership and amortised.

Given that the Company has no more current contracts, there are no fees to pay.

5.3. Identity of the acquiring company

The Company is the leader of its Group's consolidation and therefore presents the consolidated financial statements under its sole name.

5.4. Other financial commitments

As at 31 December 2019, other commitments to financial organisations were as follows:

- €10.266 million in respect of sureties granted (€10.854 million in 2018),
- €8.773 million in respect of mortgages and guarantees granted on non-financial assets (this amount already being included under the Group's financial debts)

5.5. Related undertakings

Information concerning transactions with related parties is available in the *Statutory Auditors' special report on regulated agreements and commitments.*

5.6. Remuneration paid to Directors

Remuneration paid to members of the Executive Board totalled €2,898,215 during the financial year ended 31 December 2019 (€2,400,335 in 2018). Total remuneration paid to the members of the Supervisory Board totalled €451,702 during the financial year ended 31 December 2019 (€274,000 in 2018).

5.7. Average headcount

	2019	2018
Executives	302	313
Employees, Technicians & Supervisors	627	659
Operatives	583	627
Total	1,512	1,599

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

ORFIS
149, Boulevard de Stalingrad
69100 Villeurbanne

MAZARS
Le Premium
131, boulevard de Stalingrad
69624 Villeurbanne

Financial year ended 31 December 2019

To the General Meeting of the Company AKWEL,

1. Opinion

In accordance with the terms of our appointment by your General Meeting, we audited the annual financial statements of the company AKWEL concerning the financial year ended 31 December 2019, as attached to the present report. These financial statements were closed by the Executive Board on 6 April 2020 based on the items available on that date in a changing context involving the Covid-19 health crisis.

In compliance with French accounting rules and principles, we certify that the annual financial statements are accurate and truthful and provide a true picture of operations during the last financial year, as well as of the Company's financial position and assets at the end of the financial year.

The opinion formulated below is consistent with the content of our report to the Audit Committee.

2. Basis of the opinion

Audit benchmark

We conducted our audit in accordance with the professional standards applicable in France. We believe that the items we gathered are sufficient and appropriate for supporting our opinion.

The responsibilities incumbent upon us in respect of these standards are indicated in the section "Responsibilities of the statutory auditors concerning the audit of the annual financial statements" of the present report.

Independence

We conducted our audit assignment in accordance with the rules of independence that apply to us, during the period from 1 January 2019 to the date on which our report was issued, and notably we did not provide services prohibited by article 5, paragraph 1, of regulation (EU) no. 537/2014 or by the accounting profession's code of ethics.

3. Explanatory notes on our assessment - Key points of the audit

Pursuant to the provisions of L. 823-9 and R. 823-7 of the French Commercial Code concerning the justification of our assessments, we bring to your attention the key points of the audit concerning the risks of significant anomalies, which, in our professional opinion, were the most significant for the audit of the annual financial statements for the financial year, as well as the responses that we provided to these risks.

The performed assessments form part of the context of the audit of the annual financial statements as a whole, closed under the aforementioned conditions, and of the formation of our opinions expressed above. We did not express an opinion on items of these annual financial statements viewed in isolation.

Assessment of participating interests and receivables from participating interests

Notes 2.2.3. , 2.3. and 3.2. of the appendix to the annual financial statements

Risk identified

Participating interests and receivables from participating interests appear on the balance sheet of AKWEL as at 31 December 2019 in the net amount of €266.9 million.

Participating interests are recognised, on their entry date, at the acquisition cost and impaired if their value in use estimated at the closing date is below their book value. The value in use of participating interests is assessed using several criteria, in particular shareholders' equity, multiples of gross operating margin, and development and profitability prospects. This estimate requires the Management to exercise its judgement, particularly if it is based on forward-looking items.

Due to the uncertainties inherent in the forward-looking items used in these calculations, we felt that the assessment of participating interests, and by extension the associated receivables, constitutes a key point of our audit.

Responses provided during our audit

We examined the controls put in place by the Company to assess the value in use of the participating interests. Our work notably consisted of:

- Comparing the company's share of the book net assets used to determine the value in use of the participating interests with the data provided by accounting;
- Verifying, if the values in use were determined based on forward-looking items, that their assessment was based on an appropriate assessment method;
- Evaluating the reasonable nature of the main assumptions used to assess the values in use by meeting with the Management;
- Verifying the arithmetic accuracy of the calculations of the values in use conducted by the Company;
- Evaluating the recoverable nature of the associated receivables in light of the results of the participating interest impairment tests.

Assessment of provisions linked to technical and commercial liabilities

Note 2.6. and note 3.10. of the appendix to the annual financial statements

Risk identified

As the Company is a top-tier supplier to numerous automotive manufacturers, it is exposed to the risks inherent in its activity, notably concerning the commercial and industrial aspects.

In this context, the Company may encounter uncertain, litigious or contentious situations, notably in relation to technical risks and recall campaigns conducted by automotive manufacturers.

The risk assessment is regularly reviewed by Company's management. The incomplete identification and/or incorrect assessment of a risk may cause the Company to overestimate or underestimate its provisions.

At the close of the 2019 financial year, provisions for disputes totalled €25.2 million and were primarily linked to technical and commercial liabilities. We felt that the assessment of provisions linked to technical and commercial liabilities was a key point of our audit given the potential Company-wide financial stakes and the management's judgement in the assessment of the risks and amounts recognised.

Responses provided during our audit

Our work notably consisted of:

- Obtaining external confirmations from the lawyers enabling us to compile an inventory of disputes, contentious situations involving the Company;
- Familiarising ourselves with the risk analysis conducted by the Company, with the corresponding documentation and, where applicable, reviewing the written consultations of its external advisors;
- meeting the product line director concerned by technical liabilities;
- assessing the main risks identified and examining the reasonable nature of the assumptions chosen by the Management in view of the information collected to assess the amount of provisions recognised.

<u>Specific checks</u>

In accordance with the professional standards applicable in France, we also conducted the specific checks provided for in legal and regulatory texts.

- Information provided in the management report and in other documents on the financial position and the annual financial statements submitted to shareholders

We have no observations to deliver regarding the fairness and consistency with the annual financial statements of the information given in the Executive Board's management report of 6 April 2020 and in the other documents on the financial position and the annual financial statements submitted to the shareholders. Concerning events occurring and items arising after the reporting date concerning the effects of the Covid-19 crisis, the management indicated to us that they would be communicated at the General Meeting convened to approve the financial statements.

We certify that the information concerning payment terms stated in article D.441-4 of the French Commercial Code is truthful and is consistent with the annual financial statements.

We certify that the filing of non-financial performance provided for in article L.225-102-1 of the French Commercial Code appears in the management report, it being stated that, in accordance with the provisions of article L.823-10 of this code, we did not verify whether the information contained in this filing is truthful or whether it is consistent with the financial statements; this information must be addressed in a report by an independent third-party body.

- Corporate governance report

We hereby certify the existence, in the Supervisory Board's corporate governance report, of the information required under articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information provided in accordance with the provisions of article L. 225-37-3 of the French Commercial Code on remunerations and benefits paid to the corporate officers and on compensations awarded to them, we checked their consistency with the financial statements and with the information used to prepare these financial statements and, where applicable, with the items collected by your Company from controlling or controlled companies. On the basis of this work, we certify the accuracy and faithfulness of this information.

- Other information

In compliance with the law, we are confident that the various information pertaining to the identification of holders of the capital and voting rights were communicated to you in the management report.

4. Information resulting from other legal and regulatory obligations

Appointment of the Statutory Auditors

We were appointed the Statutory Auditors for the financial statements of the company AKWEL by the Ordinary General Meeting of 23 February 2004 in the case of the consulting firm MAZARS and by the Ordinary General Meeting of 24 June 2005 in the case of the consulting firm ORFIS.

As at 31 December 2019, the consulting firm MAZARS was in the 16th uninterrupted year of its assignment and the consulting firm ORFIS was in the 15th uninterrupted year of its assignment.

<u>Responsibilities of the management and the individuals conducting corporate governance concerning the annual financial statements</u>

It is the management's responsibility to prepare annual financial statements that present a true picture in accordance with French accounting rules and principles, as well as to implement the internal control that it believes is necessary in order to prepare annual financial statements that do not contain any significant anomalies, whether as a result of fraud or errors.

During the preparation of the annual financial statements, it is the management's responsibility to assess the Company's ability to continue its operation, to present in these financial statements, where applicable, the necessary information concerning the continuity of operations and to apply the accounting policy for a going concern, unless plans are in place to liquidate the Company or discontinue its activity.

It is the audit committee's responsibility to monitor the process of preparing the financial information and to monitor the effectiveness of the internal control and risk management systems, as well as, where applicable, of the internal audit concerning the procedures relating to the preparation and processing of accounting and financial information.

The annual financial statements were closed by the Executive Board.

5. Responsibilities of the statutory auditors concerning the audit of the annual financial statements

Audit objective and approach

It is our responsibility to prepare a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements as a whole do not contain any significant anomalies. Reasonable assurance corresponds to a high level of assurance, although it does not guarantee that an audit conducted in accordance with professional standards systematically detects all significant anomalies. Anomalies may arise from fraud or result from errors and are considered significant if it is reasonable to expect that they may, considered individually or cumulatively, influence the business decisions that the users of the financial statements make by drawing on them.

As stated in article L. 823-10-1 of the French Commercial Code, our assignment to certify the financial statements does not consist of guaranteeing the viability or quality of your Company's management.

In an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises its professional judgement throughout the audit. Furthermore:

- It identifies and assesses the risks that the annual financial statements contain significant anomalies, whether these arise from fraud or result from errors, defines and implements audit procedures to contend with these risks and gathers elements that it deems sufficient and appropriate to form its opinion. The risk of not detecting a significant anomaly arising from fraud is higher than the risk of not detecting a significant anomaly resulting from an error, as fraud may involve collusion, falsification, intentional omissions, false declarations or the bypassing of internal control.
- It familiarises itself with the internal control relevant to the audit in order to define appropriate audit procedures for the circumstances, rather than to express an opinion on the effectiveness of internal control.
- It assesses the appropriateness of the accounting methods used and the reasonable nature of the accounting estimates made by the management, as well as the information concerning these provided in the annual financial statements.
- It assesses the appropriateness of the management's application of the accounting policy for a going concern and, based on the items collected, the existence or otherwise of a significant uncertainty linked to events or circumstances liable to call into question the Company's ability to continue its operations. This assessment draws on the items collected until the date of its report, although subsequent circumstances or events could nevertheless call into question the continuity of operations. If it concludes that a significant uncertainty exists, it draws the attention of the readers of its report to the information provided in the annual financial statements regarding this uncertainty or, if this information is not provided or is not relevant, it formulates a certification with reservations or a refusal to certify.
- It assesses the overall presentation of the annual financial statements and assesses whether the annual financial statements reflect the underlying operations and events in such a way that they provide a true picture of them.

Report to the audit committee

We submitted a report to the audit committee that notably presents the extent of the audit work and the work programme put in place, as well as the conclusions resulting from our work. We also bring to its attention, where applicable, the significant weaknesses in internal control that we identified concerning the procedures relating to the preparation and processing of accounting and financial information.

The items communicated in the report to the audit committee include the risks of significant anomalies that we deemed to have been the most important for the audit of the annual financial statements for the financial year and which, as a result, constitute the key points of the audit, which it is our responsibility to describe in the present report.

We also provide to the audit committee the statement indicated in article 6 of (EU) regulation no. 537-2014 confirming our independence, under the rules applicable in France as established notably by articles L. 822-10 to L. 822-14 of the French Commercial Code and in the accounting profession's code of ethics. Where applicable, we meet with the audit committee to discuss the risks adversely affecting our independence and the safeguarding measures applied.

Drawn up in Villeurbanne, on 15 April 2020

The Statutory Auditors

ORFIS	*MAZARS*
Mr Jean-Louis Flèche	*Mr Frédéric Maurel*

STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

ORFIS
149, Boulevard de Stalingrad
69100 Villeurbanne

MAZARS
Le Premium
131, boulevard de Stalingrad
69624 Villeurbanne

Financial year ended 31 December 2019

To the General Meeting of the Company AKWEL,

In our capacity as Statutory Auditors of your company, we submit our report on the regulated agreements and commitments.

We are required to present to you, based on the information submitted to us, the characteristics and essential methodologies as well as the motives justifying the benefit for the company of the agreements that were reported to us or that we observed during our audit mission, without having to decide on their usefulness or validity, or to seek whether other agreements exist. It is your responsibility, under the terms of article of the French Commercial Code, to assess the relevance of concluding and then approving these agreements.

Furthermore, it is our responsibility, where applicable, to pass on the information provided for in article R. 225-58 of the French Commercial Code concerning the execution, during the previous financial year, of the agreements already approved at the general meeting.

We conducted the procedures that we considered necessary to perform this mission in accordance with the professional requirements of the French National Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*). These procedures consisted of checking that the submitted evidence was consistent with the originating documents.

1. Agreements subject to the approval of the general meeting

Agreements authorised and concluded during the previous financial year

In accordance with article L. 225-88 of the French Commercial Code, we have been advised of the following agreements concluded during the last financial year that were subject to the prior authorisation of your Supervisory Board.

The persons concerned with these agreements and commitments are listed in the table attached on the last page of this report.

<u>Provision of financial appraisal services with ATF</u>

The company AKWEL concluded an agreement concerning the provision of financial appraisal services and, on an ancillary basis, legal and tax monitoring services, with the company ATF, of which Jean-Louis Thomasset, Vice-President of the Executive Board, is a partner and majority manager.

This agreement was concluded for a 24-month period starting from 1 January 2017, renewable by tacit agreement for a one-year period. This agreement was concluded to enable AKWEL to continue benefiting from the knowledge and experience of Mr Jean-Louis Thomasset with flexibility and a controlled cost.

Under this agreement, the charges recorded in the 2019 financial year amount to €497,476.

The continuation of this agreement was authorised for the 2019 financial year by the Supervisory Board meeting of 14 February 2019.

Agreement on premises and support services with COUTIER DEVELOPMENT and COUTIER SENIOR DEVELOPPEMENT non-trading partnership

Your Company provides for both companies premises to accommodate their head office and provides legal assistance services during the approval of the annual financial statements.

This agreement, initially concluded for a one-year period starting from 1 July 2004, is renewed yearly by tacit agreement.

For the first year, AKWEL SA's involvement in legal matters with respect to COUTIER DEVELOPPEMENT will no longer be limited to approving the financial statements and will also encompass administrative office and accounting assignments. The terms of the agreement have been amended accordingly.

Under the terms of this agreement, income recorded for the 2019 financial year totalled:

- COUTIER DEVELOPPEMENT: €32,156;
- COUTIER SENIOR: €383

The continuation and amendment of this agreement was authorised for the 2019 financial year by the Supervisory Board meeting of 14 February 2019.

2. Agreements already approved by the General Meeting

Agreements approved during previous financial years and still effective during the past financial year

In accordance with article R. 225-57 of the French Commercial Code, we have been informed that the execution of the following agreements, already approved by the general meeting during previous financial years, continued during the past financial year.

Performance agreement concluded with COUTIER DEVELOPPEMENT

The Company concluded a performance agreement with COUTIER DEVELOPPEMENT.

The purpose of this agreement is for COUTIER DEVELOPPEMENT to provide its own resources, its support and its advice as part of the definition of the general policy and strategy of the AKWEL group by advising on, planning, organising and coordinating the Group's activities and its knowledge both internally and externally.

This agreement was renewed for a 3 year period by tacit agreement starting from 1 July 2015.

The coordination services provided are not remunerated.

Under this agreement, no charge was recorded in 2019.

The continuation of this agreement was authorised for the 2019 financial year by the Supervisory Board meeting of 2 May 2019.

Technical services agreement concluded with COUTIER DEVELOPPEMENT

The Company has concluded a technical services agreement with COUTIER DEVELOPPEMENT.

The goal of this agreement is in particular the assistance with the technical definition of new products, the identification of new markets, the research on the industrialisation within the "Track Time" and "One Piece Flow" logic for the plant of the future and the optimisation of tooling design.

This agreement, initially concluded for a three-year period starting from 1 July 2015, is then renewed yearly by tacit agreement.

The remuneration of this agreement corresponds to the costs borne by COUTIER DEVELOPPEMENT plus a margin of 8%.

Under this agreement, the charges recorded in the 2019 financial year amount to €249,000.

The continuation of this agreement was authorised for the 2019 financial year by the Supervisory Board meeting of 02 May 2019.

Drawn up in Villeurbanne, on 14 April 2020,

The Statutory Auditors

ORFIS	*MAZARS*
Mr Jean-Louis Flèche	*Mr Frédéric Maurel*

Appendix table

Staff members affected by the agreements and commitments pertaining to article L. 225-88 of the French Commercial Code

Companies	André Coutier	Benoît Coutier	Jean-Louis Thomasset	Mathieu Coutier	Christophe Coutier	Nicolas Coutier	Emilie Coutier
AKWEL	President of the SB	Member of the Executive Board	VP of the Executive Board	President of the Executive Board	COUTIER DEVELOPPEMENT representative on the SB	Member of the Executive Board	Member of the SB
COUTIER DEVELOPPEMENT	Member and Pdt of the Executive Board	Member of the Executive Board	-	Member of the Executive Board	Member of the Executive Board	Member of the Executive Board	Member of the SB (*)
COUTIER SENIOR (**)	-	-	-	-	-	-	-
ATF	-	-	Majority stakeholder	-	-	-	-

Pdt: President - ED : Executive Director - SB: Supervisory Board

(*) As a permanent representative of COFA2E SAS, member of the Supervisory Board of COUTIER DEVELOPPEMENT

(**) As a shareholder with a fraction of voting rights greater than 10% in the company AKWEL

ADDITIONAL INFORMATION

GENERAL INFORMATION CONCERNING THE COMPANY

Name and head office:

AKWEL

975, route des Burgondes – 01410 Champfromier

Date of incorporation and term of the Company

The Company was incorporated on 14 February 1989. It will be discontinued in 2088 unless dissolved or extended.

Nationality:

French

Form and legislation:

Limited Company with an Executive Board and Supervisory Board, governed by French legislation.

Trade and Companies Register:

344 844 998 RCS BOURG-EN-BRESSE – APE code: 2932 Z

Activity:

The Company's purpose, directly and indirectly, both in France and abroad, is:

- the manufacture and sale of thermoplastic parts produced by extrusion, blow moulding and injection, and more specifically by the processing of plastic materials;
- moulding by injection, blowing and extrusion, and by all other techniques to process plastic materials, including the associated general mechanics and mould mechanics;
- the cutting, stamping, welded metal fabrication, assembly, machining, utilisation and development of all stamping trades, metal working and processing, all light mechanical and general mechanical work, and all developments that mechanics may include;
- the manufacture, purchase and sale of parts and accessories, as well as all electrical, mechanical and electronic apparatus;
- the study, production and assembly of all industrial units, parts, mechanisms, accessories, manufactured assemblies and products, material compounds and various alloys;
- the filing of all patents, their sale, their use, directly or under licence, and all industrial processes necessary for the Company's activities;
- the purchase, sale, import, export, leasing, representation, concession and dissemination by all means of all materials, objects and products generally relating to industry;
- the Company's direct or indirect participation in all industrial, commercial or financial activities, movable or immovable, in France or abroad, in any form whatsoever, if these activities or operations may be directly or indirectly associated with this corporate purpose or any similar, related or complementary purposes;
- all of the aforementioned directly or indirectly, on its own behalf or on behalf of third parties, either alone or with third parties, by means of founding new companies, asset contribution, limited partnership, subscription or purchase of company shares or rights, merger, alliance, associations through investment or by obtaining the use of any property or rights under a lease, lease-management agreement or by dation, or otherwise;
- and generally, all financial, commercial, industrial and civil operations, immovable or movable, that may be directly or indirectly associated with one of the aforementioned purposes or with any similar or related purposes liable to contribute to its expansion or development.

Business year

Each business year lasts for one year beginning on 1 January and ending on 31 December.

General meetings (article 20 of the articles of association):

General Meetings are convened, conducted and deliberated under the conditions established by law.

Shareholders' collective decisions are made at ordinary, extraordinary or special General Meetings depending on the nature of the decisions that they are called upon to make.

General Meetings are convened either by the Executive Board or the Supervisory Board, the Statutory Auditors or a representative designated by the court under the conditions provided for by law.

Meetings take place at the head office or at any other location stated in the notice of meeting.

Any shareholder has the right to participate in the deliberations, personally or by proxy, subject to the registration, in an account, of shares in his name pursuant to the seventh paragraph of article L. 228-1 of the French Commercial Code, on the second business day preceding the meeting at midnight, Paris time, or in registered share accounts held by the Company, or in bearer share accounts held by an intermediary stated in article L. 211-3 of the French Monetary and Financial Code.

Any shareholder may only be represented by his spouse or by another shareholder; to this end, the proxy must provide evidence of the position held.

Any shareholder may vote by mail using a form prepared and sent to the Company under the conditions established by the law and regulations; this form must reach the Company three days before the date of the meeting in order to be taken into account.

An attendance sheet, duly signed by the attending shareholders and the proxies and to which are attached to the powers given to each proxy, and where applicable the mail voting forms, is certified as accurate by the officers of the meeting.

Meetings are chaired by the President of the Supervisory Board or, in his absence, by the Vice-President of the Supervisory Board or by a member of the Board specially appointed for this purpose by the Board. If not, the meeting appoints its President itself.

The duties of vote tellers are performed by the two shareholders, present and accepting such duties, who hold the largest number of shares, either on their own behalf or as proxies.

The officers of the meeting thus appointed designate a secretary, who may or may not be a shareholder.

Minutes are drafted and copies or extracts of proceedings are delivered and certified according to the law.

The ordinary and extraordinary General Meetings, governed by the conditions of quorum and majority prescribed by the provisions that govern them respectively, exercise the powers that are attributed to them by law.

Voting rights:

In accordance with the act 2014-384 of 29 March 2014, also known as the "Florange act", a double voting right is conferred upon all fully paid-up shares that have been registered for at least two years in the name of a given shareholder.

Corporate results (article 22 of the articles of association):

If the financial statements for the financial year approved by the General Meeting show a distributable profit as defined by law, the General Meeting decides whether to appropriate it to one or several reserve accounts of which it controls the appropriation or use, to appropriate it to retained earnings or to distribute it.

After approval of the financial statements by the General Meeting, any losses are carried forward, to be charged to the profits of subsequent years, until extinction.

Each shareholder's share of the profits and his contribution to the losses is proportional to his proportion of the share capital.

The General Meeting may decide to distribute songs deducted from available reserves, expressly indicating the reserved categories from which these deductions will be made. However, dividends are deducted first from the distributable profit for the financial year.

Dividend payment (article 23 of the articles of association):

The General Meeting may allow shareholders the option to receive all or part of distributable dividends or interim dividends distributed in either cash or shares, in accordance with the law.

The methods for paying dividends in cash are set by the General Meeting or, failing that, by the Executive Board.

However, payment of dividends should take place within a maximum period of nine months following the end of the financial year, except where this period is extended by court decision.

Threshold crossing (article 10 III of the articles of association):

Any person, acting alone or in concert, who holds a percentage of the capital or voting rights (if the number and distribution of voting rights does not match the number of and the distribution of shares) at least equal to 1% or to any multiple of this percentage, up to the 50% threshold, shall notify the Company of his interest, as well as of subsequent variations in this interest. The information must be communicated to the Company within the timeframe provided for by stock market legislation, from the time the threshold is crossed, by registered letter with return receipt requested sent to the head office.

The information mentioned in the previous paragraph must also be communicated within the same timeframe if the interest falls below the aforementioned thresholds.

Unless they are declared in accordance with the conditions set out above, shares in excess of the fraction that should have been declared forfeit their voting rights in shareholder meetings if, during a meeting, the failure to report has been recorded and if one or more shareholders holding a combined 5% of the capital or voting rights request so during the meeting. In such cases, shares deprived of voting rights will only have this right restored after a two-year period starting from the date on which they were properly reported.

Consultation of Company documents and information:

Documents concerning the Company and in particular its articles of association, its financial statements, the report presented to its Meetings by the Executive Board, the Supervisory Board and the Statutory Auditors can be consulted at the head office by contacting:

Mr Benoit Coutier, Legal VP
AKWEL
975, route des Burgondes
01410 CHAMPFROMIER (France)
Tel.: + 33 (0) 4 50 56 88 30

GENERAL INFORMATION CONCERNING THE COMPANY'S CAPITAL

Share capital:

The share capital is €21,392,832, divided into 26,741,040 shares of €0.80 each.

The Company's shares have been registered on the Euronext Paris market - compartment B since 4 April 2011 under the securities code FR 00000 53027.

Share price:

The highest price during the last financial year was €21.05 (on 21.11.2019), while the lowest was €13.50 (25.03.2019).

The closing price on 31 December 2019 was €20.20, valuing the Group at €540.1 million.

The total trade volumes over the financial year stood at 4,117,193 shares with a total number of transactions of 42,562 (versus 5,643,580 shares with 86,914 transactions in 2018), down 27.05% compared to the previous financial

Securities giving access to the capital:

None.

Share purchase options:

None.

WORDING OF RESOLUTIONS PROPOSED TO THE ORDINARY GENERAL MEETING OF THURSDAY 28 MAY 2020

First resolution

(Approval of the annual financial statements for the financial year ended 31 December 2019 – Approval of non-deductible expenses and charges)

Ruling under the quorum and majority conditions required for Ordinary General Meetings, the General Meeting, having familiarised itself with the Executive Board's report, the Supervisory Board's corporate governance report and the Statutory Auditors' report on the corporate financial statements, approves in their entirety these reports, the annual financial statements, namely the balance sheet, the income statement and the appendix as at 31 December 2019, showing a loss of €252,561.26 in the form in which they were presented to it, as well as the transactions reflected in these financial statements and summarised in these reports.

The General Meeting equally approves the total amount of the expenses and charges not deductible from profits that are subject to corporate tax, amounting to €36,540, and to the tax incurred as a result of these expenses and charges, amounting to €12,179.

Second resolution

(Discharge of the members of the Executive Board and Supervisory Board)

Ruling under the quorum and majority conditions required for Ordinary General Meetings, the General Meeting discharges fully and without reservation the members of the Executive Board and the members of the Supervisory Board from their mandates for said financial year.

Third resolution

(Approval of the consolidated financial statements for the financial year ended 31 December 2019)

Ruling under the quorum and majority conditions required for Ordinary General Meetings, the General Meeting, having familiarised itself with the Group's management report and the Statutory Auditors' report, and after having deliberated, approves the consolidated financial statements as at 31 December 2019, as they have been presented, as well as the transactions recorded in these financial statements and reports.

Fourth resolution

(Appropriation of corporate income for the financial year)

Ruling under the quorum and majority conditions required for Ordinary General Meetings, the General Meeting, having heard the Executive Board's report, decides:

- to allocate the income for the financial year, which totals €(252,561.26), to retained earnings, which are reduced to €127,638,842.75 as a result;
- to distribute to shareholders as dividends the sum of €5,214,502.80, a gross dividend per share of €0.195;
- to charge this sum to retained earnings, which total €122,424,339.95 as a result.

If paid to natural persons who are tax residents of France, this dividend is subject to either a single flat-rate deduction on the gross dividend at the flat rate of 12.8% (article 200 A of the French General Tax Code) or, at the taxpayer's express, irrevocable and general request, to income tax based on the progressive scale after, notably, a 40% relief (article 200 A, 13 and 158 of the French General Tax Code). Dividends are also subject to social security contributions at a rate of 17.2%.

The dividends to pay will be detached on 08 June 2020 and paid on 10 June 2020. It is stipulated that if, when these dividends are detached, the Company holds some of its own shares, the sums corresponding to the dividends not paid in the amount of these shares will be assigned to "retained earnings".

In accordance with the law, the General Meeting notes that the dividends distributed during the previous three financial years were as follows:

Financial year ended	Dividend per share in euros	Income eligible or otherwise for tax relief
31 December 2016	0.30	Relief of 40% where applicable
31 December 2017	0.30	Relief of 40% where applicable
31 December 2018	0.30	Relief of 40% where applicable

Fifth resolution

(Approval of the renewal of the agreement concerning the provision of financial appraisal services with the company ATF appearing in the Statutory Auditors' special report)

Ruling under the quorum and majority conditions required for Ordinary General Meetings, the General Meeting, having familiarised itself with the Statutory Auditors' special report on the agreements and commitments stated in articles L. 225-86 et seq. of the French Commercial Code, approves the renewal of the agreement concerning the provision of financial appraisal services, which occurred during the financial year between the Company and ATF.

Sixth resolution

(Approval of the amendment and renewal of the agreement concerning the provision of premises and legal and administrative assistance services with COUTIER DEVELOPPEMENT appearing in the Statutory Auditors' special report)

Ruling under the quorum and majority conditions required for Ordinary General Meetings, the General Meeting, having familiarised itself with the Statutory Auditors' special report on the agreements and commitments stated in articles L. 225-86 et seq. of the French Commercial Code, approves the amendment and renewal of the agreement concerning the provision of premises and legal and administrative assistants services, which occurred during the financial year between the Company and COUTIER DEVELOPPEMENT.

Seventh resolution

(Approval of the renewal of the agreement concerning the provision of premises and legal assistance services with the civil law company COUTIER SENIOR appearing in the Statutory Auditors' special report)

Ruling under the quorum and majority conditions required for Ordinary General Meetings, the General Meeting, having familiarised itself with the Statutory Auditors' special report on the agreements and commitments stated in articles L. 225-86 et seq. of the French Commercial Code, approves the renewal of the agreement concerning the provision of premises and legal assistance services, which occurred during the financial year between the Company and the civil law company COUTIER SENIOR.

Eighth resolution

(Approval of the information mentioned in article L.225-37-3 of the French Commercial Code appearing in the corporate governance report)

Ruling under the quorum and majority conditions required for Ordinary General Meetings, the General Meeting, having familiarised itself with the corporate governance report, approves, in accordance with the provisions of article L.225-100 II of the French Commercial Code and article L 225-68 of the French Commercial Code, the information mentioned in article L.225-37-3 I of the French Commercial Code as presented in the corporate governance report prepared pursuant to article L.225-82-2 of the French Commercial Code appearing in the annual financial report concerning the 2019 financial year.

Ninth resolution

(Approval of the fixed and variable items comprising the total remuneration and benefits of any nature paid in respect of the 2019 financial year or awarded in respect of the same financial year to Mr Mathieu Coutier, President of the Executive Board)

Ruling under the quorum and majority conditions required for ordinary general meetings, the General Meeting, having familiarised itself with the Supervisory Board's report provided for in article L.225-82-2 of the French Commercial Code,

approves the items comprising the remuneration and benefits of any nature paid in respect of the financial year ended 31 December 2019 or awarded in respect of the same financial year to Mr Mathieu Coutier under his mandate as President of the Executive Board,

approves, accordingly, the payment of the variable remuneration items awarded to Mr Mathieu Coutier under his mandate as President of the Executive Board, in respect of the financial year ended 31 December 2019.

Tenth resolution

(Approval of the fixed and variable items comprising the total remuneration comprising the remuneration and benefits of any nature paid in respect of the 2019 financial year or awarded in respect of the same financial year to Mr Jean-Louis Thomasset, Vice-President of the Executive Board)

Ruling under the quorum and majority conditions required for ordinary general meetings, the General Meeting, having familiarised itself with the Supervisory Board's report provided for in article L.225-82-2 of the French Commercial Code,

approves the items comprising the remuneration and benefits of any nature paid in respect of the financial year ended 31 December 2019 or awarded in respect of the same financial year to Mr Jean-Louis Thomasset under his mandate as Vice-President of the Executive Board, and

approves, accordingly, the payment of the variable remuneration items awarded to Mr Jean-Louis Thomasset under his mandate as member of the Executive Board, in respect of the financial year ended 31 December 2019.

Eleventh resolution

(Approval of the fixed and variable items comprising the total remuneration comprising the total remuneration and benefits of any nature paid in respect of the 2019 financial year or awarded in respect of the same financial year to Mr Benoît Coutier, Member of the Executive Board)

Ruling under the quorum and majority conditions required for ordinary general meetings, the General Meeting, having familiarised itself with the Supervisory Board's report provided for in article L.225-82-2 of the French Commercial Code,

approves the items comprising the remuneration and benefits of any nature paid in respect of the financial year ended 31 December 2019 or awarded in respect of the same financial year to Mr Benoît Coutier under his mandate as Member of the Executive Board, and

approves, accordingly, the payment of the variable remuneration items awarded to Mr Benoît Coutier under his mandate as member of the Executive Board, in respect of the financial year ended 31 December 2019.

Twelfth resolution

(Approval of the fixed and variable items comprising the remuneration comprising the total remuneration and benefits of any nature paid in respect of the 2019 financial year or awarded in respect of the same financial year to Mr Nicolas Coutier, Member of the Executive Board)

Ruling under the quorum and majority conditions required for ordinary general meetings, the General Meeting, having familiarised itself with the Supervisory Board's report provided for in article L.225-82-2 of the French Commercial Code,

approves the items comprising the remuneration and benefits of any nature paid in respect of the financial year ended 31 December 2019 or awarded in respect of the same financial year to Mr Nicolas Coutier under his mandate as Member of the Executive Board, and

approves, accordingly, the payment of the variable remuneration items awarded to Mr Nicolas Coutier under his mandate as member of the Executive Board, in respect of the financial year ended 31 December 2019.

Thirteenth resolution

(Approval of the fixed and variable items comprising the remuneration comprising the total remuneration and benefits of any nature paid in respect of the 2019 financial year or awarded in respect of the same financial year to Mr Frédéric Marier, Member of the Executive Board)

Ruling under the quorum and majority conditions required for Ordinary General Meetings, the General Meeting, having familiarised itself with the Supervisory Board's report provided for in article L.225-82-2 of the French Commercial Code,

approves the items comprising the remuneration and benefits of any nature paid in respect of the financial year ended 31 December 2019 or awarded in respect of the same financial year to Mr Frédéric Marier under his mandate as Member of the Executive Board, and

approves, accordingly, the payment of the variable remuneration items awarded to Mr Frédéric Marier under his mandate as member of the Executive Board, in respect of the financial year ended 31 December 2019.

Fourteenth resolution

(Approval of the fixed and variable items comprising the remuneration comprising the total remuneration and benefits of any nature paid in respect of the 2019 financial year or awarded in respect of the same financial year to Mr André Coutier, President of the Supervisory Board)

Ruling under the quorum and majority conditions required for Ordinary General Meetings, the General Meeting, having familiarised itself with the Supervisory Board's report provided for in article L.225-82-2 of the French Commercial Code, approves the items comprising the remuneration and benefits of any nature paid or awarded in respect of the financial year ended 31 December 2019 to Mr André Coutier under his mandate as President of the Supervisory Board.

Fifteenth resolution

(Approval of the policy on remuneration for members of the Executive Board)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having familiarised itself with the corporate governance report, approves, in accordance with the provisions of article L.225-82-2 of the French Commercial Code, the policy on remuneration for the members of the Executive Board as presented in the corporate governance report, appearing in the annual financial report concerning the 2019 financial year.

Sixteenth resolution

(Approval of the policy on remuneration for members of the Supervisory Board)

The General Meeting, ruling under the quorum and majority conditions required for Ordinary General Meetings, having familiarised itself with the corporate governance report, approves, in accordance with the provisions of article L.225-82-2 of the French Commercial Code, the policy on remuneration for the Supervisory Board as presented in the corporate governance report, prepared pursuant to article L.225-82-2 of the French Commercial Code appearing in the annual financial report concerning the 2019 financial year.

Seventeenth resolution

(Authorisation granted to the Executive Board to buy back shares of the company)

Ruling under the quorum and majority conditions required for Ordinary General Meetings, the General Meeting, having familiarised itself with the Executive Board's report, authorises the Executive Board, having the option to subdelegate, to acquire shares in the Company in accordance with the conditions and obligations laid out in the provisions of article L.225-209 et seq. and articles 241-1 et seq. of the French Commercial Code and in accordance with the following terms:

The Company may acquire on- or off-market its own shares and sell all or part of the shares acquired, while observing the following limits:

- the total number of shares held shall not exceed 0.5% of the total number of shares comprising the share capital, it being noted that this limit will apply to an amount of the Company's share capital, which, where applicable, would be adjusted to take into account the transactions affecting the share capital during the approval period; the acquisitions made by the Company must not under any circumstances lead it to hold, directly or indirectly, more than 0.5% of its own share capital;

- the number of shares accounted for in calculating the 0.5% limit specified above corresponds to the number of shares purchased, minus shares resold during the approval period;
- the unit purchase price shall not exceed €50.00 (exclusive of acquisition costs). The Executive Board may, however, having the option to subdelegate, adjust the maximum purchase price mentioned above in the event of incorporating reserves, profits or premiums on share issues, mergers or contributions, or any other sums whose incorporation would be permitted, giving rise to either an increase in the nominal value of the shares, or to the creation and bonus award of shares, as well as in the event of the division of the nominal value of the shares, a consolidation of shares or any other transactions with an impact on share capital to take account of the impact of these operations on the share value;
- the acquisition, sale or transfer of shares may be realised by any means, on the market or by mutual agreement, including the acquisition or sale of share blocks, under the conditions approved by the market authorities. These operations may be conducted at any time in compliance with enforced legal and regulatory provisions;

All powers are given to the Executive Board, with the option to subdelegate, to:

- decide whether it is advisable to implement this delegation of powers;
- determine the conditions and procedures of acquisition and sale including mainly the price of purchased shares;
- conduct, by any means, the acquisition, sale or transfer of these shares, submit any stock exchange orders;
- complete any agreement, in particular for the purpose of maintaining records of the sale and purchase of shares, making all due diligence declarations to the *Autorité des Marchés Financiers* or any other body, completing all procedures;
- issue and publish the press release on the implementation of the repurchase programme;
- in general, make all necessary endeavours to execute and implement this decision.

This authorisation is valid for a period of 18 months starting from the date of this meeting, i.e. until 30 November 2021.

This authorisation shall interrupt, with immediate effect, and replace the authorisation conferred by the Ordinary and Extraordinary General Meeting of 29 May 2019.

Eighteenth resolution

(Powers to complete formalities)

Ruling under the quorum and majority conditions required for Ordinary General Meetings, the General Meeting confers full powers on the holder of copies of extracts of the present statement to fulfil all legal formalities.

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