

STATUTORY ACCOUNTS



2019



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STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2019

BALANCE SHEET – ASSETS

In thousands of Euros	Note	Gross	Amort. Dépréc.	31/12/2019	31/12/2018
INTANGIBLE ASSETS	4.1				
Software, patents		15 586	10 898	4 688	5 919
Goodwill		168	-	168	168
Other intangible assets		1 572	-	1 572	1 095
PROPERTY, PLANT AND EQUIPMENT	4.1				
Land		882	-	882	882
Buildings		17 266	12 240	5 026	4 607
Machinery and equipment		29 983	24 036	5 947	5 510
Other PPE		5 207	4 533	675	692
Fixed assets in progress		509	-	509	1 946
FINANCIAL ASSETS	4.2				
Long-term investments		39 855	5 258	34 597	34 530
Receivables from investments		153 851	15 479	138 372	113 977
Other investments	4.3	14 212	4 719	9 493	14 690
Other financial assets		4 509	2 902	1 608	2 221
NON-CURRENT ASSETS		283 599	80 064	203 535	186 236
INVENTORIES AND WORK IN PROGRESS	5				
Raw materials		21 582	649	20 933	27 294
Work in progress		1 622	-	1 622	2 070
Finished goods		41 913	865	41 048	25 096
Trade goods		9 528	948	8 580	8 558
Advances paid to suppliers		715	-	715	938
ACCOUNTS RECEIVABLE					
Accounts receivable	6	126 309	39 390	86 919	97 398
Other receivables	7	20 923	220	20 703	21 862
CASH AND CASH EQUIVALENT					
Marketable securities		346	-	346	416
Cash at hand		12 291	-	12 291	7 785
ACCRUALS					
Prepaid expenses	8	1 090	-	1 090	656
CURRENT ASSETS		236 320	42 072	194 248	192 073
Unrealised foreign exchange losses	8	1 902	-	1 902	2 668
TOTAL		521 821	122 136	399 686	380 977

FISCAL YEAR ENDED 31 DECEMBER 2019

BALANCE SHEET - LIABILITIES AND EQUITY

In thousands of Euros	Note	31/12/2019	31/12/2018
Share capital	10	4 078	4 078
Additional paid-in-capital		81 627	91 720
Legal reserves		448	448
Other reserves		-	2 776
Retained earnings		406	394
PROFIT (LOSS) FOR THE YEAR		(3 229)	(6 362)
Investment grants		4	4
Regulated reserves		1 648	1 715
SHAREHOLDERS' EQUITY	10	84 981	94 773
Provisions for contingencies		8 898	8 497
Provisions for charges		6 425	4 732
COMMITMENTS AND CONTINGENCIES	12	15 323	13 230
LONG-TERM DEBT			
Bank borrowings	13.1	132 516	118 295
Miscellaneous loans and borrowings	13.2	-	25
Down payments received		2 568	711
TRADE PAYABLES AND OTHER CURRENT LIABILITIES	14		
Trade payables		51 475	64 050
Tax and employee-related liabilities		8 221	8 732
Fixed asset creditors		0	
Other payables		86 023	63 984
ACCRUALS			
Deferred revenue	8	1 335	2 334
TOTAL LIABILITIES		282 139	258 131
Unrealised foreign exchange gains	8	17 243	14 844
TOTAL		399 686	380 977

STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2019

INCOME STATEMENT

In thousands of Euros	Note	31/12/2019	31/12/2018
NET SALES	15	286 257	279 519
Change in inventories of finished goods and work in progress		15 188	12 438
Capitalised production		264	397
Operating grants		18	11
Reversal of depreciation and provisions, expenses reclassifications		3 352	3 690
Other income	17	20 229	15 796
OPERATING INCOME		325 307	311 850
Purchase of trade goods		23 482	29 209
Change in inventories (trade goods)		30	(1 260)
Purchase of raw materials and other supplies		180 291	186 446
Change in inventories (raw materials and other supplies)		6 572	(7 213)
Other purchases and external charges		54 577	55 406
Taxes other than on corporate income		3 627	3 419
Wages and salaries		31 092	27 776
Social charges		13 146	13 248
Depreciation and amortisation of fixed assets		4 602	4 253
Increase in provisions for current assets		6 729	6 076
Provisions for contingencies and commitments		2 700	2 366
Other expenses	17	2 272	2 488
OPERATING EXPENSES		329 120	322 213
OPERATING PROFIT (LOSS)		(3 812)	(10 363)
Dividends received from subsidiaries		6 106	845
Interest income		2 167	1 298
Reversals of provisions		3 634	6 193
Currency gains		1 179	3 477
Net proceeds from the disposal of marketable securities			
FINANCIAL INCOME		13 084	11 813
Allowances for depreciation and reserves		10 253	3 360
Interest expenses		4 578	2 859
Currency losses		1 163	3 035
Net expenses from the disposal of marketable securities		1	3
FINANCIAL EXPENSES		15 995	9 257
NET FINANCIAL PROFIT (LOSS)	18.1	(2 910)	2 556
PRE-TAX PROFIT BEFORE EXTRAORDINARY ITEMS		(6 723)	(7 807)
Extraordinary income sundry business operations		1 384	3
Extraordinary income on transactions		625	2 726
Reversal of provisions, expenses reclassifications		1 871	5 576
EXTRAORDINARY INCOME		3 880	8 305
Extraordinary expenses sundry business operations		1 719	4 202
Extraordinary expenses on transactions		1 301	3 738
Depreciation and provisions		1 158	1 829
EXTRAORDINARY EXPENSES		4 178	9 769
EXTRAORDINARY PROFIT (LOSS)	18.2	(298)	(1 464)
Corporate income tax	19	(3 792)	(2 909)
NET PROFIT (LOSS)		(3 229)	(6 362)

STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2019

TABLE OF CONTENTS

BALANCE SHEET – ASSETS	2
BALANCE SHEET - LIABILITIES AND EQUITY	3
INCOME STATEMENT	4
NOTE 1 - SIGNIFICANT EVENTS	6
NOTE 2 - ACCOUNTING POLICIES	6
2.1 Intangible fixed assets	6
2.2 Property, plant and equipment	7
2.3 Financial assets	7
2.4 Inventories and work in progress	8
2.5 Receivables and payables	8
2.6 Translation of transactions in foreign currency	9
2.7 Marketable securities	9
2.8 Provisions	9
2.9 Operating profit	9
2.10 Financial income	10
2.11 Extraordinary income	10
NOTE 3 - POST-CLOSING EVENTS	10
NOTE 4 - FIXED ASSETS	11
4.1 Property, plant and equipment & intangible assets	11
4.2 Financial assets	11
4.3 Changes in treasury shares	12
4.4 List of subsidiaries and affiliates	13
NOTE 5 - INVENTORIES	14
NOTE 6 - TRADE RECEIVABLES	15
NOTE 7 - MATURITY OF RECEIVABLES AND PAYABLES	15
NOTE 8 - ACCRUALS	15
NOTE 9 - OTHER ACCRUED ASSETS AND LIABILITIES	16
9.1 Accrued liabilities	16
9.2 Accrued assets	16
NOTE 10 - SHAREHOLDERS'S EQUITY	16
NOTE 11 - IDENTITY OF THE PARENT COMPANY CONSOLIDATING THE FINANCIAL STATEMENTS	17
NOTE 12 - COMMITMENTS AND CONTINGENCIES	17
NOTE 13 - BORROWINGS	18
13.1 Bank borrowings	18
13.2 Other loans and borrowings	19
13.3 Maturity of loans and borrowings	19
NOTE 14 - MATURITY OF CREDITORS	21
NOTE 15 - SALES	20
NOTE 16 - RELATED PARTIES STATEMENT TRANSACTIONS	20
NOTE 17 - FINANCIAL AND EXTRAORDINARY INCOME AND EXPENSE	22
17.1 Financial profit (loss)	21
17.2 Extraordinary profit (loss)	21
NOTE 18 - BREAKDOWN OF TAX INCOME BETWEEN CURRENT INCOME AND EXTRAORDINARY PROFIT (LOSS)	22
NOTE 19 - DEFERRED TAXES	22
NOTE 20 - TAX CONSOLIDATION	22
NOTE 21 - FEES ALLOCATED TO DIRECTORS AND OFFICERS	23
NOTE 22 - OFF-BALANCE SHEET COMMITMENTS	23
22.1 Finance lease commitments	23
22.2 Other commitments given	25
NOTE 23 - RECEIVED COMMITMENTS	25
NOTE 24 - AVERAGE HEADCOUNTS	25
NOTE 25 - INDIVIDUAL TRAINING BENEFITS	25
NOTE 26 - FOREIGN EXCHANGE RISKS EXPOSURE	27

STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2019

Figures are expressed as thousands of euros.

NOTE 1 - SIGNIFICANT EVENTS

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 13.1.

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.

These elements are disclosed in the note 23.1.

NOTE 2 - ACCOUNTING POLICIES

The company's annual financial statements have been prepared in accordance with the laws and regulations applicable in France and with regulation 2014-03 of France's national Accounting Standards Body (Autorité des Normes Comptables).

The accounting principles applied include:

- the conservatism principle,
- the going concern concept,
- the time period concept,
- the consistency principle.

2.1 Intangible fixed assets

Intangible assets are recognised at their purchase price, excluding financial charges.

Software is depreciated on a straight-line basis over 3 to 7 years according to its useful life. Models and designs are depreciated over 5 years.

Goodwill is not subject to depreciation. An impairment is recorded when its value in use is less than the amount initially recognised. Under regulation 2015-06 of ANC, it was considered that this goodwill had an indefinite useful life.

Research and development expenditure is expensed in the period incurred.

FISCAL YEAR ENDED 31 DECEMBER 2019

2.2 Property, plant and equipment

Property, plant and equipment are recognised in 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.

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 Haulotte Group SA.

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

Subsequent costs are recognised as separate assets and subject to different depreciation rates if the related assets have different useful lives. The carrying amount of the renewed or replaced part is derecognised, the new costs incurred being separately capitalised.

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

	Depreciation period
Plant buildings :	40 years
- main component	
- other components	10 to 30 years
Building fixtures and improvements:	10 to 40 years
- main component	
- 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.

The gains or losses on disposals of fixed assets are recognised within 'Extraordinary income/expenses on transactions'.

- **Regulated tax reserves**

Regulated reserves include in particular additional tax depreciation allowances calculated by utilising the most favourable tax option. This mainly concerns depreciation on residual values of equipment recorded as fixed assets.

STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2019

2.3 Financial assets

• *Equity Investments*

Investments are recognised in the balance sheet at historical cost, including transaction costs such as transfer rights, commissions and fees directly attributable to the acquisition of the securities. These expenses are included in the cost of securities and are subject to special accelerated depreciation over five years.

At year-end their balance sheet value is compared with their going concern value, determined with reference to the share in net equity owned and the earnings prospects. When applicable, a provision for impairment is recorded. When necessary (notably for subsidiaries with negative net equity), additional provisions are recognised first against intra-group assets (receivables, current accounts) and further as a provision for charges if necessary.

• *Receivables from investments*

Receivables from investments relate to current account advances and loans granted to subsidiaries.

These items are recognised at face value. Current account balances in foreign currencies are translated into Euros at the year-end exchange rate. Gains arising on translation are recognised as 'unrealised foreign exchange gains' and recorded in the balance sheet. Losses arising on translation result in the recognition of a provision for foreign exchange losses and go therefore through the income statement.

Current accounts are subject to impairment in the cases described in the preceding paragraph. There is no translation adjustment recorded for the impaired portion of foreign currency current accounts.

• *Treasury shares*

Treasury shares acquired in connection with the Group's share buy-back program are recorded as financial assets. They are recognised at purchase price. At the end of the year, their carrying value is determined on the basis of the average quoted price of the shares for the last month of the year. If the carrying value is lower than the purchase price, an impairment loss is recorded for the difference.

2.4 Inventories and work in progress

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

- Materials and supplies cost is determined using the average cost method based on the weighted average cost per unit,
- The cost of finished products 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 realisable value is the estimated selling price in the ordinary course of business less applicable expenses to recondition or sell the goods.

Impairment is recognised when the net realisable value corresponding to the estimated selling price in the ordinary course of business less applicable expenses to recondition or sell the goods, is less than the carrying value of inventories defined above.

The materials and spare parts inventories are eventually impaired following the last buying date and the turnover rate.

FISCAL YEAR ENDED 31 DECEMBER 2019

2.5 Receivables and payables

Receivables and payables are recognised at their face value.

A provision for impairment is recorded when their collection value, determined on a case-by-case basis, is estimated to be lower than the carrying value.

As soon as there are indications of a real and serious collection risk, a provision for impairment is recorded.

2.6 Translation of transactions in foreign currency

Transactions in foreign currencies are translated at the exchange rate on the transaction date. At the end of the period, receivables and payables balances are translated at the closing rate. The resulting translation differences for payables and receivables in foreign currency at the end of the period are recognised in the balance sheet under the cumulative translation adjustment. For unrealised foreign exchange losses a provision for contingencies is recorded.

For receivables for which impairment has been recorded, only the remaining balance is translated at the year-end exchange rate.

Following the ANC regulation No.°2015-05 of 2 July and applicable as from 1 January 2017, allowances for and reversals of provisions for foreign exchange losses on trade receivables and payables are recognized under operating income and expenses.

2.7 Marketable securities

Marketable securities are initially recognised at their purchase price excluding incidentals. Carrying value of the securities is measured based on quoted values at the closing date. An impairment is recorded when this quoted value is lower than purchase price.

2.8 Provisions

When a contingent liability is identified, for which no reliable estimation can be determined, there is no provision recognized. If applicable, a description of the identified risk is included in a dedicated paragraph within the notes relating to provisions for contingencies and charges (Note 12) or contingent liabilities.

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,
- the obligation has been reliably estimated.

• **Warranty provision**

Accordingly, Haulotte 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 generally two years. When necessary, a provision is recognised 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 recognised as a provision represents the best estimate of the expenditure required to settle the obligation.

STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2019

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 corresponding to a net out flow of resources.

- **Pension**

Haulotte Group SA records provisions for retirement severance payment and other post-employment obligations as well as long-service awards. Haulotte Group SA only had 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 recorded in the income statement in the period incurred.

2.9 Operating profit

- **Revenue recognition**

"Net sales" includes the goods and services sales comprising notably:

- Equipment sales to the distribution and renting subsidiaries of the group,
- Direct sales to certain customers,
- Spare parts sales,
- Services.

Sales of goods are recorded net of value added tax at the date of transfer of risks and benefits of ownership. Revenues related to services are recognised over the period during which the services are rendered.

- **Operating expenses**

Operating expenses include notably material costs, production costs and overheads.

2.10 Financial income

Financial income consists primarily of changes in provisions on investments and on intercompany current accounts, exchange gains and losses (except those relating to commercial receivable and debt), interest income and expenses on current accounts, dividends, and financial costs associated with borrowing.

2.11 Extraordinary income

Items that are exceptional in nature or that do not occur in the normal course of business are recognised under extraordinary profit or loss. In accordance with the French National Accounting Code (Plan Comptable Général), extraordinary profit or loss also includes allowances and reversals of special tax depreciation provisions.

NOTE 3 - POST-CLOSING EVENTS

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

FISCAL YEAR ENDED 31 DECEMBER 2019

NOTE 4 - FIXED ASSETS

4.1 Property, plant and equipment & intangible assets

Gross amounts

In thousands of Euros	31/12/2018	Increase	Decrease	31/12/2019
Intangible assets ⁽¹⁾	21 000	703	5 950	15 753
Intangible assets in progress	1 095	841	364	1 572
Land	882	-	-	882
Building	2 848	-	-	2 848
General installations	13 374	1 051	6	14 418
Machinery and equipment	28 053	1 996	67	29 983
Other PPE	4 768	477	38	5 207
Fixed assets in progress	1 946	546	1 982	509
TOTAL	73 966	5 614	8 408	71 171

⁽¹⁾The intangible assets concern primarily software. They also include goodwill of 168 thousand €. The goodwill originated from the creation of Haulotte S.A. in 1995. No depreciation or impairment has been recorded.

Accumulated depreciation and impairment

In thousands of Euros	31/12/2018	Increase	Decrease	31/12/2019
Intangible assets	14 914	1 934	5 950	10 898
Building	1 302	67		1 369
General installations	10 313	565	6	10 871
Machinery and equipment	22 543	1 545	52	24 036
Other PPE	4 077	491	36	4 533
TOTAL	53 149	4 602	6 044	51 707

Research and development expenditure, recorded in operating expenses, totalled 13,989 thousand € for the fiscal year.

STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2019

4.2 Financial assets

Financial assets break down as follows on a cost basis :

In thousands of Euros	31/12/2018	Increase	Decrease	31/12/2019
Equity investments ⁽¹⁾	38 348	1 507	-	39 855
Current accounts & loans to subsidiaries ⁽²⁾	129 729	34 628	10 506	153 851
Treasury shares ⁽³⁾	14 690	1 902	2 380	14 212
Other financial assets	3 968	569	27	4 509
TOTAL GROSS VALUE	186 735	38 605	12 913	212 427

⁽¹⁾The increase in equity investments is mainly due to the additional acquisition of securities from our subsidiary Haulotte Argentina following a capital increase.

⁽²⁾The increase mainly concerns the granting of a loan to our subsidiary Haulotte Changzhou and the increase in current accounts of Haulotte US and Haulotte Mexico.

⁽³⁾The number of treasury shares owned at year end 2019 is 1 853.642. (See §4.3)

In thousands of Euros	31/12/2018	Allowances	Reversals	31/12/2019
Provisions on Equity investments ⁽⁴⁾	3 817	1 461	20	5 258
Provisions on Current accounts & loans ⁽⁵⁾	15 752	1 396	1 669	15 479
Provisions on Treasury shares	-	4 719	-	4 719
Provisions on Other financial assets	1 747	1 155	-	2 902
TOTAL PROVISIONS	21 316	8 731	1 689	28 358

TOTAL NET VALUE	165 419			184 069
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⁽⁴⁾Haulotte Group has recorded additional provisions on Equity investments for Haulotte Argentina following the capital increase.

⁽⁵⁾The increase in the provisions for receivables attached to holdings is explained by provision on Haulotte US, partially offset by allocations to Haulotte Mexico, Haulotte UK.

4.3 Changes in treasury shares

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 (€)	7,11	14,33
	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	1 506 808
Buyback authorisation	Number of shares purchased		
	Purchase price of shares (€)		
	Average price per share (€)		
	Number of shares sold		
	Number of shares cancelled		
	Number of shares at December 31	1 698 405	1 698 405
ORIGINAL 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
	Initial value of shares at December 31(€)	14 211 974	14 690 359
	Provision for treasury shares at December 31* (€)	(4 718 547)	-
	Closing price of shares at December 31 (€)	5,30	8,83

*On the basis of the average price of shares for the last month

FISCAL YEAR ENDED 31 DECEMBER 2019

4.4 List of subsidiaries and affiliates

Company Registered office In thousands of Euros	Share capital Shareholder s' equity ⁽¹⁾	Ownership interest (%)	Reserves and retained earnings	Gross value/ Net value of shares	Advances	Dividends received	Revenue Net income
Haulotte France Sarl 69 ST PRIEST - FRANCE	1 046 13 676	99,99%	9 923	3 804 3 804	(17 586)		97 953 2 687
Telescopelle SAS L'HORME - FRANCE	37 989	100%	886	37 37	(907)		123 66
Haulotte Access Equipment Manufacturing (Changzhou) CHINA	2 304 16 366	100%	10 166	2 000 2 000			53 107 3 940
Haulotte Argentina SA ARGENTINA	133 (1 771)	100%		3 085 (0)	462		8 824 (1 905)
Haulotte Arges SRL ROMANIA	816 66 161	100%	57 963	1 100 1 100	(14 244)		114 101 7 439
Haulotte Australia Pty Ltd AUSTRALIA	0 766	100%	1 791	0 0	25 303		51 697 (1 019)
Haulotte Canada CANADA	0	99,98%					0
Haulotte Do Brazil Ltda BRASIL	111 (26 456)	100%	(24 783)	201	1 977		10 015 (1 826)
Haulotte Digital Support Center ROMANIA	0 (507)	95%	(509)		2 100		1 282 2
Haulotte Hubarbeitsbuehnen GmbH GERMANY	30 21 664	100%	19 625	30 30	(20 761)		54 936 2 009
Haulotte Iberica SL SPAIN	310 13 313	98,71%	10 559	3 3	(5 358)		35 314 2 443
Haulotte India INDIA	63 212	99,99%	116	62 62			9 33
Haulotte Japon JAPAN	41 49	100%		46 46			
Haulotte Italia Srl ITALY	100 13 631	99,00%	11 706	10 10	(6 827)		35 520 1 826
Haulotte Mexico SA de CV MEXICO	945 (133)	99,99%	(1 259)	1 113	9 996		9 150 178
Haulotte Middle East FZE UNITED ARAB EMIRATES	0 11 488	100%	9 879	199 199	6 872		4 597 1 368
Haulotte Netherlands BV NETHERLANDS	20 420	100%	(222)	20 20	49		20 643 623
Haulotte Polska SP Z.O.O. POLAND	94 1 422	100%	80	105 105	(2 269)	6 106	24 043 1 236
Haulotte Scandinavia AB SWEDEN	10 17 969	100%	16 850	11 11	(16 636)		29 305 1 023
Haulotte Singapore Ltd. SINGAPORE	0 4 972	100%	4 599	0	1 520		17 861 374
Haulotte Trading (Shanghai) co. Ltd. CHINA	0 (8 797)	100%	(7 368)	550			17 778 (2 179)

STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2019

Company Registered office In thousands of Euros	Share capital Shareholder s' equity ⁽¹⁾	Ownership interest (%)	Reserves and retained earnings	Gross value/ Net value of shares	Advances	Dividends received	Revenue Net income
Haulotte UK Ltd UNITED KINGDOM	1 (2 677)	100%	(3 277)	2	6 977		15 012 581
Haulotte US Inc UNITED STATES	3 (8 890)	100%	(42 320)	3	80 694		59 417 (400)
Haulotte Vostok RUSSIA	41 3 552	100%	1 885	80 80			30 864 1 570
Horizon High Reach Limited ARGENTINA	569 6 521	100%	4 512	5 065 5 065			8 791 1 440
Levanor Maquinaria de Elevacion S.A. SPAIN	100 736	91%	653	300	1 291		(17)
Haulotte Chile CHILE	0 832	100%		0 0			5 134 892
Horizon Chile CHILE	0 (2 135)	100%	(861)	5			6 176 (1 367)
Acarlar TURKEY	555 3 193	100%	2 158	22 024 22 024			10 375 504

⁽¹⁾Including Capital and Net income

⁽²⁾The Turnover shown for each subsidiary includes interest revenue on finance leases. For foreign subsidiaries, figures presented are translated at the year-end closing exchange rate except for revenue and net income which are translated at the average exchange rate of the period.

NOTE 5 - INVENTORIES

In thousands of Euros	Inventories at 31/12/2019			Inventories at 31/12/2018		
	Gross	Provisions	Net	Gross	Provisions	Net
Raw materials	21 582	(649)	20 933	28 154	(860)	27 294
Work in progress	1 622	0	1 622	2 070	0	2 070
Finished goods	41 913	(865)	41 048	26 277	(1 181)	25 096
Trade goods	9 528	(948)	8 580	9 558	(1 000)	8 558
TOTAL	74 645	(2 462)	72 183	66 058	(3 041)	63 017

The increase in inventories relates mainly to the inventory of machines, partially offset by the decrease in the inventory of components.

FISCAL YEAR ENDED 31 DECEMBER 2019

NOTE 6 - TRADE RECEIVABLES

In thousands of Euros	31/12/2019	31/12/2018
TRADE RECEIVABLES	126 309	130 582
<i>of which Group receivables</i>	114 829	118 471
PROVISIONS	(39 390)	(33 184)
<i>of which Group provisions</i>	(35 309)	(29 819)
NET TRADE RECEIVABLES	86 919	97 398

The increase in depreciation mainly concerns receivables from our subsidiaries Horizon Chile, Haulotte Brazil and Haulotte Shanghai.

NOTE 7 - MATURITY OF RECEIVABLES AND PAYABLES

The receivables are as follows:

In thousands of Euros	Total	< 1 year	> 1 year < 5 years	> 5 years
Current accounts & loans to subsidiaries	153 851	92 069	0	61 782
Trade receivables	126 309	122 186	0	4 123
Other receivables	20 923	15 358	5 565	0

The other receivables mainly concern income tax, VAT and profit to be received from insurance following a fire into a plant.

NOTE 8 - ACCRUALS

In thousands of Euros	31/12/2019	31/12/2018
Prepaid expenses	1 090	656
Operating expenses	1 090	656
Financial expenses	-	-
Deferred revenue	1 335	2 334
Unrealised foreign exchange losses	1 902	2 668
On receivables	1 721	2 333
On payables	181	335
Unrealised foreign exchange gains	17 243	14 844
On receivables	16 235	13 960
On payables	1 008	883

The main prepaid expenses relate to IT services.

The deferred revenue relates to machines and spare parts

STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2019

NOTE 9 - OTHER ACCRUED ASSETS AND LIABILITIES

9.1 Accrued liabilities

In thousands of Euros	31/12/2019	31/12/2018
Bank borrowings	149	85
Trade payables	21 643	34 437
Tax and employee-related payables	4 008	4 081
Other payables	407	1 188
TOTAL	26 206	39 791

Other debts mainly concern credit note to be issued on spare parts and machines.

9.2 Accrued assets

In thousands of Euros	31/12/2019	31/12/2018
Customer Accounts receivables	5 572	4 020
Other receivables	2 822	2 028
Accrued interests	5	-
TOTAL	8 399	6 048

Other receivables mainly concern profit to be received from insurance following a fire into a plant and on the other hand to calls in bank guarantee following unpaid customers.

NOTE 10 - SHAREHOLDERS'S EQUITY

Detail of share capital

In €	31/12/2018	Increase	Decrease	31/12/2019
Number of shares	31 371 274			31 371 274
Nominal value in Euros	0,13			0,13
Share capital in Euros	4 078 265			4 078 265

Statement of changes in shareholders' equity (in thousands of Euros)

Shareholders' equity at 31/12/2018	94 773
Dividends distributed	(6 495)
Change in regulated reserves	(67)
Profit/(Loss) for the period	(3 229)
investment grants	(0)
SHAREHOLDERS' EQUITY AT 31/12/2019	84 981

FISCAL YEAR ENDED 31 DECEMBER 2019

NOTE 11 - IDENTITY OF THE PARENT COMPANY CONSOLIDATING THE FINANCIAL STATEMENTS

Company name - registered office	Legal form	Capital	Capital of Haulotte Group SA owned
SOLEM 93 Epinay sur Seine - France	S.A.S	477	54.40

The consolidated financial statements are available at the headquarter of the company Solem.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

In thousands of Euros	31/12/2018	Allowances	Provisions used in the period	Reversal of unused provisions	31/12/2019
Warranty provisions	3 563	618	473	61	3 646
Provisions for foreign exchange losses	1 944	1 522	1 944	0	1 522
Provision for foreign exchange losses on commercial receivables and payables	723	381	723	0	381
Provision for pensions and other employees cost**	4 732	1 702	1	8	6 425
Other contingencies and commitments*	2 267	1 145	9	54	3 350
TOTAL	13 230	5 367	3 151	123	15 323
<i>*of which provision on negative net equity of subsidiaries</i>	1 972	124	0	4	2 093
<i>**of which provision on restricted stock unit plan</i>	400	56	0	0	456

Recognised under operating profit	2 700	1 267
Recognised under financial profit	1 522	1 944
Recognised under extraordinary profit	1 145	62
TOTAL	5 367	3 273

The increase in other provisions is explained by the call-in bank guarantee from one of our defaulting customers.

Provision for a restricted stock unit plan

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
<i>Of which granted to corporate officers</i>	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 beneficiary remains an employee of the company and achievement of non-market performance conditions. The share price on the grant date was €19.12.

STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2019

Provisions for post-employment benefits

Retirement commitments are estimated according to the projected unit credit method using end-of-career wages according to the procedures described in paragraph 2.8, on the basis of the following assumptions:

- a mortality table INSEE 13-15 (vs 2018 INSEE 12-14),
- a staff turnover rate based on available Group historical data,
- a salary increase rate based on the expected length of service, career development, the terms of collective bargaining agreements and the rate of long-term inflation calculated on a historical basis,
- a 0.80 % discount rate (vs 2018 1.65%),
- a retirement age for employees born before 1 January 1950 of 62 for managers, 60 for clerical staff,
- a retirement age for employees born after 1 January 1950 of 65 for managers, 63 for clerical staff.

Concerning end-of-career severance benefits, the assumption retained is that of voluntary retirement that takes into account social security contributions (45 %). This method of calculation complies with the French Pension Reform Act of 21 August 2003 Loi Fillon, (amended by the law n°2010-1330 dated 9 November 2010 as published in the "Journal Officiel" dated 10 November 2010).

At 31 December 2019, the provision was split between

- 5 658 thousand € for pensions provisions,
- 310 thousand € for long-service award provisions.

The increase of other provisions is explained by the call in guarantee by the bank with a defaulting customer.

NOTE 13 - BORROWINGS

13.1 Bank borrowings

In thousands of Euros	31/12/2018	Increase	Decrease	31/12/2019
Syndicated loan	66 589	125 830	122 419	70 000
Other loans	31 034	15 000	6 026	40 008
Overdraft on syndicated loans	13 979	9 033	3 852	19 159
Other overdrafts	6 609	119	3 528	3 200
Accrued interests	85	74	10	149
TOTAL	118 295	150 057	135 835	132 516

• *Syndicated credit facility:*

In July 2019, the group signed a new syndicated credit agreement to refinance the previous one, which expires in September 2019.

The new credit lines is:

- the revolving credit facility for €90 million,
- the overdraft facility for €40 million.

This contract is concluded for a period of 5 years, i.e. a maturity on 07/17/2024 with the possibility of extending until 2026.

This contract was taken out at a variable interest rate indexed on the Euribor for the revolving line and on the Eonia for the overdraft line.

FISCAL YEAR ENDED 31 DECEMBER 2019

In thousands of Euros	Loan Balance at 31/12/2018	Net Change of the refinancing facility	Net Change of the revolving porting	Net Change of the bank overdraft	Loan Balance at 31/12/2019	Balance available at 31/12/2019 for further drawing
Refinancing	14 589	(14 589)		-	-	-
Revolving	52 000		(52 000)	-	-	-
Revolving			70 000	-	70 000	20 000
SUB-TOTAL	66 589	(14 589)	18 000	-	70 000	5 411
Bank overdraft	13 979			5 180	19 159	20 841
Accrued interests	29			74	103	
TOTAL	80 596	(14 589)	18 000	5 254	89 262	40 841

The 2 first lines are linked to the old syndicated loan.

On 31 December 2019, the bank ratios were respected.

• Other loans

Haulotte Group S.A. also subscribed 3 new credit lines in 2019 from lenders outside the banking syndicate for €15 million, with a maturity between 5 and 10 years.

13.2 Other loans and borrowings

In thousands of Euros	31/12/2018	Increase	Decrease	31/12/2019
Other loans	25	0	25	0
Deposits	0			0
TOTAL	25	0	25	0

13.3 Maturity of loans and borrowings

The maturity of borrowings and other financial debts at 31 December 2019 is as follows:

In thousands of Euros	Total	< 1 year	> 1 year < 5 years	> 5 years
Bank borrowings	132 516	31 679	95 621	5 216
Of which syndicated loan	70 000	-	70 000	-
Of which other borrowings	40 008	9 171	25 621	5 216
Of which syndicated loan overdraft	19 159	19 159	-	-
Of which other overdrafts	3 200	3 200	-	-
Of which accrued interests	149	149	-	-
Miscellaneous financial liabilities	-	-	-	-

STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2019

NOTE 14 - MATURITY OF CREDITORS

The maturity of creditors at 31 December 2019 is as follows:

In thousands of Euros	Total	< 1 year	> 1 year < 5 years	> 5 years
Trade payables	51 475	51 475		
Tax and employee related liabilities	8 221	8 221		
Payables to fixed assets suppliers	0	0		
Other liabilities	86 023	86 023		
<i>of which current accounts</i>	<i>0</i>	<i>85 605</i>		

NOTE 15 - SALES

In thousands of Euros	France	Export	Total
Sales of equipment	66 711	204 668	271 379
Sales of services	2 828	12 049	14 878
TOTAL	69 539	216 717	286 257

NOTE 16 - RELATED PARTIES STATEMENT TRANSACTIONS

Transactions between related companies were concluded under normal market conditions.

NOTE 17 - OTHER INCOME AND OTHER EXPENSE

In thousands of Euros	31/12/2019	31/12/2018
Other income - exchange gains on trading	773	993
Other income	19 456	14 803
TOTAL OTHER INCOME	20 229	15 796
Other expense - exchange losses on trading	1 154	1 496
Other losses	1 118	992
TOTAL OTHER EXPENSE	2 272	2 488
TOTAL	17 957	13 308

Other incomes mainly concern trade mark and technology licenses invoiced to our foreign plants.

FISCAL YEAR ENDED 31 DECEMBER 2019

NOTE 18 - FINANCIAL AND EXTRAORDINARY INCOME AND EXPENSE

18.1 Financial profit (loss)

In thousands of Euros	31/12/2019	31/12/2018
Change in provisions for impairment of shares and advances to subsidiaries	(1 168)	1 625
Change in provisions for other loans	(1 155)	0
Dividends received from subsidiaries	6 106	845
Interest on current account	329	(407)
Interest on borrowings bank overdraft and bank fees	(2 799)	(1 214)
Foreign exchange : gains, losses, changes in provisions	438	1 958
Details by currency :		
USD	113	
GBP	206	
AUD	230	
Others	(111)	
	438	
Provisions for own share*	(4 719)	0
Income from marketable securities	(1)	(3)
Loss on receivables from investments	0	0
Late payment interests and discounts	58	61
Financial charges and incomes on Swaps	0	(309)
TOTAL	(2 910)	2 556

*See §4.3

18.2 Extraordinary profit (loss)

In thousands of Euros	Expense 31/12/2019	Income 31/12/2019	Expense 31/12/2018	Income 31/12/2018
Fines and penalties	3	0	207	0
Provisions for lawsuit contingencies ⁽¹⁾	1 145	62	1 802	3 878
Other extraordinary income (expense) ⁽²⁾	1 715	1 384	4 702	3
Proceeds from the disposal of PPE	718	623	202	0
Proceeds from the disposal of financial assets	0	0	2 164	2 500
Proceeds from investment securities and treasury shares	583	0	665	225
Exceptional depreciation expenses	0	2	0	1
Excess tax depreciation	13	81	27	82
Transfer of charges ⁽²⁾	0	1 729	0	1 616
TOTAL	4 178	3 880	9 769	8 305

⁽¹⁾The expense relating to the provision for litigation mainly corresponds to an allocation linked to a call for bank guarantees on customers.

⁽²⁾Extraordinary expense mainly linked to a call for a bank guarantee on a customer and a fire into a plant. To link with transfer of charges that concern insurance accrual assets. Extraordinary profit relate tax deductions on previous years as well as a product relating to a supplier dispute.

STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2019

NOTE 19 - BREAKDOWN OF TAX INCOME BETWEEN CURRENT INCOME AND EXTRAORDINARY PROFIT (LOSS)

In thousands of Euros	Pre-tax income	Corporate income tax	After tax income
Current income	(6 723)	3 792	(2 931)
Extraordinary profit (loss)	(298)	0	(298)
TOTAL	(7 021)	3 792	(3 229)

The breakdown of tax between current income and extraordinary income has been determined by applying the legal tax rate respectively to a current tax income and an extraordinary tax income.

The tax revenue which has been linked to the current result mainly comes from Tax Credit for Research.

NOTE 20 - DEFERRED TAXES

In thousands of Euros	Basis	Deferred tax
Expenses recorded not deductible for tax purposes		
Employee profit-sharing		
"Organic" tax	419	117
Provision for inventory losses	1 893	530
Provision for trade receivable losses	3 384	947
Provision for pensions	5 658	1 584
Taxable income not recorded in the accounting income	17 243	4 828
NET DEFERRED TAXES	28 597	8 007

Haulotte Group SA has accumulated losses for tax carry forwards amounting to 51,523 thousand €:

- 28,851 thousand € acquired for the overall result 2011,
- 24,549 thousand € acquired for the overall result 2012,
- 1,792 thousand € acquired for the overall result 2013,
- (6,170) thousand € used for the overall result 2014,
- (3,654) thousand € used for the overall result 2015,
- (363) thousand € used for the overall result 2016,
- 1 978 thousand € acquired for the overall result 2017,
- 2 020 thousand € acquired for the overall result 2018,
- 2 520 thousand € acquired for the overall result 2019.

NOTE 21 - TAX CONSOLIDATION

Haulotte Group SA is the head of a French tax consolidation that included on 31 December 2019 the entities Haulotte France, Télescopelle and Haulotte Services.

Under this tax sharing agreement, the income tax of entities is incurred by subsidiaries as if they are not included in a tax group.

FISCAL YEAR ENDED 31 DECEMBER 2019

NOTE 22 - FEES ALLOCATED TO DIRECTORS AND OFFICERS

Amount allocated to Board members expensed by the Company totalled 892 thousand € in 2019 versus 806 thousand € in 2018.

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 favour of former executives.

Moreover a part of the amount allocated relates a consulting service carried out by a Board member.

NOTE 23 - OFF-BALANCE SHEET COMMITMENTS

23.1 Finance lease commitments

In thousands of Euros	Cost price	depreciation allowances ⁽¹⁾		Net value
		accounting period	accrued	
Other tangible fixed assets	15 647	29	70	15 577
TOTAL	15 647	29	70	15 577

⁽¹⁾Provisions over 5 years that would have been recorded for these assets if they had been acquired.

Commitments finance lease

In thousands of Euros	Fees paid			Fees remaining to be paid			Residual purchase price ⁽¹⁾
	accounting period	accrued	< 1 year	1 - 5 years	> 5 years	Total Due	
Other tangible fixed assets	73	132	1 126	5 669	10 262	17 057	1
TOTAL	73	132	1 126	5 669	10 262	17 057	1

⁽¹⁾According to contract

STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2019

23.2 Other commitments given

Guarantees granted to financial institutions offering financing to group customers

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,
- Guarantee in the form of a contribution to a risk pool,
- Specific guarantee covering a determined amount for a given receivable,
- Guarantee in the form of commitments to repurchase the equipment.

In thousands of Euros	31/12/2019	31/12/2018
< 1 year	8 394	9 518
> 1 year	20 598	16 625
TOTAL	28 992	26 143

Repurchase commitments given to institutions providing financing to customers

This concerns commitments given by the company to financial institutions to substitute for customers who do not exercise their purchase option.

Of which 56 thousand € given to Haulotte France.

In thousands of Euros	31/12/2019	31/12/2018
< 1 year	9	4
1 - 5 years	46	57
> 5 years	-	-
TOTAL	56	60

Guarantees for export credit financing

Export credit agreements were arranged for selected customers whereby specialised organisations provide the banks guarantees for a percentage of these agreements and the Group then issues an additional counter-guarantee to the financial institution for the uncovered portion. At the end of December 2019, this commitment amounted to €1,458,000 (compared to €1,869,000 at 31 December 2018).

FISCAL YEAR ENDED 31 DECEMBER 2019

Other commitments

This concerns commitments given by the company to suppliers.

In thousands of Euros	31/12/2019	31/12/2018
< 1 year	10	10
TOTAL	10	10

This concerned commitments given by the company to customer to guarantee a deposit paid.

In thousands of Euros	31/12/2019	31/12/2018
< 1 year	0	2 601
TOTAL	0	2 601

Commitments given to GE Capital for the benefit of Haulotte US for US\$5 million

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 US\$5 million, 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.

NOTE 24 - RECEIVED COMMITMENTS

In thousands of Euros	31/12/2019	31/12/2018
Commitment received from Télescopelle as a beneficiary of a debt waiver with a repayment clause	1450	1 450

NOTE 25 - AVERAGE HEADCOUNTS

	31/12/2019	31/12/2018
Managers	275	251
Office employees, technicians	174	173
Workers	228	219
TOTAL	677	643

NOTE 26 - INDIVIDUAL TRAINING BENEFITS

The French law of 5 March 2014 replaced the previous system in France for accumulating individual rights to training (droit individuel à la formation or DIF) by the so-called "personal training account" (compte personnel de formation or CPF) as from 1 January 2015. This new system gives employees with a permanent employment contract in the private sector a right to training, corresponding to 24 hours per year for the first five years, then 12 hours per year for a period of full-time work, capped at 150 hours.

To facilitate the transition between these two systems, the balance of hours accumulated up until 31 December 2014 under the previous system may be carried over to the new system and used up until 1 January 2021, representing for Haulotte Group SA a total of 54,158 hours.

STATUTORY ACCOUNTS

FISCAL YEAR ENDED 31 DECEMBER 2019

NOTE 27 - FOREIGN EXCHANGE RISKS EXPOSURE

The Company is mainly exposed to foreign exchange risks with receivables in US dollars, Australian dollars and pound sterling. A portion of this exposure is hedged by forward purchases of the relevant currencies and by a specific hedging instrument in US dollars.

The Company has used in the period, swaps and forward currency sales accounted for on the basis of isolated open positions. Gains and income from the settlement of positions are recognized under financial income. The Company did not have any financial instruments at the end of the reporting period.

Significant receivables (net of provisions), payables, cash positions and commitments in foreign currency not hedged

Foreign exchange exposure K€	Currencies								
	AUD	SEK	GBP	USD	PLN	RMB	TRY	INR	Others
BALANCE SHEET									
Receivables ⁽¹⁾	27 464	0	5 568	190 841	0				23
<i>of which Group receivables</i>	27 464		5 568	185 070					
<i>of which Non Group receivables</i>				5 771					23
Cash positions ⁽²⁾	3 791	402	802	5 006	223				
Payables ⁽³⁾	116	14 482	54	5 400	2 334				
<i>of which Group payables</i>	67	14 482	54	1 628	2 334				
<i>of which Non Group payables</i>	48			3 772					
OFF-BALANCE SHEET COMMITMENTS⁽⁴⁾									
Non Group commitments given	1 423	0		365	0	8 835	7 012	2 743	222

⁽¹⁾ Financial receivables, trade receivables

⁽²⁾ Cash positions

⁽³⁾ Financial payables, trade payables

⁽⁴⁾ This concerns commitments to cover lease payments and risk pools mentioned in section 23.2

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED 31 DECEMBER 2019

PricewaterhouseCoopers Audit

Grand Hôtel-Dieu
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CS 30259 - 69287 LYON CEDEX 02

BM&A

11, rue de Laborde
75008 Paris

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

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 Company

OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Haulotte Group SA for the year ended December, 31st 2019. These 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's health crisis.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December, 31st 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

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 independence rules applicable to us, for the period from January, 1st 2019 to the date of our report and specifically 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.

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 judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED 31 DECEMBER 2019

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

Measurement of equity investments, receivables from investments and Group trade receivables

Identified risk

Haulotte Group SA holds equity in Group companies and operates a manufacturing business. As part of the development of the Group, it carries out cash advances to finance its subsidiaries. In addition, it sells equipment to its sales subsidiaries and provides services to the Group as a whole.

Equity investments, receivables from investments and Group trade receivables recognised at 31 December 2019 represent some of the largest entries on the balance sheet. Equity investments are carried at cost and may be impaired based on their value in use. Receivables from investments and Group trade receivables are recognised at par value and may be written down on the basis of their recoverability.

As indicated in Note 2.3 to the financial statements, the value in use of shares in subsidiaries is estimated by management based on equity at the closing date and forecast earnings for the concerned entities. These same inputs are used to evaluate the recoverability of receivables from investments and trade receivables at Group level.

In order to estimate the value in use of equity investments, management is required to exercise judgement to decide which inputs to use for each investee. These inputs either correspond to historical data (equity) or forecast data (profitability outlook or the economic environment in the countries in which the investees operate).

The geographic location of certain subsidiaries and the competitive and economic environment in which they operate could lead to a drop in their business activity and therefore affect their operating income.

Accordingly, due to the significant amounts at stake and the decisive impact of these measurements on the assessment of the financial situation, assets and liabilities of Haulotte Group SA, we deemed the correct measurement of equity investments, receivables from investments, Group trade receivables and provisions for contingencies to be a key audit matter.

How our audit addressed this risk

Our audit work consisted primarily in verifying that the estimated values determined by management were based on an appropriate measurement method and underlying data and, depending on the investment:

For valuations based on historical data:

- verifying that the equity values used were consistent with the financial statements of the entities for which an audit or analytical procedures were performed and that any adjustments to equity were based on documentary evidence.

For valuations based on forecast data:

- obtaining the cash and operating cash flow projections for the activities of the entities concerned, as prepared by their operational management teams, and assessing their consistency with the forecast data taken from strategic plans drawn up by general management for each of their activities and approved, where applicable, by the Board of Directors,
- verifying the consistency of the assumptions used with the economic environment at the closing date and at the date on which the financial statements were prepared.

In addition to assessing the values in use of the investees, our work also consisted in:

- assessing the recoverability of receivables from investments in light of the analyses conducted of equity investments,
- verifying the recognition of provisions for contingencies where the Company is exposed to the losses of a subsidiary with negative equity.

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED 31 DECEMBER 2019

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors approved on March, 03 2020 and in the other documents with respect to the financial position and the financial statements provided to Shareholders.

Regarding the events that occurred and elements that have been known since the date the financial statements were approved and in relation to the effects of Covid-19's crisis, management informed us that this would be subject to a specific communication addressed to the shareholders' meeting called to vote on said financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (Code de commerce).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received or awarded by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlled companies that are included in the scope of consolidation. Based on this work, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (code de commerce), we have verified their compliance with the source documents communicated to us. Based on our work, we have no observation to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

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.

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED 31 DECEMBER 2019

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from 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 these financial 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 the 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 professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the 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 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.

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED 31 DECEMBER 2019

Report to the Audit Committee

We submit a report to the Audit Committee 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 Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the 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 be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

PricewaterhouseCoopers



Elisabeth L'hermite

AuditBM&A



Alexis Thura

