CONSOLIDATED FINANCIAL STATEMENTS

2019

haulotte.com

Haulotte

LET'S **DARE TOGETHER**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED BALANCE SHEET - ASSETS

In thousands of euros	Note	31/12/2019	31/12/2018
Goodwill	8	28 487	32 728
Intangible assets	9	34 213	30 161
Property, plant and equipment	10	63 883	53 993
Right-of-use-assets	11	19 614	-
Financial assets	12	4 381	2 908
Deferred tax assets	26	18 889	18 013
Trade receivables from financing activities > 1 year	14	37 920	21 710
Other non current assets	15	5 574	4 572
NON CURRENT ASSETS (A)		**212 961**	**164 085**
Inventory	13	191 577	178 949
Trade receivables	14	93 587	123 573
Trade receivables from financing activities < 1 year	14	21 615	12 844
Other assets	15	35 538	33 372
Cash and cash equivalents	18	28 740	24 110
CURRENT ASSETS (B)		**371 057**	**372 848**
TOTAL ASSETS (A+B)		**584 018**	**536 933**

Notes 1 to 48 constitute an integral part of these consolidated financial statements

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED BALANCE SHEET - LIABILITIES

In thousands of euros	Note	31/12/2019	31/12/2018
Share capital	19	4 078	4 078
Share premiums	19	81 627	91 720
Consolidated reserves and income		179 013	161 539
SHAREHOLDERS'EQUITY BEFORE MINORITY INTERESTS (A)		**264 718**	**257 337**
Minority interests (B)		(372)	(347)
TOTAL EQUITY		**264 346**	**256 990**
Long-term borrowings	20	132 834	46 084
Non current lease liabilities	11	14 780	
Deferred tax liabilities	26	7 266	6 068
Provisions	22	6 828	5 055
NON-CURRENT LIABILITIES (C)		**161 708**	**57 207**
Trade payables	24	70 748	86 284
Other current liabilities	25	26 251	24 846
Current borrowings	20	46 269	102 053
Current lease liabilities	11	5 147	
Provisions	22	9 549	9 553
CURRENT LIABILITIES (D)		**157 964**	**222 736**
LIABILITIES AND SHAREHOLDERS' EQUITY (A+B+C+D)		**584 018**	**536 933**

Notes 1 to 48 constitute an integral part of these consolidated financial statements

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED INCOME STATEMENT

In thousands of euros	Note	31/12/2019		31/12/2018	
CONTINUING OPERATIONS					
Sales and revenue	28	609 828	100,0%	555 905	100,0%
Cost of sales	29	(468 760)	-76,9%	(424 155)	-76,3%
Selling expenses		(34 502)	-5,7%	(32 653)	-5,9%
General and administrative expenses	30	(60 667)	-9,9%	(54 745)	-9,8%
Research and development expenditures	31	(10 000)	-1,6%	(8 747)	-1,6%
Exchange gains and losses	32	(2 022)	-0,3%	(2 000)	-0,4%
CURRENT OPERATING INCOME		**33 877**	**5,6%**	**33 605**	**6,0%**
Other operating income and expenses	35	(4 637)	-0,8%	(4 485)	-0,8%
OPERATING INCOME FROM CONTINUING OPERATIONS		**29 240**	**4,8%**	**29 121**	**5,2%**
Share of profit of affiliates		-	0,0%	(147)	0,0%
OPERATING INCOME AFTER SHARE OF PROFIT OF AFFILIATES		**29 240**	**4,8%**	**28 974**	**5,2%**
Cost of net financial debt	36	(3 587)	-0,6%	(1 580)	-0,3%
Exchange gains and losses	32	(58)	0,0%	(290)	-0,1%
Other financial income and expenses	36	1 149	0,2%	(1 825)	-0,3%
PROFIT BEFORE TAXES FROM CONTINUING OPERATIONS		**26 744**	**4,4%**	**25 279**	**4,5%**
Income tax	37	(7 287)	-1,2%	(7 350)	-1,3%
NET PROFIT FROM CONTINUING OPERATIONS		**19 457**	**3,2%**	**17 929**	**3,2%**
DISCONTINUED OPERATIONS					
NET PROFIT FROM DISCONTINUED OPERATIONS	**27**	**-**		**5 944**	
NET PROFIT		**19 457**	**3,2%**	**23 873**	**4,3%**
attributable to equity holders of the parent		19 417		23 803	
attributable to minority interests		40		70	
NET EARNINGS PER SHARE	**39**	**0,66**		**0,81**	
NET DILUTED EARNINGS PER SHARE	**39**	**0,66**		**0,81**	

Notes 1 to 48 constitute an integral part of these consolidated financial statements

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	Note	31/12/2019	31/12/2018
PROFIT / (LOSS) FOR THE YEAR (A)		**19 457**	**23 873**
ITEMS THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT AND LOSS			
Currency translation differences for cash items relating to net investments in foreign operations		(1 007)	(5 175)
Currency translation differences from financial statements of subsidiaries		(5 279)	5 343
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT AND LOSS			
Actuarial gains and losses on employee benefits	23	(1 398)	(131)
Income tax	26	(183)	(330)
NET INCOME / (EXPENSE) RECOGNISED DIRECTLY IN EQUITY (B)		**(7 867)**	**(293)**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME (A+B)		**11 590**	**23 580**
attributable to equity holders of the parent		11 550	23 510
attributable to minority interest		40	70

Notes 1 to 48 constitute an integral part of these consolidated financial statements

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousand of euros	Note	31/12/2019	31/12/2018
NET INCOME FOR CONTINUING OPERATIONS		**19 457**	**17 929**
Depreciation and amortization		20 284	15 853
Change in provisions (except for current assets)		342	5 278
Unrealised foreign exchange gains and losses		914	(1 560)
Change in deferred taxes		(288)	(1 803)
Gains and losses from disposals of fixed assets		(609)	(946)
Interests on bank borrowings		3 587	1 593
Share of profit in affiliates		-	147
GROSS CASH FLOWS FROM OPERATIONS		**43 687**	**36 491**
Change in operating working capital	41	(3 904)	(71 038)
Change in receivables from financing activities	42	(19 375)	(2 714)
Total of operating cash flows from continued operations		**20 408**	**(37 261)**
Operating cash flows from discontinued activities		**-**	**201**
CASH FLOWS FROM OPERATING ACTIVITIES		**20 408**	**(37 060)**
Purchases of fixed assets		(31 149)	(22 177)
Proceeds from the sales of fixed assets, net of tax		4 442	2 988
Dividends received		-	849
Impact of changes in scope of consolidation		-	(14 913)
Total of investing cash flows from continued operations		**(26 707)**	**(33 253)**
Investing cash flows from discontinued activities		**-**	**16 130**
CASH FLOWS FROM INVESTING ACTIVITIES		**(26 707)**	**(17 123)**
Dividends paid to shareholders		(6 495)	(6 507)
Loans issues		94 513	51 948
Borrowings repayments		(78 155)	(7 776)
Lease liabilities repayments		(6 857)	
Treasury shares		(104)	(709)
Total of financing cash flows from continued operations		**2 902**	**36 956**
CASH FLOWS FROM FINANCING ACTIVITIES		**2 902**	**36 956**

NET CHANGE IN CASH AND CASH EQUIVALENTS		**(3 397)**	**(17 227)**
Opening cash and cash equivalents	43	4 885	22 809
Effect of exchange rate changes from continued operations		624	(697)
Closing cash and cash equivalents	43	2 112	4 885
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(3 397)**	**(17 227)**

Notes 1 to 48 constitute an integral part of these consolidated financial statements

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Capital	Share pre-miums	Conso-lidated reserves*	Profit for the period	Treasury shares **	Free shares ***	Trans-lation diffe-rences	Actuarial gains and losses on employee benefits	Group share	Minority Interests	Total
BALANCE AT 31 DECEMBER 2017	**4 078**	**91 720**	**171 270**	**17 610**	**(13 611)**	**-**	**(31 026)**	**(1 316)**	**238 725**	**(398)**	**238 326**
Change in capital of the parent company									**-**		**-**
Appropriation of 2017 net income			17 610	(17 610)					**-**		**-**
Dividends paid by the parent company			(6 511)						**(6 511)**		**(6 511)**
Net income for the period				*23 803*					*23 803*	*70*	*23 873*
Net income / (expense) recognised directly in equity							*(162)*	*(131)*	*(293)*	*0*	*(293)*
Total consolidated comprehensive income				23 803			(162)	(131)	**23 510**	70	**23 580**
Treasury shares					(708)	392			**(316)**		**(316)**
Other changes			1 929						**1 929**	(19)	**1 910**
BALANCE AT 31 DECEMBER 2018	**4 078**	**91 720**	**184 298**	**23 803**	**(14 319)**	**392**	**(31 188)**	**(1 447)**	**257 337**	**(347)**	**256 990**
Change in capital of the parent company									**-**		**-**
Appropriation of 2018 net income		(3 192)	26 995	(23 803)					**-**		**-**
Dividends paid by the parent company		(6 901)	406						**(6 495)**		**(6 495)**
Net income for the period				*19 417*					*19 417*	*40*	*19 457*
Net income / (expense) recognised directly in equity							*(6 873)*	*(994)*	*(7 867)*		*(7 867)*
Total consolidated comprehensive income				19 417			(6 873)	(994)	**11 550**	40	**11 590**
Treasury shares					(105)	461			**356**		**356**
Other changes****				1 970					**1 970**	(65)	**1 905**
BALANCE AT 31 DECEMBER 2019	**4 078**	**81 627**	**211 699**	**21 387**	**(14 424)**	**853**	**(38 061)**	**(2 441)**	**264 718**	**(372)**	**264 346**

**: Consolidated reserves primarily consist of retained earnings*
***: For the three periods, the amount of treasury shares has been disclosed at the book value, and the correction in consolidated reserves*
****: See Note 19*
*****: Other changes include hyperinflation effects in Argentina*

Notes 1 to 48 constitute an integral part of these consolidated financial statements

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1 - GENERAL INFORMATION

Haulotte Group S.A. manufactures and distributes through its subsidiaries (forming the "Group") people and material lifting equipment.

Haulotte Group also operates in the rental market for these equipments.

Haulotte Group S.A. is a "société anonyme" (a French limited liability company) incorporated in Saint-Etienne (France) with its registered office in L'Horme. The company is listed on Euronext Paris – Eurolist Compartment B (Mid Caps).

The annual consolidated financial statements for the period ended 31 December 2019 and the notes thereto were approved by the Board of Directors of Haulotte Group SA on March 3rd 2020. Figures are expressed as thousands of euros.

NOTE 2 - MAJOR EVENTS OF THE FISCAL YEAR

2.1 Signature of the new syndicated loan

On July 17, 2019, the Group has signed a new syndicated loan, in the purpose of refinancing the previous contract which expires on September 30, 2019. Therefore, the Group has repaid (debt extinction), at this date, all balances of its syndicated loan, for a total amount of 66.659 K€ (excluding overdraft, including interests).

The new syndicated loan provides to Haulotte Group 2 separates lines:

- A revolving line of credit for an amount of 90.000 K€;
- An overdraft line for an amount of 40.000 K€.

This contract has been conclude for a duration of 5 years, with a deadline as at July 17, 2024 and the possibility to be extended for an additional duration of 12 months at the end of the year 1 and at the end of the year 2, bringing its deadline to July 17, 2026 in case of agreement of the 2 extensions.

This new syndicated loan has been granted without any guarantee or security. It plans some classic obligations that have to respected including the calculation of bi-annual ratios on the basis of consolidated financial statements captions, as EBITDA, equity and Group net debt excluding IFRS 16 lease liabilities. These elements are disclosed in the note 20.

2.2 New headquarters

The construction of the new headquarters, in the city of Lorette, located in the Loire department in France, has started in April 2019 for an installation planned at the beginning of 2020 summer. This building has been acquired through a finance lease signed in January 2019. This operation has been considered as an in-substance purchase. These elements are disclosed in the note 20.

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied to prepare the consolidated financial statements are described below. Except where specifically stated otherwise, these policies are consistently applied to all financial periods presented herein.

3.1 Statements of compliance

As a publicly traded company listed in the European Union and in accordance with EC regulation 1606/2002 of 19 July 2002, the Group's consolidated financial statements for fiscal year ended 31 December 2019 have been prepared according to IFRS (International Financial Reporting Standards) as adopted by the European Union on 31 December 2019.

These standards can be consulted at the website of the European commission (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm). They include standards approved by the International Accounting Standards Board (IASB), i.e. IFRS, International Accounting Standards (IAS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The consolidated financial statements have been prepared according to the historical cost convention, with the exception of certain items, notably assets and liabilities measured at fair value.

Amendments and interpretations of standards in issue taking effect in 2019

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2019:

IFRS 16 "Leases" issued in January 2016 and adopted by the European Union in November 2017 is applicable no later than for periods starting on or after 1 January 2019. This standard presents a detailed model for identifying leases and defines the treatment to be adopted by lessors and lessees in their respective financial statements. It replaces IAS 17 and its interpretations.

The new standard applies a control model for the definition of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. Significant modifications were introduced for the recognition of a lease by the lessee as the current distinction between finance leases and operating leases is eliminated. The lessee is required to recognize a "right-of- use" asset and the related lease liability in the statement of financial position. Limited exceptions are allowed when the lease term is 12 months or less or the underlying asset has a low value.

This standard will be applied by the Group as of the period starting on January 1, 2019 without restatement of the comparative information by using the simplified retrospective method. The Group will also apply the exceptions provided by the standard: short-term leases (less than 12 months) and low-value leases (less than € 4,500) are excluded.

The Group has implemented a tool for recording lease contracts. This tool calculates the amounts to be recognized under the right of use, financial debt, amortization expense and interest expense.

The majority of leases are operating leases in which the Group is a lessee. The assets under lease are mainly buildings, vehicles and industrial equipment.

The key assumptions that the Group uses for the implementation of the standard are:

- Durations: The Group has decided to retain the contractual terms of the contracts. The duration chosen is the first expiry date; unless specific information leads to choose a longer period.
- Discount rate: The Group wished to use the simplification measures recommended by the standard and thus use the marginal borrowing rate of the contract taking into account the asset class, the duration of the contract and the economic environment.

When the Group is a lessor, the accounting remains the same as with the previous standard IAS 17, ie lessors continue to classify leases as finance leases or as operating leases.

Impacts are disclosed in note 11.

Others

Standard or interpretation	Nature of expected change on accounting principles and methods	Impact of first-time application for Haulotte Group
Amendments to IFRS 9 – Financial instruments	This amendment defines anticipated reimbursement characteristics with negative remuneration.	This new pronouncement is not applicable to the Group's financial statements.
Amendments to IAS 28 – Investments in associates and joint ventures	This amendment defines long term interest's treatment for investments in associates and joint ventures.	This new pronouncement is not applicable to the Group's financial statements.
Amendments to IAS 19 – Employee benefits	This amendment concerns pension costs calculation in the event of modification, diminution or liquidation of a defined benefit pension plan.	This new pronouncement is not applicable to the Group's financial statements.
IFRIC 23 – Uncertainty over Income Tax treatment	This interpretation clarifies IAS 12 regarding the treatment to be used in order to take into account the uncertainty that can occur regarding the fiscal position of a company in the assessment and recognition of tax and deferred tax.	The application of this interpretation does not have a significant impact on the Group's financial statements or the comparative financial statements for the period ending 31 December 2018.
2015 – 2017 annual improvement cycle	These amendments concern the following standards: IFRS 3 and 11, IAS 23 and IAS 12.	These new pronouncements are not applicable to the Group's financial statements.

New standards, amendments or interpretations applicable in advance

The Group did not anticipate and does not expect to anticipate for the text adopted by the European Union at the closing date but applicable for the following exercises.

New standards and interpretations not yet adopted by the European Union

The Group does not anticipate or plan at this stage early adoption of other new standards or interpretations published by IASB or IFRIC but not yet adopted by the European Union at the closing date.

3.2 Critical accounting estimates and judgements

3.2.1 Critical accounting estimates and assumptions

In preparing financial statements, the Group will resort to estimates and assumptions about future events. Such estimates are based on past experience and other factors considered reasonable in view of current circumstances. Actual results may differ from these estimates.

The main sources of uncertainty concerning key assumptions and assessments are:

- estimated impairment of goodwill (cf. note 4.1),
- evaluation of customer counterparty risk: evaluation of the recoverable value of trade receivables (see note 4.7) is based on credit rating procedures (see note 5 b) and, when applicable, analysis based on the Group's ability to recover the equipment in the case of customer default and proceed with their sale for a specified value. This resale value is estimated on the basis of data for the sale of used machines previously carried out by the Group over a period of several years. The consistency of these values with quoted prices for second hand assets generally accepted on the market is also verified.

Today, there are no factors which might call into question the valuation of this recoverable value and notably the validity of quoted prices of second-hand equipment. Nevertheless, deterioration in the future of the market values of second-hand equipment could result in the recognition of additional impairment charges for trade receivables,

- net realizable value of inventory (cf. note 4.6): the net realizable value of work in progress and finished goods at 31 December 2019 determined on the basis of actual recorded transactions depending on each equipment's production year, remains significantly higher than the cost price,
- the assessment of the preferential nature of guarantees for residual amounts: the accounting treatment associated with transactions accompanied by such guarantees (cf. note 4.7.2) is based on the assumption that has been almost systematically verified to date of the attractiveness of the option to repurchase equipment offered to customers when compared to the current sales prices in the second-hand equipment market. If this assumption ceases to be confirmed, the accounting treatment of such future transactions should be adapted in consequence.

Use of estimates and assumptions also had an impact on the following items:

- revenue recognition, notably in the context of tripartite agreements described in notes 4.7.2 to 4.7.4
- amortization and depreciation periods for fixed assets (cf. note 4.3),
- the evaluation of provisions, notably for manufacturer warranties (cf. note 4.11) and for pension liabilities (cf. note 4.10),
- the recognition of deferred tax assets (cf. note 4.13).

The financial statements reflect the best estimates according to information available at time of finalizing production of accounts.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

3.2.2 Evaluation of risks and significant uncertainties having a potential material impact on Haulotte Group

The main material risks and uncertainties that could have a material impact on the Group identified at 31 December 2019 relate on one hand to the market risk, to the monetary environment of the Group and, on the other hand, on items relating to its liquidity.

Regarding the market (following variations are at constant exchange rates & excluding IAS 29 application), fiscal year 2019 was marked by revenue growth of +8%. Over the year, sales of equipment increased by +8%, rental sales are increasing by +23% and services by +7%.

The Group maintains its policy of a centralised management of foreign exchange as described in note 5.a) and pays specific attention to the evolution of foreign currencies on its main markets, as these could significantly affect its financial performance.

During the year, the Group continues to diversify its financing (see note 20).

The liquidity risk is described in detail in note 5.c). Based on the level of available cash resources and opened credit lines at 31 December 2019, compared with cash forecasts for the first few months of 2020, there are no reasons that would call into question the Group's ability to ensure its liquidity. As mentioned in note 20, the syndicated is used for an amount of 88 M€. Concerning other borrowings, amounts due in 2019 total to € 15 million.

3.3 Consolidation

Subsidiaries over which Haulotte Group S.A. directly or indirectly exercises exclusive control are fully consolidated. They are deconsolidated from the date that control ceases.

Equity method is used for all associated companies in which the Group exerts significant influence. According to this method, Haulotte Group records in a specific caption of the consolidated income statement its share in the net income of the company consolidated using equity method. As of 31 December 2019, Haulotte Group does not have any company consolidated using the equity method.

The list of subsidiaries included in the consolidation scope is shown in note 7.

3.4 Intercompany balances and transactions

All intercompany balances and transactions between fully consolidated companies are eliminated.

3.5 Foreign currency translation of foreign subsidiaries financial statement

The consolidated financial statements are presented in euro (€), which is the parent company's, Haulotte Group S.A., functional and the Group's presentation currency.

Financial statements of foreign subsidiaries are measured using the functional currency, their local currency.

The results and financial position of foreign entities that have a functional currency different from the presentation currency (euro) are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of balance sheet;
- Income statement items are translated at the average exchange rate for the period (average for 12 monthly rates) except if exchange rates experience significant fluctuations. In the latter case, applying an average exchange rate for a period would not be appropriate. Thus, to apply IAS 29, the income statement of the entities Haulotte Argentina S.A. and Horizon High Reach Limited were converted using the closing rate.

Exchange differences resulting from the translation of the subsidiaries' financial statements are recognized as a separate component of equity and broken down between the parent company share and minority interests.

In the case of the disposal of an entity, translation differences that were recognized under components of comprehensive income items are reclassified from equity to income of the period (as a reclassification adjustment) when a gain or loss resulting from the disposal is recognized. These amounts are then included in the disposal result in the 'other income and expenses' line.

Goodwill is accounted for in the currency of the subsidiary concerned. It must consequently be stated in the functional currency of the subsidiary and translated at year-end.

3.6 Translation of transactions in foreign currency

Foreign currency transactions are translated by the subsidiary into its functional currency using the exchange rates prevailing at the date of the transaction. At year-end, monetary items of the balance sheet denominated in foreign currencies are translated at closing exchange rates.

Gains and losses on translation are recorded directly in the income statement under operating income as "exchange gains and losses" except net foreign investments as defined under IAS 21 for which exchange differences are recognized as other comprehensive income items. In the event of the prepayment of a current account balance considered equivalent to a net investment in a foreign operation, the reduction of the associated investment is assessed on the basis of relative value.

3.7 Business combinations

Business combinations occurring after 1 January 2010 are accounted for using the acquisition method, in accordance with IFRS 3 (Revised) – Business Combinations:

- The acquired identifiable assets and assumed liabilities and contingent liabilities are measured at acquisition-date fair value, provided that they meet the accounting criteria in IFRS 3 (Revised). An acquired non-current asset (or disposal group) that is classified as held for sale at the acquisition date is measured at fair value less costs to sell. Only the liabilities recognized in the acquirees's balance sheet at the acquisition date are taken into account. Restructuring provisions are therefore not accounted for as a liability of the acquiree unless it has an obligation to undertake such restructuring at the acquisition date. Acquisition-related costs are recognized as expenses in the period in which the costs are incurred.
- The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the Group's share in the fair value of the acquired identifiable net assets exceeds the cost of acquisition, that difference is recognized directly in the income statement (see note 4.1).
- For each acquisition, the Group has the option of using the full goodwill method, where goodwill is calculated by taking into account the acquisition-date fair value of minority interests, rather than their share of the fair value of the assets and liabilities of the acquiree.
- Contingent consideration is measured at its acquisition-date fair value and is subsequently adjusted through goodwill only when additional information is obtained after the acquisition date about facts and circumstances that existed at that date. Such adjustments are made only during the 12-month measurement period that follows the acquisition date. All other subsequent adjustments are recorded as a receivable or payable through profit or loss (line "Other operating income and expenses").
- In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if material, is recognized as "Other operating income and expenses".

3.8 Segment reporting

The Group has determined that the primary operating decision-making body of the entity is the Executive Committee. The Committee reviews internal reporting of the Group, evaluating its performance and making decisions for the allocation of resources. The operating segments have been adopted by management on the basis of this reporting

The Executive Committee analyses activity both according to geographic markets and the Group's businesses. These businesses are:

- the manufacture and sale of lifting equipment,
- the rental of lifting equipment,
- services (spare parts, repairs and financing).

The column « Others » includes items not allocated to the Group's four geographic segments as well as inter-segment items.

In addition, these activities overall are subject to analysis according to geographic region (Europe, North America, Latin America, Asia Pacific).

Internal reporting used by the Executive Committee is based on a presentation of the accounts according to IFRS principles, including all Group activities.

The main indicators for performance reviewed by the Executive Committee are revenue, operating income and depreciation expenses. In addition, the Executive Committee monitors the main balance sheet captions: tangible assets (including right of use assets) trade receivables, receivables from financing activities, inventories, trade payables, borrowings and lease liabilities.

Items relating to net financial income or expense and in general non-operating items, as well as items relating specifically to consolidation (tax…) are tracked on a global basis without applying a breakdown by activity or geographic sector. As such they are not included in this segment information.

The Group has not identified any customer accounting for more than 10% of revenue.

NOTE 4 - PRINCIPLES AND METHODS FOR THE VALUATION OF KEY BALANCE SHEET AGGREGATES

4.1 Goodwill

Goodwill related to consolidated companies is booked to balance sheet assets under "Goodwill". They result from the application of the principles of business combinations described in note 3.7 above.

Negative Goodwill (or badwill) is recognized immediately under other operating income and expenses during the year of acquisition and no later than 12 months after the acquisition, after the correct identification and valuation of acquired assets and liabilities has been verified.

Goodwill is not depreciated but is instead subject to impairment testing whenever there exists an indicator of impairment and at least once a year. For the purpose of impairment testing, goodwill is allocated to Cash Generating Units (CGU) or groups of CGU that may benefit from business combinations.

The Group has defined different CGUs:

- The North America CGU including the subsidiaries Haulotte US and BilJax,
- Group rental company subsidiaries each representing an independent CGU, NDU (without any activity since 2008) and Horizon Argentina
- Manufacturing and distribution subsidiaries (Excluding North America and Turkey) of the Group included within a single CGU.
- CGU for Acarlar Makine, related to the distribution in Turkey

An impairment loss is recognized when the carrying value is higher than the recoverable value, defined as the higher of value in use and fair value. Value in use is determined in reference to five-year business plans for which future flows are extrapolated and discounted to present value, or for some rental subsidiaires, using the market value of the rental assets.

Goodwill impairment charges are irreversible.

Income and expense arising respectively from the recognition of negative goodwill (badwill) and the impairment of positive goodwill are recognized under the "other operating income and expenses".

4.2 Intangible assets

a) Development expenditures

Research expenditure is expensed as incurred. Development expenditure in connection with projects (for the design of new products or improvement of existing products) is recognized as intangible asset when the following criteria are met:

- the technical feasibility of completing the project,
- the intention of management to complete the project,
- the ability to use or sell the intangible asset,
- the intangible asset will generate probable future economic benefits for the group,
- the availability of adequate technical, financial and other resources to complete the project,
- the ability to measure reliably the costs.

Other development expenditures that do not meet these criteria are expensed in the period incurred. Development expenditure previously expensed is not recorded as an asset in subsequent periods.

Development expenditure is amortized from the date the asset is commissioned using the straight-line method over the estimated useful life of 2 to 5 years.

In compliance with IAS 36, development expenditure recognized under assets not yet fully amortized is tested for impairment annually or as soon as any impairment indicator is identified (when the inflow of economic benefits is less than initially anticipated). The carrying value of capitalised development expenditure is compared with expected cash flows projected over 2 to 5 years to determine the impairment loss to be recorded.

b) Customer Portfolio

The customer portfolio had been determined at the purchase price allocation of Acarlar. The price paid for this acquisition includes customer relationship of the company. Only the relationship existing at the date of acquisition were evaluated.

The fair value of the customer portfolio had been determined using the excess earnings method. Usefull life of the portfolio was set at 10 years.

c) Other intangible assets

Other intangible assets (software, patents, etc.) are recognized at purchase cost excluding incidental expenses and financial charges.

Software is amortized using a straight-line method over 3 to 7 years.

4.3 Property, plant and equipment

Property, plant and equipment is recognized on the balance sheet at purchase cost (less discounts and all costs necessary to bring the asset to working condition for its intended use) or production cost. Finance costs are not included in the cost of fixed assets.

The basis for depreciation of fixed assets is their gross value (cost less residual value). Depreciation starts from the date the asset is ready to be commissioned. Depreciation is recorded over the useful life that reflects the consumption of future economic benefits associated with the asset that will flow to the Group.

When the asset's carrying value is greater than the estimated recoverable amount, an impairment is immediately recorded for the difference.

Component parts are recognized as separate assets and subject to different depreciation rates if the related assets have different useful lives. The renewal or replacement costs of components are recognized as distinct assets and the replaced asset is written off.

Land is not depreciated. Other depreciation on assets is calculated using the straight-line method over their estimated useful lives as follows:

	Depreciation period
Plant buildings:	
Main component	30 to 40 years
Other components	10 to 30 years
Buildings fixtures and improvements:	
Main component	10 to 40 years
Other components	5 to 20 years
Plant equipment	5 to 20 years
Other installations and equipment	3 to 20 years
Transportation equipment	5 years
Computer and office equipment	3 to 10 years
Office furniture	3 to 10 years

The assets' residual value and useful lives are reviewed and adjusted, if appropriate, at each balance-sheet date.

Gains and losses arising from the disposal of fixed assets are recognized under other operating income and expenses.

4.4 Lease contracts

Lease contracts, as defined by IFRS 16 "Leases", are recorded in the balance sheet, which leads to the recognition of:

- An asset representing a right of use of the asset leased during the lease term of the contracts;
- A liability related to the payment obligation;

At the commencement date, the right of use asset is measured at cost (and can comprise, when applicable, any lease payments made at or before the commencement date, any initial direct costs incurred for the conclusion of the contracts and estimated costs for restoration and dismantling of the leased asset according to the terms of the contract).

The right of use asset is depreciated over the useful life of the underlying assets (the duration chosen is the first expiry date; unless specific information leads to choose a longer period).

At the commencement date, the lease liability is recognized for an amount equal to the present value of the lease payments over the lease term.

The right of use asset and the lease liability may be remeasured in the following situations:

- Change in the lease term;
- Modification related to the assessment of the reasonably certain nature (or not) of the exercise of an option;
- Adjustment to the rates and indices when according to which the rents are calculated when rent adjustments occur.

Calculation method is disclosed in the note 3.1.

4.5 Other financial assets

In the IFRS 9 standard, financial assets are classified in three different categories according to their nature and the intended investment period:

- Held-to- maturity investments;
- Financial assets measured at fair value through profit and loss;
- Financial assets measured at fair value through other comprehensive income.

The "other financial assets" of the Group are essentially loans. They are recognized at the fair value of the price paid less transaction costs at initial recognition and subsequently at amortized cost at each balance sheet date. All impairment losses on these assets (excluding account receivables, see Note 4.7) are immediately recognized in the income statement through "other financial income and expenses". The fair value of these financial assets corresponds to its accounting value.

This caption also includes deposits and sureties.

4.6 Inventories and work in progress

Inventories are stated at the lower of cost or net realizable value:

- Materials and supplies cost is determined using the average cost method based on the weighted average cost per unit;
- The cost of finished goods and work in progress includes direct production costs and factory overhead (based on normal operating capacity);
- Traded goods inventories are recorded at purchase price (spare parts) or at their trade-in value (second-hand machines).

The net realizable value is the estimated selling price in the ordinary course of business less applicable expenses to sell or recondition the goods.

Impairment is recognized when the net realizable value is less than the carrying value of inventories defined above.

4.7 Trade receivables

There are four categories of trade receivables:

- Receivables resulting from transactions with customers obtaining financing directly (4.7.1) with no guarantee given by the Group to the financial institution providing the financing;
- Receivables resulting from transactions for which Haulotte Group grants guarantees to the financial institution providing financing to the customer (4.7.2);
- Receivables resulting from finance leases with financing or credit sales provided by Haulotte Group (4.7.3);
- Receivables resulting from back-to-back arrangements (4.7.4).

The accounting treatment for each transaction category is described below.

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

4.7.1 Sales without Group financing or guarantees

These receivables are recognized at fair value of the compensation received or to be received. They are subsequently recognized at amortized cost according to the effective interest rate method, less provisions for impairment.

When there exists serious and objective evidence of collection risks, a provision for impairment loss is recorded. The provision represents the difference between the asset's carrying amount and the estimated resale value of the equipment representing the receivable on the date the risk of non-collection is determined. This policy is based on the following factors:

- assets representing receivables may be repossessed by Haulotte Group in the event of customer default, when provided for by contractual terms and conditions,
- a precise knowledge of the equipment's market value.

These market values are estimated on the basis of second-hand equipment sales realized by the Group over several years and corroborated by listed values for second-hand equipment.

4.7.2 Sales including guarantees granted by the Group

In line with industry practice, Haulotte Group grants guarantees to financial institutions offering financing to Group customers. Under such arrangements, Haulotte Group sells equipment to the financial institution that in turn contracts with the end user customer through one of two options:

- the credit sale of the equipment, or
- the conclusion of a finance lease.

Haulotte Group may grant several types of guarantees depending on the framework of agreements concluded with financial institutions and the level of risk assigned to the customer by this institution. Those guarantees are:

Guarantee in the form of a commitment to continue lease payments: Haulotte Group guarantees the financial institution payment if the debtor defaults and pays said institution in the event of default, the entire outstanding capital balance owed by the defaulting client. Haulotte Group has a right to repossess the equipment in exchange for its substitution in the place of the defaulting customer.

Guarantee in the form of a contribution to a risk pool: in this case, a portion of the amount of the sale to the financial institution is contributed to a guarantee fund that will cover potential risk of future customer default. The pool's maximum amount is fixed but makes it possible in the event of default of a customer qualifying for the pool to ensure the financial institution recovers the total amount of its debt.

Specific guarantee covering a determined amount for a given receivable: In this case, the recourse of the financial institution is defined receivable by receivable. The financial institution confirms at each accounting closing the amount of its specific recourse for each receivable having been the object of this specific guarantee.

Guarantee in the form of commitments to repurchase the equipment: equipment's residual value is determined on the date the contract is concluded between the financial institution and the end-customer. At the end of the lease agreement, Haulotte Group undertakes to repurchase the equipment at this predetermined amount. Linked with this operation, Haulotte Group systematically proposes to the customers to acquire the equipment at a price corresponding to this residual value.

The accounting treatment of the first three types of guarantees associated with the different lease agreements concluded between the financial institution and the end-user customer are determined based on the analysis of the substance of the transaction as follows:

- as a loan granted to the end customer by Haulotte Group, the contract being transferred to the financial institution in order for the sale to be financed (case of a credit sale);
- as a finance lease between Haulotte Group and the end-customer, the contract being transferred to the financial institution in order for the sale to be financed (case of a finance lease).

The analysis of the guarantees granted by Haulotte Group within the above agreements in accordance with the provisions of IFRS 9 indicates that most of the risks and rewards associated with the receivable assigned to financial institutions (notably credit risk and deferred due dates) have not been transferred in the case of guarantees in the form of a commitment to continue the lease payments or in the form of a contribution to a risk pool.

Accordingly, for such contracts, the following accounting treatment is applied: recognition of a receivable (under "receivables from financing activities" in the balance sheet) and a financial liability (under "Guarantees") for an amount equal to the outstanding capital balance payable by the end customer to the financial institution. These receivables and payables are discharged as the customer makes the lease payments to the financial institution.

However, in the case of a guarantee with a contribution to a risk pool covering a fixed amount per receivable, the amount recognized under receivables and payables is capped to the financial institution amount of recourse vis-à-vis Haulotte Group and not expanded to the full amount of the "assigned" receivable.

Haulotte Group measures at each closing the risk of the guarantees granted being activated by reviewing payment default that would have been reported by financial institutions. In this case a provision for impairment loss is recorded, determined as described in note 4.7.1.

Concerning the fourth type of guarantee, commitments to repurchase equipment, an analysis of the equipment repurchase price granted demonstrates that most of the risks and rewards have been transferred. Indeed, the end customer exercises in virtually all cases the option granted to repurchase the equipment for the amount of the residual value at the end of its lease agreement with the financial institution. Haulotte Group's commitments contracted are recorded as off-balance sheet commitments for the amount of the residual value.

Guarantees given by Haulotte Group are disclosed in off-balance sheet commitments in note 45.

4.7.3 Financial leases and credit sales

Haulotte Group concludes credit sales or leasing contracts directly with its customers with no intermediary financial institutions.

Credit sales are analyzed according to the standard IFRS 15 (see note 6.1).

Analysis of these financial leases contracts according to provisions of IFRS 16, these agreements are classified as finance leases, as a significant portion of the risks and rewards of ownership are transferred to the lessees.

The accounting treatment for these agreements is as follows:

- equipment sales are recognized under "sales and revenue" in the income statement on the date the parties sign the lease agreement,
- a trade receivable (under "receivables from financing activities" in the balance sheet) is recognized vis-a-vis the end customer broken down between current assets for the portion of lease payments due within one year and non-current assets for the balance,
- for the following periods, payment received from the customer as per the lease agreement or the credit sale is allocated between financial income and repayment of the receivable and finance charge.

4.7.4 Back-to-back lease arrangements

Haulotte Group can sometimes use that type of financing.

The Back to back leasing consists for the manufacturer in selling the equipment to a financial institution that will lease the equipment to him, along with a sub-lease contract signed between the manufacturer and his customer. Based on the analysis of these transactions, both upstream and downstream structures, they have been considered as Finance leases. The analysis in substance of upstream and downstream operations leads to recognize:

- the sale of the good to a customer, recorded in return for a receivable on financing operations,
- a financial debt with the financial institution.

4.8 Cash and cash equivalents

"Cash and cash equivalents" includes cash at hand and other short-term investments. The latter consists primarily of money market funds and term deposits.

Cash equivalents consist of short-term high liquidity investments that are readily convertible to known amounts of cash and present insignificant risk of change in value.

Accrued interest has been calculated for term deposits for the period between the subscription and closing date.

4.9 Treasury shares

Shares of Haulotte Group S.A. acquired in connection with the Group share buyback programs (liquidity contract allocated to ensure an orderly market in the company's shares and buyback program) are recorded as a deduction from consolidated shareholders' equity at acquisition cost. No gain or loss is recognized in the income statement from purchases, sales or impairment of treasury shares.

4.10 Employees benefits

The Group records provisions for employee benefits and other post-employment obligations as well as long service awards. The Haulotte Group has only defined benefit plans. The corresponding obligation is measured using the projected unit credit method with end-of-career wages. The calculation of this obligation takes into account the provisions of the laws and collective bargaining agreements and actuarial assumptions concerning notably staff turnover, mortality tables, salary increases and inflation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized among equity items in other comprehensive income for the period in which these gains or losses are incurred. Previously, these actuarial gains and losses were recognized in the income statement of the period in which they were generated.

4.11 Provisions and contingent liability

In general, a provision is recorded when:

- the Group has a present legal or constructive obligation as a result of a past event,
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and,
- the obligation has been reliably estimated.

Warranty provision

The Group grants clients a manufacturer's warranty. The estimated cost of warranties on products already sold is covered by a provision statistically calculated on the basis of historical data. The warranty period is usually one to two years. When necessary, a provision is recognized on a case-by-case basis to cover specific warranty risks identified.

Litigations

Other provisions are also recorded in accordance with the above principles to cover risks related to litigations, site closures (when applicable) or any other event meeting the definition of a liability. The amount recognized as a provision represents the best estimate of the expenditure required to settle the obligation.

All material lawsuits involving the company were reviewed at year-end, and based on the advice of legal counsel, the appropriate provisions were recorded, when necessary, to cover the estimated risks.

Contingent liability

The Group can, in some cases, identify the existence of a contingent liability defined as follows:

- a potential obligation resulting from past events and that will be confirmed by the occurrence of (or not) of one or several future and uncertain events that are not under the total control of the entity or,
- a current obligation resulting from past events but not accounted for because:
  - it is not probable that a resources output representing an economic benefit will be necessary to settle the obligation or,
  - the amount of the obligation cannot be evaluated with sufficient accuracy

4.12 Borrowings

Borrowings are initially recognized at fair value of the amount received less transaction costs. Borrowings are subsequently stated at amortized cost calculated according to the effective interest rate method.

4.13 Deferred taxes

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements as well as on tax losses carried forward. They are calculated using the liability method, for each of the Group's entity, using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets from temporary differences or tax loss carryforwards are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets and liabilities are offset if the entities of the same tax group are entitled to do so under enforceable provisions.

NOTE 5 - MANAGEMENT OF FINANCIAL RISK

a) Foreign exchange risk and Interest rate risk

A significant portion of Haulotte Group sales are in currencies other than the euro including notably the US dollar, Australian Dollar, Renminbi and British pound sterling. Because sales of Group subsidiaries are primarily in their functional currency, transactions do not generate foreign exchange risks at their level.

The primary source of foreign exchange risks for Haulotte Group consequently results from intercompany invoicing flows when Group companies purchase products or services in a currency different from their functional currency (exports of manufacturing subsidiaries located in the euro area and exporting in the local currency of a sale subsidiary).

The Group favours floating-rate debt which provides it greater flexibility. To hedge against interest rate risks, the Group seeks to take advantage of market opportunities according to interest rate trends. There is no recourse to systematic interest rate hedging.

Such exposures are managed by Haulotte Group SA. For the main currencies, foreign exchange trading positions in the balance sheet are partially hedged using basic financial instruments (forward exchange sales and purchases against the euro).

To cover market risks (interest rate and foreign exchange exposures), Haulotte Group has recourse to financial instrument derivatives. These derivatives are designed to cover the fair value of assets or liabilities (fair value hedges) or future cash flows (cash flow hedges).

In compliance with the provisions of IAS 32 and IFRS 9, derivatives are recorded at fair value. The fair value of those contracts is determined based on valuation models given by the banks with which the instruments were traded, and can be considered as level 2 valuations as defined in IFRS 7 (level 2: quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data).

There is also a translational risk due to the geographic diversification of the Group's activities. Haulotte Group is exposed to the risk of conversion of the financial statements of its subsidiaries outside the Euro zone. Thus, an unfavorable change in exchange rates could deteriorate the balance sheet, the income statement and consequently the Group's financial structure ratios, when the accounts of foreign subsidiaries outside the Euro zone are converted into euros in the Group's consolidated accounts.

b) Credit risk

Credit risk results primarily from exposure to customer credit and notably outstanding trade receivables and transactions.

To limit this risk, the Group has implemented rating procedures (internal or independent) to evaluate credit risk for new and existing customers on the basis of their financial situation, payment history and any other relevant information.

Credit risk is also limited by Haulotte Group's ability in the event of default by one of its customers to repossess the equipment representing the receivable. The provisions for impairment loss on trade receivables are determined based on this principle (cf note 4.7).

c) Liquidity risk

Haulotte Group cash management is centralized. The corporate team manages current and forecasted financing needs for the parent company and subsidiaries.

All cash surpluses are invested in risk-free products at market conditions by the parent company comprised of money market funds and time deposit accounts.

SUMMARY

Status of the syndicated credit facility:

A a new syndicated credit facility contract has been closed on 17 July 2019 (see major events in note 2). At 31 December 2019, all ratios are respected by the Group.

Other financings:

In 2019, Haulotte Group obtained, from a bank outside the banking syndicate loan, a new loan amounting to 5 M€ (reimbursement on 5 years). Two other credit lines has been obtained for a total amount of 10 M€ (reimbursement on 10 years), also from a bank outside the banking syndicate loan.

Haulotte Group also obtained in 2018, from banks outside the banking syndicate loan, loans for an amount of 8 M€ (reimbursement on 5 years) and 5 M€ (reimbursement on 7 years).

NOTE 6 - PRINCIPLES AND METHODS OF MEASUREMENT FOR THE INCOME STATEMENT

6.1 Revenue recognition

« Sales and Revenue » includes the goods and services sales comprising notably:

- sales self-financed by the customer,
- sales funded through back-to-back arrangements and the corresponding financial income (cf note 4.6),
- sales including financial guarantees given by Haulotte Group S.A. to allow the customer to obtain financing (cf. note 4.6),
- sales within remarketing agreements with financial institution after they had taken back equipment from defaulting clients,
- equipment rental,
- services offers.

Revenue from the sale of goods reflect the transfer to the customer of the control of a good or service, in an amount that reflects the consideration to which the seller expects to be entitled when the contractual obligations are fulfilled. Sales of goods are recorded without VAT.

Accounting treatments applied in function of the type of contracts and according to IFRS 15 standard are the followings:

Contract type	Accounting treatment IFRS 15
Sale of machines	Recognition of revenue upon delivery of the good
Machine rental	Not covered by IFRS 15. Recognition of revenue upon the rental of the good
Service agreement involving the provision of a service – basic sale / service	Recognition of revenueupon performance of the service
Services – Long-term contracts	Recognition of revenue on a straight-line basis over the term of the contract

6.2 Cost of sales

The cost of sales includes direct production costs, factory overhead, changes in inventory, provisions for inventory losses, warranty costs, fair value adjustments of currency hedges and interest expense paid in connection with back-to-back arrangements.

6.3 Selling expenses

This item includes notably costs related to sales and commercial activity.

6.4 General and administrative expenses

This item includes indirect leasing costs, administrative and management expenses, changes in the provision on trade receivables and the write-off of bad debts.

6.5 Research and development expenditures

Research expenditures are expensed in the period they are incurred.

Development expenditures are expensed in the period except when they meet the criteria defined under IAS 38 (cf. 4.2.a) for recognition as intangible assets. This concerns expenditures incurred in connection with development projects for new categories of machines or components considered technically viable with a probability of generating future economic benefits.

6.6 Other operating income and expenses

This heading includes:

- gains or losses from disposals (excluding those by rental companies treated as sales of second-hand equipment and recognized consequently under revenue),
- amortization of capitalized development expenditures,
- income or expenses related to litigations of an unusual, abnormal or infrequent nature,
- impairment losses on goodwill.

6.7 Operating income

Operating income covers all income and expenses directly relating to Group activities, whether representing recurring items of the normal operating cycle or events or decisions of an occasional or unusual nature.

6.8 Cost of net financial debt

Cost of net financial debt includes total finance costs consisting primarily of interest expense (according to the effective interest rate) as well as the fair value adjustments of interest rate hedges.

6.9 Other financial income and expenses

This item includes income from cash and cash equivalents (interest income, gains and losses from the disposal of short-term securities, etc.) and the exchange gains and losses on the financial current accounts. This caption also includes the depreciation of financial assets (allocation / reversal) and the updating.

6.10 Earnings per share

Earnings per share presented at the bottom of the income statement is determined by dividing the net income of Haulotte Group S.A. for the period by the weighted average number of ordinary shares outstanding during the period excluding treasury shares.

Diluted earnings per share are calculated on the basis of the average number of shares outstanding during the year adjusted for the dilutive effects of equity instruments issued by the company such as stock options.

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 7 - SCOPE OF CONSOLIDATION

Companies consolidated at 31 December 2019 are:

Entity	Country	Interest %	Consolidation method as at	
			31 December 2019	31 December 2018
Haulotte Group S.A.	L'Horme (France)	Mother company		
Acarlar Dis Ticaret Ve Makina Sanayi A. s.	Istanbul (Turquie)	100%	Full consolidation	Full consolidation
Bil Jax Service, Inc.	Archbold (Etats-Unis)	100%	Full consolidation	Full consolidation
Bil Jax, Inc.	Archbold (Etats-Unis)	100%	Full consolidation	Full consolidation
Equipro, Inc.	Archbold (Etats-Unis)	100%	Full consolidation	Full consolidation
Haulotte Access Equipment Manufacturing (Changzhou) Co., Ltd.	Changzhou (Chine)	100%	Full consolidation	Full consolidation
Haulotte Argentina S.A.	Buenos Aires (Argentine)	100%	Full consolidation	Full consolidation
Haulotte Arges S.R.L.	Arges (Roumanie)	100%	Full consolidation	Full consolidation
Haulotte Australia Pty. Ltd.	Dandenong (Australie)	100%	Full consolidation	Full consolidation
Haulotte Canada	Vancouver (Canada)	100%	Full consolidation	
Haulotte Chile SPA	Santiago (Chili)	100%	Full consolidation	Full consolidation
Haulotte Do Brazil LTDA	Sao Paulo (Brésil)	99,98%	Full consolidation	Full consolidation
Haulotte DSC	Pitesti (Roumanie)	100%	Full consolidation	Full consolidation
Haulotte France Sarl	St Priest (France)	99,99%	Full consolidation	Full consolidation
Haulotte Hubarbeitsbühnen GmbH	Eschbach (Allemagne)	100%	Full consolidation	Full consolidation
Haulotte Iberica S.L.	Madrid (Espagne)	98,71%	Full consolidation	Full consolidation
Haulotte India Private Ltd.	Mumbai (Inde)	100%	Full consolidation	Full consolidation
Haulotte Italia S.R.L.	Milan (Italie)	99%	Full consolidation	Full consolidation
Haulotte Japan	Osaka (Japon)	100%	Full consolidation	
Haulotte Mexico SA de CV	Mexico (Mexique)	99,99%	Full consolidation	Full consolidation
Haulotte Middle East FZE	Dubaï (Emirats Arabes Unis)	100%	Full consolidation	Full consolidation
Haulotte Netherlands B.V.	Oosterhout (Pays-Bas)	100%	Full consolidation	Full consolidation
Haulotte North America Manufacturing	Archbold (Etats-Unis)	100%	Full consolidation	
Haulotte Polska SP Z.O.O.	Janki (Pologne)	100%	Full consolidation	Full consolidation
Haulotte Scandinavia AB	Mölndal (Suède)	100%	Full consolidation	Full consolidation

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

Entity	Country	Interest %	Consolidation method as at	
			31 December 2019	31 December 2018
Haulotte Services France	St Priest (France)	99,99%	Full consolidation	Full consolidation
Haulotte Services SA de CV	Mexico (Mexique)	99,99%	Full consolidation	Full consolidation
Haulotte Singapore Ltd.	Singapour (Singapour)	100%	Full consolidation	Full consolidation
Haulotte Trading (Shanghai) co. Ltd.	Shanghai (Chine)	100%	Full consolidation	Full consolidation
Haulotte U.S., INC.	Virginia Beach (Etats-Unis)	100%	Full consolidation	Full consolidation
Haulotte UK Limited	Wolverhampton (Angleterre)	100%	Full consolidation	Full consolidation
Haulotte Vostok	Moscou (Russie)	100%	Full consolidation	Full consolidation
Horizon High Reach Chile SPA	Santiago (Chili)	100%	Full consolidation	Full consolidation
Horizon High Reach Limited	Buenos Aires (Argentine)	100%	Full consolidation	Full consolidation
Levanor Maquinaria de Elevacion S.A.	Madrid (Espagne)	91,00%	Full consolidation	Full consolidation
Mundilevaçao, Aluger e Transporte de Plataformas LDA	Paio Pires (Portugal)	81,90%	Full consolidation	Full consolidation
N.D.U Maquinaria y Plataformas Elevadoras, S.L.	Madrid (Espagne)	98,71%	Full consolidation	Full consolidation
NO.VE. S.R.L.	Rome (Italie)	0%		Sold
Scaffold Design & Erection	Archbold (Etats-Unis)	100%	Full consolidation	Full consolidation
Seaway Scaffold & Equipment	Archbold (Etats-Unis)	100%	Full consolidation	Full consolidation
Telescopelle S.A.S	L'Horme (France)	100%	Full consolidation	Full consolidation

The closing date for financial statements of consolidated companies for each period presented is 31 December except for Haulotte India Private Ltd. which closes books on 31 March of each year.
In January 2019, the Group created the distribution subsidiary Haulotte Japan. This subsidiary is wholly owned.
In January 2019, Haulotte North America Manufacturing was created in the United States. It was created by the spin-off of the company Biljax and is 100% owned by this entity. This subsidiary manufactures aerial working platform.
In October 2019, the Group created a legal entity Haulotte Canada, fully owned and without transaction as of December 31, 2019.

NOTE 8 - GOODWILL

	31/12/2018	Increase	Decrease	Reclassification and other changes	Translation adjustment	31/12/2019
North America CGU	17 405				335	17 740
Acarlar CGU	23 695			(2 167)	(2 111)	19 418
Horizon CGU	362				(128)	234
N.D.U CGU	772					772
Manufacturing and Distribution CGU (excluding North America and Turkey)	54					54
Haulotte France	54					54
GROSS VALUE	**42 288**	**-**	**-**	**(2 167)**	**(1 904)**	**38 218**
North America CGU	(8 734)				(171)	(8 905)
N.D.U CGU	(772)					(772)
Manufacturing and Distribution CGU (excluding North America and Turkey)	(54)					(54)
Haulotte France	(54)					(54)
DEPRECIATION	**(9 560)**	**-**	**-**	**-**	**(171)**	**(9 731)**
NET VALUE	**32 728**	**-**	**-**	**(2 167)**	**(2 075)**	**28 487**

*The amount disclosed in the column "Reclassification and other changes" corresponds to the updte of Acarlar PPA.

	31/12/2017	Change in consolidation scope: In	Increase	Decrease	Translation adjustment	Change in consolidation scope: Out	31/12/2018
North America CGU	16 617				788		17 405
Acarlar CGU	-	20 613			3 083		23 695
Nove CGU	2 580					(2 580)	-
Horizon CGU	694				(332)		362
N.D.U CGU	772						772
Manufacturing and Distribution CGU (excluding North America and Turkey)	54						54
Haulotte France	54						54
GROSS VALUE	**20 717**	**20 613**	**-**	**-**	**3 539**	**(2 580)**	**42 288**
North America CGU	(4 169)		(4 232)		(333)		(8 734)
N.D.U CGU	(772)						(772)
Manufacturing and Distribution CGU (excluding North America and Turkey)	(54)						(54)
Haulotte France	(54)						(54)
DEPRECIATION	**(4 995)**	**-**	**(4 232)**	**-**	**(333)**	**-**	**(9 560)**
NET VALUE	**15 722**	**20 613**	**(4 232)**	**-**	**3 206**	**(2 580)**	**32 728**

« North America » CGU

The last impairment test for the "North America" region considered as a cash generating unit (CGU) was performed on 30 June 2019. A new impairment test was performed on 31 December 2019 on the CGU that includes the US entities of the Group.

The recoverable value of the « North America » CGU was based on calculations of value in use. These calculations were carried out using forecast future cash flows for a five-year period based on budgets approved by management.

The main assumptions used to perform this impairment test were as follows:

- significant growth in market share in the sector of the sale of aerial work platforms in the "North American" market, on a 5 years horizon;
- improvement of levels of profitability found on the different activities operated on the North American market;
- an assumption of long-term growth of 1,6% and a discount rate (WACC) of 11.2%.

As a reminder, the following impairments has been accounted:

- 5 000 KUSD as at 31 December 2013 on the basis of the impairment test performed at that date;
- 5 000 KUSD as at 31 December 2018 on the basis of the impairment test performed at that date.

Based on the new impairment test performed, as at 31 December 2019, the value in use of this UGT is higher than its accounting value leading to the conclusion that no further depreciation is needed; therefore, depreciation is maintained at that amount.

Sensitivity analysis have been carried out on the following key assumptions:

- Assumptions sales forecast in the business plan: a decrease by 8,9% would not result an obligation to record a goodwill impairment change for this CGU.
- Discount rate: increase of this rate by 1 point would not result an obligation to record a goodwill impairment change for this CGU.
- Long-term growth rate: a deterioration in the long-term growth rate would not result an obligation to record a goodwill impairment change for this CGU.

Acarlar CGU

Purchase price allocation has been made on a temporary basis as at December 31, 2018. Indeed, the valuation of the customer portfolio has not been carried out. This valuation has been finalized during 2019. Consequently, the adjustment of this asset has been booked, with adjustment of the corresponding goodwill.

The reclassification done is the following:

	MTRY	MEUR
Goodwill	(13,8)	(2,2)
Intangible assets	17,7	2,8
Deferred tax liabilities	(3,9)	(0,6)

An impairment test for "Acarlar" considered as a cash generating unit (CGU) was performed on 31 December 2019.

The recoverable value of the « Acarlar » CGU was based on calculations of value in use. These calculations were carried out using forecast future cash flows for a five-year period based on budgets approved by management.

The main assumptions used to perform this impairment test were as follows:

- Recovery of an active market at medium term;
- An assumption of long-term growth of 3,5% and a discount rate (WACC) of 16,5%.

Based on the new impairment test performed, as at 31 December 2019, the value in use of this UGT is higher than its accounting value leading to the conclusion that no further depreciation is needed; therefore, depreciation is maintained at that amount.

Sensitivity analysis have been carried out on the following key assumptions:

- Assumptions sales forecast in the business plan: a decrease by 16,6% would not result an obligation to record a goodwill impairment change for this CGU.
- Discount rate: increase of this rate by 2,4 points would not result an obligation to record a goodwill impairment change for this CGU.
- Long-term growth rate: a deterioration in the long-term growth rate would not result an obligation to record a goodwill impairment change for this CGU.

Horizon CGU

Regarding the entity Horizon, on the basis of this test, no impairment was recorded for this CGU and sensibility analysis are sufficient.

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 9 - INTANGIBLE ASSETS

	31/12/2017	Change in consolidation scope: In	Increase	Decrease	Reclassifica-tions and other changes	Translation adjustment	Change in consolidation scope: Out	31/12/2018
Development expenditure	19 816	-	4 987	-	(0)	65	-	24 869
Customers portfolio		6 019	-	-	-	900	-	6 920
Concessions, patents, licenses	20 111	-	1 152	(89)	681	(25)	-	21 830
Other intangible and in progress	1 702	0	1 219	(33)	(649)	27	47	2 314
GROSS VALUE	**41 629**	**6 019**	**7 359**	**(122)**	**32**	**968**	**47**	**55 932**
Depreciation / impairment of development expenditure	7 857	-	2 093	-	1	0	-	9 951
Depreciation of customers portfolio	-	-	263	-	-	(16)	-	247
Depreciation of concessions, patents, licenses	13 254	-	2 053	0	38	(8)	-	15 336
Depreciation of other intangibles and in progress	120	0	66	-	13	5	33	237
ACCUMULATED DEPRECIATION AND IMPAIRMENT	**21 231**	**0**	**4 475**	**0**	**51**	**(18)**	**33**	**25 771**
NET VALUE	**20 398**	**6 019**	**2 884**	**(122)**	**(19)**	**986**	**14**	**30 161**

	31/12/2018	Increase	Decrease	Reclassifica-tions and other changes	Translation adjustment	31/12/2019
Development expenditure	24 869	6 334	-	(3)	32	31 232
Customers portfolio	6 920	-	-	2 777	(783)	8 914
Concessions, patents, licenses	21 830	539	(5 950)	540	2	16 961
Other intangible and in progress	2 313	824	(35)	(448)	20	2 674
GROSS VALUE	**55 932**	**7 697**	**(5 985)**	**2 866**	**(729)**	**59 781**
Depreciation / impairment of development expenditure	9 951	2 613	-	(1)	-	12 563
Depreciation of customers portfolio	247	937	-	-	(69)	1 115
Depreciation of concessions, patents, licenses	15 336	2 147	(5 950)	33	(2)	11 564
Depreciation of other intangibles and in progress	237	85	-	1	4	327
ACCUMULATED DEPRECIATION AND IMPAIRMENT	**25 771**	**5 782**	**(5 950)**	**33**	**(67)**	**25 569**
NET VALUE	**30 161**	**1 915**	**(35)**	**2 833**	**(662)**	**34 213**

**: Amounts indicated under « Reclassifications and other changes » mainly concern the transfer of "Fixed assets in progress" into the other Assets captions, as well as presentation reclassifications.*

Acquisitions recorded in 2019 are mainly linked to the capitalization of development costs for 6 334 K€ (cf note 31).

Decrease amounting to 5 950 K€ is linked to the scrapping of concessions, patents and licenses totally depreciated.

Reclassification amounts for 2 777 K€ for the finalization of the Acarlar purchase price allocation (cf note 8).

Amortization on developments costs for 2 613 K€ are included in "research and development expenditures" in the P&L.

NOTE 10 - TANGIBLE ASSETS

	31/12/2017	Change in consolidation scope: In	Increase	Decrease	Reclassifications and other changes	Translation adjustment	Change in consolidation scope: Out	31/12/2018
Land	6 169	1	-	-	-	38	-	6 209
Building	46 216	-	499	(336)	92	426	-	46 897
Plant machinery	35 148	4	1 945	(435)	861	284	-	37 808
Equipment for rental	34 113	-	7 175	(6 466)	(71)	721	(14 170)	21 302
Other PPE	13 633	373	1 432	(986)	410	98	(1 437)	13 522
Fixed assets in progress	2 530	-	3 927	(700)	(1 729)	(171)	-	3 857
GROSS VALUE	**137 809**	**378**	**14 978**	**(8 922)**	**(437)**	**1 396**	**(15 607)**	**129 594**
Depreciation/impairment of building	25 263	1	1 495	(197)	0	291	-	26 853
Depreciation/impairment of plant machinery	28 227	2	2 426	(396)	41	245	-	30 544
Depreciation/impairment of equipment for rental	15 516	-	2 466	(3 417)	(0)	1 384	(8 779)	7 170
Depreciation/impairment of other PPE	11 622	339	1 419	(919)	(410)	103	(1 120)	11 033
ACCUMULATED DEPRECIATION AND IMPAIRMENT	**80 628**	**342**	**7 805**	**(4 929)**	**(369)**	**2 023**	**(9 898)**	**75 601**
NET VALUE	**57 181**	**36**	**7 174**	**(3 993)**	**(68)**	**(627)**	**(5 709)**	**53 993**

	31/12/2018	Increase	Decrease	Reclassifications and other changes	Translation adjustment	31/12/2019
Land	6 208	1 167	-	4	(6)	7 373
Building	46 897	1 017	(13)	869	(104)	48 666
Plant machinery	37 808	2 318	(329)	713	(13)	40 497
Equipment for rental	21 302	4 122	(3 030)	102	(149)	22 347
Other PPE	13 522	2 503	(1 160)	(155)	82	14 792
Fixed assets in progress	3 857	11 017	(1 072)	(1 751)	(88)	11 963
GROSS VALUE	**129 594**	**22 144**	**(5 604)**	**(218)**	**(278)**	**145 638**
Depreciation/impairment of building	26 853	1 661	(154)	708	77	29 145
Depreciation/impairment of plant machinery	30 544	2 175	(284)	(701)	(14)	31 720
Depreciation/impairment of equipment for rental	7 170	2 498	(782)	(151)	388	9 123
Depreciation/impairment of other PPE	11 034	1 621	(918)	(20)	51	11 768
ACCUMULATED DEPRECIATION AND IMPAIRMENT	**75 601**	**7 955**	**(2 138)**	**(164)**	**502**	**81 756**
NET VALUE	**53 993**	**14 189**	**(3 466)**	**(54)**	**(780)**	**63 883**

**: Amounts indicated under « Reclassifications and other changes » mainly concern the transfer of "Fixed assets in progress" into the other Assets captions, as well as presentation reclassifications.*

The increase in "Equipment for rental" for 4 122 K€ is mainly linked to the acquisition of aerial working platforms by the rental subsidiaries, Horizon Argentine for 2 086 K€, Horizon Chile for 676 K€, and for the scaffolding renting activity for 1 063 K€. Fitful need of rental need in distribution entities amounts to 298 K€.

In 2019, decrease on this caption are linked to the sale for 2 177 K€ (gross value) of rental machines in distribution entities (related to the fitful needs in the past) and of scaffolding renting machines for 617 K€.

Increase of the caption Fixed assets in progress is mainly linked to the construction of the Group headquarters for 9 077 K€ (see major events of the year).

The amortization accruals of rental equipments are booked in costs of sales in the P&L. The amortization accruals of Land, building and other PPE are booked in cost of sales and/or commercial and administrative costs in the P&L.

A provision for impairment is recorded when the carrying value of an intangible asset falls below its recoverable value. The recoverable value of rental equipment is based on the estimated realizable inventory value on the market.

NOTE 11 - IFRS 16

Balance sheets impacts of the application of IFRS 16 standard are the following:

- **Right of use assets:**

	31/12/2018	Opening impacts (01.01.2019)	Increase	Decrease	Translation adjustment	31/12/2019
Building	-	15 789	4 611	-	(0)	20 400
Machinery equipment	-	1 007	596	(38)	12	1 577
Other tangible fixed assets	-	2 456	1 192	(207)	(48)	3 392
GROSS VALUE	**-**	**19 252**	**6 399**	**(245)**	**(37)**	**25 369**
Depreciation of building	-	-	3 917	-	(16)	3 901
Depreciation of machinery equipment	-	-	499	(24)	2	478
Depreciation of other tangible fixed assets	-	-	1 545	(141)	(28)	1 375
DEPRECIATION AND PROVISIONS	**-**	**-**	**5 961**	**(165)**	**(41)**	**5 754**
NET VALUE	**-**	**20 277**	**(601)**	**(66)**	**5**	**19 614**

- **Lease liabilities**

	Opening impact (01.01.2019)	31/12/2019
Non-current lease liabilities	14 388	14 780
Current lease liabilities	4 670	5 147
LEASE LIABILITIES	**19 058**	**19 927**

- **The variation of lease liabilities is disclosed in the following table, according to IAS 7:**

	31/12/2018	cash flow			non cash flow		31/12/2019
K€		**Issue/Refund**	**interests**	**overdrafts**	**conv.**	**other**	
Current and non-current lease liabilities	-	(7 455)	916			26 466	19 927

P&L impacts are the following:

	31/12/2019
Lease liabilities' financial expenses	(923)
Right-of-use assets amortization	(5 922)
Impact on consolidted net result	(335)

The Group is using the exception for the short-term contracts or low value assets. Impacts are the following:

	31/12/2019
Short terms contracts lease expenses	(329)
Lease expenses linked to low value assets contracts	(159)

The weighted average marginal debt rate amounts to 3.6% for 2019.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 12 - OTHER FINANCIAL ASSETS

Financial assets include loans, deposits and guarantees to non-Group entities. Their changes over the period are as follows:

	31/12/2018	Increase	Decrease	Reclassification	Translation adjustment	31/12/2019
Financial assets	2 908	2 754	(726)	(569)	14	4 381

The assets held by the Group towards a client in a litigation situation (see note 22- Contingent liabilities a /) have been totally impaired during the period and generating an additional depreciation of 0.7 M€. The increase of the year is mainly explained by a loan granted by the group.

NOTE 13 - INVENTORY

31/12/2019	Gross value	Provision	Net value
Raw materials	46 134	(1 099)	45 035
Work in progress	3 638	(3)	3 635
Semi finished and finished goods	126 953	(1 089)	125 864
Trade goods	19 514	(2 471)	17 043
TOTAL	**196 239**	**(4 662)**	**191 577**

31/12/2018	Gross value	Provision	Net value
Raw materials	54 083	(1 252)	52 831
Work in progress	3 588	(1)	3 587
Semi finished and finished goods	105 721	(1 384)	104 337
Trade goods	20 547	(2 353)	18 194
TOTAL	**183 939**	**(4 990)**	**178 949**

The increase in inventory of 12 628 K€ on 31 December 2019 versus an increase of 70 217 K€ at 31 December 2018 is recognized under the cost of sales in the income statement.

Provisions for inventory impairment losses break down as follows:

	31/12/2018	Increase	Decrease	Translation adjustment	31/12/2019
Provision for inventory impairment losses	4 990	1 990	(2 330)	12	4 662

NOTE 14 - TRADE RECEIVABLES

31/12/2019	**Gross value**	**Provision**	**Net value**
NON-CURRENT ASSETS			
Receivables from financing activities exceeding one year	37 920		37 920
of which finance lease receivables	17 322		17 322
of which guarantees given	20 598		20 598
SUB-TOTAL	**37 920**		**37 920**
CURRENT ASSETS			
Trade receivables	113 698	(20 111)	93 587
Receivables from financing activities less than one year	22 232	(617)	21 615
of which finance lease receivables	13 838	(617)	13 221
of which guarantees given	8 394		8 394
SUB-TOTAL	**135 930**	**(20 728)**	**115 202**
TOTAL	**173 850**	**(20 728)**	**153 123**

31/12/2018	**Gross value**	**Provision**	**Net value**
NON-CURRENT ASSETS			
Receivables from financing activities exceeding one year	23 122	(1 412)	21 710
of which finance lease receivables	6 497	(1 412)	5 085
of which guarantees given	16 625		16 625
Sub-total	23 122	(1 412)	21 710
CURRENT ASSETS			
Trade receivables	136 190	(12 617)	123 573
Receivables from financing activities less than one year	14 063	(1 219)	12 844
of which finance lease receivables	4 545	(1 219)	3 326
of which guarantees given	9 518		9 518
SUB-TOTAL	**150 253**	**(13 836)**	**136 417**
TOTAL	**173 375**	**(15 248)**	**158 127**

As at At 31 December 2019, receivables assigned, for the balance factoring contract, amounted 7.6 M€ compared to 8.9 M€ as at 31 December 2018.

The fair value of "Trade receivables" recorded under current assets equals the carrying value given their short maturity (less than one year).

Fair value of receivables from back-to-back equipment leases and finance leases represents the lower of the fair value of the item at the inception (cash sales price net of rebates) or the discounted value of lease payments at the lease's implicit interest rate.

As described in note 4.7, the fair value of receivables guarantees granted by Haulotte Group to the lending institution of the customer, represents:

- either the amount of capital remaining due by the customer of Haulotte Group to the financial institution
- or the maximum amount of the risk incurred by Haulotte Group,

The corresponding receivables and payables are discharged as customers make lease payments to the financial institution.

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

Trade receivables that are due are analysed notably on the basis of the customer rating established by the Group (cf. note 5.b). Considering this rating and the resulting risk assessment, the Group determines the necessity of recording a provision. When applicable, provisions are recorded for the difference between the carrying value of the receivable and the estimated resale value of the equipment determined in reference to historical sales' prices.

Provisions for trade receivables break down as follows:

	31/12/2018	Increase	Decrease	Translation adjustment	Change in consolidation scope: in	Change in consolidation scope: out	31/12/2019
Provisions for trade receivables	15 248	6 371	(854)	(37)	-	-	20 728

Increase in provision is mainly linked to the evolution of a situation of late payment towards a contentious situation which led to the reclassification of the discounting of the receivable recognized in previous periods in depreciation (see note 22 - Contingent liabilities at/).

The trade receivables net amount split as follows by maturity date:

	Total	Not due or less than 30 days	Due		
			less than 60 days	60 to 120 days	more than 120 days
Net trade receivables 2019	153 123	143 446	2 956	2 215	4 506
Net trade receivables 2018	158 127	134 456	4 998	4 322	14 351

NOTE 15 - OTHER ASSETS

	31/12/2019	31/12/2018
Other current assets	31 299	30 555
Advances and instalments paid on orders	1 285	1 203
Prepaid expenses	3 174	1 834
Depreciation of other current assets	(220)	(220)
TOTAL OTHER CURRENT ASSETS	**35 538**	**33 372**
Other non-current assets	5 574	4 572
TOTAL OTHER ASSETS	**41 112**	**37 944**

The caption « Other current assets » includes mainly:

- VAT receivables for 14 294 K€,
- tax credits for 7 995 K€,
- various debtors for 7 546 K€ (of which an accrued income from an insurance policy of 2 659 K€ for the payment (virtually certain) of a claim and 1 196 remaining to be recovered on a positive income booked in 2018 linked to a previous litigation of a total amount of K€ 3 100 K€ (1 904 K€ has been recovered during 2019 first semester).

Other non-current assets are corresponding to tax credits non usable at short term for 5 565 K€.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 16 - RECEIVABLES BY MATURITY

31/12/2019	Total	less than 1 year	1 to 5 years
Trade receivables*	93 587	93 587	-
Trade receivables from financing activities	59 535	21 615	37 920
Other assets	41 112	35 538	5 574
TOTAL	**194 234**	**150 740**	**43 494**

**Including receivables overdue or less than 30 days for € 9 677 thousand (cf. note 14)*

31/12/2018	Total	less than 1 year	1 to 5 years
Trade receivables*	123 573	123 573	-
Trade receivables from financing activities	34 554	12 844	21 710
Other assets	37 944	33 372	4 572
TOTAL	**196 071**	**169 789**	**26 282**

**Including receivables overdue or less than 30 days for € 23 671 thousand (cf. note 13)*

NOTE 17 - FOREIGN EXCHANGE RISK MANAGEMENT

The following table presents the foreign currency exposures of trade receivables and payables:

At 31/12/19 - in thousands of Euros	EUR	AUD	GBP	USD	Others	TOTAL
Trade receivables	68 276	17 786	3 547	46 184	38 057	173 850
Trade payables	(47 633)	(1 704)	(593)	(9 986)	(10 832)	(70 748)
NET AMOUNT	**20 643**	**16 082**	**2 954**	**36 198**	**27 225**	**103 102**

At 31/12/18 - in thousands of Euros	EUR	AUD	GBP	USD	Others	TOTAL
Trade receivables	81 807	15 068	3 886	48 110	24 504	173 375
Trade payables	(63 067)	(996)	(365)	(10 518)	(11 338)	(86 284)
NET AMOUNT	**18 740**	**14 072**	**3 521**	**37 592**	**13 166**	**87 091**

A 10 % increase in the value of the euro against the pound sterling would represent, excluding the impact of hedges, an additional charge in the consolidated financial statements of 528 K€.

A 10 % increase in the value of the euro against the US dollar would represent, excluding the impact of hedges, an additional charge in the consolidated financial statements of 3 005 K€.

A 10 % increase in the value of the euro against the Australian dollar would represent, excluding the impact of hedges, an additional charge in the consolidated financial statements of 1 289 K€.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 18 - CASH AND CASH EQUIVALENTS

	31/12/2019	31/12/2018
Cash at bank and in hand	28 394	23 694
Money market funds	346	416
TOTAL	**28 740**	**24 110**

NOTE 19 - SHARE CAPITAL AND PREMIUMS

	31/12/2019	31/12/2018
Number of shares	31 371 274	31 371 274
Nominal value in euros	0,13	0,13
SHARE CAPITAL IN EUROS	**4 078 266**	**4 078 266**
SHARE PREMIUMS IN EUROS	**81 626 759**	**91 720 123**

By decision of the Board of Directors of 13 March 2018, a restricted stock unit plan (plan d'attribution d'actions gratuites) was adopted for the benefit of a selected category of employees. The plan highlights are as follows:

Board of Director' meeting date	13/03/2018
Beneficiaries	Employees (excluding directors and officers)
Total number of restricted stock units granted:	70 000
Of which granted to corporate officers	0
Vesting date of the shares[1]	14/03/2021
End of the holding period	n/a
Number of shares subscribed at 31/12/19	0
Total number of shares cancelled or lapsed	0
Restricted stock units remaining at the end of the period	70 000

[1]The vesting of shares is subject to the condition whereby the benefciary remains an employee of the company and achievement of non-market performance conditions. The share price on the grant date was €19.12.+

Treasury shares are as follows:

	31/12/2019	31/12/2018
Number of treasury shares	1 853 642	1 836 567
Treasury shares as a percentage of capital	5,91%	5,85%
Market value of treasury shares in K€	9 824	16 217

**based on quoted value of the last business day of the year*

Since 14 April 2015, Haulotte Group S.A appointed Exane BNP Paribas for the implementation of a liquidity contract on its shares. This liquidity contract complies with the Charter of Ethics established by the AMAFI and approved by the "Autorité des Marchés Financiers". This contract is yearly renewable by tacit agreement.

For the implementation of this contract, the following resources have been allocated to the liquidity account:

- 102 171.80 Euros in cash,
- the equivalent of 11 524.85 Euros in money market funds,
- 139 418 Haulotte Group S.A. shares.

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

Change in treasury shares during the years 2019 and 2018 was as follows:

Type		2019	2018
Liquidity agreement	Number of shares purchased	267 321	334 048
	Purchase price of shares (*)	1 901 829	4 786 486
	Average price per share	7,1	14,3
	Number of shares sold	250 246	275 379
	Original value of shares sold	2 380 213	4 518 027
	Sale price of shares sold (*)	1 797 381	4 077 629
	Net gain/(loss)	(582 833)	(440 397)
	Number of shares cancelled	-	-
	Number of shares at December 31	***155 237***	***138 162***
	Original value of shares at December 31	***1 028 423***	***1 506 809***
Buyback autorisation	Number of shares purchased		-
	Purchase price of shares		-
	Average price per share		-
	Number of shares sold		-
	Original value of shares sold		-
	Selling price of shares sold		-
	Net gain/(loss)		-
	Number of shares cancelled		-
	Number of shares at December 31	***1 698 405***	***1 698 405***
	Initial value of shares at December 31	***13 183 551***	***13 183 551***
Global	**Number of shares at December 31**	**1 853 642**	**1 836 567**
	Original value of shares at December 31	**14 211 974**	**14 690 360**
	Provision for treasury shares at December 31	-	**-**
	Closing quoted value of shares at 31 December	**5,30**	**8,83**

(*) Cash flows generated from treasury shares correspond to the sale price of the shares less the purchase price of shares purchased. This amounted to (104) K€ for the year ended 31 December 2019.

NOTE 20 - BORROWINGS AND FINANCIAL LIABILITIES

	31/12/2019	31/12/2018
Syndicated loan	69 310	-
Biljax's credit line	-	-
Other borrowings	34 288	29 146
Other advances	8 638	314
Leasing contracts	-	-
Guarantees	20 598	16 624
NON-CURRENT FINANCIAL LIABILITIES	**132 834**	**46 084**
Syndicated loan	-	66 423
Other borrowings	10 130	6 674
Other advances	1 013	182
Leasings	-	-
Guarantees	8 394	9 518
Others	104	31
Syndicated loan - overdrafts	19 159	13 978
Other overdrafts	7 469	5 247
CURRENT FINANCIAL LIABILITIES	**46 269**	**102 053**
TOTAL BORROWINGS AND FINANCIAL LIABILITIES	**179 103**	**148 137**

As mentioned in the major events, a new syndicated loan has been signed on July 17, 2019. Movements in the syndicated credit facilities in the 2019 financial period may be summarized as follows:

	31 December 2018	Repayment schedule	Net change of the revolving credit line	Net change of the bank overdraft	Amortization of fees	31 December 2019	Balance available for future drowing on
Refinancing	14 589	(14 589)	-	-	-	-	-
Revolving credit limit	52 000	-	18 000	-	-	70 000	20 000
TOTAL EXCLUDING OVERDRAFTS	**66 589**	**(14 589)**	**18 000**	**-**	**-**	**70 000**	**20 000**
Overdrafts	13 978	-	-	5 181	-	19 159	20 841
Commissions and fees	(166)	-	-	-	(524)	(690)	
TOTAL	**80 401**	**(14 589)**	**18 000**	**5 181**	**(524)**	**88 469**	**40 841**

In the new contract, no commitment has been granted to the banking syndicate. This syndicated credit facility provides for compliance by the company with a certain number of standard obligations during the term of the facility. A certain number of ratios will be measured every six months based on the selected ratios derived from the consolidated financial statements for the half-year periods ended 30 June and 31 December of each year (notably Group EBITDA, shareholders' equity, net debt). On 31 December 2019, the bank ratios were respected.

Otherwise, in 2019, Haulotte Group obtained, from a bank outside the banking syndicate loan, a new loan amounting to 5 M€ (reimbursement on 5 years). Two other credit lines has been obtained for a total amount of 10 M€ (reimbursement on 10 years), also from a bank outside the banking syndicate loan.

Regarding the purchase in substance of the new Group headquarters, the corresponding liability amounts to 10 MEUR as at December 31, 2019 and is disclosed in the caption other borrowings.

Group debt is denominated in the following currencies (excluding guarantees given):

Translated value in thousands of euros	31/12/2019	31/12/2018
Euros	144 032	121 364
GBP	-	-
USD	-	-
Others	6 079	631
TOTAL	**150 111**	**121 995**

The variation of financial debts is disclosed in the following table, according to IAS 7:

	31/12/2018	Cash Flows		Non-cash Flows			31/12/2019
		Issue/ Refund*	Interests	Overdraft	Conversion	Other	
Short Term	102 053	(65 828)		7 468	(208)	2 784	**46 269**
Long Term	46 084	84 074	2 671		(62)	67	**132 834**
TOTAL	**148 137**	**18 246**	**2 671**	**7 468**	**(270)**	**2 851**	**179 103**

**The difference between the amount of issues and refunds of borrowings disclosed in the table above and the amount disclosed in the consolidated statement of cash flow comes from flows on financial assets (deposits or loans).*

The flows issue/refund are mainly impacted by the signature of the new syndicated loan which has resulted in the reimbursement of 66 659 K€ of the syndicated loan maturities disclosed as short term as at December 31,2018.

Non-cash flows are mainly impacted by the change in guarantees on financing operations (disclosed as “other”).

NOTE 21 - MANAGEMENT OF INTEREST-RATE RISKS

Borrowings, excluding guarantees given, break down as follows:

	31/12/2019	31/12/2018
Fixed rate borrowings	58 041	36 402
Variable rate borrowings	92 070	85 594
TOTAL	**150 111**	**121 996**

A 1 % rate increase would result in a maximum additional interest expense, excluding hedges, of 921K€.

NOTE 22 - PROVISIONS

	31/12/2018	Allowance	Provision used in the period	Reversal of unused provision	Translation adjustment	31/12/2019
Provisions for product warranty	7 553	1 682	(1 778)	(513)	(25)	6 919
Provisions for litigation	1 982	1 315	(527)	(178)	20	2 612
Short-term portion of pensions provisions	18					18
CURRENT PROVISIONS	**9 553**	**2 997**	**(2 305)**	**(691)**	**(5)**	**9 549**
Long-term portion of pensions provisions	5 055	1 937	(39)	(114)	(11)	6 828
NON-CURRENT PROVISIONS	**5 055**	**1 937**	**(39)**	**(114)**	**(11)**	**6 828**
TOTAL PROVISIONS	**14 608**	**4 934**	**(2 344)**	**(805)**	**(16)**	**16 377**

Customer warranties

Change in customer warrantees are mainly impacted by the improvement of equipment quality indicators.

Other provisions

a) During 2019 first semester, a company in charge of the liquidation of a Group's customer has asked for an indemnity to Haulotte that lead to the booking of a provision for 0,4 M€.

b) In October 2018, a liquidation plan for N.D.U. Maquinarias y Plataformas Elevedaros SL, a company that ceased operations in 2010, was reopened by the Barcelona Courts which could result in the payment of compensation to some of its former creditors. The company has filed an appeal and the current proceedings could result with a compensation of 0,2 M€ which has been booked as at December 31,2019.

Contingent liabilities

In the purpose of its current activities, the Group is involved in various procedures inherent to its activities. The Group considers that the provisions made for these risks, disputes or contentious situations known or in progress at the balance sheet date, are of a sufficient amount so that the consolidated financial situation is not significantly affected in the event of an unfavorable outcome.

a) Since 2017 closing, the Group has identified financial assets relating to a customer for who a reimbursement would not take place according to the original schedules. During the second half of 2018, a litigation situation has been identified and resulted in a summons in May 2019. As of today, the progress of the legal litigation leads the Group to consider it as a contingent liability, in connection with the notes 12, 14, 35 and 36.

b) The distribution subsidiary of Haulotte Group in Brazil, Haulotte do Brazil is currently being the subject of a proceeding concerning the settlement of import tax duties prior to 2010. The Group is currently studying with its counsel the actual risk of this proceeding. At 31 December 2019, it was not possible to reliably measure this risk (notably as the amounts cited were considered as very excessive) and this litigation is in consequence classified as a contingent liability.

NOTE 23 - PENSION AND RELATED BENEFITS

Main assumptions used for the valuation of liabilities

The only post-employment benefits of Group employees correspond to retirement severance benefits and long-service awards, mainly in the French entities.

Provisions are recorded for retirement liabilities according to the principles described in paragraph 4.9, taking into account the following assumptions:

	31 December 2019	31 December 2018
Turnover rate	based on historical data available to the Group with no changes between the two periods	
Rate of wage increases (according to seniority, the projected career profile, collective bargaining agreements, and long-term inflation rate)	based on seniority, expected career profile, collective labor agreements and long-term inflation rate calculated on a historical basis	
Discount rate	0,80%	1,65%
Retirement age	Employees born before 1 January 1950 Management: 62 years old Supervisors / office employees and workers: 60 years old Employees born after 1 January 1950 Management: 65 years old Supervisors / office employees and workers: 63 years old	

With respect to retirement severance payments, the scenario adopted is voluntary departure of employees whereby social charges are taken into account (45 %). This calculation method complies with the framework of the Fillon Law (enacted on 21 August 2003, and amended by Law 2010-1330 of 9 November 2010 for the reform of retirement systems published in the French official journal on 10 November 2010). The Group does not hold any plan assets.

Sensitivity of accumulated benefit obligations to changes in the discount rate

A general decline in the discount rate of 0.25 points would result in a 4.0 % increase in benefit obligations.

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

Change in accumulated benefit obligations

	31/12/2019	31/12/2018
PRESENT VALUE OF THE COMMITMENT AT THE BEGINNING OF THE PERIOD	**5 073**	**5 601**
Service costs of the year	332	253
Discount costs	74	62
SUBTOTAL OF AMOUNTS RECOGNISED IN PROFIT OR LOSS	**406**	**315**
Benefits paid in the period	(23)	(98)
SUBTOTAL OF OUTFLOWS (BENEFITS AND CONTRIBUTIONS PAID BY THE EMPLOYER)	**(23)**	**(98)**
Changes in assumptions	1 347	(104)
Actuarial (gains) and losses arising from experience adjustments	51	235
Translation adjustments	-	-
SUBTOTAL AMOUNTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	**1 398**	**131**
Change in consolidation scope	-	(888)
Currency translation	(9)	12
Present value of the commitment at the end of the period	6 845	5 073

Total amounts recognized in Other Comprehensive Income (excluding deferred taxes)

	31/12/2019	31/12/2018
TOTAL AMOUNTS RECOGNISED IN OCI AT THE BEGINNING OF THE PERIOD	**2 075**	**1 944**
Revaluation of net liabilities / assets of the period	1 398	131
TOTAL AMOUNTS RECOGNISED IN OCI AT THE END OF THE PERIOD	**3 473**	**2 075**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 24 - PAYABLES BY MATURITY

31/12/2019	Amount	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	152 475	19 641	123 178	9 656
Including guarantees given	28 992	8 394	20 598	
Bank overdrafts	26 628	26 628	-	-
Trade payables	70 748	70 748	-	-
Lease liabilities	19 927	5 147	11 274	3 506
Other current liabilities	26 251	26 251	-	-
TOTAL	**296 029**	**148 415**	**134 452**	**13 162**

31/12/2018	Amount	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	128 912	82 828	42 434	3 650
Including guarantees given	26 142	9 518	16 624	
Bank overdrafts	19 225	19 225	-	-
Trade payables	86 284	86 284	-	-
Other current liabilities	24 846	24 846	-	-
TOTAL	**259 267**	**213 183**	**42 434**	**3 650**

NOTE 25 - OTHER CURRENT LIABILITIES

	31/12/2019	31/12/2018
Down payments received	2 440	3 487
Tax and employee-related liabilities	21 988	18 876
Prepaid income	1 076	1 099
Others	747	1 384
TOTAL	**26 251**	**24 846**

NOTE 26 - DEFERRED TAXES

Deferred tax assets are offset by deferred tax liabilities generated in the same tax jurisdiction.

Deferred tax assets resulting from temporary differences or tax losses carried forward are recognized only to the extent that is really probable that future taxable profit will be available against which the temporary differences can be utilized. When this probability cannot be demonstrated, deferred tax assets are capped to the amount of deferred tax liabilities recognized on the same tax jurisdiction and deferred tax assets on tax losses carried forward are not recognized.

The global amount of tax losses carried forward for which no deferred tax assets were recorded amount to 78 961 K€ for the Group at 31 December 2019 (76 201 K€ at 31 December 2018).

The amount of deferred tax assets that were not recognized due to the capping of deferred tax assets up to the amount of deferred tax liabilities with the same maturity at 31 December 2019 is 2 139 K€ (2 256 K€ at 31 December 2018).

The change in net deferred tax breaks down as follows:

	31/12/2019	31/12/2018
Deferred taxes from adjustments of the fair value of rental equipment	193	(200)
Deferred taxes from adjustments on finance leases and back-to-back leases	35	1
Deferred taxes from provisions of pensions	1 913	1 362
Deferred taxes from adjustments of internal margin on inventory and fixed assets	4 693	5 203
Deferred taxes from non-deductible provisions	4 806	4 821
Deferred taxes from differences in depreciation periods and R&D costs	(5 705)	(5 213)
Deferred taxes on Acarlar customers portfolio	(1 843)	(1 468)
Deferred taxes from tax losses	8 024	8 869
Deferred taxes from other consolidation adjustments	(1 645)	(1 211)
Deferred taxes from other temporary differences	3 289	2 038
Impact of the capping of deferred tax assets	(2 139)	(2 256)
TOTAL	**11 623**	**11 945**

The change in net deferred tax breaks down as follows:

	31/12/2019	31/12/2018
Opening net balance	11 945	12 542
Income / (loss) from deferred taxes from continued activities	361	1 321
Income / (loss) from deferred taxes from discontinued activities	-	(702)
Deferred taxes recognised in other comprehensive income	(183)	(330)
Change in consolidation scope	(610)	(1 324)
Translation adjustment	110	438
CLOSING NET BALANCE	**11 623**	**11 945**

Deferred taxes recognized in other comprehensive income concerned mainly the net impact of unrealized foreign exchange losses and gains on current accounts classified as net investments.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 27 - INCOME STATEMENTS OF DISCONTINUED OPERATIONS

	31/12/2019	31/12/2018	
Sales and revenue	-	4 512	100%
Cost of sales	-	(2 883)	-64%
Selling expenses	-	(523)	-12%
General and administrative expenses	-	(1 017)	-23%
CURRENT OPERATING INCOME	**-**	**89**	**2%**
Other operating income and expenses	-	6 663	148%
OPERATING INCOME	**-**	**6 752**	**150%**
Cost of net financial debt	-	(13)	0%
Other financial income and expenses	-	(101)	-2%
PROFIT BEFORE TAXES	**-**	**6 638**	**147%**
Income tax	-	(693)	
NET PROFIT	**-**	**5 945**	**132%**

As at 31 December 2018, other operating income and expenses were mainly including the profit recorded on the disposal.

NOTE 28 - SALES AND REVENUE FOR CONTINUING OPERATIONS

Note 40 on segment reporting provides with details on sales and revenue.

NOTE 29 - COST OF SALES FOR CONTINUING OPERATIONS

	31/12/2019	31/12/2018
Production cost of sales	(461 946)	(415 714)
Change in inventory provisions	434	604
Warranty costs	(7 248)	(9 045)
TOTAL	**(468 760)**	**(424 155)**

NOTE 30 - GENERAL AND ADMINISTRATIVE EXPENSES FOR CONTINUING OPERATIONS

	31/12/2019	31/12/2018
Administrative expenses	(45 118)	(42 924)
Provision for depreciation of trade receivables	(3 089)	(275)
Management expenses	(12 460)	(11 546)
TOTAL	**(60 667)**	**(54 745)**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 31 - RESEARCH AND DEVELOPMENT EXPENDITURES FOR CONTINUING OPERATIONS

	31/12/2019	31/12/2018
Development expenditures recognised as intangible assets	6 355	4 768
Amortisation of development expenditures	(2 613)	(2 093)
Research tax credit	2 504	2 310
Development expenditures	(16 246)	(13 732)
TOTAL	**(10 000)**	**(8 747)**

NOTE 32 - EXCHANGE GAINS AND LOSSES FOR CONTINUING OPERATIONS

In current operating income	31/12/2019	31/12/2018
Realised exchange gains and losses	(1 305)	(2 533)
Unrealised exchange gains and losses	(717)	533
TOTAL	**(2 022)**	**(2 000)**

In financial income	31/12/2019	31/12/2018
Realised exchange gains and losses	196	(1 317)
Unrealised exchange gains and losses	(254)	1 027
TOTAL	**(58)**	**(290)**

TOTAL	**(2 080)**	**(2 290)**

Foreign exchange gains and losses related to underlying considered as financing items (mainly of our subsidiaries) are presented within the financial result.

For the year ended 31 December 2019, the application of IAS 29 for Argentinian entities (reevaluation of the accounts in pesos and conversion of the income statement at closing rate) generated a profit of 1,5 M€ in foreign exchange gains and losses and recognized as a financial income.

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 33 - EXPENSES BY NATURE OF CURRENT OPERATING INCOME FOR CONTINUING OPERATIONS

	31/12/2019	31/12/2018
Purchases of raw materials and other consumables and changes in finished products inventory	(348 884)	(311 835)
External charges	(97 130)	(101 382)
Taxes and related items	(7 273)	(6 106)
Staff costs	(101 119)	(91 439)
Net depreciation, impairment and provisions	(20 448)	(13 737)
Currency gains and losses	(2 022)	(2 000)
Other operating income and expenses	926	4 198
TOTAL	**(575 951)**	**(522 300)**

NOTE 34 - STAFF COSTS FOR CONTINUING OPERATIONS

	31/12/2019	31/12/2018
Salaries and wages	(75 415)	(68 066)
Social security and related expenses	(24 313)	(22 752)
Employee profit-sharing	(1 159)	(837)
Pensions costs	(232)	216
TOTAL	**(101 118)**	**(91 439)**

Staff costs are allocated to the appropriate captions of the income statement by function.

NOTE 35 - OTHER OPERATING INCOME AND EXPENSES FOR CONTINUING OPERATIONS

	31/12/2019	31/12/2018
Cost of litigation net of increases/ decreases in provisions	(4 836)	(4 192)
Miscellaneous adjustments for prior periods	116	-
Revaluation at fair value of investments in affiliates	-	4 689
Goodwill depreciation	-	(4 232)
Others	83	(750)
TOTAL	**(4 637)**	**(4 485)**

As described in note the 22, in the paragraph Other provisions - a /, it was recorded during the year:

- booking of a provision of 0.4 M€ for the future settlement of the liquidation,
- legal fees relating to this transaction for 0.8 M€.

As described in this same note in the paragraph Contingent liabilities - a /, the deterioration of a customer dispute identified at the end of 2018 led the group:

- to reclassify the amounts previously booked for the updating of financial assets into operating profit, for an amount of 2.4 M€,
- to complete the provision previously booked for 0.9 M€,
- to book the legal fees related to this litigation for an amount of 0.6 M€.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 36 - COST OF NET FINANCIAL DEBT, OTHER FINANCIAL INCOME AND EXPENSES FOR CONTINUING OPERATIONS

	31/12/2019	31/12/2018
Interest expenses and fees on loans and bank overdrafts	(2 374)	(1 406)
COST OF TRANSFERS OF FINANCIAL ASSETS	**(261)**	**(162)**
Interests on leasing contracts	(952)	(12)
Cost of net financial debt	(3 587)	(1 580)
Gains and losses on realization of financial instruments	-	(309)
Others	1 149	(1 516)
OTHER FINANCIAL INCOME AND EXPENSES	**1 149**	**(1 825)**
TOTAL	**(2 438)**	**(3 405)**

The variation observed on the caption "others" contains the information given in notes 12 and 35.

NOTE 37 - CORPORATE INCOME TAX FOR CONTINUING OPERATIONS

	31/12/2019	31/12/2018
Current tax	(7 648)	(8 671)
Deferred tax	361	1 321
TOTAL	**(7 287)**	**(7 350)**

Haulotte Group SA is the head of a French tax consolidation that included on 31 December 2019, Haulotte France S.A.R.L, Haulotte Services and Telescopelle S.A.S.

Haulotte US Inc is the head of a US tax consolidation that included on 31 December 2019, Equipro Inc. and its subsidiaries.

Under these tax sharing agreements, the income tax of entities are incurred by subsidiaries as if they were not included in a tax group.

NOTE 38 - EFFECTIVE INCOME TAX RECONCILIATION FOR CONTINUING OPERATIONS

The difference between the effective tax rate of 27.25 % (29.08 % in December 2018) and the standard rate applicable in France of 28,92 % breaks down as follows:

	31/12/2019		31/12/2018	
Consolidated income before tax	26 744		25 279	
TAX (INCOME)/ EXPENSE CALCULATED AT THE TAX RATE APPLICABLE TO THE PARENT COMPANY'S PROFIT	**7 734**	**28,92%**	**8 704**	**34,43%**
Effect of differential in tax rates	(723)		(1 657)	
Effect of permanently non-deductible expenses or non-taxable income	(897)		(333)	
Effect of use of loss carry forwards previously not recognised	(845)		(178)	
Effect of tax assets not recognised	402		2 032	
Effect of loss carry forwards not recognised	3 263		1 000	
Effect of tax consolidation and income tax credits	(1 288)		(1 510)	
Effect of the reversal of unused deferred tax assets	-		-	
Tax relating to previous years	(166)		(296)	
Others	(192)		(410)	
EFFECTIVE TAX (INCOME)/ EXPENSE	**7 287**	**27,25%**	**7 350**	**29,08%**

NOTE 39 - EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit or loss of the Group for the period by the weighted average number of shares outstanding during the period, excluding treasury shares acquired.

Diluted earnings per share are calculated by adjusting the weighted number of shares outstanding in order to take into account all shares issued on conversion of potentially dilutive securities, and notably stock options. A calculation is made to determine the number of shares acquired at fair value (the annual average for traded shares) according to the monetary value of rights attached to outstanding stock options. The resulting number of shares is then compared with the number of shares that would have been issued if the options have been exercised.

In Euros	31/12/2019	31/12/2018
NET INCOME FOR THE GROUP IN THOUSANDS OF EUROS	**19 417**	**23 803**
Total number of shares	31 371 274	31 371 274
Number of treasury shares	1 853 642	1 836 567
NUMBER OF SHARES USED FOR THE EARNINGS PER SHARE AND THE DILUTED EARNINGS PER SHARE CALCULATION	**29 517 632**	**29 534 707**
Earnings per share attributable to shareholders		
- basic	**0,66**	**0,81**
- diluted	**0,66**	**0,81**

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 40 - SEGMENT REPORTING

40.1 Sales breakdown

Sales by business segment	31/12/2019	%	31/12/2018	%
Sales of handling and lifting equipment	533 538	87	488 949	88
Rental of handling and lifting equipment	21 348	4	16 067	3
Services (1)	54 942	9	50 889	9
CONSOLIDATED SALES	**609 828**	**100**	**555 905**	**100**

(1) mainly spare parts, repairs and financing

Sales by geographic segment	31/12/2019	%	31/12/2018	%
Europe	352 324	58	334 732	60
North America	96 003	16	78 594	14
Latin America	45 738	8	42 222	8
Asia Pacific	115 763	19	100 357	18
CONSOLIDATED SALES	**609 828**	**100**	**555 905**	**100**

40.2 Main indicators by business segment

The column « Others » includes items not allocated to the Group's three business segments as well as inter-segment items.

					31 December 2019					**31 December 2018**
In K€ (continuing operations)	Manufacturing and Sale of equipment	Equipment rental	Services and financing	Others	**Total**	Manufacturing and Sale of equipment	Equipment rental	Services and financing	Others	**Total**
INCOME STATEMENT HIGHLIGHTS										
Sales and revenues to external customers	533 538	21 348	54 942	-	**609 828**	488 949	16 067	50 889	-	**555 905**
Operating profit	40 494	4 784	3 286	(19 323)	**29 240**	45 801	2 845	2 598	(22 123)	**29 121**
ASSETS										
Fixed assets	90 823	17 559	1 909	20 675	**130 964**	87 726	17 012	2 014	13 038	**119 790**
including goodwill	28 253	234	-	-	**28 487**	32 366	362	-	-	**32 728**
including intangible assets	27 785		23	6 404	**34 213**	22 979	-	45	7 137	**30 161**
including tangible assets	32 333	17 302	1 886	12 362	**63 883**	31 979	16 625	1 969	3 420	**53 993**
including financial assets	2 451	23	-	1 908	**4 381**	402	25	-	2 481	**2 908**
Right-of-use-assets	18 960	654	-	-	**19 614**	-	-	-	-	**-**
Inventories	176 615	-	14 962	-	**191 577**	164 415	-	14 534	-	**178 949**
Trade receivables and linked accounts	78 858	5 177	9 552	-	**93 587**	110 711	5 302	7 560	-	**123 573**
LIABILITIES										
Trade payables	68 004	436	2 308	-	**70 747**	83 791	795	1 698	-	**86 284**
Lease liabilities	19 238	690	-	-	**19 928**	-	-	-	-	**-**
Bank borrowings (excl. warranties)	9 550	257	-	140 304	**150 111**	4 679	579	-	116 737	**121 995**
OTHER INFORMATION										
Depreciation and impairment charge in the period	16 376	3 676	232	-	**20 284**	12 922	2 764	167	-	**15 853**

(*): Information for prior periods has been updated to facilitate the comparability for the tables.

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

40.3 Main indicators by geographic segment

The column « Others » includes items not allocated to the Group's four geographic segments as well as inter-segment items.

	31 décembre 2019					31 décembre 2018				
In K€ (continuing operations)	Europe	North America	Latin America	Asia Pacific	**Total**	Europe	North America	Latin America	Asia Pacific	**Total**
INCOME STATEMENT HIGHLIGHTS										
Sales and revenues to external customers	352 324	96 003	45 738	115 763	**609 828**	334 732	78 594	42 222	100 357	**555 905**
Operating profit	32 139	(4 518)	3 279	(1 660)	**29 240**	27 372	(2 038)	3 099	688	**29**
ASSETS										
Fixed assets	66 660	23 422	10 846	30 036	**130 964**	56 764	20 193	9 958	32 875	**119 790**
including goodwill	-	8 838	234	19 415	**28 487**	-	8 671	362	23 695	**32 728**
including intangible assets	22 969	2 920	192	8 131	**34 213**	20 771	2 246	19	7 125	**30 161**
including tangible assets	42 327	9 804	10 377	1 374	**63 883**	34 097	9 273	9 541	1 082	**53 993**
including financial assets	1 364	1 860	43	1 115	**4 381**	1 896	3	36	973	**2 908**
Right-of-use-assets	11 844	3 483	745	3 543	**19 614**	-	-	-	-	**-**
Inventories	110 657	36 604	12 118	32 198	**191 577**	103 148	28 511	10 352	36 938	**178 949**
Trade receivables and linked accounts	31 306	14 748	12 234	35 299	**93 587**	47 601	14 299	14 848	46 826	**123 573**
LIABILITIES										
Trade payables	52 089	6 401	738	11 519	**70 747**	69 735	4 908	585	11 056	**86 284**
Lease liabilities	11 997	3 565	790	3 577	**19 928**	-	-	-	-	**-**
Bank borrowings (excl. warranties)	144 096	-	257	5 758	**150 111**	121 417	-	578	-	**121 995**
OTHER INFORMATION										
Depreciation and impairment charge in the period	11 222	2 494	3 992	2 577	**20 284**	7 191	5 310	2 979	374	**15 853**

(*): L'information des exercices précédents a été mise à jour pour faciliter la comparabilit des tableaux

Notes 41 to 43 provide with information regarding the cash flow statement.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 41 - ANALYSIS OF CHANGE IN WORKING CAPITAL

	31/12/2019	31/12/2018
Change in inventories	(13 428)	(62 775)
Change in provision for inventories	(343)	(299)
Change in trade receivables	23 007	(15 642)
Change in provision for trade receivables	3 294	(1 273)
Charge in trade payables	(15 757)	20 472
Change in other assets and liabilities	(677)	(11 521)
CHANGE IN OPERATING WORKING CAPITAL CONTINUED OPERATIONS	**(3 904)**	**(71 038)**

	31/12/2019	31/12/2018
Change in inventories	-	29
Change in provision for inventories	-	-
Change in trade receivables	-	286
Change in provision for trade receivables	-	146
Charge in trade payables	-	(5)
Change in other assets and liabilities	-	(1 111)
CHANGE IN OPERATING WORKING CAPITAL DISCONTINUED OPERATIONS	**-**	**(655)**

NOTE 42 - ANALYSIS OF CHANGE IN RECEIVABLES FROM FINANCING ACTIVITIES

	31/12/2019	31/12/2018
Change in gross value	(19 375)	(2 714)
Change in provisions		
CHANGE IN RECEIVABLES FROM FINANCING ACTIVITIES	**(19 375)**	**(2 714)**

Revenue from financing activities includes back-to-back arrangements, direct financing leases, lease payment obligations and risk pool commitments.

Transactions involving risk pool commitments and lease payment obligations by Haulotte Group SA represent transactions for which receivables and payables are fully offset. In consequence, they do not generate cash flow. The receivables and payables (for the same amount) are discharged as customers make lease payments to their financial institution. In consequence, these transactions are eliminated in the cash flow statement because they have no impact on net cash.

Changes in back-to-back lease arrangements and finance leases are presented as a cash component of the above business. In contrast, changes in the corresponding payable (fully matched by the receivable or resulting from a comprehensive financing arrangement after the back-to-back lease agreements were repurchased through a syndicated loan) are presented under cash flows from financing activities.

NOTE 43 - CASH COMPONENTS

	31/12/2019	31/12/2018
Cash on hand and deposit accounts	28 394	23 694
Money market funds and negotiable instruments	346	416
CASH AND CASH EQUIVALENT - BALANCE SHEET	**28 740**	**24 110**
Bank overdrafts (refer to note 20)	(26 628)	(19 227)
CASH AND CASH EQUIVALENT - CASH FLOW STATEMENT	**2 112**	**4 885**
including cash from cash flow statement - continued activities	2 112	4 885
including cash from cash flow statement - discontinued activities	-	-

NOTE 44 - INFORMATION ON RELATED PARTIES

44.1 Related parties transactions

Solem S.A.S. is the majority shareholder of Haulotte Group S.A., with 54,40 % of the share capital at 31 December 2019.

Solem paid to Haulotte Group S.A. income of 30 K€ in 2019 and 30 K€ in 2018, and invoiced charges of 1 174 K€ in 2018 and 1 027 K€ in 2018 corresponding to the expenses incurred for the Group by two Directors as described in the note below.

In 2019, Telescopelle paid 54 K€ to Solem (49 K€ in 2018) under the terms of a financial recovery clause following a debt waiver granted on 31 December 2001 for 1 220 K€. The debt waiver balance for which the payment is expected amounted to 494 K€ at 31 December 2019.

44.2 Fees allocated to directors and officers

Amounts allocated to Board members paid by the Group amounts to 892 K€ for 2019 and 806 K€ for 2018. This whole amount corresponds to short term advantages (fix and variable wages).

This amount originates from funds invoiced by Solem S.A.S for the services rendered on behalf of the Group by two executives. It includes expenses incurred by those executives on behalf of the Group.

In compliance with the agreement to provide general administrative and commercial assistance signed by Solem S.A.S. the cost of the services is subject to a 10% mark-up.

No loans or advances have been granted to directors and officers. There are no other pension obligations or related commitments in favor of current or former executives.

In addition, a portion of the amount allocated concerns the chargeback for a consulting service performed by one of the members of the board of directors.

CONSOLIDATED FINANCIAL **STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 45 - OFF-BALANCE SHEET COMMITMENTS

Commitments given	31/12/2019	31/12/2018
Repurchase commitments*	56	60
Portion of balance sheet debt secured by collateral**	0	66 589
Commitments given by Haulotte Group SA to GE Capital for the benefit of Haulotte US***	4 466	4 232
Bank guarantees****	0	2 601
Guarantees on export financing*****	1 458	1 869

(*): Repurchase commitments cover guarantees for the residual values granted by the Group in connection with customer financing agreements
(**): Reminder of the commitments provided regarding the previous syndicated loan contract as at 31.12.2018: pledge of the Haulotte Group S.A. business and of Haulotte France securities, pledge of the current account balance between Haulotte Group S.A. and Haulotte US in the amount of 50 000 KUSD and pledge of the current account balance between Haulotte Group S.A. and Haulotte Australia in the amount of 10 000 KAUD. XXX
This commitment ended during 2019 following the signature of a new syndicated loan (see major events).
(***): In connection with product financing agreements executed in 2014, Haulotte Group SA is the first call guarantor in the event of default by Haulotte US Inc., for up to 5 000 KUSD, in favour of different GE Group companies (General Electric Capital Corporation US, GE Commercial Distribution Finance Corporation US, GE Canada Equipment Financing G.P.). This commitment will expire on 19 December 2021.
(****): In connection with the so-called Macron law, the Group received customer down payments for deliveries scheduled until 2019. The customers requested remittance of a bank security guaranteeing the down payment's refund in the event the equipment is not delivered.
(*****): Financing export agreements are put in place for some customers. Specialized financial institutions guarantee these agreements to the banks for a certain percentage. Then, the Group gives an additional guarantee to the financial institution for the percentage not covered.

Classification by maturity of the off-balance sheet commitments is as follows:

31/12/2019	Gross	Less than 1 year	1 to 5 years	More than 5 years
Repurchase commitments	56	9	46	0
Portion of balance sheet debt secured by collateral	-	-	-	-

31/12/2018	Gross	Less than 1 year	1 to 5 years	More than 5 years
Repurchase commitments	60	4	56	0
Portion of balance sheet debt secured by collateral	66 589	66 589		-

NOTE 46 - AVERAGE NUMBER OF EMPLOYEES

	31/12/2019	31/12/2018
Average headcount for the year	2 032	1 927

NOTE 47 - AUDITORS' FEES

In euros (excluding VAT)	Pricewaterhouse Coopers Audit SAS		BM&A	
Reports on financial statemns	185 640	72%	108 000	100%
Other services	70 575	28%		0%
TOTAL	**256 215**	**100%**	**108 000**	**100%**

Other services are related to the independent report on corporate social responsibility information and diligences on information technology.

NOTE 48 - SUBSEQUENT EVENTS

At the accounts closing date by the Board of Directors, the 3rd of March 2020, no subsequent events have occured.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

PricewaterhouseCoopers Audit Grand Hôtel Dieu

3 Cour du Midi, CS 30259

69287 Lyon Cedex 02

BM&A

11, rue de Laborde 75008 Paris France

Haulotte Group SA La Péronnière

BP9 42152'Horme

France

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French Law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French Law and professional auditing standards applicable in France.

To the annual general meeting of Haulotte Group SA

OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Haulotte Group SA ("the Group") for the year ended December 31, 2019. These consolidated financial statements have been approved by the board of directors on March 03, 2020 based on information available at that date regarding the evolving context of Covid-19 health crisis.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2019 to the date of our report, and specificaly we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics (Code de déontologie) for Statutory Auditors.

EMPHASIS OF MATTER

We draw attention to the matter described in the section "Amendments and interpretations of standards in issue taking effect in 2019" of the Note 3 "Summary of significant accounting policies" and to the Note 11 "IFRS 16" to the consolidated financial that describe the impacts of the first application of IFRS16 "Leases" and IFRIC 23 "Uncertainty over Income Tax Treatments" as of January 1, 2019. Our opinion is not modified in respect of this matter.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgement, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

ASSESSMENT OF CUSTOMER CREDIT RISK

Description of risk

The Group has a diverse portfolio of customers whose financial positions may be impacted by the cyclical nature of the markets and changing geopolitical environments, which could, in the short term, result in limited liquidity and ultimately affect their ability to make payments.

At 31 December 2019, trade receivables, including receivables from financing activities, represented a gross value of €173.8 million and a net value of €153.1 million.

As indicated in Notes 4.7, 5.b) and 14 to the consolidated financial statements, the assessment of customer risk, and consequently the measurement of potential impairment, relies on (i) an analysis of customers' individual financial situations based primarily on past relationships with those customers and the outlook of the markets in which they operate, and (ii) the likelihood that the Group would recover underlying assets in the event of customer default.

Given the materiality of receivables with varying maturities depending on the type of financing and the judgements and assumptions made by management to measure impairment of trade receivables, we deemed the measurement of customer credit risk to be a key audit matter.

How our audit addressed this risk

Our work consisted primarily in:

- Gaining an understanding of the internal control procedures put in place by management applicable to the measurement of customer credit risk;
- Assessing the merits of the assumptions made by management in its measurement of potential customer credit risks including, where applicable, the ability to repossess equipment;
- Verifying the basic data used to measure provisions related to trade receivables when payment deadlines are exceeded by more than one year.

MEASUREMENT OF THE GOODWILL ALLOCATED TO THE "NORTH AMERICA" & "ACARLAR" CGU

Description of risk

At 31 December 2019, goodwill for the "North America" & "Acarlar" CGU (cash-generating unit) came to €17,740 thousand gross and € 8,835 thousand net, and € 19 418 thousand net, respectively. The procedures for the impairment tests used are described in Notes 4.1 and 8 to the consolidated financial statements.

The recoverable amounts of the "North America" & "Acarlar" CGU are determined based on their value in use, which are calculated using the discounted value of cash flows expected over a period of five years from the group of assets allocated to the "North America" & "Acarlar" CGU. Forecast data includes assumptions in terms of volume, sale price and production costs and the use of a discount rate and a long-term growth rate.

Given the use of assumptions and estimates to assess the recoverable value, we deemed the measurement of goodwill to be a key audit matter.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

How our audit addressed this risk

We examined the methodology used by the Group for performing impairment tests.

Our work consisted primarily in:

- Reconciling the data underlying the "North America" & "Acarlar" CGU carrying amount with the consolidated financial statements;
- Verifying the mathematical accuracy of the data and reconciling forecast data with the budget approved by management;
- Assessing the consistency of the operational assumptions made by management to establish cash flow projections, including by comparing them to past performances and market outlook;
- Assessing the discount rate calculations and corroborating certain inputs of this rate with available market data;
- Assessing the sensitivity of the recoverable amount to inputs such as discount rate and the assumptions used.

We also examined the appropriateness of the disclosures provided in Note 8, "Goodwill", to the consolidated financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the management report of the Board of Directors approved on March 03,2020. With regards to Covid-19 pandemic related events occurred and information known since the date the financial statements were approved, management has confirmed that this will be subject to a specific communication at the Annual General Meeting called to decide on these financial statements.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French commercial code (code de commerce) is included in the Group's information given in the management report, it being specified that, in accordance with article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Haulotte Group SA by the General Meetings held on 28 May 2015 for BM&A and on 2 October 1998 for PricewaterhouseCoopers Audit.

As at 31 December 2019, BM&A and PricewaterhouseCoopers Audit were in the fifth year and the twenty-second year of total uninterrupted engagement, which are the fifth year and the twenty-second year since securities of the Company were admitted to trading on a regulated market, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is expected to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' REPORT ON THE **CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the ftnancial statements. Our objective is to obtain reasonable assurance about whether the ftnancial statements as a whole are free of material misstatement. Reasonable assurance is a high Level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of theseftnancial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professionaljudgement throughout the audit and furthermore:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

STATUTORY AUDITORS' REPORT ON THE **CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

Report to *the Audit Committee*

We submit the Audit Committee a report, which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the AuditCommittee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L .822-10 to L .822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably thought to bear on our independence, and the related safeguard.

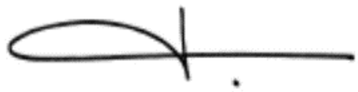
Lyon, 30 April 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Elisabeth L'hermite

BM&A



Alexis Thura

Conception & réalisation : POMELO-PARADIGM