

2017/2018

# REFERENCE DOCUMENT

including the annual financial report



All you need. **With love.**

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# 2017/2018

# REFERENCE DOCUMENT

## including the annual financial report

AUTORITÉ  
DES MARCHÉS FINANCIERS

# AMF

This present Reference Document was filed with the French Financial Markets Authority (Autorité des Marchés Financiers) on 31 January 2019, in accordance with Article 212-13 of its General Regulations. It may be used in support of a financial transaction provided it is accompanied by an information notice approved by the Financial Markets Authority. This document has been drawn up by the issuer under the responsibility of its signatories. This Reference Document is available on the website of the Autorité des Marchés Financiers (AMF) at [www.amf-france.org](http://www.amf-france.org), and on the Manutan International website at [www.manutan.com](http://www.manutan.com) under the heading *Our Investors*.

In application of Article 28 of Regulation 809/2004/EC, this Reference Document incorporates the following elements by reference:

- the consolidated and parent company financial statements for the year ended 30 September 2015 and the related Statutory Auditors' reports, presented respectively on pages 80 to 128 of the Reference Document filed with the AMF on 28 January 2016;
- the consolidated and parent company financial statements for the year ended 30 September 2016 and the related Statutory Auditors' reports, presented respectively on pages 82 to 132 of the Reference Document filed with the AMF on 30 January 2017;
- the consolidated and parent company financial statements for the year ended 30 September 2017 and the related Statutory Auditors' reports, presented respectively on pages 85 to 146 of the Reference Document filed with the AMF on 31 January 2018.

This version supersedes the previous version filed with the AMF and published on the Manutan International website on January 31, 2019. The modifications made to the previous version concern, in the same way, pages 54, 55 and 56:

- corrections to the amounts corresponding to the multi-annual variable remuneration of the General Manager and of the two Deputy General Manager. This information is now included in the last two sentences at the bottom of each page;
- removal of the Summary Table 1, which no longer applies, considering the above-mentioned corrections;
- rewording of Note 2 under the Summary of the Remuneration Table, to make it more complete and accurate.

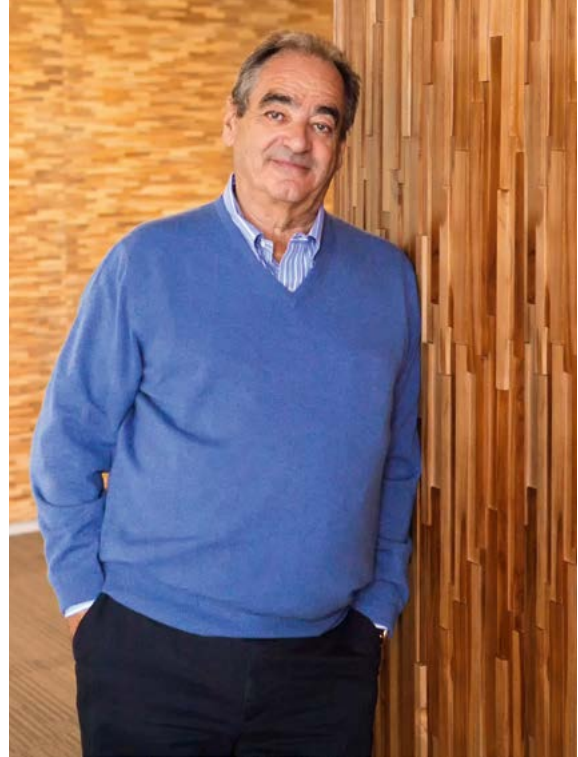


All you need. **With love.**

## CHAIRMAN'S MESSAGE

Jean-Pierre Guichard

### PROFITABLE GROWTH THANKS TO AN APPROPRIATE POSITIONING SUPPORTED BY A SOLID AND AGILE ORGANISATION //



Manutan is being carried by a dynamic of permanent progress and continues its route of profitable growth, whilst investing in the essentials. This allows us to be ever more secure to face the future. The increase in our turnover, once again this year, demonstrates that we have the right strategy and positioning, which is becoming clearer, by anticipating our customers' needs and how the market will develop. Our expertise in online business, which accounts for nearly half our sales, and our in-depth knowledge of the challenges of the B2B market and our customers are our greatest assets.

#### Our achievements

We are continuing our investments aimed both at our short-term performance, using the lever of increasing turnover and margin, and the long-term, by developing our industrial tools. This year, we note in particular:

- progress online, the sales and transaction channel on which the customer experience is getting better every day;
- the development of distributor brand products, which now represent an increasingly significant share of our sales, demonstrating that our customers appreciate the Manutan brand;
- a value and service proposition, in particular for Key Accounts, which is rapidly expanding and clearly demonstrates that Manutan is a step ahead in the B2B market;
- our mastery of the deployment of our technological platform, which was successfully implemented this year in the Netherlands. This platform is now installed in 8 countries;
- an increased presence in the media thanks to the Press Relations operations that help to support our leadership.

#### Our results

The Group's results are encouraging:

- turnover is up by 5.1% at constant exchange rates, scope and days, illustrating a new dynamism in organic growth, and this comes in spite of issues with the turnover of our subsidiaries aimed at local authorities;
- operating profit is up by 6.1%, which demonstrates how we are able to control costs whilst investing;
- we still have a sound financial structure, which allows us to invest in our industrial tools (IT and logistics) and to seize opportunities for external growth.

#### And tomorrow...

We will continue to refine our positioning, through an expanding range of products. It is our positioning and services that make us stand out, due of course to online sales – the cornerstone of our strategy – but always in tandem with a strategy of building relationships that provide value to the customer beyond a simple transaction.

We are therefore continuing to invest in modernising our tools, and we are also continuing to develop our employees' skills to have the necessary agility in a rapidly changing world.

Dear Shareholders, Directors and colleagues, we always relish the opportunity to share with you our achievements, our ideas and our ideals. We thank you all for your trust.

**Jean-Pierre Guichard,**

*Chairman of the Board of Directors*



# 1

## PRESENTATION OF THE GROUP

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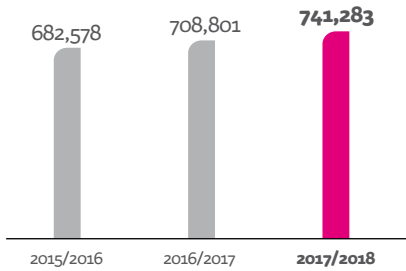
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## Key figures

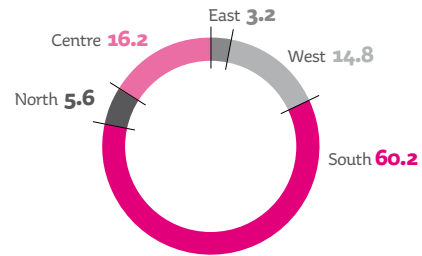
### Consolidated growth and financial situation

#### CONSOLIDATED TURNOVER

3-year trend (in thousands of euros)

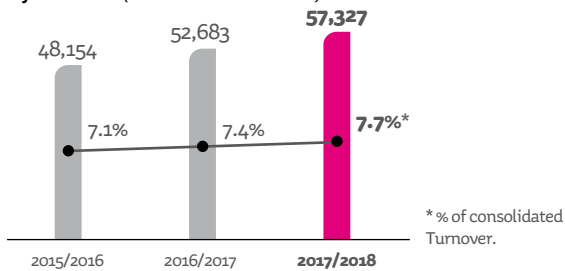


Breakdown by area for 2017/2018 (%)

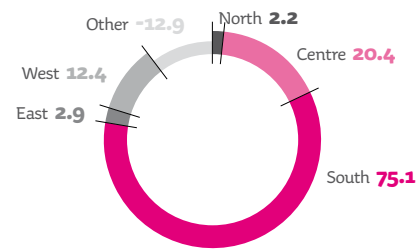


#### CURRENT OPERATING PROFIT

3-year trend (in thousands of euros)

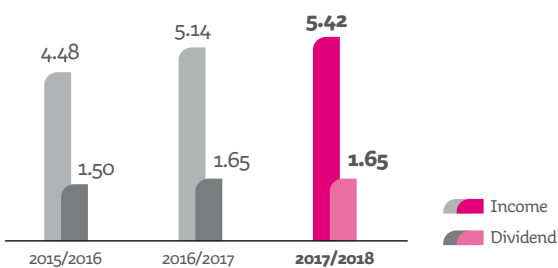


Breakdown by area for 2017/2018 (%)



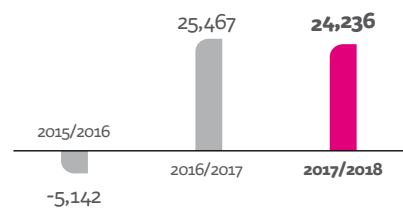
#### NET INCOME AND DIVIDEND PER SHARE

3-year trend (in euros)



#### NET CASH POSITION

3-year trend (in thousands of euros)

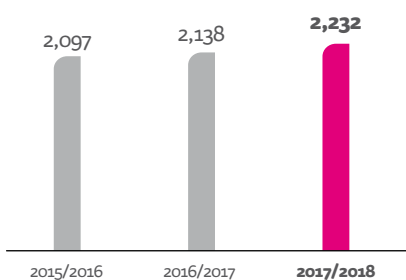


The available cash is comprised of the balance sheet aggregates "cash and cash equivalents" and "marketable securities and current assets".

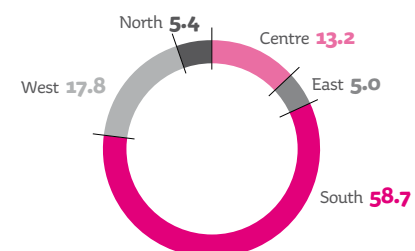
The net available cash is calculated from the difference between available cash and financial debts.

#### AVERAGE HEADCOUNT

3-year trend



Breakdown by area for 2017/2018 (%)



## — Financial communication calendar

Manutan International's financial year begins on 1 October and ends on 30 September.

### Publication dates for the figures for the financial year 2018/2019<sup>(1)</sup>

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Q1 turnover	16 January 2019
Q2 turnover	11 April 2019
Half-yearly results	28 May 2019
Q3 turnover	17 July 2019
Q4 turnover	17 October 2019
Annual results	3 December 2019

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The financial communication calendar and all the financial information are available to Investors and Shareholders on the Company website at: [www.manutan.com](http://www.manutan.com).

The Group's Legal Department can answer any questions regarding the Manutan Group.

Tel.: +33 (0)1 34 53 35 87 / [contact.legal@manutan.com](mailto:contact.legal@manutan.com)

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(1) Dates subject to modification/publication after the closing of the markets.

## — History



- **1987**  
Establishment of the Italian subsidiary
- **1988**  
Establishment of the German subsidiary
- **1989**  
Acquisition of Witre AB in Sweden and Witre A/S in Norway
- **1995**  
Acquisition of Overtoom, leader on the Dutch and Belgian markets and implantation of Witre in Denmark
- **1996**  
Establishment of the Portuguese subsidiary
- **2001**  
Opening of the **first e-business merchant sites** and **e-procurement solutions** made available to Key Accounts
- **2003**  
Creation of the **first European product offering**
- **2004**  
Implantation in Spain, Hungary, Slovakia and Poland

1966 - 1986

1987 - 1997

1998 - 2000

2001 - 2005

■ **1985**

**Listing of Manutan on the Second Marché of the Paris Stock Exchange**

■ **1974**

Establishment of Manutan in Belgium

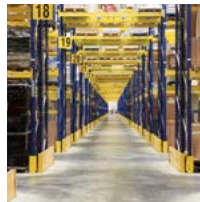
■ **1973**

Establishment of the subsidiary Key Industrial Equipment in the United Kingdom

■ **1966**

**Establishment of Manutan by André and Jean-Pierre Guichard**

**The first French company in the catalogue selling of industrial equipment**



■ **2000**

Acquisition of Metro Storage Systems in Ireland

■ **1999**

Acquisitions of Plus in the Czech Republic, of Fabritec in Switzerland, and of Euroequipment in the United Kingdom, and establishment of Witre OY in Finland

■ **1998**

Creation of a new legal structure at the top of the Group: **Manutan International - Group holding company**





**2010**  
Implementation of an **integrated organisational structure, strengthening of high ambitions for business**

**2011**  
Opening of the **European Centre** in Gonesse (France), which symbolises the Group's unity, its ambitions and its business, human, and environmental vision

**2012**  
Acquisition of Sports et Loisirs (Casal Sport), specialist in sales of sporting equipment for schools, town halls and federations in France

1

2006 - 2009

**2009**  
An increased presence in the local authority market through the acquisition of Camif Collectivités in France

**2008**  
Acquisition of Rapid Racking in the UK, a specialist in racking and storage solutions

**2007**  
Creation of Manutan in Russia

**The symbolic €500 million turnover barrier is broken**



2010 - 2012



2013 - 2018

**2018**  
Manutan France and Manutan Belgium are awarded the "Best Workplaces 2018" label

**2017**  
Manutan France is awarded the "Best Workplaces France 2017" label

**2016**  
An increased presence in the English artisans market through the acquisition of Essex Electrical Wholesalers  
Launch of the Manutan own brand

**2015**  
Acquisition of Papeteries Pichon, specialist in the distribution of school supplies to primary and infant schools in France

**2013**  
Launch of the overhauling of the Group's Information System  
Acquisition of IronmongeryDirect in the UK, a specialist in the distribution of ironmongery products to artisans  
Acquisition of Ikaros Cleantech in Sweden and in Finland, a specialist in environmental protection products

Manutan is one of the leading European companies in multi-channel distribution of equipment for companies and local authorities. Present in 17 countries through 25 operational subsidiaries, the Group is a major player in Europe.

## — Presentation of operations

### Our positioning: combining an industrial approach with personalised customer relations

#### An independent and solid Group

As a pioneer in distance selling, Manutan has a true expertise in distribution and is continuing to grow in a market with a high potential, estimated at €100 billion (source: Manutan International).

The Group's development is based on over 50 years of experience and a lasting economic model that is deployed in all the subsidiaries. The Guichard family, which has been at the head of the Manutan since 1966, intends to maintain the Group's independence through rigorous and transparent management combined with operational excellence. This family structure, combined with listing on the stock market since 1985 (Euronext Paris - Compartment B), grants the Group its independence and financial solidity.

#### 2,232 employees working closely with our customers

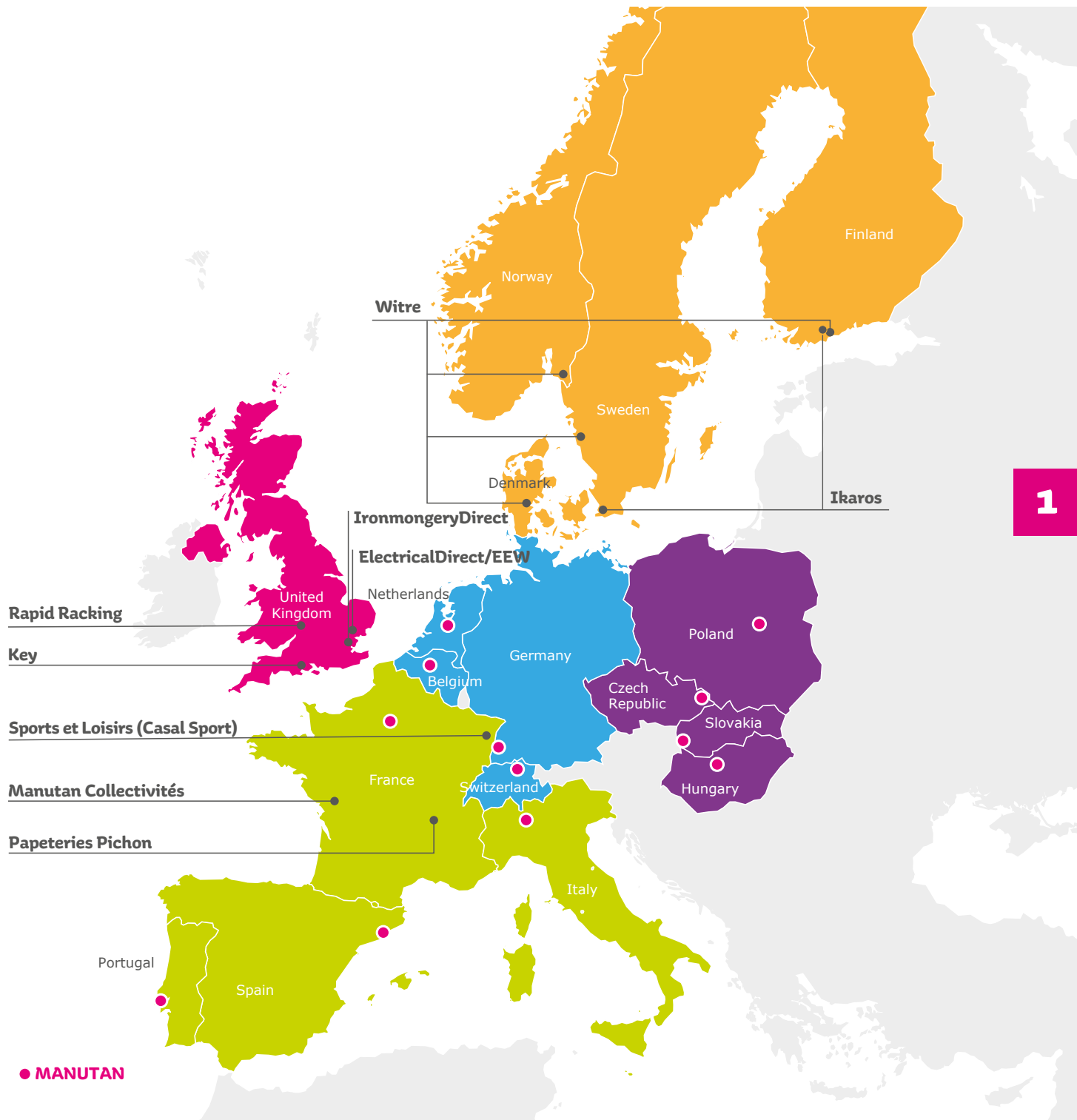
Every day, all employees share the same ambition and commitment: providing our customers with added value, by offering the best solution for their non-strategic, repeat purchasing. Responsibility and sincerity are the values that unite everybody who works for the Group.

#### The strength of a European distributor, the bespoke service of a local trader

What makes Manutan unique and gives us our strength is combining an industrial approach with personalised customer relations, based on mutual respect and transparency. Our customers benefit from efficient and competitive solutions and the quality of bespoke assistance you would expect from a trader.

**2,232** EMPLOYEES  
OF WHICH **44%** ARE WOMEN

MORE THAN  
**400,000**  
STOCK ITEMS



**25** OPERATIONAL  
SUBSIDIARIES

**17** COUNTRIES

**€741.3** MILLION  
IN TURNOVER

## Our profession: assisting our customers in optimising their non-strategic purchases

### A recognised expertise in multi-channel distribution

The Group markets its products through paper catalogues, online and through sales teams and agencies. Our mastery of these different distribution channels, combined with targeted marketing, allows Manutan to offer its customers global solutions that are simple and accessible.

With 25 e-business merchant sites, Manutan has fully integrated electronic sales into its development. In 2018, online sales represented 40% of the Group's turnover (excluding local authorities) and the internet has established itself as a major growth area.

### A benchmark partner for non-strategic purchases

Manutan has the stated ambition of providing high quality products and services to its customers in a simple, quick and efficient manner. Helping them to reduce the time spent on non-strategic purchases (supplies, equipment, etc.).

The appropriateness of the solutions offered by Manutan helps our customers to centralise their recurring purchases with a single supplier and to be able to concentrate on their core business.

#### The Manutan Group's expertise is based on recognised know-how:

- the rigorous selection of high quality, competitive products;
- a dynamic and unlimited range of items allowing every customer to find the solution to their needs;
- simple, quick and accessible order management (24 hours a day online);
- a dynamic sales service, ready to listen to the needs of every type of customer;
- personalised advice and purchasing assistance;
- a large storage capacity that ensures product availability;
- rigorous logistics that offer quick and reliable delivery.

### A dynamic and unlimited offer

The Manutan Group has one of the largest product offerings in Europe and aims to cover all the needs of companies and local authorities, regardless of their size or sector. The range already has more than 400,000 items including handling, lifting, and storage equipment, industrial supplies, safety, hygiene and packing products, office and workshop furniture, furniture for catering and hotels, school supplies, education, health and sports equipment, products for environmental protection, ironmongery, and electrical products. Our readiness to listen to our customers allows the Group to regularly add to its range

All the listed products and services, including our own brands, are subject to rigorous selection, based on a regular review of more than 3,000 suppliers, the majority of which are in Europe. The Group does not rely on any one supplier, this allows us to choose products independently, according to our own quality standards.

### Bespoke services

In order to provide its customers with extensive, competitive and personalised solutions, Manutan offers a large range of associated services: assembly, spare parts, bespoke design, express delivery, a loyalty programme, and e-business solutions for key accounts (e-procurement solutions including punch out, etc.), on-demand sourcing, VMI (managing hosted stock), etc.

### Efficient and profitable logistics

The Group has a storage capacity of nearly 190,000 m<sup>2</sup> distributed over fifteen logistics hubs with the best inventory management solutions. Efficient logistics management and controlling subcontracted transport allows Manutan to manage the thousands of orders received every day and to ensure fast delivery to customers across Europe.

#### Our three customer commitments

We shall continue to respect our delivery **promise**.

We shall always find a **solution** to our customer's requests for products.

We make every contact with the customer a unique moment.

## Our customers: 1,000,000 companies and local authorities put their faith in us

From small companies to multinationals, from regions to town halls, the Group markets its offer to over 1 million customers. The average value of their orders is €400.

- **For companies**, Manutan offers a general range, complemented by specialist offers:
  - in the UK: Rapid Racking (racking and storage solutions);
  - in Scandinavia: Ikaros Cleantech (environmental protection products).

- **For local authorities**, Manutan Collectivités offers a range of school furniture, health and education equipment; Sports and Leisure equipment (Casal Sport), sports equipment and clothing; Papeteries Pichon, school supplies.

- **For traders**, IronmongeryDirect offers ironmongery items and ElectricalDirect/Essex Electrical Wholesalers offer electrical supplies.

## Our markets: a strong presence in Europe

Manutan operates in 17 European countries and in Africa, Asia and the Middle East through the export activities of its subsidiaries. Our European development is based on a desire to have a strong local presence and an in-depth knowledge of our markets. The countries are responsible

for their sales policy and adapt their product offering to suit local particularities. Their expertise also makes use of the Group's support functions and structural organisation that encourages the sharing of experience from in the field (see page 83 and after).

## Our competitors: a range of players

Manutan must stand up to competition from many sources, be they B2B distance sellers, retail and or wholesale outlets, specialist or generalist distributors:

- **general players:** TAKKT (a German company—listed on the Frankfurt stock exchange), Schäfer Shop (Germany) and AJ Produkter (Sweden);
- **specialist players: office furniture and supplies:** Staples, Bruneau (France), Viking (USA), Neat Ideas (UK), Printus (Germany); **maintenance, and health and safety products and equipment:** Bernard (France); **packaging provisions and hardware:** Raja (France); **signage:** Seton (UK); **specific offering for local authorities:** UGAP public purchasing (France);

- **traditional industrial distribution:** Descours & Cabaud, Rexel, Retif in France;

- **the large variety of offerings for business supplies** available over the Internet through marketplaces, sharing networks, and traditional competitors' e-business merchant sites.

Driven by its innovative vision for distribution, the Group is reaffirming its conviction and its priorities for the years to come. Developments in the market and feedback on the expectations of companies and local authorities confirm the appropriateness of our multichannel strategy.

## — Group strategy

### A renewed ambition

Manutan's ambition is to deliver its customers competitive and reliable products, through accessible, fast and global solutions that allow our customers to focus on their core business.

## 5 strategic priorities

### 1 Emphasising the multi-channel strategy and developing local relationships with our customers

The multichannel strategy deployed by the Group depends on three objectives:

- capitalising on the multichannel distribution offered by the Group: paper catalogues, online, sales agencies and sales forces;
- developing e-commerce, which is a major growth lever for:
  - offering an ever greater range of products online,
  - finding thousands of new customers at minimal cost,
  - personalising customer relations, through electronic order management,
  - offering innovative solutions through new media, such as mobile applications, 3D viewing, augmented reality, etc.;
- building on our close relationship and the trust of our customers, by making each sales contact a unique moment. This will allow the Group to add to its front office services to offer more advice and assistance as a true partner.

### 2 Strengthening the “One-stop shop” positioning

The Group is strengthening its “One-stop-shop” strategy to offer its customers a simple, fast and efficient solution that allows them to:

- access a large range of preselected, appropriate and competitive products;
- reduce their order times;
- facilitate the order process by adapting it to their organisation;
- reduce the overall cost of purchase.

The Group is adapting and changing its organisation to continue its dynamic growth, particularly in the areas of high potential. Driving and managing key business lines—such as purchasing policy or web marketing—is a priority, in order to encourage cross-functional initiatives, facilitate discussions and create real synergies.

### **3 Harmonising the range of solutions and rationalising purchases**

Sales teams pay attention to the changes in their customers' needs and are close to their markets. This allows them to focus their efforts on referencing new products and launching innovative services. They are careful to always offer suitable products that are well positioned in terms of quality and cost. To allow our customers to have access to high quality products at competitive prices, Manutan is also committed to bulk purchasing and rationalising its procurement: in 2018, the Group offers 150,000 stock items for the harmonised area. Manutan has also developed its own range of products to meet the daily needs of its customers with quality at the right price.

### **4 Industrialising our growth model at the European level**

Manutan's European development depends on the implementation of central functions (communication, finance, IT, etc.), the deployment of Group wide operational tools, and the sharing of best operational practices. A large scale restructuring project has begun to optimise and standardise the procedures within business lines, ensure efficient management of operations and encourage communication between different countries through the implementation of an information system (ERP). This industrialisation of processes allows us to aim for operational excellence, by optimising supplies, commercial efficiency, financial management and customer relations.

### **5 Making the Manutan brand a benchmark in Europe**

Alongside its development strategy, the Group is committed to a far reaching brand management project at a European level, which will be deployed over several years. The makeover of the graphic identity in 2013 was a first step, with a more modern, up to date logo that communicates values such as responsibility, diversity and the desire to advance as a team. Manutan is set on becoming a European benchmark brand. However, subsidiaries that deal with specialists will retain their own brand.





# 2

## NON-FINANCIAL INFORMATION STATEMENT

### 2017-2018

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As a major player in multi-channel distribution, Manutan intends to act responsibly with regard to all its stakeholders. The Group applies a Corporate, Social and Environmental Responsibility approach through its everyday, real-life actions. In our profession and in each of our activities, maintaining the balance between humans and the environment is one of our key priorities.

Manutan's business model is presented through the information in this Reference Document that presents the Group's activity and strategy (Section 1) and the documents regarding the Manutan Group's outlook and results (Section 4).

Manutan is one of the leading European companies in the multi-channel distribution of equipment and consumables for companies and local authorities. Its offering of products and services, one of the most extensive in Europe, enables it to cover all its customers' needs and to support them in optimising their indirect procurement. With 25 subsidiaries established in 17 European countries, the Group has over 2,200 employees and posted turnover of €741 million in financial year 2017/2018. Manutan France and Belgium have received the Best Workplaces 2018 label.

Manutan's values are built around the following angles, as explained in Section 1 of this Reference Document:

- our positioning: combining an industrial approach with personalised customer relations;
- our profession: assisting our customers in optimising their non-strategic purchases;
- our customers: 1,000,000 companies and local authorities put their faith in us;
- our markets: a strong presence in Europe.

Manutan pursues its profession as a distributor by putting sincerity and responsibility at the heart of all of its actions, and works for everybody's benefit.

Its mission is built on 4 pillars:

- **the personal approach of a local trader** when guiding and serving our customers, companies and local authorities;
- **the strength of a European distributor** combining reliable processes, in continuous improvement, with innovative and agile technology;
- **the wealth of a dynamic offering of products and services**, which is broad and high quality to power the operations of companies and local authorities;
- **the commitment of a team of women and men** that are always moving forward.
  - **At Manutan**, we define our commitments and focus all our efforts, through our actions and initiatives, to **meet them**.
  - **At Manutan**, we keep things **simple** and solve problems right away.

- **At Manutan**, we learn, share and **improve** continually.
- **At Manutan**, we are **open, attentive, welcoming** and we speak to people as equals.
- **At Manutan**, we know how to **recognise our strengths, laugh at ourselves** and **celebrate our victories**.
- **At Manutan**, we know that the **companies that stand the test of time** are those that make their **customers happy**.

Beyond these missions and commitments, Manutan has formalised the rules in its Code of Conduct that are imposed on the Group's companies and employees, and that its stakeholders (suppliers, intermediaries, agents, etc.) are asked to adhere to.

This Code is intended to give guidelines to all the Employees and Managers in the Group to guide them in performing their professional duties, but also in preventing corruption (see "Issuer's Risk Factors" - Section 4 of this Reference Document).

It promotes acting with integrity and exemplary professional behaviour in every situation.

Manutan is a company of driven women and men that are working for a better world. Our Corporate Social Responsibility (CSR) is at the heart of this commitment.

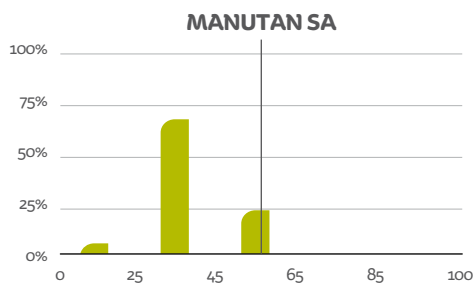
To be able to measure our actions in matters regarding CSR, Manutan France works with the Company EcoVadis whose assessment methodology is based on international standards, such as the Global Reporting Index (GRI), ISO 26000 and the guiding principles of the Global Compact.

In May 2018, Manutan obtained the Silver label with an overall score of 58/100, up by 2 points compared with the assessment from the previous year.



Source Ecovadis: May 2018

This performance places Manutan amongst the leading companies in the business sector assessed by Ecovadis in matters regarding ethics, responsible purchasing, the environment, social responsibility and human rights.



Note: All companies of this business sector that were assessed by Ecovadis

In 2019, Manutan aims to take new initiatives to enhance its contribution to preserving our planet and to build a social responsibility approach by enhancing its commitments regarding the different issues identified.

## Preparing the Non-financial Information Statement

This regulated Non-Financial Information Statement—for the 2017-2018 financial period—presents, pursuant to French Order No. 2017-1180 on the publication of non-financial information transposing European Directive 2014/95/EU, how Manutan creates value in certain social and environmental issues that it has identified and for which a prevention and monitoring policy is in place.

To this end, a working group made up of representatives from different departments (Human Resources, Quality Department, Maintenance and Technical Services Division, and Legal Affairs), met during the final quarter of 2018 to identify the following main strategic issues from the CSR domain:

*Controlling risks / Social aspect:*

- continuous improvement of the Managers in the Manutan Group, who play a key role in the Company for fulfilling

Manutan’s mission and the aims of its Business Plan (“Management Annual Development Plan”—MAP cycle);

- the continuous development of the skills of all Manutan Group employees to help it to achieve its ambitions and growth (the “Learning Policy”).

*Controlling risks / Environmental aspect:*

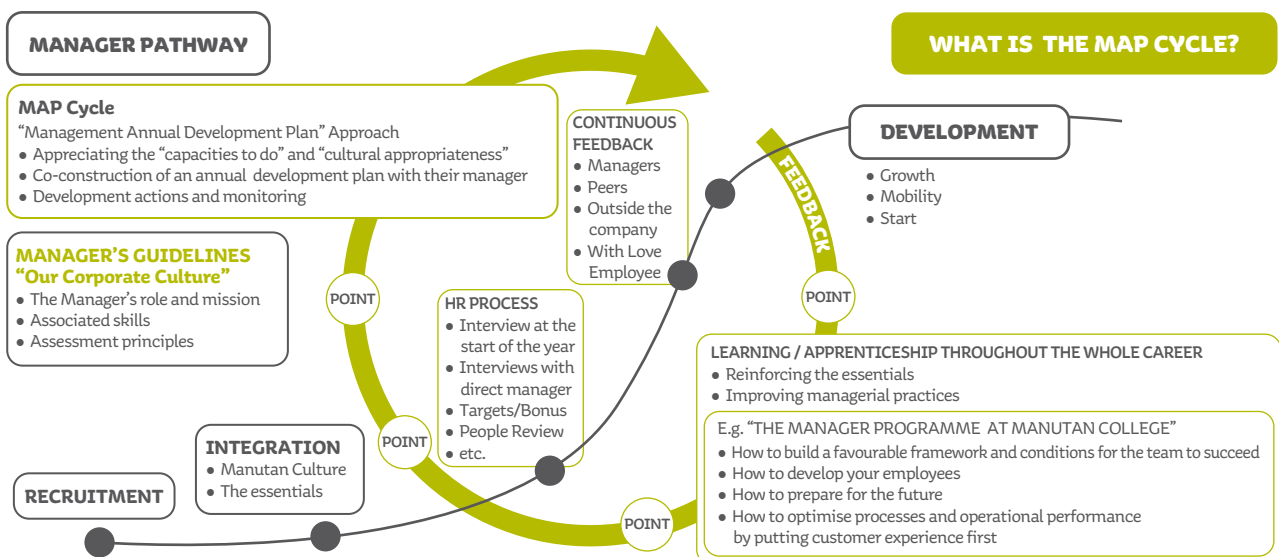
- ensuring compliance with regulations by reducing the environmental impact (CO<sub>2</sub> compensation approach):
  - stabilising energy consumption,
  - reducing and recycling waste,
  - mobility of employees.



## Section I. Social domain

### A. Continuous improvement of Managers

**Ensuring the continuous improvement of our Managers, who play a key role in the Company to fulfil Manutan’s mission and achieve the aims of its Business Plan: part of the annual Manager development cycle (Management Annual Development Plan – MAP cycle)**



## The challenge

The MAP cycle capitalises on the resources in place to ensure the development of Managers, so that they have all the skills **to perform their role, coordinate their activity, manage their team and to prepare for the future**. It is particularly essential that they initiate, adapt and drive the Company's developments and the changes to our professional environment.

## Policy

The MAP cycle, like a continuous improvement loop, is built on several events that each contribute to developing a Manager:

- meetings with their line manager: assessing skills and drafting a progress plan, regular meetings to monitor activity and progress;
- learning actions, described in the progress plan: that may range from signing up for professional blogs/newsletters, to attending a conference, meeting in-house experts and those from outside the Company, to training and coaching;
- continuous feedback: collected throughout the year, from work situations observed, by the line manager, colleagues, and contacts from outside the Company;
- HR Process: interview at the start of the year, People Review, targets and bonus, remuneration, "With Love Employee" (employee satisfaction survey).

This is based on the following principles:

- co-construction: where the Manager plays an active role in their development, in agreement with their line manager and the Company;
- continuous feedback: induced by a culture of feedback in the Company, at every level of the role;
- the Manutan culture: described in the "Our shared culture" guidelines.

## Actions taken

The MAP cycle, which was defined in 2014, now needs greater guidance to achieve the targets and optimise its efficiency. It must in particular become more dynamic and operational, building on a fully integrated culture of feedback.

That is why a decision was made to review the detailed composition of the cycle (events and chronology), to train the Company's employees on the feedback culture and to use a tool to support the whole process. The schedule includes a pilot in several entities in early-mid 2019, before it is gradually generalised to all of the Group's subsidiaries by the middle of 2020.

## Coordination

The project is coordinated by Manutan Group's HRD, with support from local HR in each of the entities. The results will be visible from 2019 through different components:

- initially, with the use of the tools deployed: the number of managers/employees trained, how widely the tools are adopted, and the assessment and feedback on the system;
- then, with the actual progress of our 300 Managers: improving our Managers' appreciation of the criteria at the start of the year, the response level on the subject of development in the Great Place To Work questionnaire, the implementation and effectiveness of the progress plans, etc.

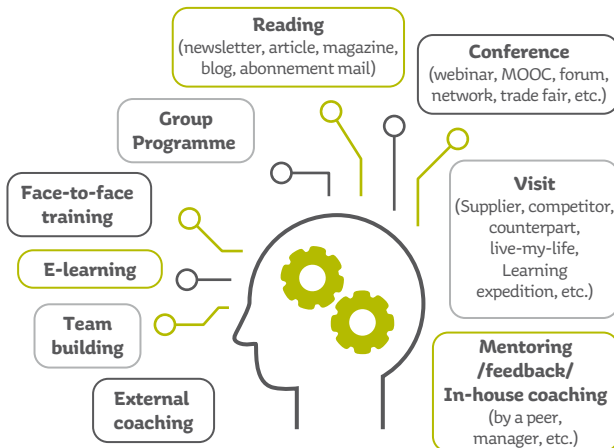
The **performance indicators** that are in place for 219 to measure and coordinate the monitoring of this commitment, as they will be presented to you for the next financial period ended 2018-2019, are as follows:

- number of **employees trained and deployed**, including the number of Managers and feedback/review from the pilot (online survey with indicators)
- adherence to the **deployment schedule**:
  - pilot/wave 1: March to December 2019,
  - wave 2: early 2020,
  - wave 3: end 2020;
- **use of the associated tool**:
  - amount of feedback sent,
  - number of points of the MAP cycle completed and formalised,
  - rate of completion of annual appraisals;
- **progress and development of our managers**:
  - improvement of the assessment of Manutan criteria,
  - results of the in-house satisfaction survey (With Love Employee).

## B. Continuous development of skills

**Providing guidance for the Manutan Group in its ambitions and its growth, in a particularly challenging and competitive environment through the continuous development of all employees' skills, a key success factor both personally and for the Company (the Manutan Group Learning Policy).**

### THE DIFFERENT TYPES OF LEARNING / APPRENTICESHIP AT MANUTAN



### The challenge

At Manutan, **learning, sharing and always improving** are part of our Corporate Culture. The Learning Policy is intended **to encourage and assist with learning and skills development** for all **employees** by creating a favourable environment. At Manutan, we are convinced that everybody can learn at any age, at any time, regardless of their job, and regardless of the stage in their career path.

### Policy

The Learning Policy is based on **these 6 guiding principles**:

- at Manutan, opportunities for learning and development can be grasped every day;
- at Manutan, the learning initiatives combine the development of professional skills and people skills;
- at Manutan, we share what we learn with our colleagues, managers, teams and peers;
- at Manutan, we act together to make learning have an impact in the field;
- at Manutan, the College is everywhere;
- at Manutan, the Company and every employee make a mutual commitment to carry out at least 1 Learning day per year.

**Manutan College** – In order to fulfil its ambitions, the Group created its own College and spends a considerable amount on training.

The College is located at the European centre in France and covers a surface area of more than 1,000 m<sup>2</sup>, over three levels. The establishment is at the heart of the Company's development by offering the conditions for employees who wish to:

- understand and share the Company's strategy and commitments;
- build on their professional expertise;
- develop team spirit.

Manutan College is open to all the Group's employees. It offers customised programmes and a range of training sessions, which favour and strengthen the bonds between employees. The University makes full use of a Cultural Centre and Sports Centre, which allow any employee to regularly partake in physical activity according to their aptitude and their progress objectives.

### Actions taken

The Learning Policy was formalised in May 2018 and officially launched in October 2018 with the start of the new tax year.

Before this launch, and from May to September 2018, all of the managerial teams from top management to local managers were made aware of the subject through workshops organised in every subsidiary. Managers then brought their employees "on-board" with the idea, with the support of HR.

Alongside this we implemented a communication plan in September with the following three highlights:

- information through a plenary session with all of the Group's employees (plenary sessions on the same day in all the subsidiaries) with our top management;
- the distribution of a video and a leaflet via our website (raising awareness about the need for continual learning, employee testimonials to illustrate the different types of Learning Actions, etc.);
- the organisation of a Learning Day to meet the teams and suggest Learning actions in each subsidiary.

In real terms, the Learning actions to which the employee and their direct manager commit themselves are formalised in annual appraisals (carried out from October to December).

## Coordination

The deployment of the Learning Policy is coordinated by Manutan Group's College and local HR in each of the entities. The results will be visible from 2019 through different indicators:

- the **review of Learning actions** implemented over the last year through the annual appraisals, business reviews and intermediary progress reviews: the number and type of actions undertaken, the duration, ROE/ROI, etc.;

- the **initiatives organised** by the Group College and y local HR: number and type of actions undertaken, duration, ROE / ROI, etc.;
- the **progress of the With Love Employee score** (Great Place To Work questionnaire) on the question: the Company provides me with training that is useful to my professional development.

## Performance indicators

Over the 2017/2018 financial period, the number of hours of training for the Group represents 22,705.50 hours.

# Section II. Other social information

The Manutan Group is committed to complying with the principles of the **International Labour Organisation's Declaration** on fundamental principles and rights at work. Manutan undertakes to comply with national and local social regulations, regarding the minimum age for workers,

refusing forced labour and abusive disciplinary practices, preventing discrimination, supporting the freedom of association and of the right to collective bargaining, working hours, remuneration, and health and safety.

## 1. Employment

### The average and non-permanent workforce

The Group's average workforce has increased by 1.55%.

2015/2016	2016/2017	2017/2018
2,097	2,138	2,171

- **Group Workforce:** information intended to give an overall view and to facilitate a comparison with the financial data.

- **Salaried workforce:** includes all the employees with an employment contract, as an average over the financial period.
- **Non-permanent workforce:** includes all interim and/or seconded staff.

**Facilitating internal mobility** – The internal mobility policy demonstrates the Group's intention to offer new opportunities to all its employees in order to allow them to succeed in their professional ambitions. This policy aims to promote mobility within all of the subsidiaries, and also between the subsidiaries of the Group. Therefore, jobs are regularly published on the Group's Intranet (M-life).

### THE FIGURES FOR THE GROUP'S SALARIED WORKFORCE PRESENT AS AT 30 SEPTEMBER 2018

Salaried workforce present as at	30/09/2018
Executives	576
Non-executives	1,595
<b>TOTAL</b>	<b>2,171</b>

**The "men/women" balance is overall adhered to throughout the Group that employed 980 women and 1,191 men as at 30 September 2018**

**Encouraging the integration of employees** – Every new Group employee follows an appropriate induction course, which enables them to discover and experience the corporate project (the course lasts around one month for managers). In addition to presenting the Company and discovering the activities, the new recruit also plays a part in their own integration. This means that they can take the time to understand the Company's business plan before starting on a new assignment.

**The remuneration policy** – The Group's remuneration policy is based on the following factors:

**Fixed remuneration:** fixed remuneration is related to the level of responsibility and is based on consistent principles within the Group.

**Variable remuneration:** variable remuneration is aimed at encouraging individual and collective performances for some of the teams, in particular managers and experts.

For "Group" functions, the variable part of remuneration is indexed on the development of turnover and the Group's pre-tax income.

For “Markets” functions, the variable part also takes into account the development of turnover and the Group’s pre-tax income for the market in question.

The performance objectives related to the Group’s income are set by the Board of Directors.

For other people concerned by variable remuneration, individual objectives are defined each year with their hierarchical manager.

**Collective remuneration:** collective remuneration is intended to encourage collective performance to the benefit of the Company.

## 9% The number of employees on fixed term contracts remains under control

Employees on part-time contracts account for 6% of the workforce.

Salaried workforce present as at	30/09/2018
Part-time employees	135
% of permanent contracts	94%

## 2. Social relationships

### The organisation of social dialogue

The management of each entity is responsible for assisting the Company with its intention to gradually develop its social commitment, whilst sustainably developing its economic activity.

The determination of social policies is based on regular dialogue with social partners in each entity.

**In France,** Manutan has an ongoing dialogue with the Trade Union Organisations and the Institutions Representing Personnel:

- Works Council (*Comité d’Entreprise—CE*);
- Staff representatives (*Délégués du Personnel—DP*);

- Health, Safety and Working Conditions Committees (*Comité d’Hygiène, de Sécurité et Conditions de travail—CHSCT*);

- Union representatives.

A Group Committee (renewed in part following the most recent staff elections) has been in place since 2010. It is made up of a delegation of employees made up of 5 members of staff. It meets once a year.

Agreements are reached regularly considering the impact they would have on the Group’s economic performance and the working conditions for employees.

The collective bargaining agreements in force within UES Manutan (Manutan economic and social unit), which includes Manutan International SA, Manutan SA and the Shared employee cafeteria, are summarised in the following table:

Subject	Signature
Mandatory Annual Negotiations	December 2018
Agreement on reducing working hours	December 2014
Chosen part-time work	December 2011
Working time accounts	December 2011/September 2012/August 2013
Professional equality between women and men	July 2017/August 2018
Inter-generational agreement	July 2017
IT service on-call shifts	July 2017
Technical Department on-call shifts	March 2017
Company Savings Scheme	September 2012/ Amendment Dec. 2018
Collective Pension Scheme	September 2012/ Amendment Dec. 2018
Overriding profit sharing	December 2013
Quality of Life at Work Agreement	July 2017
GPEC Agreement	July 2017

### 3. Health and safety

For several years, the Group has been committed to an approach of continuous improvement regarding the physical and mental health and safety of its employees. This consideration contributes to employees' well-being, but also improves the Company's image. It is an undeniable performance motivator, and a solid base for quality of life in the work place.

#### Health and safety conditions at work

Manutan includes its prevention approach as part of its social dialogue. In France, a Health, Safety and Environment division (HSE) was created in 2010 as part of the Group's Human Resources Department. This organisation, which is dedicated to employee well-being, helps to identify the specific professional risks for the Group's business lines and to create a real prevention approach:

##### Improving ergonomics and comfort in workstations

In France, the opening of the Group's European Centre in Gonesse, in 2011, offered an opportunity to review and improve the ergonomics of the workstations and the health and safety practices for the 607 employees on the site. The site was designed using a High Environmental Quality approach and places well-being at the heart of the working environment: the 9,500 m<sup>2</sup> administrative building has been built around a sheltered patio and hosts 499 people. The building has great insulation thanks to triple-glazed façade and built-in window blinds.

From 2017, Manutan reorganised the offices in the tertiary building, floor by floor, to suit the new ways of working and to act as a showcase for our products catalogue. The ergonomics of the workstations was fully reviewed with ergonomic seats and height adjustable furniture, as well as improved acoustics thanks to noise-proof partitioning walls.

**Improving working tools** – In France, the logistics platform requires permanent attention due to all the actions on the logistics chain (incoming flows, outgoing flows, preparation, organisation, deliveries, etc.) and the time-scales. The implementation of a filming solution for flat products with pneumatic stapling machines to close boxes, or the modernisation of the pallet preparing station improved conditions for employees.

**Acting in a preventive manner** – Raising awareness about preventing accidents in the workplace has led to the development of tools, with the collaboration of the Health and Safety in the Work Place Committee (CHSCT): a unique document for the dynamic assessment of professional risks, a causes tree for lost time accidents, and the implementation of an annual grant for work clothes and Personal Protective Equipment, in particular against the cold.

At the same time, the HSE manager takes part in workshops on preventing muscular-skeletal risks with ergonomists. The Company is therefore committed to long-term actions. It should also be noted that purchasers and the HSE division take the needs of warehouse employees into account to offer new protective equipment that is suited to their needs.

**Encouraging participation in sport** – The 1,000 m<sup>2</sup> Sports Centre is an essential part of the Group's European Centre. It allows employees to regularly indulge in physical activity with the assistance of specialist coaches. More than 30% of employees have signed-up for one of the ten activities offered by the Sports Centre.

Continuing in the area of prevention, Manutan has signed a partnership with France's biggest school of osteopathy (ESO), which offers a free check-up and regular sessions to all of the employees based in France and preferential rates for appointments. This service is managed by the concierge service based at the European Centre.

All of these actions are aimed at **reducing the number of accidents in the workplace**.

**Preventing harassment in the workplace** – In order to ensure the physical safety and protect the psychological well-being of employees during their work, a new Anti-Harassment Charter was signed at the European centre in April 2014 and a specific commission was formed. After hearing from the protagonists, a Workplace Harassment Mediation Committee seeks an amicable solution to any ill feeling and other conflicts that may have a detrimental effect on the working environment, without commenting on the legal grounds of the underlying facts.

The code of conduct for preventing corruption based on the French Sapin Law is once again appended to the internal rules in order to regulate wrongdoing.

Additions and amendments covered in particular electronic cigarettes, identifying drug abuse issues, preventing sexist behaviour, and the use of company vehicles and personal vehicles for professional needs.

#### Accidents in the workplace

There was a total of 70 accidents in the workplace causing more than one day off work in the whole Group for the 2017/2018 financial period.



## 4. Equal treatment

### Anti-discrimination policy

Taking into account the diversity of its business lines, the profiles recruited and the number of its employees, the Manutan Group aims to combat all forms of discrimination. The Group's main areas of action concern origin, gender, handicap, age, sexual orientation, religious diversity, etc.

One of the strategies of the Group's human resources policy is to respect each individual for who they are and "to make our differences make a difference".

### The measures taken to encourage equality between men and women

The Group intends to reinforce equality between women and men through a proactive policy in this area.

In August 2018, **a new agreement about professional equality between men and women was negotiated in the UES** with the social partners.

The Group also carries out **ongoing talent monitoring**. At every level in the Company, the deployment of assessment tools has been generalised, annual appraisals and people reviews by Managers, contribute to the system for continual talent spotting. These tools have made it possible to introduce greater objectivity and better customisation in decisions regarding career management, remuneration and acknowledgement.

Alongside this, a project regarding strategic skills that correspond to the Business Plan 2020 helps to ensure that the Manutan Group has all the expertise required to achieve its ambitions.

## 5. Employment of handicapped people

The Group is naturally committed to an approach regarding integrating and employing handicapped workers. To consider the attitudes to adopt and the behaviour to be encouraged, some of the Group's subsidiaries have called upon reference organisations to develop or to publicise their commitment:

One of the strategies of the Manutan Group's human resources policy is to respect each individual for who they

are and "to make our differences make a difference". Manutan is continuing its partnership with the SAMETH—whose role is to inform, advise and assist Manutan and its employees in finding solutions to keep people in work and if necessary apply any useful financial assistance from AGEFIPH, and ALTHEA that studies the most realistic actions to be implemented by the Company to fulfil its employment obligation.

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## — Section III. Effects of the Company's activity with regard to human rights

In accordance with its business plan, the Manutan Group wishes to associate its Suppliers with a moral and ethical approach, in particular with regard to fair social practices. In this regard, it promotes, with its Suppliers and their subcontractors, greater corporate responsibility and compliance with international standards regarding fundamental human rights, the rights of children and working conditions, to prevent forced labour, undeclared and child labour, discrimination and harassment in the workplace. To apply this commitment in real terms, as part of the formalisation of their business relations, the Manutan Group asks its Suppliers to adhere to its Responsible Purchasing and Ethical Charter and its Code of Conduct. By signing them, Suppliers integrate a process of continuous improvement for their methods of production required by the Group and undertake to comply with any request for information and/or audits on its part.

This undertaking is also reminded to foreign suppliers when audits are conducted on-site, particularly in Asia during sourcing operations.

In the context of the partnership with Eastwise, an Asian BtoB contract, which helps us to reference our Asian suppliers, their auditors are obliged to report any breach of any obligations to protect human rights.

Furthermore, Manutan's sourcing teams go to the countries at least four times every year and visit each plant at least once per year. They draft a report on-site.

Business social compliance initiative (BSCI) audits, which meet the requirements of international labour law were conducted in 2018. They shall be collected in 2019 from all our suppliers in Asia.

Between three and five BSCI audits will be conducted at Manutan's initiative over the 2019 financial period.

## Section IV. Effects of the Company's activity with regard to tax evasion

The Manutan Group carries out its activities in an ethical manner and in compliance with applicable local laws, including those regarding fraud and tax evasion. For the 2017/2018 financial period, Manutan paid €15.5 million in tax in all the countries in which it operates, representing a tax rate of 27.3%.

To ensure compliance with tax regulations and ensure fiscal responsibility, Manutan has chosen to get support from advisors specialised in tax law. They guide us in all matters that may have an impact on taxation.

Our risk management unit has also not identified any major risks of non-compliance with tax laws. Reviews are carried

out with all of the Group's Finance Departments. For 2019, we will be paying particular attention to the effects of the Company's activity with regard to preventing tax evasion.

None of the tax audits that have been carried out by the tax authorities in the different countries in which the Group operates have referred to any breach that could be considered as tax optimisation.

In the future, the Manutan Group will also produce tax reporting for each country (CBCR), particularly as part of a philosophy of transparency and communication. The Group will therefore declare the distribution of its profits, taxes and activities in each country.

## Section V. Environmental domain

### A. Ensuring compliance with regulations by reducing the environmental impact

#### 1. Electricity and gas consumption

##### The challenge

Improving the energy efficiency of the Group's premises is a priority.

The three main items of energy consumption (essentially electricity and gas) are lighting and heating for offices and warehouses, and recharging the batteries of the fork lifts used to handle products.

##### Policy

Manutan acts in favour of the climate and compensates for the CO<sub>2</sub> emissions generated by its consumption of natural gas, by purchasing carbon credits<sup>(1)</sup> for 585 tonnes of CO<sub>2</sub>.

Manutan therefore undertakes to make a financial contribution to reducing greenhouse gases.

##### Actions taken

For its DREDA site in Gonesse, Manutan chose to compensate all of the carbon emissions related to its consumption of natural gas: 3,158.592 MWh over the period from 1 August 2019 to 31 July 2022, or the equivalent of 584,383 tonnes of CO<sub>2</sub>.

This compensation takes the form of the purchasing of carbon credits by ENGIE, which contributes to reducing greenhouse gases and is governed by the United Nations' Framework Convention on Climate Change.

A carbon credit is a certified emission reduction unit (CER). It can be used to compensate for carbon emissions equivalent to 5,405 kWh of natural gas, i.e. 1 tonne of CO<sub>2</sub>.

#### STABILISING ENERGY CONSUMPTION

Electricity consumption	2015/2016 <sup>(1)</sup>	2016/2017 <sup>(1)</sup>	2017/2018
<i>In kWh</i>	6,965,451	6,885,880	8,815,390

(1) Scope limited to 7 entities

Gas consumption	2015/2016 <sup>(1)</sup>	2016/2017 <sup>(1)</sup>	2017/2018
<i>In kWh</i>	3,573,687	4,118,051	4,202,514

(1) Scope limited to 7 entities

The CO<sub>2</sub> emissions associated with power consumption amounts to 2,837 t CO<sub>2</sub>e.

(1) The carbon credits issued are certified according to the United Nations' Framework Convention on Climate Change

## 2. Waste recovery

### The challenge

Reducing and optimising the recovery of waste is intended to reduce the environmental impact of our activities and to limit the financial risks.

### Policy

Employees at Gonesse are regularly reminded of waste sorting and the associated issues.

### Actions taken

#### 2018

- Increase in digitisation.
- Reduction in the thickness of paper.
- Optimisation of packaging.

#### 2019

- Poster campaign.
- Optimisation of sorting corners.

The performance indicators associated with this commitment are as follows:

Waste (tonnes)	2016/2017	2017/2018	Target for 2018/2019
Cardboard + Paper + PE Films	136.2	135.8	140
Non-hazardous industrial waste + Bulky items	69.6	152.9	105
Wood A	167	194.1	190
Metalwork	34.1	70.6	60
Glass	1.4	0.8	1
Catering	27.1	28	26
<b>TOTAL</b>	<b>435.5</b>	<b>582.4</b>	<b>522</b>

## 3. Mobility of employees

### The challenge

Reducing CO<sub>2</sub> emissions is a major aspect of our mobility policy. It is intended to limit our costs and to meet regulatory constraints.

### Policy

Reducing CO<sub>2</sub> and atmospheric aerosol particles by favouring:

- the long-term rental of vehicles with low emissions > 117 g of CO<sub>2</sub>;
- allocating petrol vehicles for low mileage drivers > 20,000 km /year and executives;
- accessibility by public transport.

### Actions taken

#### 2018

- Ecological driving training.
- Reviewing the Company car catalogue.

#### 2019

- Implementation of a shuttle service between the local railway station in Gonesse (40 employees/day).
- Integration of rechargeable hybrid cars in the Company car catalogue as soon as they are marketed by our partners.

The performance indicators associated with this commitment are as follows:

	2016/2017	2017/2018	Target for 2018/2019
Number of employees trained in ecological driving	20	20	20
% of petrol vehicles	19%	18%	22%
% of vehicles with CO <sub>2</sub> emissions that are lower than the standard <sup>(1)</sup>	100%	71.4%	90%

(1) Standard = 2016/2017 >125 g; 2017/2018 >120 g; 2018/2019 >117 g.

The percentages are calculated for the calendar year.

## — Section VI. Other environmental information

### 1. The Manutan European Centre, the emblem of a commitment to the environment

Because the Group gives itself the means to meet its objectives, the European Centre is now an emblem of its environmental commitment: 13.5 hectares, 41,000 m<sup>2</sup> of warehouses, 9,500 m<sup>2</sup> of offices, a university, a company restaurant, a Sports Centre and a concierge service, which are all certified as being of High Environmental Quality. Manutan's European Centre was one of the first sites in France to have double HEQ certification (construction and operation) for the high environmental quality of its tertiary and logistics areas.

This HEQ design is equipped with a system that allows the Company to optimise its energy resources in several areas:

- recovering rain water for toilets;
- infra-red taps, and economic flushes;
- the use of economic lighting;
- green roofs for thermal and acoustic comfort;
- the thermal and acoustic over insulation of areas;
- triple glazing, which provides perfect insulation;
- nightcooling technology, which makes it possible to purge the heat accumulated in the building and introduce cool air from outside;
- centralised Technical Management, which manages all of the buildings (temperature, lighting, air renewal, monitoring, etc.);
- geothermal heating and cooling of indoor air<sup>(1)</sup> distributed by a network of heating panels;
- a car park for electronic vehicles with charging terminals.

### 2. Circular economy

As its business is as distributor, the Group does not directly consume raw materials, but it undertakes to offer and promote environmentally friendly products.

## — Section VII. Our societal commitments in favour of sustainable development

### 1. Regional economic and employment impact

#### In terms of employment and regional development

Manutan's location in the suburbs of Paris in Gonesse (95), for more than 40 years, demonstrates the **Group's intention to favour local development**. Located at the heart of an area that is confronted by certain difficulties regarding employment, the Company hopes to allow people who for example have a low level of qualifications to enter the corporate world. More than 46% of the employees in the CSR scope live in neighbouring areas.

#### On neighbouring and local populations

A major part of the Group's activities are located on the edge of urban areas (Paris, Amsterdam, Southampton, Gothenburg, Ostrava, etc.), in business lines suited to logistics activities, which require storage space. As a result, **the impact on neighbouring and local populations is very limited**.

#### Stakeholder relations

**Maintaining sustainable and transparent relationships with stakeholders** – For many years, the Group has strived to build a regular and constructive dialogue with its stakeholders at a local and nation level, in all of the countries where it operates. It favours an open dialogue, which aims to develop innovative projects or partnerships. Modes of dialogue vary according to the stakeholders in question, at the level of each entity or at a Group level.

From 2016, the implementation of a new Group Human Resources Division will make it possible to monitor the different actions undertaken in this area by all the subsidiaries.

(1) Geothermal technology: this technology is sourced by pumping from the water table at a depth of 57 m. The water is at a temperature of 13°C which goes through heat exchangers to carry out an energy transfer with a heat pump. The water is then discharged via a second well.

**EXAMPLES OF STAKEHOLDERS**

Stakeholders	Principal forms of dialogue
Employees	<ul style="list-style-type: none"> <li>• Regular internal communication actions (Intranet), intended for all the subsidiaries</li> <li>• A number of communication screens around all of the European Centre (France)</li> <li>• Regular meetings between the Executive Management and all the employees, with plenary sessions organised</li> </ul>
Social partners	<ul style="list-style-type: none"> <li>• Regular discussions with the staff representative bodies</li> <li>• Signature of collective bargaining agreements with the Trade Union Representatives</li> </ul>
Shareholders, investors	<ul style="list-style-type: none"> <li>• Half-yearly meetings with the financial community, when the Group's results are published</li> <li>• Quarterly communiques and publications in the economic and financial press, available on the <a href="http://www.manutan.com">www.manutan.com</a> website</li> <li>• Financial statements available on the <a href="http://www.manutan.com">www.manutan.com</a> website, in French and English, to present the Group's development and communicate the financial and stock market information</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Commercial websites</li> <li>• Communication on the social networks</li> <li>• Customer satisfaction surveys</li> <li>• Regular publications to promote the Group</li> </ul>
Public and local authorities	<ul style="list-style-type: none"> <li>• Member of the Association du mouvement des entreprises du Val-d'Oise (Association for the movement of companies in the Val d'Oise area)</li> </ul>
Partners	<ul style="list-style-type: none"> <li>• A member of the French Distance Selling Companies Federation (Fédération des Entreprises de Vente à Distance – FEVAD)</li> </ul>

## 2. Methodological report regarding the Non-financial Information Statement

Unless specified otherwise, the data gathered covers the period from 1 October in the previous year to 30 September in the current year. The data feedback takes place annually.

### Scope

The consolidation method for the scope of reporting is global integration (the data are 100% integrated).

The Manutan Group operates exclusively in the European market. Although local particularities exist, European countries present a certain level of homogeneity with regard to economic, social, cultural and environmental matters. The methodology and definition of the indicators are therefore identical throughout the whole of the chosen scope.

The main CSR indicators are published every year in the Group Reference Document, which is available on the website [www.manutan.com](http://www.manutan.com).

The social, corporate and environmental data presented concern all of the Group's activities with the exception of the following entities:

- The Eurostore Group Ltd - United Kingdom;
- Manutan GmbH - Switzerland;
- Manutan Ltd - United Kingdom;
- Manutan SL - Spain;

- Manutan GmbH - Germany;
- Trovatar AS - Czech Republic.

Overall, the published data cover 99% of the Group's turnover and therefore give a representative view of the data.

The indicator for the amount of waste produced only covers the site of the Group's registered office in Gonesse (DREDA), which represents 29% of the turnover.

### Choice of indicators

The indicators have been chosen with regard to the social, environmental and corporate impacts of the activities of the Group's companies and the risks associated with the professional challenges confronted.

### Consolidation and internal control

The data are collected on a pooled basis, or from each entity included in the CSR reporting scope, based on the following sources: extracts from the payroll management system, Excel monitoring files, and invoices etc. Meanwhile, the qualitative information is collected by the Manutan Group's Management Team on a pooled basis.

## External audits

The Manutan Group has submitted to one of its Statutory Auditors this Non-financial information statement, issued for the 2017/2018 financial period pursuant to the provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Pursuant to the provisions of article L. 225-102-1 V of the French Commercial Code and French Decree No. 2012-557 of 24 April 2012 as amended by Order No. 2017-1180 of 19 July 2017 and Decree No. 2017-1265 of 9 August 2017, K.P.M.G. S.A was appointed as the third party independent body to issue a reasoned opinion on the conformity and faithfulness of the Non-financial information statement 2017-2018.

## Methodological limits and particularities

- The workforce is calculated based, on the one hand, on the average for the financial year, in equivalent full-time hours paid.
- The average workforce is calculated as a mathematical average over 12 months of the average workforce in full-time equivalent.
- On the other hand, the statistics relating to the workforce are based on the number of employees present and paid as at 30 September. Employees who joined the Company at the end of September but are paid from October are excluded from this figure.
- The hours worked used to calculate the frequency and seriousness rates are calculated as follows: the mathematical average of all the entities in average weekly hours worked × average employed workforce × 52.
- Workplace accidents do not include accidents on journeys.
- For CO<sub>2</sub> emissions associated with the consumption of electricity and natural gas, the following emission factors are used:
  - natural gas:
    - 0.219 kgCO<sub>2</sub>e/kWh GCV (source: European emission factor, ADEME 2016 carbon base);
  - electricity:
    - Belgium : 0.220 kgCO<sub>2</sub>e/kWh,
    - Denmark : 0.360 kgCO<sub>2</sub>e/kWh,
    - Finland : 0.229 kgCO<sub>2</sub>e/kWh,
    - France : 0.082 kgCO<sub>2</sub>e/kWh,
    - Hungary : 0.317 kgCO<sub>2</sub>e/kWh,
    - Italy : 0.406 kgCO<sub>2</sub>e/kWh,
    - Norway : 0.017 kgCO<sub>2</sub>e/kWh,
    - Netherlands : 0.415 kgCO<sub>2</sub>e/kWh,
    - Poland : 0.781 kgCO<sub>2</sub>e/kWh,
    - Portugal : 0.255 kgCO<sub>2</sub>e/kWh,
    - Czech Republic : 0.589 kgCO<sub>2</sub>e/kWh,
    - United Kingdom : 0.457 kgCO<sub>2</sub>e/kWh,
    - Slovakia : 0.197 kgCO<sub>2</sub>e/kWh,
    - Sweden : 0.030 kgCO<sub>2</sub>e/kWh (source: International Energy Agency 2013).

## — Cross-reference table

### Cross-reference table for the Non-financial information statement

Articles L. 225-102-1 and L. 225-105 of the French Commercial Code	References Paragraphs
<b>Company business model</b>	See Sections 1 and 4 of this Reference Document
<b>Description of the main risks related to the manner in which the Company takes into account the social and environmental consequences of its activity, and the effects of this activity with regard to human rights and preventing corruption and tax evasion</b>	Paragraph on the preparation of the Non-financial Information Statement See Section IV of this Reference Document Section IV
<b>Social consequences of the Company's activity</b>	Sections I and II
<b>Environmental consequences of the Company's activity</b>	Sections V and VI
<b>Effects of the Company's activity with regard to human rights</b>	Section III
<b>Effects of the Company's activity with regard to preventing corruption</b>	See Section IV of this Reference Document
<b>Effects of the Company's activity with regard to tax evasion</b>	Section IV
<b>Consequences of the Company's activity and the use of the goods and services that it produces with regard to climate change</b>	Section V. 1.
<b>Corporate commitments in favour of sustainable development</b>	Section VII
<b>Corporate commitments in favour of the circular economy</b>	Section VI. 2.
<b>Corporate commitments in favour of preventing food waste</b>	As there are no company canteens in almost all of the Group's companies, the subject of wasting food has been considered to be irrelevant.
<b>Corporate commitments in favour of preventing food insecurity</b>	As there are no company canteens in almost all of the Group's companies, the subject of preventing food insecurity has been considered to be irrelevant.
<b>Corporate commitments in favour of respecting animal welfare</b>	Respecting animal welfare has been identified as irrelevant to the Group's activity.
<b>Corporate commitments in favour of responsible, fair and sustainable food choices</b>	As there are no company canteens in almost all of the Group's companies, the subject of responsible, fair and sustainable food choices has been considered to be irrelevant.
<b>Collective bargaining agreements reached in the Company and the impact they would have on the Company's economic performance and the working conditions for employees.</b>	Section II. 2.
<b>Actions aimed at preventing discrimination and promoting diversity</b>	Section II. 4.
<b>Measures taken in favour of handicapped people</b>	Section II. 5.

## — Report by one of the statutory auditors, appointed independent third party body, on the consolidated statement of extra-financial performance included in the management report

### Financial year ended 30 September 2018

To the shareholders,

In our capacity as Statutory Auditor appointed independent third party body of Manutan International SA, certified by COFRAC under number 3-1049<sup>(1)</sup>, we hereby report to you on the consolidated statement of extra-financial performance for the year ended 30 September 2018 included in the management report on the Group (hereinafter the "Statement"), pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

### The Company's responsibility

The Board of Directors is responsible for issuing a Statement in accordance with the legal and regulatory provisions that includes a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies applied with regard to these risks and the results of these policies, including key performance indicators.

The Statement was prepared by applying the Company's procedures (hereinafter the "Guidelines"), the significant elements of which are presented in the management report and available on request at the Company's registered office.

### Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the profession's code of ethics. Furthermore, we have implemented a quality control system that includes documented policies and procedures aimed at ensuring compliance with ethical rules, professional standards and applicable regulations and legislation.

### Responsibility of the Statutory Auditor

Based on our work, our role is to formulate a reasoned opinion expressing moderate assurance as to:

- the Statement's compliance with the provisions of Article R. 225-105 of the French Commercial Code;
- the truthfulness and fairness of the information provided in application of paragraph 3 of section I and of section II of Article R. 225-105 of the French Commercial Code, namely the results of the policies, including key performance indicators, and the actions relating to the main risks (hereinafter the "Information").

However, it is not our responsibility to express an opinion on:

- the Company's compliance with any other applicable legal and regulatory provisions, particularly those concerning the combating of corruption and tax evasion;
- the conformity of products and services to applicable regulations.

(1) The scope of which is available on [www.cofrac.fr](http://www.cofrac.fr).



## Nature and scope of the work

Our work as described hereunder was carried out in accordance with the provisions of Articles A. 225-1 of the French Commercial Code determining the means whereby the third party independent body is to perform its assignment, and in accordance with the professional standards of the National Association of Statutory Auditors regarding this type of assignment, as well as with the ISAE 3000 international standard (Assurance engagements other than audits or reviews of historical financial information).

We carried out checks allowing us to assess the Statement's compliance with the legal and regulatory provisions and the truthfulness and fairness of the Information:

- we took due note of the activity of all the businesses included in the consolidation scope, their exposure to the main social and environmental risks associated with this activity, and, where applicable, its effects as regards respect for human rights and the combating of corruption and tax evasion as well as of the policies deriving from them and their results;
- we assessed the appropriateness of the Guidelines regarding their relevance, exhaustiveness, reliability, neutrality and comprehensibility, taking into account, where applicable, best practices in the sector;
- we checked to see that the Statement covers each category of information provided for in section III of Article L. 225-102-1 on social and environmental matters as well as respect for human rights and the combating of corruption and tax evasion;
- we verified that the Statement presents the business model and the main risks related to the activity of all the entities included within the scope of consolidation, including, whenever relevant and proportionate, the risks engendered by business relations, products or services with regard to the information provided for in section I of Article R. 225-105, as well as the policies, reasonable diligence procedures and results, including key performance indicators;
- we verified, whenever relevant to the main risks or policies presented, that the Statement presents the information provided for in section II of Article R. 225-105;
- we assessed the identification, ranking and validation process for the main risks;
- we enquired as to the existence of procedures for internal control and risk management implemented by the Company;
- we verified that the Statement includes a clear and reasoned explanation of the reasons justifying the absence of policy with regard to one or more of these risks;
- we verified that the Statement covers the consolidated scope, i.e. all the companies included in the scope of consolidation in compliance with article L. 233-16 of the French Commercial Code, with the limits specified in the Statement;
- we assessed the collection process implemented by the Company aimed at ensuring the completeness and veracity of the results of the policies and key performance indicators that have to be referred to in the Statement;
- for the key performance indicators and the other quantitative results<sup>(2)</sup> that we considered to be the most significant, we implemented:
  - analytical procedures consisting in verifying the correct consolidation of collected data as well as the consistency of changes in them,
  - detailed tests based on sampling, consisting in verifying the proper application of definitions and procedures, and in reconciling data with supporting documents. This work was conducted with a selection of contributing entities<sup>(3)</sup> and covers between 40% and 84% of the key performance indicators and results selected for these tests;
- we consulted documentary sources and conducted interviews to corroborate the reasonable diligence procedures (organisation, policies, actions and qualitative results) that we considered most significant<sup>(4)</sup>;
- We assessed the overall consistency of the Statement in relation to our knowledge of the Company.

We consider that the sampling methods and the size of the samples that we selected by using our professional judgement allow us formulate a conclusion of moderate assurance; a higher level of assurance would have required more extensive verification work.

Given the use of sampling techniques, and the other limits inherent to the operation of any information and internal control system, the risk of a material misstatement not being identified in the Statement cannot be completely eliminated.

(2) Average FTE workforce, Workforce at 30/09/2018 broken down by sex and age, Number of hirings, Number of departures, Lost time accident frequency rate, Lost time accident severity rate, Total number of hours of training, Electricity consumption, Natural gas consumption, Greenhouse gas emissions associated with energy consumption, Volume of waste produced.

(3) UES Manutan in France (DREDA), Manutan BV (Netherlands).

(4) Arrangements for Manager's annual development cycle, Policy on continuous development of employees' skills, Code of conducts on combating corruption, Mobility policy, Supplier evaluation, particularly as regards respect for human rights.

### Means and resources

Our work engaged the skills of six people.

To assist us in our work, we called upon our specialists in sustainable development and social responsibility. We conducted nearly a dozen interviews with people responsible for the preparation of the Statement.

### Conclusion

Based on our work, and bearing in mind the scope of our responsibility, we did not observe any significant misstatement likely to call into question the Statement's conformity with the applicable regulatory provisions or the true and fair presentation of the Information, taken as a whole, in accordance with the Guidelines.

### Comments

Without calling into question the conclusion expressed above, and in accordance with the provisions of article A. 225-3 of the French Commercial Code, we make the following comments:

- the description of the business model seems to us incomplete, since there are certain elements that it does not mention, such as interactions with stakeholders other than customers and information on value sharing;
- the process for identifying the main risks and for their validation by governance seems incomplete, since it does not present the methodology used or the involvement of the bodies responsible for governance. Also, the process does not describe how the risks relating to human rights and the combating of corruption and tax evasion were analysed;
- the indicator relating to the Volume of Waste produced concerns only the site of the Group's head office in Gonesse (DREDA), which represents 29% of consolidated turnover;
- improvements to be made in the preparation and control of the Information were identified, notably as regards the time taken to prepare the Information and make documentary sources available.

Paris-La Défense, 31 January 2019

**KPMG S.A.**

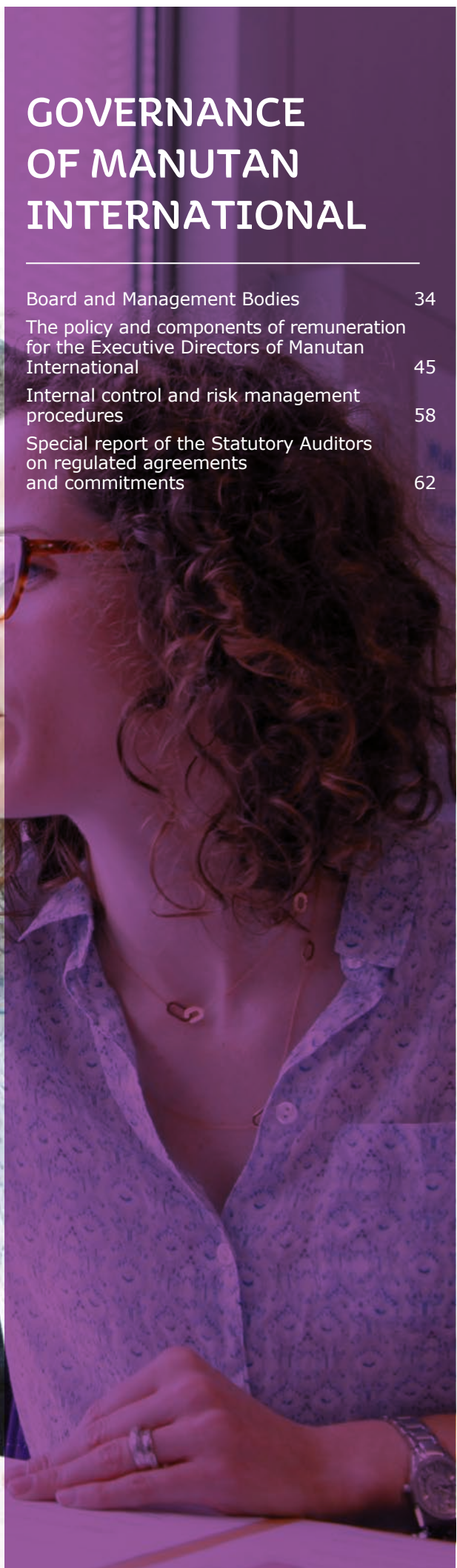
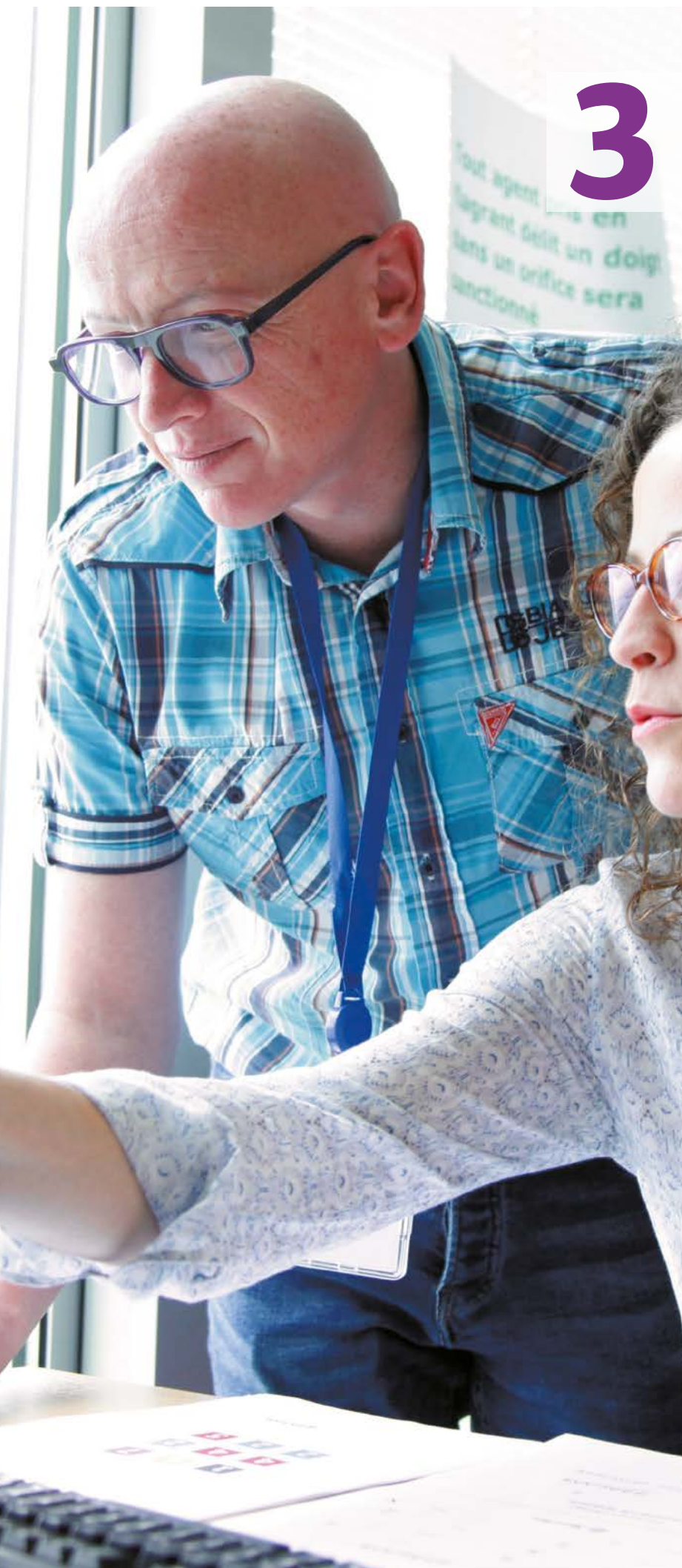
Fanny Houlliot  
*Partner*  
*Sustainability Services*

Franck Noël  
*Partner*

# 3

## GOVERNANCE OF MANUTAN INTERNATIONAL

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This section is an integral part of the Corporate Governance Report referred to in article L. 225-37 of the French Commercial Code as amended by order No. 2017-1162 of 12 July 2017.

The Manutan Group's family structure and its listed company status since 1985 guarantee the Group's independence, stability and dynamism.

By a decision of the Board of Directors during its meeting on 18 December 2013, Manutan International Company refers to the MiddleNext December 2009 corporate governance code for small and medium listed companies.

The Board of Directors of the Company was made aware of the revised MiddleNext Code of September 2016 during

its meeting on 14 December 2016 and the elements presented in the "points of vigilance" section of said Code (hereafter the "Reference Code"). The Reference Code also includes points of vigilance drawn from guidelines for reasonable governance for French companies, which recalls the questions that the Board of Directors must consider to ensure the correct operation of governance.

This code is particularly well suited to the Company taking into account its size and shareholding. It is available on the website: [www.middlenext.com](http://www.middlenext.com).

It is specified that the Company complies with all of the provisions of the MiddleNext Code.

## — Board and Management Bodies

The company's current form of governance as a *Société Anonyme* (French Public Limited Company) with a Board of Directors, which separates the roles of Chairman and General Manager has been in place since the decision taken by the General Meeting of Shareholders on 30 November 2011.

This mode of governance is intended to increase the efficiency of the Executive Management's decision-making process, while allowing the (non-executive) Chairman of the Board of Directors to participate in setting the Group's major strategic guidelines.

### Board of Directors

#### Composition of the Board of Directors on 31 January 2019

It is specified that the Directors elect domicile at the Company's registered office for the purpose of their activities.

#### CHANGE IN THE COMPOSITION OF THE BOARD OF DIRECTORS:

##### Over the financial period 2017/2018

Date of change	Change in the composition of the Board
30 March 2018	The Board of Directors has acknowledged the resignation of Mr. Nicolas Huet from his positions as a member of the Board of Directors, member of the Appointments and Remuneration Committee and as Chairman of the Company's Audit Committee, from 30 March 2018. Mr. Jérôme Lescure has acted as Chairman of the Audit Committee since this date.

##### Since the start of the current financial period (2018/2019):

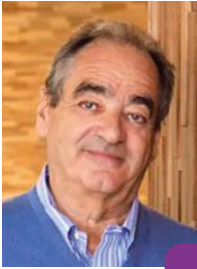
Date of change	Change in the composition of the Board
12 December 2018	The arrival of Mrs. Éléonore Peloux as the Director representing the employees following her election, on 19 September 2018, by the Company's employees pursuant to the legal and statutory provisions.
16 January 2019	Resignation of Mrs. Claudine Guichard from her position as Director and co-option of Mrs. Sophie Resplandy-Bernard as Director. This co-option by the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, shall be submitted to the next General Meeting for ratification. It enables the Company to maintain the number of women on the Board at the threshold of 40%, pursuant to the French Law No. 2011-103 of 10 January 2011, and to benefit from their experience in the area of corporate strategy.

Board Members	Family connections with other Corporate Officers:	Position / Committee	Age (on the date of publication of this report)	Nationality	Initial appointment date / Renewal date	End-of-term year	Number of shares held
<b>André Guichard</b>	Father of Jean-Pierre Guichard, grandfather of Xavier Guichard	Honorary Chairman of the Board (non-Director)	94 years	French	02/05/94: Chairman of the Supervisory Board GM 30/11/2011 GM 19/03/2013 GM 13/03/2014 BD 13/03/2015: Honorary Chairman of the Board (appointment) BD 16/01/2017 BD 12/12/2018	2021	909,931 in full ownership 1,756,518 in beneficial ownership
<b>Jean-Pierre Guichard</b>	Son of André Guichard, father of Xavier Guichard	Chairman of the Board	71 years	French	02/05/94: Chairman of the Management Board GM/BD 30/11/2011: Chairman of the Board of Directors (appointment) GM/BD 19/03/2013 GM/BD 12/03/2015 GM/BD 09/03/2017	GM 2019	449,196 in full ownership 1,569,746 in beneficial ownership
<b>Xavier Guichard</b>	Son of Jean-Pierre Guichard, grandson of André Guichard	General Manager and Director	46 years	French	30/10/09: Member of the Management Board GM/BD 30/11/2011: Deputy General Manager GM/BD 19/03/2013: General Manager (appointment) GM/BD 12/03/2015 GM/BD 09/03/2017	GM 2019	4,500 in full ownership 93,386 in beneficial ownership
<b>Brigitte Auffret</b>	N/A	Deputy General Manager Director and Secretary General	57 years	French	25/01/2002: Member of the Management Board GM/BD 30/11/2011: Deputy General Manager (appointment) GM/BD 19/03/2013 GM/BD 12/03/2015 GM/BD 09/03/2017	GM 2019	4,500
<b>Pierre-Olivier Brial</b>	N/A	Deputy General Manager Director	45 years	French	30/10/09: Member of the Management Board GM/BD 30/11/2011: Deputy General Manager (appointment) GM/BD 19/03/2013 GM/BD 12/03/2015 GM/BD 09/03/2017	GM 2019	2,500
<b>Carlo d'Asaro Biondo<sup>(1)</sup></b>	N/A	Director Member of the Audit Committee Chairman of the Appointments and Remuneration Committee	53 years	French	GM 30/11/2011 GM 19/03/2013 GM 12/03/2015 GM 09/03/2017	GM 2019	148
<b>Jérôme Lescure<sup>(1)</sup></b>	N/A	Director Chairman of the Audit Committee and member of the Appointments and Remuneration Committee	58 years	French	GM 19/03/2013 GM 12/03/2015 GM 09/03/2017	GM 2019	100
<b>Violette Watine<sup>(1)</sup></b>	N/A	Director and member of the Appointments and Remuneration Committee	43 years	French	GM 13/03/2014 GM 17/03/2016 GM 08/03/2018	GM 2020	85
<b>Benoîte Kneib</b>	N/A	Director	50 years	French	GM 09/03/2017	GM 2019	-
<b>Sophie Resplandy-Bernard<sup>(1)</sup></b>	N/A	Director and member of the Audit Committee	50 years	French	GM 14/03/2019 <sup>(2)</sup>	GM 2021	-
<b>Éléonore Peloux</b>	N/A	Director representing the employees	33 years	French	Employee elections on 19/09/2018	2020	-

(1) Independent members according to the criteria for independence from the MiddleNext Code to which the Company refers.

(2) Subject to the approval of the General Meeting of 14/03/2019.

## Directors' biography and main appointments



Jean-Pierre Guichard, who is an entrepreneur at heart, has spent his entire career at Manutan, from when he founded the Company in 1966, with his father, André Guichard.

He was appointed Chairman of the Management Board in 1994, and then Chairman of the Board of Directors in November 2011, following the change in Manutan International's management structure. His term of office as a Director was renewed by the General Meeting of 19 March 2013, then that of 12 March 2015, and finally by that of 9 March 2017. The renewal of his term of office as Director shall be proposed to the General Meeting of 14 March 2019 by the Board of Directors. The renewal of his term of office as Chairman of the Board of Directors shall be submitted to the Board of Directors of 14 March 2019.

**Jean-Pierre Guichard****Chairman of the Board of Directors (non-executive)**

Xavier Guichard, who is a devotee of Art in all its forms, and especially of modern painting, joined the Manutan Group as the Group Financial Controller in 2002. From 2005 to 2008, he was General Manager of the Scandinavian subsidiaries, then took over the Group's Operations Department. He was appointed as a member of Manutan International's Management Board by the Supervisory Board in October 2009.

Following the change in Manutan International's management structure, Xavier Guichard was appointed as a Director and Deputy General Manager of the Company in 2011, and then as General Manager in March 2013. The renewal of his term of office as Director, which began following the decision by the General Meeting of 9 March 2017, shall be proposed to the General Meeting of 14 March 2019 by the Board of Directors. The renewal of his term of office as General Manager shall be submitted to the Board of Directors of 14 March 2019.

**Xavier Guichard****General Manager and Director**

Brigitte Auffret adores opera singing, in which she has been involved since her teenage years, she was hired as a financial controller by the Company in February 1986.

She was appointed as the Manutan Group's Administrative and Finance Director in 2000.

In January 2002, she was appointed as a member of the Manutan International Management Board by the Supervisory Board, and then as General Manager in September 2006.

Following the change in Manutan International's management structure, Brigitte Auffret was appointed as a Director and Deputy General Manager in November 2011. Her term of office as a Director was renewed by the General Meeting of 19 March 2013, then that of 12 March 2015, and finally by that of 9 March 2017. The renewal of her term of office as Director shall be proposed to the General Meeting of 14 March 2019 by the Board of Directors. The renewal of her term of office as Deputy General Manager shall be submitted to the Board of Directors of 14 March 2019.

**Brigitte Auffret****Deputy General Manager, Director and Secretary General**

Pierre-Olivier Brial has enjoyed playing the guitar and singing since he was a child, and devotes his free time to his passion at his home recording studio. In October 2001, he was hired as Assistant to the Director of Research and Development by Manutan International, the French Company.

He then held various management positions within the Group, including in e-business and development, and as manager of the European geographical areas.

Pierre-Olivier Brial was appointed as a member of Manutan International's Management Board by the Supervisory Board on 30 October 2009.

Following the change in Manutan International's management structure, Pierre-Olivier Brial was appointed as a Director of the Company and then as Deputy General Manager in November 2011. His term of office as a Director was renewed by the General Meeting of 19 March 2013, then that of 12 March 2015, and finally by that of 9 March 2017. The renewal of his term of office as Director shall be proposed to the General Meeting of 14 March 2019 by the Board of Directors. The renewal of his term of office as Deputy General Manager shall be submitted to the Board of Directors of 14 March 2019.

**Pierre-Olivier Brial****Deputy General Manager and Director**

André Guichard founded Manutan International in 1966, with his son, Jean-Pierre Guichard. At the time, he was the General Manager of a company that marketed forklifts. However, he joined Jean-Pierre Guichard in 1973, in order to take charge of the Company's Marketing Department in particular.

André Guichard was appointed Chairman of the Supervisory Board in May 1994, and then as a Director of Manutan International in November 2011, following the change in the Company's management structure. In March 2015, he decided not to renew his appointment as Director; he was then appointed as Honorary Chairman of the Board of Directors. The Board of Directors meeting of 12 December 2018 renewed his term of office as Honorary Chairman.

**André Guichard****Honorary Chairman**

Carlo d'Asaro Biondo, a French and Italian national, studied in Italy. He began his career as a consultant at KPMG SA, he then became the consulting Group's General Manager for France.

He joined Unisys in late 2001, as Vice-Chairman and General Manager for the Communications and Media Businesses. He was appointed as Senior Vice-President in Charge of Telecommunications at AOL Europe in 2004, and then as General Manager of AOL France. He was then promoted to Chairman of AOL Europe. Carlo d'Asaro Biondo was appointed as General Manager for International Operations at Lagardère Active Media in early 2007. He has been the Chairman of Google's Operations in Southern and Eastern Europe, the Middle East, and Africa since 2009.

Since January 2015, he has been EMEA Chairman, responsible for partnerships.

Carlo d'Asaro Biondo was appointed Director by the General Meeting of 30 November 2011; his appointment was renewed by the General Meeting of 19 March 2013, then that of 12 March 2015, and finally that of 9 March 2017. The renewal of his appointment shall be proposed to the General Meeting of 14 March 2019 by the Board of Directors. He is also Chairman of the Appointments and Remuneration Committee and a member of the Audit Committee. The renewal of these terms of office will be submitted to the Board of Directors of 14 March 2019. He is classified as independent Director.



**Carlo d'Asaro Biondo** Director

Jérôme Lescure is a graduate of the *École Spéciale d'Architecture* and *École Nationale des Ponts et Chaussées*, and also holds an MBA from HEC. He began his career in the information technology sector in 1985. After his MBA, he joined AT Kearney, a consulting strategy firm that he co-managed as Partner until 2010. Between 1997 and 2001, he was Vice-Chairman of Euro Disney, where he was responsible for the development of the theme park and of the property division. He became General Manager for Accenture Management Consulting in France in 2011.

Jérôme Lescure has been an entrepreneur and investor since 2013. Today, he is Chairman of the Neofor Wood-Processing Group.

Jérôme Lescure has been appointed Director by the General Meeting of 19 March 2013. His term of office was renewed by the General Meeting of 12 March 2015, and then that of 9 March 2017. The renewal of his appointment shall be proposed to the General Meeting of 14 March 2019 by the Board of Directors. He is also Chairman of the Audit Committee and a member of the Appointments and Remuneration Committee. The renewal of these terms of office will be submitted to the Board of Directors of 14 March 2019. He is classified as independent Director.



**Jérôme Lescure** Director

Violette Watine is a graduate of Reims Business School. She completed her education by enrolling on the HEC Challenge Plus programme, which is dedicated to innovative and high technology start-ups.

She began her career at Procter & Gamble in 1998, and then at L'Oréal, in marketing development positions. Following her conversion to the environmental cause, she decided to put her skills at the service of her convictions. In 2006, she founded Mademoiselle Bio, which became the leading multi-channel distribution organic beauty and well-being product retail brand, which she sold in 2010, and finished guiding at the end of 2011. Since then she has directed rapidly expanding start-ups that always aim to change the world at their level. She is currently a Deputy General Manager of Slip Français, the digital fashion brand that produces underwear, swimwear and ready-to-wear clothing in France.

Violette Watine was appointed Director by the General Meeting of 13 March 2014. Her term of office was renewed by the General Meeting of 17 March 2016, and then that of 8 March 2018. At the suggestion of the Appointments and Remuneration Committee, the Board of Directors named her a member of the Appointments and Remuneration Committee from 16 January 2019. She has the capacity of Independent Director.



**Violette Watine** Director

Benoîte Kneib, who is a graduate of the ESSEC, has had an international career involving the private sector (EADS, Dexia, The Technology Broker in Great Britain, and the creation of the company "Pomme de Reinette" in the USA) and the social sector (micro-credit in Chile, and palliative care in the USA). She then held different management positions at the Auteuil Foundation and created the international branch in Switzerland.

In June 2017, she joined the company Mouvement & Finance to develop its activities in offering finance and strategic guidance to start-ups.

At the suggestion of the Board of Directors of 16 January 2017, Benoîte Kneib was appointed as a Director by the General Meeting of 9 March 2017. The renewal of his appointment shall be proposed to the General Meeting of 14 March 2019 by the Board of Directors.



**Benoîte Kneib** Director

Sophie Resplandy-Bernard began her career as a corporate lawyer in France, England and the United States of America until 2008, mostly with the firm Gibson Dunn, where she became a partner in Paris, in mergers and acquisitions. Then she joined the holding company for the AXA Group where, after a strategic audit, she supervised development, strategy and major projects for the European subsidiaries. She was a director for these subsidiaries. Since 2013, she has undertaken entrepreneurial projects, mostly in the real estate sector. She was a member of the Advisory Board for OpenClassrooms from 2014 to 2018.

She is a graduate of HEC, and Paris Nanterre University in business law.

At the suggestion of the Appointments and Remuneration Committee, and on the condition precedent of ratification by the General Meeting of 14 March 2019 of her co-option on the Board of Directors, she has been a Director and member of the Audit Committee since 16 January 2019. She has the capacity of Independent Director.



**Sophie Resplandy-Bernard** Director

Éléonore Peloux graduated from ESC Rennes in 2009, after obtaining a degree in Economic and Social Sciences from Lille Catholic University. During her studies she took advantage of the opportunity to undertake different placements and exchanges with universities in Canada, Ireland, Mexico and Spain. After an experience in Internal Audit with Saint-Gobain in Madrid, she joined Leroy Merlin as Junior Regional Financial Controller. In November 2014, she joined Manutan as Group Business Controller in the Bids Department. After 3 years in the Finance Department, she decided to move to an operational profession and joined the Purchasing Team as Group Purchaser in February 2018.

She was elected by the Group's employees as Director representing the employees on the Board of Directors on 12 December 2018 for a term of office of 2 years.



**Éléonore Peloux** Director representing the employees

**List of the offices held by the Directors**

Names	Existing appointments		Expired appointments
	Existing appointments (other than those performed in the Company)		Appointments and roles (outside the Group) performed in the last 5 years that no longer exist at this time
	In the Group	Outside the Group	
<b>Jean-Pierre Guichard</b>	Director of Manutan SA (France) Co-manager of SCI Philippe Auguste (France) Director of Manovert BV (Netherlands) Chairman of Manutan Ltd (United Kingdom) Chairman of Key Industrial Equipment Ltd (United Kingdom) Director of Rapid Racking Ltd (United Kingdom) Chairman of Witre AB (Sweden) Director of Manutan Unipessoal Lda (Portugal) Chairman of The Eurostore Group Ltd (United Kingdom) <i>None of these companies are listed on the stock exchange</i>	Chairman of the Board of Directors and Director of MT Finance SA (Luxembourg), <i>unlisted company</i>	Chairman of The Euroequipment Ltd (United Kingdom) <sup>(1)</sup> Chairman of Metro Storage Systems Ltd (Republic of Ireland) <sup>(1)</sup>
<b>Xavier Guichard</b>	Chairman and Chief Executive Officer of Manutan SA (France) Co-manager of SCI Philippe Auguste (France) Chairman of Manutan Collectivités SAS (France) Chairman of the inter-company restaurant association (France) Chairman of Sports & Loisirs SAS (France) Chairman of Papeteries Pichon SAS (France) Chairman of Manutan Italia Spa (Italy) Manager of Manutan SL (Spain) Director of Manutan s.r.o. (Czech Republic) General Manager of Trovatar a.s. (Czech Republic) Director of Manutan Unipessoal Lda (Portugal) Chairman of IronmongeryDirect Ltd (United Kingdom) Director of Rapid Racking Ltd (United Kingdom) Chairman of Group Hardware Ltd (United Kingdom) Director of Essex Electrical Wholesalers (Braintree) Ltd (United Kingdom) Director of Witre OY (Finland) Director of Witre Danmark A/S (Denmark) Chairman of Ikaros Cleantech AB (Sweden) Chairman of Ikaros OY (Finland) Director of Manutan Ltd (United Kingdom) <i>None of these companies are listed on the stock exchange</i>	Director of MT Finance SA (Luxembourg), <i>unlisted company</i>	None
<b>Brigitte Auffret</b>	Deputy General Manager of Manutan SA (France) Chairwoman of the Supervisory Board of Manutan Collectivités SAS (France) Chairwoman of the Supervisory Board of Sports & Loisirs SAS (France) Member of the Supervisory Board of Papeteries Pichon SAS (France) Director of Manovert BV (Netherlands) Director of Witre AB (Sweden) Member of the Supervisory Board of Trovatar a.s. (Czech Republic) Chairwoman of The Eurostore Group Ltd (United Kingdom) Director of Rapid Racking Ltd (United Kingdom) Co-manager of Manutan Polska Sp z.o.o. (Poland) Co-manager of Manutan Slovakia s.r.o. (Slovakia) Co-Manager of Manutan Hungária Kft (Hungary) Director of Manutan s.r.o. (Czech Republic) Director of IronmongeryDirect Ltd (United Kingdom) <i>None of these companies are listed on the stock exchange</i>	None	None

(1) Company dissolved at 30 September 2016.



Names	Existing appointments		Expired appointments
	In the Group	Outside the Group	Appointments and roles (outside the Group) performed in the last 5 years that no longer exist at this time
<b>Pierre-Olivier Brial</b>	Deputy General Manager of Manutan SA (France) Member of the Supervisory Board of Manutan Collectivités SAS (France) Member of the Supervisory Board of Sports & Loisirs SAS (France) Member of the Supervisory Board of Papeteries Pichon SAS (France) Director of Manovert BV (Netherlands) Director of Manutan NV (Belgium) Co-manager of Manutan GmbH (Switzerland) Co-manager of Manutan GmbH (Germany) Member of the Supervisory Board of Trovatar a.s. (Czech Republic) Director of Manutan Ltd (United Kingdom) Director of Key Industrial Equipment Ltd (United Kingdom) Director of Rapid Racking Ltd (United Kingdom) Director of The Eurostore Group Ltd (United Kingdom) Director of Essex Electrical Wholesalers (Braintree) Ltd (United Kingdom) Chairman of Witre A/S (Norway) Director of Witre AB (Sweden) Chairman of Witre Danmark A/S (Denmark) Chairman of Witre OY (Finland) Director of Ikaros Cleantech AB (Sweden) Director of Ikaros OY (Finland) Director of IronmongeryDirect Ltd (United Kingdom) Director of Group Hardware Ltd (United Kingdom) <i>None of these companies are listed on the stock exchange</i>	None	Director of Metro Storage Systems Ltd (Republic of Ireland) <sup>(1)</sup> Director of Euroequipment Ltd (United Kingdom) <sup>(1)</sup>
<b>André Guichard</b>	None	None	None
<b>Carlo d'Asaro Biondo</b>	None	Chairman EMEA partnerships	Chairman of Rusconi (Italy) Member of the Management Board of 40 subsidiaries of the Lagardère Group Independent Director of Darty Plc, <i>listed company</i> Director of Auchan Retail International
<b>Jérôme Lescure</b>	None	Co-manager of Lavilla SARL NEOFOR SAS, Representative of the LAVILLA Chairman Chairman of ADDITIO SAS Chairman of APICAP (previously - OTC Asset Management S.A.S.) – until 30/09/2018 Permanent Representative of APICAP, Director of the Archimen S.A.S. Group - until June 2018 Director of the Seb Group, <i>listed company</i>	Co-Manager of Trois Rivières Holding Chairman of CAMSEL S.A.S. Chairman of Brassac Holding S.A.S. Chairman of Les Bois du Midi S.A.S. Chairman of Barges Permanent Representative of APICAP, Director of: Ymagis S.A. ( <i>listed company</i> ); Active 3D; Inspirational Stores S.A.; D3T
<b>Violette Watine</b>	None	Manager of Partners & Co. (France) General Manager Loumarau, <i>unlisted companies</i>	

(1) Company dissolved at 30 September 2016.

Names	Existing appointments		Expired appointments
	Existing appointments (other than those performed in the Company)		Appointments and roles (outside the Group) performed in the last 5 years that no longer exist at this time
	In the Group	Outside the Group	
<b>Benoîte Kneib</b>	None	Director of Strategy and Development for Mouvement & Finance Member of the Board of Directors of the Avenir Association Member of the Ambassadors of the Fondation Apprentis d'Auteuil International	Chairwoman of the Contact Club Association Secretary General of the Fondation Apprentis d'Auteuil International
<b>Sophie Resplandy-Bernard</b>	None	SISA SAS, Chairwoman	Advisory Board, Independant member, OpenClassrooms SAS
<b>Éléonore Peloux</b>	None	-	-

Pursuant to Article 14.2 of the Company's articles of association, the term of office of the members of the Board is two years.

#### **Independence of the members of the Board of Directors**

During its meeting of 12 December 2018, the Board considered the position of each of the Directors with regard

to the MiddleNext Code independence criteria referred to below and considered that Jérôme Lescure, Carlo d'Asaro Biondo and Violette Watine could be considered as independent, pursuant to the definition given by recommendation R3 of the MiddleNext Code, i.e. people from outside the company tasked with providing a different view on the decisions taken by the Board.

The following table summarises the independence criteria from the MiddleNext Code chosen for each of the members making up the Board of Directors as at 31 January 2019:

Independence criteria	Jérôme Lescure	Carlo d'Asaro Biondo	Violette Watine	Sophie Resplandy-Bernard
Not being an employee or an Executive Director of the Company or a company in its Group and not having been either of the above for the previous five years	X	X	X	X
Not having any significant business relations with the COMPANY or its Group (customer, supplier, competitor, service provider, creditor, banker, etc.) and not having been such for the previous two years	X	X	X	X
Not being a reference shareholder in the Company or holding a significant percentage of the voting rights	X	X	X	X
Not having close family ties with an Executive Director or a reference shareholder	X	X	X	X
Not having been a Company auditor over the previous six years	X	X	X	X

Thus, as at 31 January 2019, at least four of the members of the Board are Independent Directors.

#### **Representation of men and women on the Board**

Where the representation of men and women on the Board is concerned, we remind you that at 30 September 2018 and at 31 January 2019, the Board includes four women and five men among its members. The proportion of women on the Company's Board of Directors therefore reaches the threshold of 40% pursuant to the French Law No. 2011-103 of 10 January 2011.

#### **Directors' concurrent appointments**

The Company complies with the recommendation from the MiddleNext code for corporate governance for listed companies under the terms of which it is recommended that a Director, who performs a "Managing" role, refrains from accepting more than three appointments as Director in listed companies, including in other countries, outside their Group.

### **Internal Rules of Procedure of the Board of Directors**

The Board Internal Rules of Procedure are available on the Company's website: [www.manutan.com](http://www.manutan.com).

It is in particular specified that the Company Internal Rules of Procedure were considered and updated by a decision of the Board on 9 March 2017 to take into account the latest legislative and regulatory changes and the September 2016 revision of the MiddleNext Code.

### **Organisation and operation of the Board of Directors and Committees during the financial year ending on 30 September 2018**

The Chairman indicates that the new Board and Management Bodies were appointed on 12 March 2015.

#### **Roles of the Board of Directors**

By exercising its legal prerogatives, the Board of Directors:

- sets the strategic guidelines for the Company's business activities and ensures that they are implemented;
- addresses any issues that affect the proper running of the Company, and settles the issues that concern it through its resolutions;
- defines the Company's financial communications policy;
- monitors the quality of the information provided to shareholders and to the markets;
- performs the controls and checks that it deems appropriate, specifically management controls;
- authorises the sureties, endorsements and guarantees granted by companies other than those operating banking or financial institutions, under the conditions specified in Article R. 225-28 of the French Commercial Code;
- authorises the conclusion of regulated agreements in advance;
- chooses the way in which Executive Management is organised: complementarity or dissociation of the Chairman and General Manager roles;
- appoints and dismisses the Chairman, the General Manager and the Deputy General Managers;
- defines the Executive Management's remuneration policy and, where necessary, allocates total amount of Director's fees voted by the Shareholders' Meeting among the Directors;
- may co-opt Board Members under the conditions specified by the regulations in force;
- may create Specialist Committees, for which it appoints the members, sets the assignments and operating procedures;
- draws up management forecast documents;

- approves the annual financial statements submitted to the Shareholders' Meeting for approval;
- convenes and sets the agenda for the Shareholders' Meeting;
- reports on its actions in the report to the Shareholders' Meeting;
- approves the Chairman's report, determines the number of free shares or shares arising from the exercise of options that Executive Corporate Officers are bound to hold until the end of their mandate, in the event that options or free shares are awarded;
- determines the number of free shares or shares arising from the exercise of options that Corporate Officers are bound to hold until the end of their mandate, in the event that options or free shares are awarded.

#### **The Chairman's role**

By exercising his legal prerogatives, the Chairman:

- organises and directs the work undertaken by the Board, and accounts for it at the General Shareholders' Meeting;
- ensures the proper running of the Company's bodies and specifically ensures that the Directors are in a position to fulfil their assignments;
- drafts a report regarding the composition of the Board, and the conditions for preparing and organising the Board's work.

Moreover, the non-executive Chairman is also entrusted with the following additional assignments:

- representing the Company, and relationships with professional federations, public authorities, domestic or international institutional authorities, and more generally, economic players;
- relationships with the Group's major customers or partners both at the domestic and international level;
- public relations with French or foreign subsidiaries;
- the relationship with the Company's shareholders;
- seeking potential targets in order to encourage external growth projects;
- visiting trade shows.

#### **The conditions for preparing the work of the Board of Directors**

To enable Board members to adequately prepare for meetings, the Chairman endeavoured to communicate to them, in advance, the necessary information or documents.

The annual financial statements, reviewed by the Audit Committee, and the draft report were sent to the members of the Board of Directors within a reasonable period prior to the meeting called to examine said documents.

Whenever requested by a Board member, the Chairman sent, as far as it is possible, any additional information and documents requested.

**Holding of Board of Directors meetings**

The Board of Directors meets as often as is in the Company's interest, and at least four (4) times per year and also meets without the presence of the Managing Director. The summons were sent in writing or made orally at least eight days prior to the meeting.

The meetings were held at the registered office or at the Manutan Group's European Centre in Gonesse.

The Board met four (4) times during the 2017/2018 financial year.

During this period, the attendance rate for members present or represented was 82%. The Statutory Auditors were invited to the Board meetings called to approve the annual and interim financial statements.

**Subjects discussed at Board meetings and the business report**

The main subjects discussed related to the operation and preparation of its work, the examination of the annual and interim financial statements, the internal control policy, professional and wage equality and the Group's main CAPEX projects.

**Assessment of the Board of Directors' work**

Pursuant to Article 6 of the Internal Rules of Procedure, the Chairman of the Board shall, each year, invite the members to give their views on the operation of the Board, the preparation of its works and on the issue of diversity within the Board in order to improve the conditions and its operation.

**Management and prevention of conflicts of interest**

Where the prevention and management of conflicts of interests is concerned, the Board's Internal Rules of Procedure provide that: "In a situation that reveals or may reveal a conflict between the company's interests and their personal interests, either directly or indirectly, or the shareholder's interests or those of the group of shareholders that they represent, the Director in question must:

- inform the Board as soon as they become aware of the conflict;
- and draw the appropriate conclusions regarding the exercise of their mandate. Depending on the case, they will therefore be required:
  - either to abstain from voting on the corresponding resolution,
  - or not to attend Board Meetings during the period when they find themselves in a conflict of interest situation,
  - or resign from their duties as a Director."

The Director may be held liable if they fail to comply with these abstention or withdrawal rules. It is specified that providing no information is considered as a declaration of no conflict of interest.

Furthermore, the Chairman of the Board shall not be required to forward information or documents relating to the contentious issue to any Director(s) who he has serious grounds to believe is or are in a conflict of interest situation, and shall inform the Board of Directors of the fact that they have not been forwarded.

**Organisation and operation of specialised Committees**

The Board of Directors has set up the following Committees:

- an Audit Committee;
- an Appointments and Remuneration Committee.

Every Committee plays a role in examining, assessing, and preparing certain Board resolutions that fall under its remit, as well as examining issues and/or projects forwarded by the Board or by its Chairman for review. The Committee has consultative powers and acts under the authority and responsibility of the Board to which it reports.

**Audit Committee**

Where the Audit Committee is concerned, the Company adhered to the recommendations of the final Audit Committee report of 22 July 2010, which was drawn up by the working party chaired by Mr. Henri Poupart-Lafarge.

The Audit Committee consists at 31 January 2019 of three independent members of the Board of Directors.

Carlo d'Asaro Biondo and Jérôme Lescure were appointed by the Board of Directors on 13 March 2015, for their terms of office as Director, which were renewed by the General Meeting of 9 March 2017. The General Meeting of 14 March 2019 shall be invited to renew their appointment as Directors for a term of office of two years. The meeting of the Board of Directors of 14 March 2019 after the GM shall then renew their appointment to the Audit Committee where possible.

Sophie Resplandy-Bernard was appointed as a member of the Audit Committee by the Board of Directors on 16 January 2019 at the suggestion of the Appointments and Remuneration Committee, and under the condition precedent of the ratification by the General Meeting of 14 March 2019 of her co-option on the Board of Directors.

The composition of the Audit Committee as at 31 January 2019 is as follows:

- Jérôme Lescure, Chairman, independent;
- Carlo d'Asaro Biondo, independent;
- Sophie Resplandy-Bernard, independent.

The Board took the view that all the members of the Audit Committee were independent, in accordance with the aforementioned criteria for the independence of Directors.

Furthermore, they also all have specific expertise in finance and accountancy, in view of their academic history and their professional experience (the professional experience of members of the Audit Committee is referred to in their respective biographies, included in the table of the composition of the Company's Board of Directors).

The Audit Committee's main duties are to:

- examine the accounts and ensure the accounting methods used to draw up the consolidated and parent company accounts are relevant;

- monitor:
  - the process for drawing up financial information,
  - the effectiveness of the internal control and risk management systems,
  - the audit of the accounts carried out by the Statutory Auditors,
  - the independence of the Statutory Auditors.

In this respect, the Committee must issue a recommendation on the proposal of Statutory Auditors to be appointed. The Audit Committee promptly informs the Board of Directors of any issues encountered during the course of its work.

The Audit Committee meets twice a year, before the Board meeting where the agenda includes the review of the annual and interim financial statements and/or the proposal to appoint the Statutory Auditors.

In addition, the Audit Committee meets every time that it views necessary, particularly in the event of an important development for the Company.

The Committee has met on two (2) occasions over the 2017/2018 financial year.

The main subjects discussed were consideration of the annual and interim financial statements as well as the direction and review of the Group's internal control programme. The attendance rate for this Committee was 100%.

Committee members are allowed sufficient time to examine the financial and accounting documents, and have had the option of meeting with the Statutory Auditors and the Company's Finance Director. The Committee reported its work to the Board, which recorded and monitored all recommendations.

### **Appointments and Remuneration Committee**

The Appointments and Remuneration Committee consists, as at 31 January 2019, of three independent members of the Board of Directors:

- Carlo d'Asaro Biondo and Jérôme Lescure were appointed by the Board of Directors on 13 March 2015, for their terms of office as Director, which were renewed by the General Meeting of 9 March 2017. The General Meeting of 14 March 2019 shall be invited to renew their appointment as Directors for a term of office of two years. The meeting of the Board of Directors of 14 March 2019 after the GM shall then renew their appointment to the Appointments and Remuneration Committee where possible;
- Violette Watine was appointed as a member of the Appointments and Remuneration Committee by the meeting of the Board of Directors of 16 January 2019.

Composition of the Appointments and Remuneration Committee as at 31 January 2019:

- Carlo d'Asaro Biondo, Chairman, independent;
- Jérôme Lescure, independent;
- Violette Watine, independent.

The Board took the view that all the members of the Appointments and Remuneration Committee

were independent, in accordance with the aforementioned criteria for the independence of Directors.

### **Appointment assignments**

In the appointments area, the Committee:

- gives its opinion on the Chairman and Executive Management's appointment plans, through the Board, at the Chairman's suggestion;
- examines and gives an opinion on appointment and replacement proposals for the Group key executives;
- puts forward proposals for selecting Board Members and Committee Members, given the desirable balance for the composition of the Board, in view of the composition of and changes in the Company's shareholders, and of the split between men and women within the Board;
- reviews the independence of the Board Members and of the candidates for membership of the Board or of a Committee;
- draws up a succession plan for the Directors who are Corporate Officers, so as to be in a position to offer the Board succession solutions in the event of an unforeseen vacancy.

### **Remuneration assignments**

This Committee's duties include making any recommendations on the remuneration of the Corporate Officers to the Board of Directors. If requested by the Board of Directors, it may also issue advisory recommendations on the remuneration of the Group's key management staff. It forwards these recommendations to the Board.

These recommendations cover all components of the remuneration package: the fixed component including benefits in kind, the variable component, any retirement bonuses, supplementary pension schemes, share subscription and purchase options, and free shares, irrespective of whether these components are paid, awarded or paid for by the Company, its parent company or a company under its control.

The recommendations may also relate to the breakdown between the various components comprising the total remuneration and the terms and conditions for the payment thereof, particularly in terms of performance.

### **Specific operating procedures**

The Appointments and Remuneration Committee meets at least twice a year, in particular before the Board meeting where the remuneration of the Chairman and Executive Management is reviewed, or which sets the agenda of a General Meeting convened to approve draft resolutions relating to issues that fall within its remit.

In addition, the Committee meets as and when required at the request of its Chairman, at its own initiative, or at the request of the Chairman of the Board.

The Committee has met on two (2) occasions over the 2017/2018 financial year.

The main subjects discussed were a review of the remuneration method for members of the Board of Directors as well as setting the objectives for the calculation of remuneration.

The attendance rate at this Committee was 100%. The Committee reported its work to the Board, which recorded and monitored all recommendations.

### **Factors likely to have an impact in the event of a public offering**

These factors are presented in Chapter 6 "Information about the Company and the capital" in the paragraph "Shareholders of Manutan International".

## **Executive Directors**

<b>Xavier Guichard</b>	General Manager
<b>Brigitte Auffret</b>	Deputy General Manager
<b>Pierre-Olivier Brial</b>	Deputy General Manager



### **Potential convictions of Corporate Officers**

The Company is not aware at the date of preparation of this document of any member of the Board of Directors and Executive Management who may have been party to any business bankruptcy, insolvency or liquidation over the past five years. Likewise, during the last five years none of them were convicted of fraud, received an official public penalty or sanction, have been prevented by a court of justice of acting as a member of a Management, Executive or Supervisory corporate body or of acting in a management or executive capacity in respect of the activities of a listed company.

### **Conflicts of interests of Corporate Officers**

The Company is not aware at the date of preparation of this document of the existence of any identified conflict of interests regarding the duties exercised by each member of the Board of Directors and Top Management as Corporate Officer and their private interests or other duties.

The Company is not aware of any service contract binding members of the Board of Directors and Executive Management to the issuer or any of its subsidiaries, from which a member may derive economic benefits.

The Company is not aware at the date of preparation of this document of the existence of any arrangements or agreements concluded with the main shareholders, customers or suppliers by which a member of the Board of Directors and Executive Management would have been selected as such.

The Company is not aware at the date of preparation of this document of the existence of any restrictions adhered to by members of the Board of Directors and Executive Management regarding the sales of their stake in the share capital of the Company, except for two collective agreements to retain shares for a number of them. Refer to the chapter entitled "General information concerning the share capital" on page 154.

### Limitations on Executive Management's powers

According to internal procedures, the powers of Executive Management (General Manager and Deputy General Managers) are limited. Therefore, in accordance with the provisions of the Internal Rules of Procedure of the Board of Directors, the Board must approve the following transactions in advance:

- proceeding with the purchase, sale or exchange of any building, real estate rights or business goodwill, of a value exceeding five hundred thousand euros (€500,000) per transaction;
- proceeding, for amounts exceeding five hundred thousand euros (€500,000) per transaction, with the incorporation of companies or equity investments or disposals of shareholdings of any form in any company;
- proceeding with the incorporation or termination of any subsidiary, branch or office, either in France or in any other country;
- proceeding with investments and/or divestments of a value exceeding five hundred thousand euros (€500,000);
- taking out borrowings and/or loans exceeding five hundred thousand euros (€500,000), supported or not by collateral in the form of mortgages, pre-emption right or pledging of the assets of the Company;
- pledging the assets of the Company in any form whatsoever;
- authorise and/or grant deposits and sureties, or other guarantees in the Company's name;
- authorising the hiring and/or the termination of any management executive's employment contract, according to the meaning of Article L. 3111-2 of the French Labour Code, and/or of any Managing Director at the Group's subsidiaries;
- introducing any collective premium, profit-sharing, or employee savings schemes, any share subscription or purchase schemes, any free share allocation schemes or any other collective incentive or motivational scheme for the Company's employees and/or managing directors;
- introducing any retirement or contingency scheme for the benefit of the Company's employees and/or its Corporate Officers, or deciding on any contribution to any scheme set up by a third party and that involves retirement or contingency benefits.

The same applies to any material transaction outside the Company's stated strategy.

## — The policy and components of remuneration for the Executive Directors of Manutan International

This section is an integral part of the Corporate Governance Report referred to in article L. 225-37 of the French Commercial Code as amended by order No. 2017-1162 of 12 July 2017.

This report from the board regarding the remuneration of the Managing Directors and the remuneration of the Directors is intended to present the following information to you:

1. policy for the remuneration of Executive Directors subject to a vote at the 2019 General Meeting;
2. remuneration paid with regard to the financial year ended 30 September 2018;
3. total remuneration of the Executive Directors.

### 1. Policy for the remuneration of Executive Directors subject to a vote at the 2019 General Meeting

Pursuant to article L. 225-37-2 of the French Commercial Code as amended by order No. 2017-1162 of 12 July 2017, hereafter we present to you the principles and criteria used for the determination, distribution and awarding of fixed, variable and exceptional components of the total remuneration and the benefits in kind that may be awarded to the Chairman of the Board of Directors, the General Manager and the Deputy General Managers during their term of office.

The General Meeting of 14 March 2019 shall be invited to vote on the policy for the remuneration of the Executive Directors for their term of office for the 2018-2019 financial period, based on these components, as described hereafter.

We remind you that the Board of Directors and the Appointments and Remuneration Committee take into account and apply the principles recommended in the MiddleNext Code, i.e. exhaustiveness, benchmarking, consistency, legibility of the rules, measurement and transparency. These principles apply to all of the components of the remuneration of the Executive Directors.

The Board of Directors ensures that none of the components making up the remuneration of the Executive Directors are disproportionate and analyse the remuneration as a whole, taking into account all of its components (fixed, annual and multi-annual variable remuneration).

Pursuant to article L. 225-37-2 of the French Commercial Code, we hereby specify that the payment of these components of variable and exceptional remuneration for the 2018-2019 financial period, as described hereafter, is conditional on the approval of the remuneration of the people in question by the General Meeting that shall be held in 2020 to approve the financial statements for the financial period ending on 30 September 2019.

### 1.1 Remuneration of the Chairman of the Board of Directors

The Board of Directors is responsible for determining the remuneration of the Chairman of the Board of Directors (non-executive) that is based on the proposals from the Appointments and Remuneration Committee.

In this context, the Board of Directors determines the fixed remuneration of the Chairman of the Board of Directors (non-executive), in view of his legal assignments and the following complementary roles, which are assigned to him by the Board:

- representing the Company, and relationships with professional federations, public authorities, domestic or international institutional authorities, and more generally, economic players:
  - relationships with the Group's major customers or partners both at the domestic and international level,
  - public relations with French or foreign subsidiaries,
  - the relationship with the Company's shareholders,
  - seeking potential targets in order to encourage external growth projects;
- visiting trade shows.

The Chairman of the Board of Directors does not receive any other remuneration (long-term remuneration, variable remuneration, attendance fees, benefits in kind, retirement benefit and non-compete, etc.) in view of his non-executive roles.

### 1.2 Remuneration of the Executive Directors (General Manager and Deputy General Managers)

The Board of Directors determines a remuneration policy for Executive Directors (General Manager and Deputy General Managers), including the remuneration for each of them based on the proposal of the Appointments and Remuneration Committee.

This policy covers in detail the fixed, variable and exceptional remuneration and any benefits in kind granted by the Company (pension, retirement bonuses etc.). Furthermore, in order to associate the Executive Directors with the development and performance of the Group, the Board of Directors may award them performance shares. These awards must be intended to incite the Executive Directors to consider their actions in the long-term and to align their interests with the Company's business interests and the interest of the shareholders.

This policy is determined not only based on the work carried out, the results obtained and the responsibility assumed, but also with respect to the practices observed in peer companies and the remuneration of other management staff within the Company.

### Calculation of the fixed component

The Board of Directors approves the fixed component of each Executive Director's remuneration for a period of twelve (12) months, based on the responsibilities assumed and market practices.

### Calculation of the annual variable component of the remuneration

The Board of Directors approves the annual variable component of each Executive Director's remuneration based on the following quantitative criteria: target consolidated turnover and consolidated pre-tax operating income subject to minimal performance conditions also for the With Love Customer Group and the With Love Employee Group.

These quantitative criteria have been approved in detail by the Board on the recommendation of the Appointments and Remuneration Committee, however, for confidentiality reasons, the fulfilment level of these quantitative criteria is not made public.

This variable portion is in a range of between 40% and 50% of the Executive Director's fixed annual remuneration. Furthermore, a bonus for which the rate may vary between 0 and 1.5 times the target bonus, depending on the achievement of objectives, may be awarded.

The payment of variable annual remuneration to the Executive Directors for a financial period N is conditional on the approval of the Ordinary General Meeting held in N+1.

### Calculation of the multi-annual variable component of the remuneration

The Board of Directors meeting of 18 September 2017 determined the share of the multi-annual variable remuneration for each Executive Director. It is conditional upon (i) their presence on 30 September 2020, (ii) a triggering threshold regarding average Group EBIT (Operating profit/loss) on 30 September 2020 and (iii) the achievement of Group targets for turnover, EBIT (Operating profit/loss) and Group cumulative free cash-flow transactions, over a period of 5 years (ending on 30 September 2020).

The level of achievement required for these targets was specifically determined by the Board of Directors but is not made public for confidentiality reasons.

This variable multi-annual portion is between 50% and 60% of the total fixed gross remuneration paid to the Executive Director between 1 October 2015 and 30 September 2020. Furthermore, a bonus for which the rate may vary between 0 and 1.5 times the target bonus, depending on the achievement of objectives, may be awarded.

The payment of variable multi-annual remuneration to the Executive Directors is conditional on it being approved by the Ordinary General Meeting held in 2021.



### **Allocation of free performances shares**

The Combined General Meeting of 17 March 2016 authorised the Board of Directors to award free shares to salaried staff of the Company or companies that are directly or indirectly affiliated to it under the meaning of Article L. 225-197-2 of the French Commercial Code and/or the directors who meet the conditions set forth in Article L. 225-197-1 of the French Commercial Code.

Under the terms of this authorisation and pursuant to the applicable regulations, the Executive Directors may benefit from the awarding of performance shares that shall be determined by the Board of Directors. These allocations shall be made under conditions of presence and performance.

### **Bonuses, benefits and remuneration granted to Executive Directors in the event of the termination of or change in their position**

#### **• With regard to Xavier Guichard, Director and General Manager**

The Board of Directors has determined that Xavier Guichard, Director and General Manager shall not benefit from any bonus, remuneration or any benefit due to the termination or change in his roles as General Manager.

#### **• With regard to Brigitte Auffret, Director and Deputy General Manager**

The Board of Directors meeting of 12 December 2018 renewed the indemnity likely to be payable to Brigitte Auffret, Director and Deputy General Manager, in an identical amount, in the event that her employment is terminated, as previously renewed on 16 January 2017, in the following way:

In the event of dismissal (with the exception of cases of serious or gross negligence, force majeure, redundancy due to a physical inability recognised by the company doctor, retirement, early retirement or resignation) the Company agrees to pay the Executive Director contractual compensation for the early termination of their employment contract, in addition to redundancy pay as provided for by the Law.

The amount of this gross compensation is fixed at 21 (twenty-one) months' salary (fixed basic salary + bonus but excluding exceptional incentives).

Payment of the contractual compensation is subject to the following performance conditions:

- average current operating profit over the three (3) years preceding notification of termination of the employment contract to be maintained above 4% of turnover;
- and stable positive consolidated net income over the past three (3) financial years preceding the notification of the termination of the employment contract.

These aggregate conditions are based on the consolidated results. The achievement of these objectives would be

based on the consolidated accounts for the last three (3) financial years, as approved by the Board of Directors and certified by the Statutory Auditors, prior to the notification of the termination of the employment contract.

If Brigitte Auffret's appointment as a member of the Board of Directors is terminated, for any reason whatsoever, these performance conditions governing the granting of contractual compensation would become null and void at the end of a period of eight (8) months from the expiry date of the appointment.

The notification date of the termination of the employment contract would be taken into account when determining whether the performance condition would apply to the payment of compensation.

The commitment made for the benefit of Brigitte Auffret, as described above, is a regulated agreement. During the Combined General Meeting of 14 March 2019, the renewal of Brigitte Auffret's term of office as Director shall be proposed along with the renewal of this commitment subject to the condition precedent of the renewal of her role as Deputy General Manager by the Board of Directors after the General Meeting.

Furthermore, the Board Meeting of 30 November 2011 decided to maintain the benefit of an Executive redundancy insurance policy taken out with GSC, which provides the Class 6 Option 2 basic scheme and Class H Option 2 complementary scheme guarantees for the benefit of Brigitte Auffret, Director and Deputy General Manager.

#### **• With regard to Pierre-Olivier Brial, Director and Deputy General Manager**

The Board of Directors meeting of 12 December 2018 renewed the indemnity likely to be payable to Pierre-Olivier Brial, Director and Deputy General Manager, in an identical amount, in the event that her employment is terminated, as previously renewed on 16 January 2017, in the following way:

In the event of dismissal (with the exception of cases of serious or gross negligence, force majeure, redundancy due to a physical inability recognised by the company doctor, retirement, early retirement or resignation) the Company agrees to pay the Executive Director contractual compensation for the early termination of their employment contract, in addition to redundancy pay as provided for by the Law.

The amount of this gross compensation is fixed at 21 (twenty-one) months' salary (fixed basic salary + bonus but excluding exceptional incentives).

Payment of the contractual compensation is subject to the following performance conditions:

- average current operating profit over the three (3) years preceding notification of termination of the employment contract to be maintained above 4% of turnover;
- and stable positive consolidated net income over the past three (3) financial years preceding the notification of the termination of the employment contract.

These aggregate conditions are based on the consolidated results. The achievement of these objectives would be based on the consolidated accounts for the last three (3) financial years, as approved by the Board of Directors and certified by the Statutory Auditors, prior to the notification of the termination of the employment contract.

If Pierre-Olivier Brial's appointment as a member of the Board of Directors is terminated, for any reason whatsoever, these performance conditions governing the granting of contractual compensation would become null and void at the end of a period of eight (8) months from the expiry date of the appointment.

The notification date of the termination of the employment contract would be taken into account when determining whether the performance condition would apply to the payment of compensation.

The commitment made for the benefit of Pierre-Olivier Brial, as described above, is a regulated agreement. During the Combined General Meeting of 14 March 2019, the renewal of Pierre-Olivier Brial's term of office as Director shall be proposed along with the renewal of this commitment subject to the condition precedent of the renewal of his role as Deputy General Manager by the Board of Directors after the General Meeting.

Furthermore, the Board Meeting of 30 November 2011 decided to maintain the benefit of an Executive redundancy insurance policy taken out with GSC, which provides the Class 6 Option 2 basic scheme and Class H Option 2 complementary scheme guarantees for the benefit of Pierre-Olivier Brial, Director and Deputy General Manager.

#### **Non-compete compensation**

The Board of Directors has determined that the Executive Directors cannot benefit from non-compete compensation.

#### **Directors' fees**

The Board of Directors has determined that the Executive Directors cannot benefit from director's fees when they are directors.

#### **Share subscription or purchase options**

As the Board of Directors does not benefit from a delegation by the Company's General Meeting to issue subscription or purchase options, the Executive Directors may not benefit from any such share subscription or purchase options.

#### **Remuneration, bonuses or benefits payable or likely to be payable due to termination or change of functions**

The Board of Directors has determined that the future Executive Directors shall not benefit from any remuneration, bonuses or benefits payable or likely to be payable due to termination or a change of their function.

#### **Exceptional remuneration**

The Executive Directors may benefit from exceptional remuneration under certain exceptional circumstances that must where applicable be specified and justified.

#### **Components of remuneration and benefits of any kind that are payable or that may be payable to an Executive Director, under the terms of agreements signed directly or through an intermediary, due to their role, either with the company in which the role is performed or any company controlled by it, within the meaning of article L. 233-16 of the French Commercial Code, any company that controls it, within the meaning of the same article, or any company placed under the same control as it, as defined by said article**

The Board of Directors has determined that the Executive Directors cannot benefit from any remuneration in this regard.

#### **Retirement**

The Board of Directors has determined that the Executive Directors cannot benefit from any additional retirement scheme.

#### **Benefits in kind**

The Board of Directors has determined that the Executive Directors may have a company car and an insurance policy taken out with GSC.

#### **Any other remuneration that is payable due to the role**

All of the remuneration policy for Executive Directors is described above. The latter may not receive any other remuneration due to their role.

## 2. Remuneration paid with regard to the financial year ended 30 September 2018

This paragraph describes, pursuant to the remuneration policy approved by the General Meeting of 8 March 2018 (sixth ordinary resolution), the remuneration and benefits paid (or to be paid) for the 2017-2018 financial period, to the Executive Directors—Jean-Pierre Guichard, Chairman

of the Board of Directors, Xavier Guichard, General Manager, Brigitte Auffret, Deputy General Manager, and Pierre-Olivier Brial, Deputy General Manager, it being specified that the components of variable remuneration may not be paid until they are approved by the General Meeting of 14 March 2019.

The following table presents the components of remuneration and benefits paid or to be paid to Jean-Pierre Guichard, Chairman of the Board of Directors for the 2017-2018 financial period.

Components of remuneration paid or to be paid for the financial year ended 30 September 2018	Accounting amounts or valuations	Presentation
Fixed remuneration	€450,000	Fixed remuneration for the 2017-2018 financial period is the same as that due for the 2016-2017 financial period
Variable annual remuneration	N/A	Jean-Pierre Guichard does not receive any variable annual remuneration
Multi-annual variable remuneration in cash	N/A	Jean-Pierre Guichard does not receive any variable multi-annual remuneration
Exceptional remuneration	N/A	Jean-Pierre Guichard does not receive any exceptional remuneration
Share options, performance shares or any other component of long-term remuneration	N/A	Jean-Pierre Guichard does not receive any long-term remuneration
Directors' fees	N/A	Jean-Pierre Guichard does not receive directors' fees
Valuation of benefits in kind	N/A	Jean-Pierre Guichard does not receive any benefits in kind
Remuneration, bonuses or benefits related to starting in the role	N/A	N/A
Remuneration due to an agreement	N/A	Jean-Pierre Guichard does not receive any remuneration in this regard
Other components of remuneration related to this role	N/A	Jean-Pierre Guichard does not receive any other remuneration in relation to his role

Compensation paid or to be paid for the financial year ended on 30 September 2018 that are or shall be subject to a vote by the General Meeting as part of the procedure for regulated agreements and understandings

	Amount	Presentation
Retirement benefit	N/A	Jean-Pierre Guichard does not receive any retirement benefit
Non-compete compensation	N/A	Jean-Pierre Guichard does not receive any non-compete compensation
Supplementary pension scheme	N/A	Jean-Pierre Guichard does not benefit from any supplementary pension scheme within the Group

The following table presents the components of remuneration and benefits paid or to be paid to Xavier Guichard, General Manager, for the 2017-2018 financial period.

Components of remuneration paid or to be paid for the financial year ended 30 September 2018	Accounting amounts or valuations	Presentation
Fixed remuneration	€345,000	Fixed remuneration for the 2016-2017 financial period was €341,250, representing an increase of €3,750
Variable annual remuneration	€191,891 (the payment of this remuneration is subject to approval by the General Meeting of 14 March 2019)	Variable remuneration is determined according to quantitative and qualitative criteria decided each year by the Board based on a proposal by the Appointments and Remuneration Committee
Multi-annual variable remuneration in cash	No payment	Xavier Guichard benefits from multi-annual variable remuneration (see the note under table 2 of this report)
Exceptional remuneration	N/A	Xavier Guichard does not receive any exceptional remuneration
Share options, performance shares or any other component of long-term remuneration	N/A	Xavier Guichard does not receive any long-term remuneration
Directors' fees	N/A	Xavier Guichard does not receive directors' fees
Valuation of benefits in kind	€5,322	Xavier Guichard has a company car
Remuneration, bonuses or benefits related to starting in the role	N/A	N/A
Remuneration due to an agreement	N/A	Xavier Guichard does not receive any remuneration in this regard
Other components of remuneration related to this role	N/A	Xavier Guichard does not receive any other remuneration in relation to his role

Compensation paid or to be paid for the financial year ended on 30 September 2018 that are or shall be subject to a vote by the General Meeting as part of the procedure for regulated agreements and understandings

	Amount	Presentation
Retirement benefit	N/A	Xavier Guichard does not receive any retirement benefit
Non-compete compensation	N/A	Xavier Guichard does not receive any non-compete compensation
Supplementary pension scheme	N/A	Xavier Guichard does not benefit from any supplementary pension scheme within the Group

The following table presents the components of remuneration and benefits paid or to be paid to Brigitte Auffret, Deputy General Manager, for the 2017-2018 financial period.

Components of remuneration paid or to be paid for the financial year ended 30 September 2018	Accounting amounts or valuations	Presentation
Fixed remuneration	€335,000	Fixed remuneration for the 2016-2017 financial period was €333,750, representing an increase of €1,250
Variable annual remuneration	€150,126 (the payment of this remuneration is subject to approval by the General Meeting of 14 March 2019)	Variable remuneration is determined according to quantitative and qualitative criteria decided each year by the Board based on a proposal by the Appointments and Remuneration Committee
Multi-annual variable remuneration in cash	No payment	Brigitte Auffret benefits from multi-annual variable remuneration (see the note under table 2 of this report)
Exceptional remuneration	N/A	Brigitte Auffret does not receive any exceptional remuneration
Share options, performance shares or any other component of long-term remuneration	N/A	Brigitte Auffret does not receive any long-term remuneration
Directors' fees	N/A	Brigitte Auffret does not receive directors' fees
Valuation of benefits in kind	€21,543	Brigitte Auffret has a company car and an insurance policy taken out with GSC
Remuneration, bonuses or benefits related to starting in the role	N/A	N/A
Remuneration due to an agreement	N/A	Brigitte Auffret does not receive any remuneration in this regard
Other components of remuneration related to this role	N/A	Brigitte Auffret does not receive any other remuneration in relation to her role

Compensation paid or to be paid for the financial year ended on 30 September 2018 that are or shall be subject to a vote by the General Meeting as part of the procedure for regulated agreements and understandings

	Amount	Presentation
Retirement benefit	No payment	Brigitte Auffret is no the beneficiary of any retirement benefit (see information in the paragraph on the remuneration policy)
Non-compete compensation	N/A	Brigitte Auffret does not receive any non-compete compensation
Supplementary pension scheme	N/A	Brigitte Auffret does not benefit from any supplementary pension scheme within the Group

The following table presents the components of remuneration and benefits paid or to be paid to Pierre-Olivier Brial, Deputy General Manager, for the 2017-2018 financial period.

Components of remuneration paid or to be paid for the financial year ended 30 September 2018	Accounting amounts or valuations	Presentation
Fixed remuneration	€335,000	Fixed remuneration for the 2016-2017 financial period was €323,750, representing an increase of €11,250
Variable annual remuneration	€145,627 (the payment of this remuneration is subject to approval by the General Meeting of 14 March 2019)	Variable remuneration is determined according to quantitative and qualitative criteria decided each year by the Board based on a proposal by the Appointments and Remuneration Committee
Multi-annual variable remuneration in cash	No payment	Pierre-Olivier Brial benefits from multi-annual variable remuneration (see the note under table 2 of this report)
Exceptional remuneration	N/A	Pierre-Olivier Brial does not receive any exceptional remuneration
Share options, performance shares or any other component of long-term remuneration	N/A	Pierre-Olivier Brial does not receive any long-term remuneration
Directors' fees	N/A	Pierre-Olivier Brial does not receive directors' fees
Valuation of benefits in kind	€21,890	Pierre-Olivier Brial has a company car and an insurance policy taken out with GSC
Remuneration, bonuses or benefits related to starting in the role	N/A	N/A
Remuneration due to an agreement	N/A	Pierre-Olivier Brial does not receive any remuneration in this regard
Other components of remuneration related to this role	N/A	Pierre-Olivier Brial does not receive any other remuneration in relation to his role

Compensation paid or to be paid for the financial year ended on 30 September 2017 that are or shall be subject to a vote by the General Meeting as part of the procedure for regulated agreements and understandings

	Amount	Presentation
Retirement benefit	No payment	Pierre-Olivier Brial is not the beneficiary of any retirement benefit (see information in the paragraph on the remuneration policy)
Non-compete compensation	N/A	Pierre-Olivier Brial does not receive any non-compete compensation
Supplementary pension scheme	N/A	Pierre-Olivier Brial does not benefit from any supplementary pension scheme within the Group

### 3. Total remuneration of the Executive Directors

The following summary tables were prepared pursuant to the provisions of Position-Recommendation No. 2014-14 of the French Financial Markets Authority (AMF).

#### Non-executive corporate officer

##### Mr. Jean-Pierre Guichard

The following information regarding Jean-Pierre Guichard is given with regard to his role as (non-executive) Chairman of the Board of Directors of the Company.

#### SUMMARY OF REMUNERATION, OPTIONS AND SHARES AWARDED (TABLE 1)

Jean-Pierre Guichard Chairman of the Board of Directors Remuneration (in euros)	2016/2017	2017/2018
Remuneration payable for the financial period (detailed in table 2)	450,000	450,000
Valuation of multi-annual variable remuneration	0	0
Valuation of options awarded during the financial period	0	0
Valuation of performance shares awarded during the year	0	0
Valuation of other long-term remuneration schemes	0	0
<b>TOTAL</b>	<b>450,000</b>	<b>450,000</b>

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#### SUMMARY OF THE REMUNERATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS (TABLE 2)

Jean-Pierre Guichard Amounts awarded during the year In euros	2016/2017		2017/2018	
	Due <sup>(1)</sup>	Paid <sup>(2)</sup>	Due <sup>(1)</sup>	Paid <sup>(2)</sup>
Fixed remuneration	450,000	450,000	450,000	450,000
Variable annual remuneration*	None	None	None	None
Multi-annual variable remuneration	None	None	None	None
Exceptional remuneration	None	None	None	None
Directors' fees	None	None	None	None
Benefits in kind – company car	None	None	None	None
Benefits in kind – GSC insurance	None	None	None	None
<b>TOTAL</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>

(1) This is the remuneration awarded to a Director with regard to the financial year, regardless of the payment date.

(2) This is the total remuneration paid to a Director on the date of the closing of accounts in respect of their duties during the financial year.

\* Variable annual remuneration: No variable remuneration is payable in respect of his duties as (non-executive) Chairman of the Board of Directors.

## Executive Directors

### Mr. Xavier Guichard

The following information regarding Xavier Guichard is given with regard to his appointment as Director and General Manager of the Company.

#### SUMMARY OF THE REMUNERATION OF THE GENERAL MANAGER

Xavier Guichard	2016/2017		2017/2018	
	Due <sup>(1)</sup>	Paid <sup>(2)</sup>	Due <sup>(1)</sup>	Paid <sup>(2)</sup>
<b>Amounts awarded during the year</b>				
<i>In euros</i>				
Fixed remuneration	341,250	341,250	345,000	345,000
Variable annual remuneration*	191,891	202,290	144,201	191,891
Multi-annual variable remuneration**	None	None	None	None
Exceptional remuneration	None	None	None	None
Directors' fees	None	None	None	None
Benefits in kind – company car	5,420	5,420	5,322	5,322
Benefits in kind – GSC insurance	None	None	None	None
<b>TOTAL</b>	<b>538,561</b>	<b>548,960</b>	<b>494,523</b>	<b>542,213</b>

(1) This is the remuneration awarded to an Executive Director with regard to the financial year, regardless of the payment date.

(2) This is the total remuneration awarded to an Executive Director for the financial year ended 30/09/2018, and all the variable remuneration in respect of their duties during the financial year ended 30/09/2017, which was paid after approval by the Combined General Meeting of 08/03/2018.

\* Variable annual remuneration:

Board of Directors	Bonus rate targeted at 100% achievement of targets <sup>(1)</sup>
Xavier Guichard	50% of gross annual fixed remuneration
	The variable portion of the remuneration is indexed to objectives based on profit before tax and on turnover, and is subject to minimum performance conditions proposed annually by the Board of Directors of Manutan International <sup>(2)</sup> .
	(1) The bonus rate may vary between 0 and 1.5 times the target bonus, depending on the achievement of objectives. The share of variable remuneration is indexed to the achievement of minimum performance targets (triggering threshold).
	(2) For confidentiality reasons non-public performance objectives were pre-established and defined in detail by the Board of Directors of Manutan International on 12 December 2018.

\*\* Xavier Guichard is also entitled to multi-annual variable remuneration determined by the Board of Directors of 18 September 2017. It is conditional upon (i) his presence on 30 September 2020, (ii) a triggering threshold regarding average Group EBIT (Operating profit/loss) on 30 September 2020 and (iii) the achievement of Group targets for turnover, EBIT (Operating profit/loss) and Group cumulative free cash-flow transactions, over a period of 5 years (ending on 30 September 2020).

The level of achievement required for these targets was specifically determined by the Board of Directors but is not made public for confidentiality reasons.

The amount of this variable long-term remuneration shall be equal (if the conditions are fulfilled) to 60% of the total gross fixed remuneration paid to Xavier Guichard between 1 October 2015 and 30 September 2020.

The bonus rate may vary between 0 and 1.5 times the target bonus, depending on the achievement of objectives.

An amount of €255,938 has been set aside for multi-annual variable remuneration for Mr. Xavier Guichard for the financial period ending 30/09/2017.

Nothing has been accrued for the 2017/2018 period in respect of Mr. Xavier Guichard's multi-annual variable remuneration for the year ended 30/09/2018.



**Mrs. Brigitte Auffret**

The following information regarding Brigitte Auffret is given with regard to her appointment as Director and Deputy General Manager of the Company.

**SUMMARY OF THE REMUNERATION OF THE DEPUTY GENERAL MANAGER**

Brigitte Auffret	2016/2017		2017/2018	
	Due <sup>(1)</sup>	Paid <sup>(2)</sup>	Due <sup>(1)</sup>	Paid <sup>(2)</sup>
<b>Amounts awarded during the year</b>				
<i>In euros</i>				
Fixed remuneration	333,750	333,750	335,000	335,000
Variable annual remuneration*	150,126	161,832	112,017	150,126
Multi-annual variable remuneration**	None	None	None	None
Exceptional remuneration	None	None	None	None
Directors' fees	None	None	None	None
Benefits in kind – company car	4,188	4,188	4,188	4,188
Benefits in kind – GSC insurance	17,122	17,122	17,355	17,355
<b>TOTAL</b>	<b>505,186</b>	<b>516,892</b>	<b>468,560</b>	<b>506,669</b>

(1) This is the remuneration awarded to an Executive Director with regard to the financial year, regardless of the payment date.

(2) This is the total remuneration awarded to an Executive Director for the financial year ended 30/09/2018, and all the variable remuneration in respect of their duties during the financial year ended 30/09/2017, which was paid after approval by the Combined General Meeting of 08/03/2018.

\* Variable annual remuneration:

Board of Directors	Bonus rate targeted at 100% achievement of targets <sup>(1)</sup>
Brigitte Auffret	40% of gross annual fixed remuneration

The variable portion of the remuneration is indexed to objectives based on profit before tax and on turnover, and is subject to minimum performance conditions proposed annually by the Board of Directors of Manutan International<sup>(2)</sup>.

(1) The bonus rate may vary between 0 and 1.5 times the target bonus, depending on the achievement of objectives. The share of variable remuneration is indexed to the achievement of minimum performance targets (triggering threshold).

(2) For confidentiality reasons non-public performance objectives were pre-established and defined in detail by the Board of Directors of Manutan International on 12 December 2018.

\*\* Brigitte Auffret is also entitled to multi-annual variable remuneration determined by the Board of Directors of 18 September 2017. It is conditional upon (i) her presence on 30 September 2020, (ii) a triggering threshold regarding average Group EBIT (Operating profit/loss) on 30 September 2020 and (iii) the achievement of Group targets for turnover, EBIT (Operating profit/loss) and Group cumulative free cash-flow transactions, over a period of 5 years (ending on 30 September 2020).

The level of achievement required for these targets was specifically determined by the Board of Directors but is not made public for confidentiality reasons.

The amount of this variable long-term remuneration shall be equal (if the conditions are fulfilled) to 50% of the total gross fixed remuneration paid to Brigitte Auffret between 1 October 2015 and 30 September 2020.

The bonus rate may vary between 0 and 1.5 times the target bonus, depending on the achievement of objectives.

An amount of €208,594 has been set aside for multi-annual variable remuneration for Mrs. Brigitte Auffret for the financial period ending 30/09/2017.

Nothing has been accrued for the 2017/2018 period in respect of Mrs. Brigitte Auffret's multi-annual variable remuneration for the year ended 30/09/2018.

**Mr. Pierre-Olivier Brial**

The following information regarding Pierre-Olivier Brial is given with regard to his appointment as Director and Deputy General Manager of the Company.

**SUMMARY OF THE REMUNERATION OF THE DEPUTY GENERAL MANAGER**

Pierre-Olivier Brial	2016/2017		2017/2018	
	Due <sup>(1)</sup>	Paid <sup>(2)</sup>	Due <sup>(1)</sup>	Paid <sup>(2)</sup>
<b>Amounts awarded during the year</b>				
<i>In euros</i>				
Fixed remuneration	323,750	323,750	335,000	335,000
Variable annual remuneration*	145,627	142,216	112,017	145,627
Multi-annual variable remuneration**	None	None	None	None
Exceptional remuneration	None	None	None	None
Directors' fees	None	None	None	None
Benefits in kind – company car	4,738	4,738	4,738	4,738
Benefits in kind – GSC insurance	14,851	14,851	17,152	17,152
<b>TOTAL</b>	<b>488,966</b>	<b>485,555</b>	<b>468,907</b>	<b>502,517</b>

(1) This is the remuneration awarded to an Executive Director with regard to the financial year, regardless of the payment date.

(2) This is the total remuneration awarded to an Executive Director for the financial year ended 30/09/2018, and all the variable remuneration in respect of their duties during the financial year ended 30/09/2017, which was paid after approval by the Combined General Meeting of 08/03/2018.

\* Variable annual remuneration:

Board of Directors	Bonus rate targeted at 100% achievement of targets <sup>(1)</sup>
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Pierre-Olivier Brial	40% of gross annual fixed remuneration	The variable portion of the remuneration is indexed to objectives based on profit before tax and on turnover, and is subject to minimum performance conditions proposed annually by the Board of Directors of Manutan International <sup>(2)</sup> .
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(1) The bonus rate may vary between 0 and 1.5 times the target bonus, depending on the achievement of objectives. The share of variable remuneration is indexed to the achievement of minimum performance targets (triggering threshold).

(2) For confidentiality reasons non-public performance objectives were pre-established and defined in detail by the Board of Directors of Manutan International on 12 December 2018.

\*\* Pierre-Olivier Brial is also entitled to multi-annual variable remuneration determined by the Board of Directors of 18 September 2017. It is conditional upon (i) his presence on 30 September 2020, (ii) a triggering threshold regarding average Group EBIT (Operating profit/loss) on 30 September 2020 and (iii) the achievement of Group targets for turnover, EBIT (Operating profit/loss) and Group cumulative free cash-flow transactions, over a period of 5 years (ending on 30 September 2020).

The level of achievement required for these targets was specifically determined by the Board of Directors but is not made public for confidentiality reasons.

The amount of this variable long-term remuneration shall be equal (if the conditions are fulfilled) to 50% of the total gross fixed remuneration paid to Pierre-Olivier Brial between 1 October 2015 and 30 September 2020.

The bonus rate may vary between 0 and 1.5 times the target bonus, depending on the achievement of objectives.

An amount of €202,344 has been set aside for multi-annual variable remuneration for Mr. Pierre-Olivier Brial for the financial period ending 30/09/2017.

Nothing has been accrued for the 2017/2018 period in respect of Mr. Pierre-Olivier Brial's multi-annual variable remuneration for the year ended 30/09/2018.

**SUMMARY TABLE (TABLE 11)**

	Employment Contract		Bonuses or benefits payable or likely to be payable due to the termination or change of functions		Supplementary pension scheme		Indemnities relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Jean-Pierre Guichard</b> Director and Chairman of the Board of Directors Appointment start date: 19 March 2013 Appointment expires: General Meeting 2019		X		X		X		X
<b>Xavier Guichard</b> Director and General Manager Appointment start date: 19 March 2013 Appointment expires: General Meeting 2019	X <sup>(1)</sup>			X		X		X
<b>Brigitte Auffret</b> Director and Deputy General Manager Appointment start date: 19 March 2013 Appointment expires: General Meeting 2019	X <sup>(2)</sup>		X			X		X
<b>Pierre-Olivier Brial</b> Director and Deputy General Manager Appointment start date: 19 March 2013 Appointment expires: General Meeting 2019	X <sup>(3)</sup>		X			X		X

(1) Xavier Guichard holds an employment contract signed with Manutan International. This contract has been suspended since 30 November 2011 by a decision of the Board of Directors taken on the same day. The continuation of the employment contract is justified due to the period of service of the employment contract; the contract was signed on 30 June 2002.

(2) Brigitte Auffret holds an employment contract with Manutan International. This contract has been suspended since 1 April 2008. As Deputy General Manager, Brigitte Auffret is not covered by the MiddleNext Code recommendations on combining an employment contract with an appointment as a corporate officer. Brigitte Auffret benefits from retirement benefit.

(3) Pierre-Olivier Brial holds an employment contract signed with Manutan International. This contract has been suspended since 20 January 2016 by a decision of the Board of Directors. The continuation of the employment contract is justified due to the period of service of the employment contract; the contract was signed on 1 October 2001. Pierre-Olivier Brial benefits from retirement benefit.

**Stock options and free shares (tables 4 to 10)**

No option for the subscription or purchase of shares and no performance shares have been awarded to the Managing Directors during the year. The latter have not exercised any options, as no scheme was in force in the Company. Therefore, tables 4 to 10 of AMF Position-Recommendation No. 2014-14 do not apply to the Company.

**Directors' fees (table 3)**

In accordance with the provisions of the Board of Directors' internal rules, every Director may receive Directors' fees, the amount of which is voted by the Ordinary General Meeting, and the allocation of which is decided by the Board of Directors, on the suggestion of the Appointments and Remuneration Committee, as follows:

- Directors who also serve as either Chairman of the Board or as Executive Managers (Chairman of the Board of Directors, General Manager or Deputy General Manager) do not receive Directors' fees;

- the Board will allocate Directors' fees on a pro rata basis for Directors who are not part of the management team according to the time that they devote to their role as Directors and as a member and/or Chairman of the Audit Committee and the Appointments and Remuneration Committee.

Every Director shall have the right to reimbursement of the travel costs incurred as part of the fulfilment of their duties.

The Combined General Meeting of 30 November 2011 allocated to the Board of Directors a fund for the purposes of directors' fees of a maximum amount of €150,000 until otherwise decided.

Directors' fees paid to members of the Board of Directors amounted to €124,500 at 30 September 2018 (€117,500 for the financial period ended on 30 September 2017) broken down as follows:

Members of the Board of Directors during the financial year	Financial period	
	2016/2017	2017/2018
<i>In euros</i>		
Jean-Pierre Guichard – Chairman of the Board	-	-
Xavier Guichard – General Manager	-	-
Brigitte Auffret – Deputy General Manager, Director	-	-
Pierre-Olivier Brial – Deputy General Manager, Director	-	-
André Guichard – Honorary Chairman	-	-
Claudine Guichard – Director	-	-
Nicolas Huet – Director	27,500	10,000
Carlo d'Asaro Biondo – Director	32,500	33,000
Jérôme Lescure – Director	27,500	35,500
Violette Watine – Director	20,000	23,000
Benoîte Kneib – Director	10,000	23,000
<b>TOTAL</b>	<b>117,500</b>	<b>124,500</b>

No compensation other than Directors' fees and the remuneration paid to the Chairman of the Board of Directors was paid to non-executive members of the Board of Directors during the 2017/2018 financial year.

## — Internal control and risk management procedures

The report covers all entities within the Manutan Group, both operational and holding companies.

This report was prepared by the Chairman of the Board of Directors, with the support of various participants from internal control and more particularly the internal control and risk management unit that led the project.

### 1 Internal control and risk management procedures

#### 1.1 Definition of internal control

Within the Manutan Group, internal control is a procedure defined and implemented by the Executive Management, with the responsibility of all its employees.

It plays a key role in the performance and management of the different operations by assisting in preventing and controlling the risks of failing to achieve the targets fixed by the Company.

Internal control aims to ensure:

- compliance with laws and regulations;
- the application of the instructions and directions set by the Executive Management;
- that internal Company procedures operate correctly, in particular those contributing to safeguarding assets;
- the accuracy of financial information.

It contributes in a general manner to the management of activities, the effectiveness of the operations and the efficient use of resources. However, internal control cannot provide an absolute guarantee that the Company's targets will be achieved.

Consequently, the primary objective of the current internal control procedure within the Manutan Group is to provide Managing Directors, the Board of Directors and Shareholders with reasonable assurance that:

- the risks to which the Group is subject are identified and managed;
- the published financial statements are prepared on a reliable basis that accurately reflects the operations and position of the Company;
- the Group's operations comply with the law and regulations in force, as well as Group values and rules whilst preserving the Company's assets.

The implementation of good internal control practices also contributes to the reduction in risk of fraud and error within the Group.

#### 1.2 Guidelines used by the Manutan Group

This draws its inspiration from the reference framework on the procedures for risk management and internal control systems for small and medium-sized listed companies, published on 22 July 2010 and updated on 26 October 2016 by the AMF (French Financial Markets Authority) and based on the internal control guidelines known as COSO (Committee of Sponsoring Organizations of the Treadway Commission).

## 2 The Manutan Group's internal control environment

The procedure in place within the Manutan Group is coordinated by a unit dedicated to risk management and internal control.

This unit depends on an operational organisation over different levels within the Corporate Finance department at the Group head office under the management of the Executive Management.

It is responsible for communications and awareness measures regarding this area. It aims to achieve better risk management and a higher level of performance.

### 2.1 General organisation of the Manutan Group

The Manutan Group is organised into operational areas (South, Centre, North, West and East), covering all subsidiaries, and is led by the parent company Manutan International.

In this respect, Manutan International hosts Group functional managements (Marketing and Purchasing, Information Systems, Corporate Finance, Human Resources, Communication) that exercise a control function and provide expertise, advice and business-wide support.

The Managers of the operational areas are responsible, within their area, for the implementation of the strategy and the achievement of objectives set by the Group Executive Committees. The subsidiaries, within the areas, manage their operations in the various countries where the Group is present. Reporting to the Area Manager, they implement the Group's policy, while taking account of specific local conditions. To do this, they refer to the guidelines and procedures defined by the Group.

### 2.2 Participants in internal control

Internal control is everybody's business, from the governing bodies of the Group to all Manutan Group employees.

Even though "management" is responsible for the implementation of good internal control practices, the risk management and internal audit team is in charge of applying and coordinating procedures throughout the Group.

The risk management and internal audit unit is part of the Group Financial Management and reports to the Executive Management and the Audit Committee.

The risk management and internal audit unit defines the structure and procedures for the Group's internal control together with all key operating and functional staff. It also ensures that the rules laid down are applied.

#### **Executive Management**

Management of the Manutan Group is entrusted to the Executive Management that defines the action plans required for the implementation of the Group's strategy. It also ensures the uniformity and consistency of practices within all the Group's subsidiaries.

Management is based on a functional and operational organisation of the departments within the group with defined duties, responsibilities and expertise.

#### **Board of Directors**

The Board of Directors has a driving role in implementing internal control both by defining guidelines and internal standards and in inspecting their application. It also monitors the manner in which they are converted into action plans.

The Board of Directors is thus involved in local strategic decision-making (investments, development plans, etc.) within the limits of the duties contractually set with the managing directors. This presence guarantees local action in line with Group strategy.

#### **Audit Committee**

The Audit Committee is responsible for monitoring the procedure for the preparation of financial information, the effectiveness of internal control and risk management systems.

#### **Group Financial Management**

The preparation of Group accounting and financial information is the responsibility of the Group Finance Department which supervises the work carried out by local finance departments. In this way, the Top Management relies mainly on:

- the Consolidation Division: it is responsible for preparing the interim and annual consolidated financial statements and the related closing instructions. It defines and distributes the Group standards and must ensure the reliability of the accounting information. It must also establish the guidelines for managing taxes, cash and relations with investors;
- the Risk management and internal audit division: it defines and implements the guidelines for internal audits. It also deploys the risk management system by in particular regularly updating the cartography of risks and offering appropriate action plans. The department dedicated to this procedure also directs the internal control work and audits through financial or operational business-wide assignments in the subsidiaries. It is also responsible for assessing, processing and raising awareness amongst managers regarding the Group's exposure to inherent risks to achieving the strategic objectives;
- the Management Control Division: this is a key player in operational control for the Group. Its main role is to regularly check operational performance by implementing reports and defining KPI – Key Performance Indicators. It deals directly with the operational realities of subsidiaries and may participate in the resolution of management difficulties beyond the single area of finance;
- the Legal Division: it monitors compliance with laws, regulations and rules of procedure for the delegation of powers and responsibilities within the Group.

Legal control is ensured by the presence of at least one of the members of the Group Board of Directors at the Boards of Directors of companies leading an operational area.

### **3 Procedures relating to the preparation and processing of accounting and financial information**

The proper application of Group accounting and financial principles is verified by Group Financial Management, as well as by the local Statutory Auditors.

Group Financial Management also provides advice and support in dealing with specific problems and non-current transactions.

The Board of Directors reviews the annual and interim financial statements as well as the management information presented thereafter to the Audit Committee and the Board of Directors.

The preparation and analysis of financial information is based on an integrated process, from the budgetary procedure and reporting process to the preparation of consolidated financial statements audited by the Statutory Auditors.

#### **3.1 The budgetary procedure**

The Group Financial Management is responsible for overseeing the budgetary procedure. The Manutan Group's budgetary procedure is managed according to an annual calendar. Budgets for countries and operating areas are generated on the basis of guidelines issued by the Board of Directors of Manutan International and discussions between Operating Management, the Group Financial Department and cross-functional departments.

Draft budgets for the areas are presented for each area during an official review between the Board of Directors and the Operational Managers: the strategic directions, the projects and the associated means as well as the detailed resulting objectives are commented on.

Following any revisions requested by the Board of Directors, the budgets for the operating areas and accordingly those of the corresponding companies are then validated.

The draft Group budget is then amended to its final version. The Group's targets and their financial impact are drawn from it and presented to and shared with the Group's senior Management team and its main managers.

Overall consistency is thus assured, with regard to the Group and its operating areas, areas with its countries, and Functional Top Management and Operating Top Management. The budget serves as a benchmark throughout the year. Forecasts are reviewed and revised on a quarterly basis.

#### **3.2 The reporting procedure**

Group reporting consists of monthly monitoring of the performance of the entities by means of specific indicators whose coherence and accuracy are reviewed by the Group Financial Management: these are standard financial indicators, based on the income statement, the balance sheet and analysis of cash flows, and also indicators to measure performance and the achievement of quantified objectives.

#### **3.3 The consolidation procedure**

The Manutan Group prepares consolidated financial statements to the IFRS standards every quarter as part of its internal management. Only the interim and annual consolidated financial statements are published today.

To achieve this, a detailed planning schedule and a description of the various steps and related duties are prepared for every quarterly closing of consolidated financial statements. A systematic review of the financial statements is carried out, as well as a review of the consistency with the IFRS standards, the Group accounting principles and compared to performance objectives. The audit points revealed by the Local Statutory Auditors are also treated. They are accompanied by a list of information and documents to be provided in a consolidation package (e.g. representation letter, information for the notes to the consolidated financial statements, etc.).

The consolidation, a key step in the preparation of Group accounting and financial information, is carried out centrally by the Group Financial Management on the basis of the subsidiaries' consolidation packages, validated previously by local management and the Statutory Auditors and analysed by Group Financial Management.

The consolidation process is structured around various information exchange and validation meetings. A local closing meeting, for interim and annual closings, is organised for every Group subsidiary. This brings together the local financial staff (frequently together with the Managing Director of the subsidiary), a representative of Group Financial Management and the local Statutory Auditors.

#### **3.4 Use of Statutory Auditors' reports**

The Group internal control and risk management team manager summarises and reports all audit issues brought to his/her attention by the Statutory Auditors. He or she then ensures the internal audit follow-up on all of these issues, and participates as appropriate, in the implementation of corrective measures.

#### **3.5 Description of the Information System**

All information that serves as a basis for the preparation of the consolidated financial statements is managed by a single integrated tool that is shared by all Group companies and recognised as a benchmark in the market.

This tool is controlled by the Group Financial Management and brings together, in a unique format and guidelines, the various phases of financial information generation: budget, reporting and preparing consolidated financial statements.

All analyses and discussions relating to financial information are based on information generated from this common tool.

## **4 Risk assessment and audit activities**

The internal control and risk management unit is responsible for raising awareness about risk management amongst all the internal participants. Its role is not limited to defining the standards and auditing that they are correctly applied: it actively monitors the deployment of

corrective actions and the reduction of anomalies detected in the application of the Group procedures.

The internal control unit is responsible for developing and drafting Group procedures aimed at structuring and improving internal control.

The implementation of the Group risk management policy has made it possible to identify the following risks (see the "Issuer's risk Factor" section page 81 et seq. of this document):

- financial risks: risks related to the market, rates, liquidity, exchange, shares, customer credit, the economic climate and raw materials;
- operational risks: the risks of the failure of a transporter, risks related to the information systems, to competition, acquisitions, the protections of ethical and corporate assets, or to reputation;
- industrial and environmental risks;
- legal risks.

In order to implement internal management of audits to ensure continuing improvement, the projects related to internal control and risk management result in the creation of various documents and tools, which are valuable points of reference for Manutan Group employees.

By agreement with the Audit Committee, the work carried out over the previous financial period was essentially centred on continuing risk assessment with a specific focus on: the processes for managing cash at the level of subsidiaries and at the Group level, the implementation of a new internal audit referential for certain activities, monitoring IT risks and cyber-security risks, a review of the process of the sales department, and mapping risks of corruption in the context of compliance with the French Sapin 2 Law.

Specific assignments aimed at verifying the reliability of financial information and the implementation of new procedures (particularly in the areas of IT, finance and sales, etc.) were also performed. Awareness raising actions also continued over the financial period, with the development of working meetings with the managers of the Group's different subsidiaries, and the deployment of specific IT projects coordinated by the Data Security Systems Manager (RSSI) and the internal control unit.

The risk management unit also carried out a number of specific assignments in different entities such as:

- assisting with the closing of accounts;
- implementing and deploying control procedures and activities;
- reviewing the monthly financial performance analysis carried out within the Group's entities;
- conducting audits of cash management processes at several subsidiaries.

The consolidated financial statements are also reviewed quarterly by Group Financial Management, which presents their analysis to the Board of Directors and the Audit Committee. Emphasis is placed on developing turnover, income and cash position relative to the budget, as well as on an analysis of major risks.

## 5 Outlooks

The Manutan Group is committed to a continuing improvement approach for its procedures. The priorities identified in previous years (expenditure commitment management, securing of financial flows, inventory management, purchase management, IT and information systems security, and cash management) are still relevant issues according to the audits conducted and will form the guiding basis for the involvement of the internal control and risk management unit over the next year. The Group has also deployed projects to enter into compliance with laws, by instigating for example a system to prevent corruption (Sapin 2 Law) or protecting personal data (GDPR).

Work on increasing the security of our IT systems will intensify, particularly regarding the deployment of several exercises with the Group's new ERP system.

The organisational challenges facing the Group will also remain a major line of work for the unit.

Particular attention will continue to be paid to monitoring major ongoing projects, through audits performed at key stages in the subsidiaries, as well as through monitoring risks relating to costs, deadlines, and quality.

Furthermore, the Company will continue to remain informed of changes in the AMF (French Financial Markets Authority) Reference Framework.

## — Special report of the Statutory Auditors on regulated agreements and commitments

General Meeting of Shareholders called to ratify the financial statements for the year ended 30 September 2018

To the General Meeting of Shareholders of Manutan International SA,

In our capacity as Statutory Auditors for your Company, we hereby present to you our report on regulated agreements and commitments.

It is our duty to inform you, based on the information made available to us, of the features and the essential terms of the agreements and commitments of which we have been advised or that we have discovered during our assignment and the reasons justifying their interest to the company, though we are not obliged to comment on their usefulness or their value or to seek out other agreements or commitments. It falls to you, under the terms of Article R. 225-31 of the French Commercial Code, to assess the value of the conclusion of these agreements and commitments with a view to their approval.

It is also our duty, where appropriate, to inform you of the information provided for by Article R. 225-31 of the French Commercial Code regarding the performance, over the financial year ended, of the agreements and commitments previously approved by the General Meeting.

We have performed such procedures as we considered necessary in accordance with professional guidance issued by the national auditing body [the Compagnie nationale des Commissaires aux Comptes] regarding this assignment. These procedures consisted of verifying that the information provided to us was consistent with the data in the documents from which it was drawn.

### Agreements and commitments submitted for approval by the General Meeting

#### Agreements and commitments authorised and concluded during the financial year last ended

We hereby inform you that we have not been advised of any agreement or commitment authorised during the year to be submitted to the approval of the General Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code.

#### Agreements and commitments authorised since the closing of accounts

We have been informed of the following agreements and commitments, authorised since the closing of accounts for the financial year ended, which have been given prior authorisation by the Board of Directors of your Company.

#### 1. Renewal of the commitment regarding the end-of-service indemnities of Pierre-Olivier Brial, which may be payable due to termination of the employment contract, and the related conditions of performance

##### **Person concerned:**

Pierre-Olivier Brial, Deputy General Manager.

##### **Nature, purpose and terms:**

In its meeting of 12 December 2018, your Board of Directors renewed the commitment made in the terms of Article L. 225-42-1 of the French Commercial Code regarding the end-of-service indemnity that may be due to him by reason of the termination of his employment contract, as well as the related performance conditions.

This agreement provides for Pierre-Olivier Brial to receive a contractual termination indemnity in respect of his employment contract, the terms of which are:

With the exception of dismissal for serious misconduct, gross negligence or force majeure, dismissal on the grounds of physical inability as decided by the company doctor, retirement, or voluntary departure (resignation, retirement or termination of the employment by mutual consent), Pierre-Olivier Brial shall benefit from contractual compensation for the termination of his employment contract in addition to the legal severance pay. This contractual indemnity for termination includes the entire amount of the agreed termination indemnity.

The amount of this gross indemnity is set at 21 (twenty-one) months' salary (fixed basic salary + bonus but excluding exceptional incentives).

This indemnity shall be governed by the applicable social and fiscal rules at the time of payment and may therefore be subject in its entirety to employer's and employee's social security charges.



Payment of this indemnity is conditional on the achievement of both the following performance conditions:

- average current operating profit over the three (3) years preceding notification of termination of the employment contract to be maintained above 4% of turnover; and
- stable positive consolidated net income over the past three (3) financial years preceding the notification of the termination of the employment contract.

These two cumulative conditions will be based on the consolidated net income and turnover of the Manutan group. Achievement of these objectives will be measured on the basis of the consolidated accounts for the last three (3) financial years prior to the notification of the termination of the employment contract as approved by the Board of Directors and certified by the Statutory Auditors.

If Pierre-Olivier Brial's office as Deputy General Manager should come to an end for any reason whatsoever, these performance conditions governing the granting of the contractual indemnity would become null and void at the end of a period of eight months from the date of cessation of the corporate office.

**Reasons:**

In view of the extent of the powers and responsibilities entrusted to Pierre-Olivier Brial in his capacity as Deputy General Manager and the investment required by these functions, it became apparent that it was in the Company's interest to cement good understanding and future relations with its Deputy General Manager by granting him an indemnity in the event of termination of his employment contract.

## 2. Renewal of the commitment regarding the end-of-service indemnities of Brigitte Auffret, which may be payable due to termination of the employment contract, and the related conditions of performance

**Person concerned:**

Brigitte Auffret, Deputy General Manager

**Nature, purpose and terms:**

In its meeting of 12 December 2018, your Board of Directors renewed the commitment regarding the end-of-service indemnity that may be due to her by reason of the termination of her employment contract, as well as the related performance conditions.

This agreement provides that Brigitte Auffret's contractual end-of-service indemnity in respect of her employment contract is as follows:

With the exception of dismissal for serious misconduct, gross negligence or force majeure, dismissal on the grounds of physical inability as decided by the company doctor, retirement, or voluntary departure (resignation), the Company undertakes to pay Brigitte Auffret contractual compensation for the termination of her employment contract for any reason other than those referred to above, in addition to the legal severance pay.

The amount of this gross compensation is fixed at 21 (twenty-one) months' salary (fixed basic salary + bonus but excluding exceptional incentives).

This compensation shall be governed by the social and fiscal rules applicable at the time of its payment.

The payment of the above mentioned compensation is conditional on the achievement of the following performance conditions:

- average current operating profit over the three years preceding notification of termination of the employment contract to be maintained above 4% of turnover; and
- stable positive consolidated net income over the past three financial years preceding the notification of the termination of the employment contract.

These two cumulative conditions shall be based on the consolidated turnover of the three financial years preceding the notification of the termination of the employment contract. If Brigitte Auffret's corporate office as a member of the Board of Directors were to come to an end for any reason whatsoever, these performance conditions governing the granting of contractual indemnity would become null and void at the end of a period of eight (8) months from the date of cessation of the corporate office.

This provision is motivated by the seniority of Brigitte Auffret as a member of the Management Board and the Executive Management (25 January 2002), then as a member of the Board of Directors and Deputy General Manager since 30 November 2011.

**Reasons:**

In view of the extent of the powers and responsibilities entrusted to Brigitte Auffret in her capacity as Deputy General Manager and the investment required by these functions, it became apparent that it was in the Company's interest to cement good understanding and future relations with its Deputy General Manager by granting her an indemnity in the event of termination of her employment contract.

## Agreements and commitments previously approved by the General Meeting

### Agreements and commitments approved during previous financial years the performance of which continued during the financial year last ended

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed of the performance of the following agreements and commitments, previously approved by the General Meeting during previous financial years, which continued during the financial year last ended.

#### 1. Agreement concluded with a member of the Board of Directors: Suspension of employment contract

##### **Person concerned:**

Pierre-Olivier Brial, Deputy General Manager.

##### **Nature, purpose and terms:**

Your Company has suspended the employment contract of Pierre-Olivier Brial in the terms of Article L. 225-38 of the French Commercial Code, for the following reasons:

In 2015, changes to the organisation of Manutan International have been planned, which shall in particular result in a change to the organisational structure, particularly regarding the Group functions that shall be redistributed between the General Manager and the Deputy General Managers.

This change revealed that it would also be necessary to change the legal status of Pierre-Olivier Brial, who, under the new organisation, shall be assigned the responsibility for the strategic development of IronmongeryDirect in England and Manutan Collectivités in France.

Taking into account the nature and scope of the responsibilities that will be assigned to him, it seems inappropriate to continue the situation of combining an employment contract and a corporate office.

Indeed, in order to be valid, such a combination is subject to several conditions including continuing the distinct technical functions of the employment contract and the hierarchical subordination.

In view of the organisational changes referred to above, it is evident that under the new organisation Pierre-Olivier Brial will move more towards a supervisory role, validating the business strategy and business plans implemented by the Managing Directors of the regions. As such, Pierre-Olivier Brial will have a greater role in managing the subsidiaries.

It will therefore become increasingly difficult to make a distinction between the functions devolved to Pierre-Olivier Brial as corporate officer and the technical functions that necessarily characterise an employment contract.

Moving to a role of setting the strategy for the Divisions, for which he will be responsible in addition to his supervisory role, will also make it more difficult to define the hierarchical reporting lines required for an employment contract.

For all these reasons, the validity of combining a corporate office with an employment contract could be called into question.

- The suspension of the employment contract will be effective throughout the term of office of Pierre-Olivier Brial as Deputy General Manager or any executive corporate office within the company that may subsequently be assigned to him by the Board, from the date of signing of said suspension agreement.
- In the event of non-renewal or cessation of Pierre-Olivier Brial's office of Deputy General Manager of the Company for whatever reason and regardless of on which party's initiative, the employment contract between the Company and Pierre-Olivier Brial will immediately come back into effect.

He will resume his previous position as Marketing and Group development Manager and will receive annual remuneration of an equivalent amount to the last annual remuneration (fixed, bonus and benefits in kind, with the exclusion of GSC (insurance for loss of employment)) granted in respect of his corporate office.

The entire period of suspension of the employment contract due to the performance of his office will be taken into account in the calculation of his years of service in the Company.

The agreement to suspend the employment contract and the commitment relating to the contractual indemnity for termination of the employment contract, as well as the associated performance conditions, were authorised by the Board of Directors on 20 January 2016.

## 2. Agreement concluded with three members of the Board of Directors: Provident and medical expenses schemes for Xavier Guichard, Brigitte Auffret and Pierre-Olivier Brial in their capacity as corporate officers analogous to executive employees

### **Persons concerned:**

- Xavier Guichard, General Manager;
- Brigitte Auffret, Deputy General Manager;
- Pierre-Olivier Brial, Deputy General Manager.

### **Nature, purpose and terms:**

On 30 November 2011 your Board of Directors authorised Xavier Guichard, Brigitte Auffret and Pierre-Olivier Brial, in their capacity as Corporate Officers analogous to executive employees, to benefit from the Group provident and medical expenses schemes applicable to the Company.

## 3. Agreement concluded with a member of the Board of Directors: Provident and applicable medical expenses schemes taken out for Jean-Pierre Guichard in his capacity as a corporate officer analogous to an executive employee

### **Person concerned:**

Jean-Pierre Guichard, Chairman of the Board of Directors.

### **Nature, purpose and terms:**

On 14 December 2011, your Board of Directors authorised Jean-Pierre Guichard, in his capacity as a Corporate Officer analogous to an executive employee, to benefit from the Group provident and medical expenses schemes applicable to the Company.

## 4. Authorisation of an interest-free loan to the Inter-Company Restaurant Association at the Manutan European Centre

### **Person concerned:**

Xavier Guichard, General Manager.

### **Nature, purpose and terms:**

On 12 December 2013, the Board of Directors retroactively authorised your Company to grant, on 31 March 2012, an interest-free loan, in an amount of €946,894.50 (nine hundred and forty-six thousand, eight hundred and ninety-four euros and fifty cents) for a term of 10 (ten) years, to its subsidiary Association du Restaurant Inter-Entreprises du Centre Européen Manutan (Inter-Company Restaurant Association of the Manutan European Centre), in order to finance its fixed installations, to the exclusion of any other use.

The reimbursement of this loan has given rise to a schedule of payments, by constant annuities over ten years, payable until 31 March 2022.

At 30 September 2018, the balance stood at €378,757.20.

## 5. Agreement concluded with a member of the Board of Directors: Suspension of the employment contract of Xavier Guichard

### **Person concerned:**

Xavier Guichard, General Manager.

### **Nature, purpose and terms:**

On 30 November 2011, the Board of Directors of your Company suspended the employment contract of Xavier Guichard, in his capacity as a corporate officer.

The suspension of the employment contract takes effect for the full term of office of Xavier Guichard as Deputy General Manager, from the date of signing of said suspension agreement.

In the event of the non-renewal or cessation (regardless of the cause or the initiating party) of his corporate office as Deputy General Manager, or any executive office, in particular as General Manager, entrusted by the Board of Manutan International, the existing employment contract between the company Manutan International and Xavier Guichard will immediately resume its effect.

Xavier Guichard will resume his previous position as Executive Manager or, if this position is not vacant, a position that is at least equivalent in terms of qualification and level of responsibilities within said Company or another company of the Manutan Group, in France. In the latter case, Manutan International shall guarantee that the new employer will replicate the undertakings in the agreement in favour of Xavier Guichard.

He shall receive an annual remuneration of an equivalent amount to the last annual remuneration (fixed, bonus and benefits in kind) granted under the terms of his corporate office.

The entire period of suspension of the employment contract of Xavier Guichard, due to his corporate office, will be taken into account in the calculation of his years of service in the Company.

## 6. Agreement concluded with a member of the Board of Directors: Suspension of the employment contract of Brigitte Auffret

### **Person concerned:**

Brigitte Auffret, Deputy General Manager.

### **Nature, purpose and terms:**

In view of the change in the way the company is administered, and the resulting end of the term of office as member of the Management Board and General Manager of Brigitte Auffret, and her appointment as Deputy General Manager, on 30 November 2011, your Board of Directors authorised the signing of an amendment to the agreement to suspend the employment contract of Brigitte Auffret, member of the Board of Directors and Deputy General Manager, with regard to her employment contract as Group Administrative and Finance Director, concluded on 1 April 2008, the principle conditions of which are as follows:

- the suspension of the employment contract shall take effect for the full term of the appointment of Brigitte Auffret as Deputy General Manager, from the day of signing of said suspension agreement;
- in the event of the non-renewal or cessation (regardless of the cause or the initiating party) of her office as Deputy General Manager of Manutan International, or any other executive office entrusted by the Board of Manutan International, the existing employment contract between Manutan International and Brigitte Auffret shall immediately come back into effect;
- Brigitte Auffret will resume her previous position as Group Administrative and Finance Director or, if this position is not vacant, a position that is at least equivalent in terms of qualification and level of responsibilities within said Company or another company of the Manutan Group, in France. In the latter case, Manutan International shall guarantee that the new employer will replicate the undertakings in the suspension agreement in favour of Brigitte Auffret;
- she shall receive annual remuneration of an equivalent amount to the last annual remuneration (fixed, bonus and advantages in kind, with the exclusion of GSC (insurance for loss of employment)) granted in respect of her corporate office;
- the entire period of suspension of the employment contract of Brigitte Auffret, due to her mandate, shall be taken into account in the calculation of her seniority in the Company.

## 7. Agreement concluded with Manutan N.V. (Belgium): brand licensing agreement

### **Persons concerned:**

- Xavier Guichard, General Manager;
- Brigitte Auffret, Deputy General Manager;
- Pierre-Olivier Brial, Deputy General Manager.

### **Nature and purpose:**

On 1 July 2002 the Supervisory Board authorised your Company to retroactively grant a licence for the Manutan brand to its subsidiary Manutan N.V. for a term of ten years from 1 October 2000, renewable by tacit agreement.

In its meeting of 16 January 2017, the Board of Directors authorised the renewal of this brand licensing agreement for a term of three years, on the same terms, until 30 September 2019.

In consideration of the operation of this licence, Manutan N.V. undertook to pay your Company an annual fee of 1.5% of its turnover before tax.

### **Terms:**

The amount invoiced to the subsidiary Manutan N.V. for the financial year ended 30 September 2018 amounted to €654,683.40.

The Statutory Auditors

Nantes, 31 January 2019

**KPMG Audit**  
**Department of KPMG S.A.**

Franck Noël  
*Partner*

Courbevoie, 31 January 2019

**Mazars**

Anne Veaute  
*Partner*



# 4

## COMMENTS ON THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

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## — Highlights

### Manutan made it into the Best Workplaces Belgium rankings for 2018

The Great Place To Work institute awarded its certification to Manutan Belgium, in recognition of the company's work in putting in place an HR culture that promotes training, innovation, involvement, internal mobility and employee pride. These best practices show that it is possible to reconcile human development and economic performance.

#### Digitisation at the customer's service: e-procurement solutions

Customer relations are at the heart of our business. Simplifying customers' interactions with our departments by implementing digital tools allows us to facilitate commercial exchanges and develop our business. The successful deployment of our e-procurement solutions

allowed us to conduct nearly 46.5% of our transactions with enterprises and Manutan Collectivités through this channel.

#### Successful roll-out of the Group ERP in the Netherlands

This past year the group rolled out its ERP in its Dutch subsidiary. This was a major step in our customer-oriented strategy which consists in combining all group processes in the interests of greater effectiveness, reliability and also visibility of our day-to-day operations, and to facilitate planning. This tool contributes to our group's joining the ranks of the data-based decision takers, thus enhancing the overall customer experience.

## — Manutan Group results and outlook

**The increase in turnover and income continued over the financial year, driven in particular by organic growth and prudent management of the cost structure.**

**During the year, the Group continued to improve its financial structure, while at the same time financing its investment projects with equity. Trusting in our business model, we will continue our development strategy of:**

- **supporting growth in activity (pushing Offering, Digital and Trading);**

- **investing and innovating to stand out (storage capacity, digital tools, roll-out of new services, etc.);**
- **raising our profile through our external communication;**
- **strengthening our culture and our employees' potential through our College;**
- **seizing opportunities for acquisition.**

### Increase in turnover driven by organic growth

The Group's activity grew by 5.1% over the whole financial year 2017/2018, at constant exchange rates, scope and days, driven in particular by strong performances from entities with a well-established presence in the Group (Manutan France, Belgium, the Netherlands, and Southern and Eastern countries).

The negative exchange effect is -0.4%, mostly related to the fall of sterling and the Swedish krona. There were no changes in perimeter in the year 2017/2018. The days worked effect is also negative, down by -0.1%, with in particular two fewer working days in Belgium and the Netherlands.

For the year as a whole, the Group presents a flat landscape:

- **first quarter (October to December 2017): up by 6.6% (as against an increase of 1.7% in 2016), up by 6.9% on a like-for-like basis, i.e. at constant scope, exchange rates and working days;**
- **second quarter (January to March 2018): up by 2.4% (as against an increase of 8.9% in 2017), up by 4.7% on a like-for-like basis;**
- **third quarter (April to June 2018): up by 8.4% (as against a decrease of 0.3% in 2017), up by 8.4% on a like-for-like basis;**
- **fourth quarter (July to September 2018): up by 1.3% (as against an increase of 5.4% in 2017), up by 0.6% on a like-for-like basis.**



## Sustained operating profitability

Recurring operating profit for the year was up by 8.7% at €57.3 million, compared with €52.7 million the previous year, and amounted to 7.7% of sales compared with 7.4% the previous year.

This improvement is mainly due to the growth dynamic of turnover and good management of operating expenses, which represented 29.9% of turnover as against 30.2% in the previous financial year.

After taking account of non-recurring items, operating profit was up by 6.1%, while as a percentage of turnover it increased from 7.6% to 7.7% over the period 2017/2018.

These non-recurring items mainly concern restructuring costs and transactions with assets.

## Net income up

Net income was up by 5.4% compared with the previous financial year. It came to 5.6% of turnover, compared with 5.5% for the previous financial year. The fall in financial expenses was partly offset by the increase in the Group's

effective tax rate (27.3% in 2017/2018 as against 25.8% in 2016/2017, with increased profits countries with high tax rates such as France).

# — Financial structure and investment policy

## Financial structure still just as solid

### Financial structure

Since its foundation, the Group's long-standing philosophy with regard to its financial policy has consisted in financing its operating investments (mainly IT solutions, marketing projects and logistics resources), as well as organic and/or external growth, mainly from internally generated resources. This policy ensures that the Group enjoys a sound and durable financial structure.

However, in order to preserve its investment capacity and the ability to seize opportunities for external growth, the Group has chosen to lease finance its HEQ (High Environmental Quality) European Centre in the Île-de-France (Greater Paris) region. Thus, at 30 September 2018, the Group reported long-term financial debt of €33 million (down by €16.8 million relative to the previous financial year). This change was mainly due to repayment of our borrowings during the year.

The Group's financial position remains sound, its long-term debt representing 5.2% of the balance sheet total, compared with 8.1% one year earlier. The ratio of equity to permanent capital thus comes to almost 91.9%. In addition, the Group has confirmed credit lines and authorised overdrafts from its banking partners for a total amount of €20.5 million. These lines can be drawn at any time.

Available cash (cash net of short-term financial debt) fell from €87.1 million to €72.2 million as a result of changes in WCR, repayment of borrowings and various investments.

### This change can be analysed as follows:

- an increase of 2.3% in the free cash flow, which came to €55.9 million;
- a €24.6 million increase in working capital requirements, of which:
  - €15 million in operating items (inventories, customer receivables and supplier payables): the deterioration is explained by longer collection periods for customer receivables, particularly at Papeteries Pichon, Manutan France and Manutan Netherlands, mainly linked to the implementation of recovery software applications and to an increase in inventory levels corresponding to a development strategy of the Group,
  - €9.5 million in other non-operating items (miscellaneous receivables and payables and taxes);
- a sustained level of capital expenditure in support of the Group's development:
  - intangible assets of €4.1 million relating mainly to BPSA (Business Processes & Systems Alignment) development costs and in-house projects,
  - capital expenditure on property, plant & equipment of €15 million, mainly concerning the project for the new warehouse of Papeteries Pichon and various refurbishments at Ironmongery;
- investments for the three previous years are summarised hereunder:

### 2016/2017:

- investment in intangible assets of €2.9 million corresponding mainly to the acquisition costs in the Group,
- capital expenditure on property, plant & equipment of €3.8 million concerning the renovation of IT equipment and fitting out of various warehouses;

**2015/2016:**

- investments of €5.0 million in intangible assets, mainly corresponding to the overhaul of the information systems,
- capital expenditure on property, plant & equipment of €3.7 million concerning the renovation of IT equipment and fitting out of various warehouses,
- net impact of the acquisition of the shares in Essex Electrical Wholesalers for €3.0 million;

**2014/2015:**

- investments of €11.3 million in intangible assets, mainly corresponding to the overhaul of the information systems,
- investment in property, plant and equipment of €4.8 million corresponds to the integration of the fixed assets of Papeteries Pichon, the renovation of our buildings in the Czech Republic and the renewal of the servers and computers,
- net impact of the acquisition of the shares in Papeteries Pichon for €69 million.

**Real estate**

The operation of storage warehouses is a key element of the Group's logistics business. Manutan has total storage area of 191,150 m<sup>2</sup>. The following table shows the main logistics sites currently operated by the Group:

Location	Warehouse area (in m <sup>2</sup> )	Type of holding	Nature of the asset
Gonesse, European Centre (France)	41,000	Finance lease	Warehouses and land
Molsheim (France)	10,000	Finance lease	Warehouses and land
Bressuire (France)	9,000	Lease	Warehouses
Niort (France)	200	Lease	Warehouses
Saint-Étienne (France)	13,600	Lease	Warehouses
La Talaudière (France)	15,750	Lease	Warehouses
Den Dolder (Netherlands)	30,500	Freehold	Warehouses and land
Verwood (UK)	11,400	Freehold	Warehouses and land
Kemble (UK)	13,000	Finance lease	Warehouses and land
Basildon (UK)	4,400	Lease	Warehouses and land
Ostrava (Czech Republic)	29,200	Freehold	Warehouses and land
Gothenburg (Sweden)	9,000	Freehold	Warehouses and land
Malmö (Sweden)	3,600	Lease	Warehouses and land
Milan (Italy)	500	Lease	Warehouses

## — Results by region

### Manutan International, a holding company at the service of its subsidiaries

**Manutan International is the holding company at the head of the Manutan Group, and has been listed on the Euronext Paris stock exchange for more than 30 years. At 30 September 2018, it controlled 25 operating companies, spread over 17 European countries, all applying the same know-how as multichannel distributor to businesses and local authorities.**

Its main responsibilities are:

- to define and direct the Group's strategy;
- to steer the five-year Business Plan;
- to create a common dynamic in terms of communications and human resources, affirming the concept of an international group;
- to manage the IT, Marketing and Purchasing functions for the Group as a whole;
- to implement and direct Group projects;
- to assist Group companies to attain their objectives, in its capacity as centre of competence;
- to guide and control the Group's operational performance and ensure its financial durability.

During 2017/2018, Manutan International was notably involved in the following operational matters:

- coordination of business-wide operational projects: development of the Group purchasing policy and rationalisation of suppliers, development of e-business sales and Key Accounts policy;
- coordination and steering of real estate projects in progress;
- continued implementation of its sourcing and own brand strategies;
- development of the digital strategy, including the Digital Lab;
- coordination of the recruitment processes for key Group personnel;
- monitoring of risk management and internal control, coordinating with the business plan and the priorities defined with the Audit Committee;

- control of the Group's Information System project, under the aegis of the Group Information Systems Division;
- coordination of the Group's University and Sports Centre project.

Manutan International's operating profit was €7.1 million, €3.6 million up on the previous year. Costs were up relative to the 2016/2017 financial year. Other purchases and external charges increased by €2 million on the previous financial year, due to the increase in the cost of shared services in support of the Group's strategy. The total payroll was approximately €14.9 million, virtually unchanged from the previous year.

Depreciation and amortisation charges were up by €0.5 million at €6.1 million, in line with the Group's capital expenditure policy. (The new information system came into service in the Netherlands in January 2018). During the past financial year the Group's subsidiaries re-invoiced Manutan International for services rendered and personnel costs linked to shared services for an amount of €4.3 million, in line with the previous year, while services provided by Manutan International to Group subsidiaries were remunerated in an amount of €51.5 million, €5.8 million more than in the previous financial year.

Manutan International received €24 million in dividends from its subsidiaries, compared with €20.3 million the year before (an increase of €3.7 million). Also, a positive net movement between provisions and write-backs on investment holdings and loans granted was recorded for the financial year, in an amount of €0.9 million. After inclusion of financial income and expense generated by cash managed on behalf of the Group, the financial result came to €21.9 million.

Finally, after an exceptional charge of €0.4 million, employee profit sharing of €0.8 million and tax of €0.1 million, net accounting profit came to €27.4 million, compared with €21 million for the previous financial year.

## Profitability improved against a backdrop that remains uneven

For easier reading and comparison of the geographical regions' operating performance, the Group presents the operating results of the Centre, Southern and Eastern

regions restated to eliminate the Manutan brand royalties paid to Manutan International. Current operating profit corresponds to operating profit before non-current items.

### Southern Region

#### SPAIN, FRANCE, ITALY AND PORTUGAL

<i>In thousands of euros</i>	2017/2018	2016/2017	Change
Total revenues	478,597	457,451	4.6%
Current operating profit	43,066	39,340	9.5%
Operating profitability	9.0%	8.6%	
Average headcount	1,166	1,132	3.1%

#### Strong growth in activity

Activity of the Southern Region is driven by the growth of Manutan France, Manutan Italy, Manutan Portugal and Manutan Spain.

The local authorities market has seen a slight downturn in turnover: -2.3% relative to last year. This decline is particularly noticeable in public contracts as a result of delays in concluding them over the course of the year, leading to a mismatch of expenditure on local authority customers.

Manutan France posted turnover growth of 9.3% (restated for intra-Group transactions). This growth was driven both by key accounts and one-off customers, boosted by increased quotations activity and by the ongoing programme to extend the Group's offering.

The other countries in the Southern Region also showed considerable dynamism: Italy was up by 12.3%, Portugal by 7.5% and Spain by 35%, thanks in particular to increases in both the numbers of customers and the average value of orders.

#### Operating profitability up, driven by Manutan France

The region's increase in operating profitability (from 8.6% to 9.0%) was driven by Manutan France, in particular thanks to the increase in turnover and the continued gains in productivity brought about by the gradual digitisation of transactions. Italy and Spain increased their profitability by more than 1 pp thanks to their good control of operating costs and improved margin rates.

### Central Region

#### GERMANY, BELGIUM, THE NETHERLANDS AND SWITZERLAND

<i>In thousands of euros</i>	2017/2018	2016/2017	Change
Total revenues	143,901	137,581	4.6%
Current operating profit	11,677	11,852	-1.5%
Operating profitability	8.1%	8.6%	
Average headcount	294	288	2.2%

## Increased activity driven by the dynamism of Belgium, the Netherlands and Germany

Turnover for the region was up by 4.6% compared with the previous financial year. Restated for intra-Group transactions, turnover increased by 4.8%, driven mainly by the Netherlands (4.2%), Belgium (3.9%) and Germany (51.9%). The dynamism seen in these markets is explained largely by the positive effects of the new organisation of the sales force put in place this past year in the Netherlands, an improvement in the domestic economic context in Belgium, the Netherlands and Germany, and by the

effectiveness of the marketing strategy rolled out in Belgium and Germany.

The region's operating profitability for the year came to 8.1% of turnover compared with 8.6% in the previous financial year. This decline is attributable to the roll-out, successfully completed in January 2018, of a new ERP in the Netherlands, which led to a non-recurring increase in the subsidiary's operating costs, and also to rental costs in Belgium following the sale of the building we occupied in the previous financial year. Restated to exclude these effects, the region's profitability came to 8.9%.

## Western Region

### UNITED KINGDOM

*In thousands of euros*

	2017/2018	2016/2017	Change
Total revenues	109,747	104,123	5.4%
Current operating profit	7,089	8,679	-18.3%
Operating profitability	6.5%	8.3%	
Average headcount	397	365	8.9%

## Growth in turnover despite the negative impact of exchange rates

The Western region posted turnover up by 5.4% compared with the previous financial year. The region was affected by adverse exchange rate movements (a negative €1.7 million). Restated for the exchange and scope effects, the region's growth was 7%, driven in particular by IronmongeryDirect, which was up by 9.9%.

Key Industrial Equipment and Rapid Racking continue to show growth in their activity, driven both by key accounts and by one-off customers.

Essex Electrical Wholesalers continues to develop its new distance selling under the Electrical Direct brand name, which was launched at the end of the 2015/2016 financial year.

The decline in operating profitability was due to the increase in the proportional contribution of key accounts, which command thinner margins than the other segments. Added to this was the increased cost of transport and raw materials, particularly steel, bringing pressure to bear on purchasing costs of Rapid Racking.

## Northern Region

### DENMARK, FINLAND, NORWAY AND SWEDEN

*In thousands of euros*

	2017/2018	2016/2017	Change
Total revenues	41,568	40,918	1.6%
Current operating profit	1,240	1,334	-7.1%
Operating profitability	3.0%	3.3%	
Average headcount	120	117	3.2%

## Operating profitability down slightly

Turnover of the Northern Region was up by 1.6%, driven by growth at Witre, despite adverse movements in the Swedish krona exchange rate.

Operating profitability was down slightly (from 3.3% to 3.0%), largely due to a decline in the trading margin, which was affected by the adverse movement in the exchange rate of the Swedish krona.

Restated to exclude intra-Group transactions and at a steady currency rate, the growth is up by 5.9%.

## Eastern Region

### HUNGARY, POLAND, CZECH REPUBLIC AND SLOVAKIA

<i>In thousands of euros</i>	2017/2018	2016/2017	Change
Total revenues	24,057	21,042	14.3%
Current operating profit	1,666	1,434	16.2%
Operating profitability	6.9%	6.8%	
Average headcount	111	109	2.0%

#### Slightly higher operating profitability

Activity of the Eastern Region grew by 14.3%, or 12.0% on a like-for-like basis in terms of exchange rates and restated from intra-group transactions, still driven by fine performances from Poland (up by 42.2% in local currency) and the Czech Republic (up by 3.1% in local currency). Poland's growth reflects our determination to increase our

presence in this dynamic market. Hungary continued to grow during the financial year (by 8.5% in local currency), as did Slovakia (by 7.2% in local currency).

Operating profitability increased slightly, thanks in particular to good control of operating costs, which offset the decline in margin associated with the development of key accounts.

## — Other information

### Events after the reporting period

There have been no events after the reporting period that would have a material impact on the financial statements as approved.

### Research and development activities

The Company does not conduct any research and development activities as such. Nevertheless, its workforce constantly seeks to develop and improve any work processes and practices likely to have a positive impact on its operations.

## Breakdown of Manutan International's supplier payables at 30 September 2018

The breakdown of supplier payables is as follows (*in euros*):

Past due as at 30/09/2017	Past due as at 30/09/2017	Due in 1-30 days	Due in 30-60 days	Due in >60 days	Total supplier payables
355,417.60	1,450,278.98	538,305.25	80,350.26	0.00	€2,424,352.09 510 invoices
Past due as at 30/09/2018	Past due as at 30/09/2018	Due in 1-30 days	Due in 30-60 days	Due in >60 days	Total supplier payables
859,765.31	1,248,882.47	574,630.60	27,803.56	0.00	€2,711,081.94 403 invoices

## Breakdown of Manutan International's customer receivables at 30 September 2018

The breakdown of customer receivables is as follows (*in euros*):

60 days past due	60 days past due	Due 30/09/2017	Not yet due	Total supplier payables
934,610.39	235,888.25	1,152.85	6,055,277.90	€7,226,929.39 146 invoices
60 days past due	60 days past due	Due 30/09/2018	Not yet due	Total supplier payables
108,124.82	369,087.87	4,592.00	15,226,892.64	€15,708,697.33 136 invoices

## Presentation of the annual financial statements

There have been no changes in the presentation of the annual financial statements or in the valuation methods used relative to the previous financial year that would have a significant impact on the understanding of these financial statements.

## Equity investments

Pursuant to the provisions of Article L. 233-6 of the French Commercial Code, we inform you that during the past financial year the Company did not acquire equity interests in any company having its registered office in France.

## Non-tax deductible expenses and luxury item expenses

During the past financial year the Company did not commit to, and therefore also did not incur, any of the charges covered by Articles 39-4, 39-5, 54 *quater* and 223 *quinquies* of the French General Tax Code, other than depreciation deemed excessive on motor cars used by the Company, in the amount of €58,152.07.

## Changes in the financial or trading position

We hereby declare that there has been no significant change in the Company's financial or commercial situation during the past financial year or thereafter.

## Agreements other than in the normal course of business

There are no agreements other than in the normal course of business between any manager or shareholder and a subsidiary held more than 50% by Manutan International.

# — Financial notice of 16 January 2019

## 2018/2019 Q1

### Turnover continued its dynamic growth

<i>In thousands of euros</i>	31 December 2018	31 December 2017
Total turnover	192,612	187,110

During Q1 2018/2019, the Manutan Group's business enjoyed a growth of 2.9% compared to the same quarter of the prior year, including -0.3% of exchange rate impact and +1.3% of working days impact (+2.0% growth

at constant exchange rate and working days). Turnover amounted to 192.6 million euros, compared with 187.1 million euros for the same quarter of the previous fiscal year.

In terms of its operational areas<sup>(1)</sup>, the Group's situation is as follows :

<i>In thousands of euros</i>	Turnover at 31 December 2018	Turnover at 31 December 2017
<b>Enterprises</b>	<b>144,665</b>	<b>139,085</b>
North	10,867	11,048
Centre	30,877	29,634
Est	6,153	6,759
South	70,059	65,707
West	26,709	25,936
<b>Local Authorities</b>	<b>47,947</b>	<b>48,025</b>
South	47,947	48,025
<b>TOTAL GROUP</b>	<b>192,612</b>	<b>187,110</b>

<i>Constant exchange rate and working days</i>	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	Financial year
<b>Enterprises</b>	<b>3.1%</b>				<b>3.1%</b>
North	2.8%				2.8%
Centre	2.6%				2.6%
Est	-9.0%				-9.0%
South	5.1%				5.1%
West	2.1%				2.1%
<b>Local Authorities</b>	<b>-1.3%</b>				<b>-1.3%</b>
South	-1.3%				-1.3%
<b>TOTAL GROUP</b>	<b>2.0%</b>				<b>2.0%</b>

Most of the Group's operating areas have recorded a growth of their turnover, except for the East area, which had received large orders of Key Accounts in the first quarter of 2017/2018, and the Local Authorities segment, which has suffered from a slowdown of the activity in December.

For the rest of the financial year, the Group will continue implementing its development strategy while maintaining its mid-term investment plan. The Group will carry on actively seeking external growth targets.

## About the Manutan Group

A family-run business created in 1966, Manutan is Europe's leading B2B e-commerce company and specialises in the multichannel distribution of products and equipments for businesses and local authorities. Its vast range of select products and services is one of the largest offerings in Europe. This enables the company to meet all of its client's needs and help them reduce their indirect purchase costs. With 25 subsidiaries established in 17 countries in Europe, the Group has more than 2,200 employees and has a turnover of 741 million euros in 2017/2018. Manutan France and Belgium were awarded Best Workplaces in 2018.

Manutan International is listed on Euronext Paris – Compartment B – ISIN: FR0000032302-MAN.

**www.manutan.com**

Next publication: Q2 2018/2019 results – 11 April 2019 (after market closure).

## Issuer's risk factors

### Risk management policy

The Manutan Group's risk management approach is based mainly on strengthening its internal control environment and risk measuring tools. It also relies on optimising the Group's insurance cover. This policy takes the form of

various projects placed under the supervision of the internal control unit. Monitoring results of the various projects are presented regularly to the Audit Committee.

(1) The analysis of the Group's performance by geographical area has been refined and contains an additional level of granularity: Enterprises and Local Authorities. This additional information will be included in our reports from now on.



The Report of the Chairman of the Board of Directors on the governance and internal control procedures also provides an overview of Group practices in this area (pp. 56 ff. of this document).

In accordance with the regulatory framework, the Company has carried out a review of the risks that could have a significant negative effect on its business, its financial position or its results (or its ability to achieve its objectives), and considers that there are no significant risks other than those presented below.

## Financial risks

### Market risk

The Group is not significantly exposed to market risks, given its financial structure and the small portion of its capital traded on the stock exchange (26.53% at 30 September 2018).

### Liquidity risk

The Company has undertaken a specific review of its liquidity risk and considers that it will be able to meet its future maturities. The Group is not significantly exposed to liquidity risk. At 30 September 2018, the Group's cash and cash equivalents amounted to €72,220,000 including current financial investments, while financial liabilities totalled €47,984,000. The ratio of consolidated financial debt to consolidated equity stood at 0.11.

In addition, the Group had confirmed lines of credit and authorised overdrafts of €20,517,000. At 30 September 2018, these lines were unused.

Financial debts are subject to the following legal and financial covenants, non-compliance with which would lead to early calling:

- ratio of medium- and long-term financial debt to equity of less than 1;
- ratio of net borrowings to free cash flow less than or equal to 2 (even 3 according to banks).

An analysis of liquidity risk is shown in Note 8.25 on page 120 of the notes to the consolidated financial statements for 2018.

### Interest rate risk

The Group's financial policy consists in managing the overall interest rate risk for the Group's net debt, with the main objective of guaranteeing the financial cost of debt in the medium term and thus optimising the annual financial cost of the debt. This policy, managed by Group Treasury, also relies on a combination of variable- and fixed-rate derivative instruments. At 30 September 2018 the Group had no outstanding interest rate swap derivatives.

An analysis of the interest rate risk is shown in Note 8.25 on page 120 of the notes to the consolidated financial statements for 2018.

However, the Manutan Group cannot absolutely guarantee that the risks to which it might be exposed in carrying on its activities in a constantly evolving environment have been entirely eliminated. Nevertheless, it is important to stress that none of the risks identified to date has materialised or poses a threat to the normal conduct of the Group's business, which is carried on in accordance with recognised business practices and the applicable regulatory framework.

### Exchange risk

The Group pursues a general policy of managing the risk with financial instruments such as forward contracts or options. The majority of currency hedging contracts have maturities of between three and twelve months maximum, aimed at hedging against changes in rates in the current financial year.

An analysis of the exchange risk is shown in Note 8.25 on page 121 of the notes to the consolidated financial statements for 2018.

### Equity risk

The Group's exposure to equity risk is limited to its holdings of treasury shares in Manutan International, the only securities listed on a regulated market that it holds.

At 30 September 2018, the number of treasury shares held was 13,062. They are detailed in Notes 8.11 and 8.25 on pages 108 and 120 of the notes to the consolidated financial statements for 2018.

### Customer credit risk

Due to the Group's activity, credit risk is limited, since the portfolio of customer receivables comprises a large number of small accounts spread among several hundred thousand customers. The Group's policy is to check the creditworthiness of all customers wishing to obtain payment terms on credit.

An analysis of the customer credit risk is shown in Note 8.25 on page 120 of the notes to the consolidated financial statements for 2018.

### Risks associated with the economic environment

The impact of changes in economic conditions from one country to another is offset by the scale of the Group's geographical coverage.

The fact that it is established only in Europe, and the geographical composition of its revenues, allow it to consider its activities as very little exposed to the various country risks such as political instability, war, etc.

## Brexit

For the financial year ended 30 September 2018, the Manutan Group's turnover was €741.3 million. Turnover of the entities in the UK region (IronmongeryDirect Ltd, Rapid Racking Ltd, Key Industrial Equipment Ltd and Essex Electrical Wholesalers Ltd), represents 15% of total Group turnover. The Group is therefore not heavily exposed to the impact of Brexit.

## Commodities risk

The Group is not directly exposed to risk relating to changes in commodity prices, but rather indirectly *via* the products it distributes.

At present, the impact of changes in commodity prices on the Group's operating margin is well under control, as shown by the year's results. In order to limit any impact, the Group's procurement teams pursue a policy of active negotiation with the main suppliers concerned.

## Risks associated with the business sector

### Risks linked to information systems

The rapid development of the new technologies and the gradual migration of Group companies to a unified system (PGI - *Progiciel de Gestion Intégré* or "Integrated Management Application") expose the Group to several risks: cyber attacks, hacking, technical breakdown leading to non-availability of IT tools, and data theft.

For this reason the Group's Information Systems Division is responsible for securing the networks and systems on the one hand and the applications necessary for the continuity of the Group's business on the other.

Linked with the Group's policies on internal control and security, these risks are the object of functional, technical and legal security measures. Controls are also carried out to verify the implementation of these action plans.

A Security Committee also meets once a quarter, bringing together the CIO, the Head of IT security and the internal control unit. The committee reviews the main projects relating to network and system security assurance. Any anomalies or risks detected during the period also give rise to corrective action plans shared involving all stakeholders.

### Risk of failure of a transporter

The varied nature of the Group's customers and their geographical locations require multiple logistical flows. In the event that one of the Group's transporters were to fail definitively, the consequences of having to replace it would be limited in terms of both cost and delivery times.

In order to control this risk, the Group has flexibility and scaling options (sending deliveries from a supplier, relationships with a variety of transport companies and agreements with other transporters), and a unit dedicated to transport, which among other things provides for a high degree of responsiveness.

### Risks relating to competition

The Group faces competition from other groups as regards its acquisition and organic growth policies. Consequently, strategic, commercial and competition-related information, particularly that relating to the Group's structural projects in terms of external or organic growth is highly sensitive.

For this reason the Group has introduced awareness-raising measures regarding confidentiality, the security of Intranet sites and access management for its employees.

### Risks relating to acquisitions

There are risks in the event of external growth, primarily *via* acquisitions, including problems with integration, non-realisation of expected gains and synergies, and the departure of key employees. Risks relating to the valuation of assets and liabilities may also appear following the completion of acquisitions, and may result in provisions for the impairment of assets.

The acquisition processes implemented by the Group, notably at the due diligence stage, aim to provide as good an understanding as possible of the uncertainties surrounding these various risks in such cases. The unit in charge of external growth transactions carries out the due diligence, with the support of specialised recognised local advisers.

The resulting assessment depends on the quality of the information provided, and is limited by the legal and regulatory framework applicable under local company law.

### Risks linked to the protection of assets

The Group's sites and facilities, which primarily consist of warehouses and commercial buildings, may be exposed to malicious acts or accidents.

To combat this type of risk, the Group has drawn up an asset protection policy. This policy, which is centrally managed, requires the entities to implement tried and tested solutions to reduce risk, covering the technical, legal, managerial and organisational fields.

Also, all sensitive sites are covered by protective measures against potential malicious acts, depending on the specific characteristics of the site.

As regards the protection of intangible assets, the Group is continuing its initiatives (see "Risks relating to information systems" on page 82), with the dual goal of preventing any actions originating either from within the Group or from outside it.

### Ethical and social risks

Although its activity does not expose it to any major ethical risks, the Group conducts its ordinary business with all its partners in compliance with ethical rules and generally accepted good practices.

The Group is not aware of any particular exposure to social risks, other than those that might normally arise in the normal course of business.

## Industrial and environmental risks

The Group's companies ensure that their commitment to quality, environmental protection and workplace safety is fully integrated in their daily practices. They operate in compliance with relevant local laws, and are even proactive and involved in respecting the environment, as shown by the double HEQ (High Environment Quality) certification of the Group's new European Centre built in Gonesse.

The very nature of the Group's activity ensures a limited impact on the environment and the absence of any proven

## Legal risks

The Group's distribution activity (B2B) is subject to laws on distance selling to businesses and local authorities currently in force.

The Group pursues its objective of preventing legal risks by establishing and monitoring Group procedures for defining and allocating the roles and responsibilities of the key executives, notably in purchasing, sales to major European accounts, e-commerce, brands and domain names.

The Group is not aware of any current litigation or exceptional event that might have, or may have had in the recent past, a significant impact on its operations, profits, financial situation or net assets.

Nor are there currently any government, legal or arbitration proceedings or any proceedings of which the Company is aware that are in suspense or with which it is threatened that might have, or may have had in the last twelve months, a significant impact on the financial situation or profitability of the Company or the Group.

The Manutan group makes a point of carrying on its activities within the framework of a compliance policy shared by all the group's employees and its trading partners. Since every commercial relationship is based on mutual trust, it is essential to adhere to rules of good conduct in order to retain the trust of suppliers, customers and shareholders.

## Reputational risk

The Group might face a major media event that damages its image. It is exposed to reputational risk particularly whenever its values or operating excellence are called into question (accidents relating to health and/or safety, supplier practices or dispute with a customer).

Such events may lead to a campaign to denigrate the Group. Faced with these risks, the Group does everything it can to prevent operational risks and negative campaigns that could damage its reputation, *via* its policies, organisational structure, procedures and governance.

risks. The nature of the Group's business does not require it to handle products that present a significant industrial or environmental risk.

In addition, several Group companies with significant operations have obtained quality certification for their distribution and sales processes, among them Manutan France, which in 1996 became the first French distance selling company to be ISO 9001 certified.

The Group has thus complied with the new measures stemming from Law No. 2016-1691 of 9 December 2016 on transparency, the combating of corruption and the modernisation of the economy (the so-called Sapin II Law), applicable since 1 June 2017, and from Regulation (EU) 2016/679 (the General Data Protection Regulation or GDPR) which came into force on 24 May 2018.

### The Code of Conduct, a reflection of Manutan's values

Manutan has set forth in a Code a set of rules of conduct that apply obligatorily to its subsidiaries and Employees and to which the Group's other stakeholders (suppliers, intermediaries, agents, etc.) are also asked to subscribe.

Manutan's Code of Conduct aims to provide all its Employees and Managers with a frame of reference to assist them in the performance of their professional activities, as well as in the combating of corruption. It is intended to promote integrity and exemplary professional conduct in all circumstances, in France and abroad.

It is designed to help our employees conform to the Group's values, fulfil its obligations and show respect to others, including customers and suppliers.

This Code is available on the Group's corporate website at: [www.manutan.com](http://www.manutan.com), under the heading *Our Investors/Structure/Corruption prevention*.

It is also available under the heading *Boîte à Outils* (Toolbox) on the Group Intranet and all the subsidiaries' local intranets. Manutan encourages all its employees to take note of it and refer to it as often as necessary.

### Whistleblowing platform

In accordance with the Sapin II Law, the Manutan Group has decided to make an external platform available to its Employees in order to allow them to report any unlawful act that they might personally witness. Managed by Lawyers, this information gathering tool guarantees the confidentiality of exchanges and of the processing of the reports.

### The Ethics Committee, your primary contact

Set up at the request of the members of Manutan's General Management in application of the "Sapin II" law, The Ethics Committee is the primary point of contact for all the Group's Employees, Suppliers and Partners to help them both in the exercise of their activities and also in the prevention of corruption.

The Manutan Ethics Committee is composed of four (4) permanent members — one member from Group General Management, the Human Resources Director, the Product Marketing Director and the Group Legal Director.

## Insurance risks

As part of its policy of managing and financing risks, the Manutan Group and its subsidiaries have notably taken out the following insurance policies:

- material damage and operating losses.

The "Material damage and operating losses" programme provides for the implementation of a master policy and the issue of local policies for the foreign subsidiaries.

The Manutan Group has also set up a visiting schedule for the risks associated with the "Material damage and operating losses" insurance programme. In order to better manage these risks, the Group's main sites are periodically visited by a safety engineer. These visits enable to perform an audit of the vulnerabilities and to set up the adequate preventive and protective measures;

The mission of the Ethics Committee is to:

- ensure that all Employees, Suppliers and Partners comply with the provisions of the Group's Code of Conduct, which applies to everyone, everywhere in the world;
- respond, as a reference authority, to their questions on the interpretation and/or application of the Group's Code of Conduct;
- take up any question relating to the prevention of, and fight against, corruption;
- receive and analyse reports of conduct or situations contrary to the law or to the Group's Code of Conduct that it may learn of directly or indirectly;
- decide what action to take on alerts and warnings that are brought to its attention.

### Compliance with the General Data Protection Regulation (GDPR)

The handling of personal data is at the heart of the activities of the Manutan group, which pays particular attention to the application of the rules on protection of personal data in order to safeguard the trust-based relationships established with its customers and suppliers.

This vigilance has been translated in particular by the incorporation of the GDPR into the group's best practices, particularly in the context of its exchanges with its partners as well as the formal establishment of relationships. Communiqués have been issued and information meetings held in order to raise awareness among group Employees of the new requirements deriving from the GDPR and their operational importance.

For the roll-out of the various phases of the arrangements for complying with the GDPR, the group is supported by a first class international consultancy and has retained the services of a Data Protection Officer (DPO) two days a week.

- civil liability of Managers;
- General Civil Liability: the Group has subscribed insurance covering the financial consequences of the Company's and its subsidiaries' civil liability in respect of damage caused to third parties.

With a view to the effective implementation of its risk management strategy, the Manutan Group takes care to insure itself with top rated creditworthy insurance companies with a strong international reach.

At 30 September 2018, no claimable event with a significant financial impact and the consequences of which would not already be included in the financial statements for 2018 had been identified.

# 5

## FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018

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# — Report of the Statutory Auditors on the consolidated financial statements

## Financial year ended 30 September 2018

To the General Meeting of Shareholders of Manutan International S.A.

## Opinion

In performance of the assignment entrusted to us by your General Meeting of Shareholders, we have audited the consolidated financial statements of Manutan International S.A. for the financial year ended 30 September 2018 as enclosed herewith.

We hereby certify that the consolidated financial statements are, as regards the International Financial Reporting Standards (IFRS) as adopted by the European Union, regular and accurate and provide a true and fair view of the results of operations for the past financial year and of the financial situation and assets at the end of the financial year of the group formed by the persons and entities included in the consolidation.

The above opinion is consistent with the content of our report to the Audit Committee.

## Basis of our opinion

### Audit referential

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.

The responsibilities incumbent upon us by virtue of these standards are indicated in the section headed "Responsibilities of the Statutory Auditor in respect of the audit of the consolidated financial statements" in this report.

### Independence

We conducted our audit in accordance with the rules on independence applicable to us for the period 1 October 2017 to the date of this report, and in particular we did not provide any services prohibited by Article 5, paragraph 1, of Regulation (EU) No. 537/2014 or by the Code of Ethics of the Statutory Auditors profession.

### Justification of our assessments - Key points of the audit

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key points of the audit relating to the risks of material misstatement which in our professional judgement were the most significant for the audit of the consolidated financial statements for the year and the responses we provided to these risks.

The assessments were made in the context of our audit of the consolidated financial statements taken as a whole and the forming of our opinion expressed above. We do not express an opinion on the elements of these consolidated financial statements taken in isolation.

## Valuation of the recoverable amount of goodwill

### Risk identified

At 30 September 2018, the carrying amount of goodwill stood at €143 million in the consolidated financial statements of the Group (22.7% of total assets).

In the context of its development, the Group has carried targeted acquisitions and in several instances has recognised goodwill. These goodwill items correspond to the difference between the price paid and the fair value of the assets and liabilities acquired; they have been allocated to the cash generating units (CGUs) of the activities into which the acquired businesses have been integrated.

The management makes sure, by means of annual impairment tests, that the carrying amount (net book value) of these goodwill items does not exceed their recoverable amount.

As indicated in Note 7.4 to the consolidated financial statements, the recoverable amount is calculated for the CGU to which goodwill can be allocated. In the Manutan Group, each of the five operating regions constitutes a CGU since there are synergies among the different entities operating in the same geographical market using common operating resources, with a single operational management. Nevertheless, in certain cases, a single legal operational entity may constitute a CGU.

The value-in-use of the cash generating units is calculated by discounting forecast operating cash flows after tax and renewal investments to their present value. These forecasts come from the business plans drawn up by each cash generating unit and validated by Group management in the context of its operational supervision.

Any adverse change in the expected returns from the businesses to which goodwill has been allocated, due to internal or external factors such as those linked to the economic and financial environment in which the business operates, is likely to have an appreciable effect on the recoverable amount and to require recognition of impairment. Such a development would involve reassessing the pertinence of all the assumptions used in determining this value and the reasonableness and consistency of the calculation parameters.

The establishment of the recoverable amount of goodwill items relies heavily on the management's judgement, involving as it does the growth rate of revenues in perpetuity, the gross margin rates used for cash flow projections and the discount rate applied to the future cash flows to calculate their net present value, as presented in Note 8.1 to the consolidated financial statements. We therefore considered the valuation of goodwill as a key point of our audit.

### Our response

As part of our work we examined the way in which impairment tests on goodwill are carried out, and in particular:

- we checked to see that the methodology applied by the company conformed to the accounting standards in force;
- we assessed the consistency of the assumptions used in determining future cash flows with past performances and our knowledge of the business, backed up by conversations with the management;
- with the help of our valuation specialists, we analysed the assumptions used by the Management in calculating the discount rate applied to future cash flows to bring them to net present value, as well as the growth rate in perpetuity;
- we studied the sensitivity analyses of the recoverable amount of goodwill carried out by the Management and performed our own sensitivity analyses on the key assumptions.

Lastly, we also assessed the appropriateness of the information provided in Notes 7.4 and 8.1 to the consolidated financial statements.

## Specific verifications

We also carried out, in accordance with professional standards applicable in France, the specific verification required by law of the information relating to the Group provided in the Board of Directors' Management Report.

We have no comments to make concerning their fairness and consistency with the consolidated financial statements.

### ***Déclaration de performance extra-financière (DPEF) – Statement of non-financial performance***

We attest that the consolidated statement of non-financial performance (DPEF) required by Article L.225-102-1 of the French Commercial Code is included in the Group management report, it being specified that in accordance with the provisions of Article L. 823-10 of this code, we have not verified the fair presentation or the consistency with the consolidated financial statements of the information provided in this statement, and this information must be the subject of a report by an independent third party body.

## Information resulting from other legal and regulatory obligations

### Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Manutan International S.A. by the General Meetings of 4 March 2004 as regards KPMG Audit, a Division of KPMG S.A. and of 14 March 2003 as regards Mazars.

At 30 September 2018, Mazars was in the fifteenth and KPMG Audit, a Division of KPMG S.A. the fourteenth year of their respective uninterrupted terms.

### Responsibilities of the management and the persons forming the corporate governance regarding the consolidated financial statements

The Management is responsible for the preparation of the consolidated financial statements giving a true and fair view in accordance with the IFRS as adopted by the European Union and for putting in place such internal controls as it deems necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In drawing up the consolidated financial statements, it is incumbent upon the management to assess the company's ability to continue as a going concern, to provide such information relating to the going concern assumption as may be necessary or appropriate and to apply the going concern accounting principle unless it intends to put the company into liquidation or cease its activities.

It is incumbent upon the audit committee to monitor the process of preparing the financial information and the effectiveness of the internal control and risk management systems, as well as of the internal audit where applicable, as regards procedures for preparing and processing accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

### Responsibilities of the Statutory Auditor regarding the audit of the consolidated financial statements

#### Objective and approach of the audit

It is for us to draw up a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain material misstatements. Reasonable assurance means a high level of assurance, which does not however guarantee that an audit performed in accordance with professional standards will always detect every material misstatement. Misstatements may derive from fraud or from error and are considered material if, taken individually or together, they can reasonably be expected to be capable of influencing such economic decisions as users of the financial statements may take on the basis of those statements.

As specified by Article L.823-10-1 of the French Commercial Code, our certifying the financial statements does not imply assurance of the viability of your company or of the quality of its management.

Throughout the audit process carried out in accordance with professional standards applicable in France, the Statutory Auditor exercises its professional judgement. Furthermore:

- it identifies and assesses the risks of material misstatements being contained in the consolidated financial statements whether deriving from fraud or from error, defines and implements audit procedures to address these risks and collects such evidence as it considers sufficient and appropriate on which to base its opinion. The risk of non-detection of a material misstatement arising from fraud is higher than that of such misstatement arising from error, since fraud may involve collusion, forgery, wilful omissions, false declarations or bypassing of internal controls;
- it takes note of such internal controls as are pertinent for the audit in order to define the appropriate audit procedures in each situation, but not with a view to expressing an opinion on the effectiveness of the internal controls;
- it assesses the appropriateness of the accounting methods applied and the reasonableness of the accounting estimates made by the management body, as well as the related information provided by management in the consolidated financial statements;



- it assesses the appropriateness of the management body's application of the going concern accounting principle and, depending on the evidence collected, the existence or otherwise of significant uncertainty associated with events or situations likely to cast doubt on the company's ability to stay in business. This assessment is based on the evidence collected up until the date of its report. However, subsequent circumstances or events could lead to the going concern assumption being called into question. If it reaches the conclusion that such significant uncertainty does exist, it draws the attention of readers of its report to the information provided in the consolidated financial statements regarding this uncertainty or, if this information is not provided or is not pertinent, it issues a qualified opinion or refuses to certify;
- it assesses the overall presentation of the consolidated financial statements and whether they give a true and fair view of the underlying transactions and events;
- it collects such evidence as it considers sufficient and appropriate concerning the financial information on the persons or entities included in the consolidation scope in order to express an opinion on the consolidated financial statements. It is responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on them.

### Report to the Audit Committee

We send a report to the Audit Committee presenting in particular the extent of the audit work and the work programme implemented as well as the conclusions drawn from our work. We also bring to its attention any significant weaknesses in internal controls that we may have detected as regards the procedures relating to the preparation and processing of accounting and financial information.

Among the elements contained in the report to the Audit Committee are the risks of material anomalies that we consider to have been the most significant for the audit of the consolidated financial statements for the year and which therefore constitute the key points of the audit, which it behoves us to describe in this report.

We also provide the Audit Committee with the declaration provided by Article 6 of Regulation (EU) No. 537-2014 confirming our independence within the meaning of the rules applicable in France as laid down in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the Code of Ethics of the Statutory Auditors profession. If necessary, we discuss with the Audit Committee any risks to our independence and the measures taken to safeguard it.

The Statutory Auditors

Nantes and Courbevoie, 31 January 2019





**KPMG Audit**  
**A department of KPMG SA**

Franck Noël  
*Partner*

**Mazars**

Anne Veaute  
*Partner*

## — Organisational structure as at 30 September 2018 *by region*

						<b>SOUTH</b>		
	<b>100%</b>	Manutan SA			France			
	<b>100%</b>	SCI Philippe Auguste			France			
	<b>100%</b>	Manutan Italia Spa			Italy			
	<b>100%</b>	Manutan Unipessoal Lda			Portugal			
	<b>100%</b>	Manutan SI			Spain			
	<b>100%</b>	Manutan Collectivités SAS			France			
	<b>100%</b>	Sports et Loisirs SAS			France			
	<b>100%</b>	Papeteries Pichon SAS			France			
<b>M A N U T A N  I N T E R N A T I O N A L</b>							<b>WEST</b>	
		<b>100%</b>	Manutan Ltd (United Kingdom)		<b>100%</b>	Key Industrial Equipment Ltd	United Kingdom	
		<b>100%</b>	The Eurostore Group Ltd (United Kingdom)		<b>100%</b>	Rapid Racking Ltd	United Kingdom	
		<b>100%</b>	Group Hardware Ltd (United Kingdom)		<b>100%</b>	IronmongeryDirect Ltd	United Kingdom	
		<b>100%</b>	Essex Electrical Wholesalers (Braintree) Ltd			United Kingdom		
							<b>CENTRE</b>	
		<b>14.50%</b>	Manutan NV (Belgium)		<b>84.65%</b>	Manutan NV	Belgium	
		<b>100%</b>	Manovert BV (Netherlands)		<b>100%</b>	Manutan BV	Netherlands	
					<b>100%</b>	Manutan GmbH	Switzerland	
		<b>70.7%</b>	Manutan GmbH (Germany)		<b>29.3%</b>	Manutan GmbH	Germany	
							<b>EAST</b>	
		<b>100%</b>	Manutan s.r.o.			Czech Republic		
		<b>100%</b>	Trovatar a.s.			Czech Republic		
		<b>100%</b>	Manutan Polska Sp z.o.o.			Poland		
		<b>100%</b>	Manutan Hungaria Kft			Hungary		
		<b>100%</b>	Manutan Slovakia s.r.o.			Slovakia		
						<b>NORTH</b>		
				<b>100%</b>	Witre A/S	Norway		
	<b>100%</b>	Witre AB (Sweden)		<b>100%</b>	Witre Danmark A/S	Denmark		
				<b>100%</b>	Witre OY	Finland		
	<b>100%</b>	Ikaros Cleantech AB (Sweden)		<b>100%</b>	Ikaros Finland OY	Finland		

## — Consolidated Financial Statements

### Statement of financial position at 30 September 2018

#### ASSETS

<i>In thousands of euros</i>	Notes	30/09/2018	30/09/2017	30/09/2016
Goodwill	8.1	143,461	144,454	145,223
Other intangible assets	8.2	31,707	34,596	37,752
Property, plant and equipment	8.2	102,325	94,384	99,247
Investment property	8.4	607	539	348
Non-current financial assets	8.5	1,587	1,541	1,578
Deferred tax assets	8.21	4,938	4,158	3,571
<b>Non-current assets</b>		<b>284,624</b>	<b>279,672</b>	<b>287,718</b>
Inventories	8.6	67,555	63,039	58,191
Trade receivables	8.6	198,833	179,895	162,343
Other receivables and prepaid expenses	8.7	7,243	6,889	5,633
Current tax receivables		1,183	990	3,307
Current cash management assets	8.9	0	5,000	5,000
Cash and cash equivalents	8.9	72,230	82,157	73,467
Assets held for sale	8.10	0	74	609
<b>Current assets</b>		<b>347,046</b>	<b>338,044</b>	<b>308,551</b>
<b>TOTAL ASSETS</b>		<b>631,671</b>	<b>617,716</b>	<b>596,269</b>

**LIABILITIES & EQUITY**

<i>In thousands of euros</i>	Notes	30/09/2018	30/09/2017	30/09/2016
Share capital		15,227	15,227	15,227
Issue premium		5,796	5,796	5,796
Consolidated reserves		369,025	344,618	323,494
Consolidated profit/(loss)		41,183	39,069	34,050
<b>Equity attributable to owners of the parent</b>	8.11	<b>431,230</b>	<b>404,711</b>	<b>378,566</b>
<b>Non-controlling interests</b>		<b>134</b>	<b>137</b>	<b>114</b>
<b>Total equity</b>		<b>431,365</b>	<b>404,848</b>	<b>378,680</b>
Non-current financial liabilities	8.12-8.13	33,030	49,853	61,780
Provisions for employee benefits	8.14	3,916	3,710	2,839
Deferred tax liabilities	8.21	10,777	10,107	10,044
<b>Non-current liabilities</b>		<b>47,723</b>	<b>63,670</b>	<b>74,663</b>
Provisions for other liabilities	8.15	2,361	3,726	3,625
Current financial liabilities	8.12-8.13	14,964	11,837	21,829
Supplier payables		91,960	91,315	83,541
Other liabilities and accruals	8.16	38,763	37,998	30,135
Current tax liabilities		4,535	4,323	3,797
<b>Current liabilities</b>		<b>152,584</b>	<b>149,199</b>	<b>142,926</b>
<b>Total liabilities</b>		<b>200,307</b>	<b>212,869</b>	<b>217,590</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>631,671</b>	<b>617,716</b>	<b>596,269</b>

## Statement of comprehensive income for the financial year ended 30 September 2018

<i>In thousands of euros</i>	Notes	30/09/2018	30/09/2017	30/09/2016
<b>Total revenues (excl. tax)</b>	8.24	<b>741,283</b>	<b>708,801</b>	<b>682,578</b>
Cost of goods sold		(462,335)	(442,400)	(431,015)
<b>Trading margin</b>		<b>278,947</b>	<b>266,400</b>	<b>251,562</b>
Selling and administrative expenses	8.17	(221,621)	(213,717)	(203,409)
<b>Current Operating Profit</b>	8.24	<b>57,327</b>	<b>52,683</b>	<b>48,154</b>
Other operating income and expenses	8.19	(279)	1,060	(1,301)
<b>Operating Profit</b>		<b>57,048</b>	<b>53,743</b>	<b>46,853</b>
Financial income	8.20	1,411	2,209	2,648
Financial expenses	8.20	(1,757)	(3,223)	(1,715)
<b>Profit before tax</b>		<b>56,701</b>	<b>52,729</b>	<b>47,786</b>
Tax on income	8.21	(15,487)	(13,615)	(13,707)
<b>Consolidated net income</b>		<b>41,214</b>	<b>39,114</b>	<b>34,078</b>
• non-controlling interests		31	44	28
• attributable to owners of the parent		41,183	39,069	34,050
<b>Earnings per share attributable to owners of the parent, excluding treasury shares (in euros)</b>				
• basic	8.22	5.42	5.14	4.48
• diluted	8.22	5.42	5.14	4.48

## Other components of comprehensive income for the financial year ended 30 September 2018

<i>In thousands of euros</i>	Notes	30/09/2018	30/09/2017	30/09/2016
<b>Consolidated net income</b>		<b>41,214</b>	<b>39,114</b>	<b>34,078</b>
<b>Items that cannot be reclassified to profit or loss</b>				
Actuarial differences on employee benefit obligations		23	(863)	(58)
Share-based payments	8.11			
Tax on items that cannot be reclassified to profit or loss		(6)	250	21
<b>Total items that cannot be reclassified to profit or loss</b>		<b>17</b>	<b>(613)</b>	<b>(37)</b>
<b>Items that may be reclassified to profit or loss</b>				
Conversion differences	8.11	(2,119)	(911)	(13,435)
Net change in the fair value of financial instruments <sup>(1)</sup>		0	0	0
Tax on items that may be reclassified to profit or loss		0	0	0
<b>Total items that may be reclassified to profit or loss</b>		<b>(2,119)</b>	<b>(911)</b>	<b>(13,435)</b>
<b>Total gains and losses recognised directly in equity</b>		<b>(2,102)</b>	<b>(1,524)</b>	<b>(13,472)</b>
<b>Net gains and losses recognised directly in equity</b>		<b>39,112</b>	<b>37,590</b>	<b>20,606</b>
<i>Attributable to:</i>				
• owners of the Parent		39,081	37,545	20,578
• non-controlling interests		31	44	28

(1) Change in the fair value of the effective portion of the instruments.

## Statement of changes in equity for the year ended 30 September 2018

<i>In thousands of euros</i>	Capital	Premiums	Consolidated reserves	Result	Shares in the consolidating entity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
<b>At 30/09/2016</b>	<b>15,227</b>	<b>5,796</b>	<b>324,457</b>	<b>34,050</b>	<b>(965)</b>	<b>378,566</b>	<b>114</b>	<b>378,680</b>
Result:								
• appropriation of profits			34,050	(34,050)				
• profit for the year				39,069		39,069	44	39,114
Dividends paid ( <i>€1.50 per share</i> )			(11,400)			(11,400)	(21)	(11,421)
Income and expenses recognised directly in equity			(1,524)			(1,524)		(1,524)
Impact of purchases/sales of treasury shares								
Transactions with non-controlling interests								
<b>At 30/09/2017</b>	<b>15,227</b>	<b>5,796</b>	<b>345,582</b>	<b>39,069</b>	<b>(965)</b>	<b>404,711</b>	<b>137</b>	<b>404,848</b>
Result:								
• appropriation of profits			39,069	(39,069)				
• profit for the year				41,183		41,183	31	41,214
Dividends paid ( <i>€1.65 per share</i> )			(12,562)			(12,562)	(33)	(12,595)
Income and expenses recognised directly in equity			(2,102)			(2,102)		(2,102)
Impact of purchases/sales of treasury shares								
Transactions with non-controlling interests								
<b>AT 30/09/2018</b>	<b>15,227</b>	<b>5,796</b>	<b>369,987</b>	<b>41,183</b>	<b>(965)</b>	<b>431,230</b>	<b>134</b>	<b>431,365</b>

## Consolidated statement of cash flows for the year ended 30 September 2018

<i>In thousands of euros</i>	Notes	30/09/2018	30/09/2017	30/09/2016
<b>Opening net cash and cash equivalents</b>		<b>82,147</b>	<b>63,725</b>	<b>55,331</b>
<b>Operating activities</b>				
Free cash flow	8.23	55,941	54,670	49,649
Change in working capital requirements	8.23	(24,584)	(5,843)	(4,854)
<b>Net cash flow from operating activities</b>		<b>31,357</b>	<b>48,827</b>	<b>44,795</b>
<i>Of which interest paid</i>		<i>(645)</i>	<i>(734)</i>	<i>(882)</i>
<i>Of which corporate income tax paid</i>		<i>(15,554)</i>	<i>(11,012)</i>	<i>(10,757)</i>
<b>Investing activities</b>				
Intangible assets acquired	8.2	(4,095)	(2,855)	(4,998)
Property, plant and equipment acquired <sup>(1)</sup>	8.2	(15,027)	(3,800)	(3,696)
Acquisitions/Disposals of non-current financial assets		(28)	38	(21)
Disposals of property, plant and equipment		19	52	64
Impact of changes in scope		0	(7)	(3,007)
Change in payables/receivables relating to non-current assets		247	213	(92)
<b>Cash flow used in investing activities</b>		<b>(18,885)</b>	<b>(6,359)</b>	<b>(11,751)</b>
<b>Financing activities</b>				
Dividends paid to shareholders of the parent company		(12,562)	(11,400)	(9,500)
Dividends paid to non-controlling interests		(33)	(21)	(34)
Repayment of financial debts <sup>(2)</sup>		(34,376)	(12,559)	(12,267)
Increase in financial debts <sup>(3)</sup>		20,000	0	0
Increase in loans		(18)	0	0
<b>Cash flow used in financing activities</b>		<b>(26,989)</b>	<b>(23,980)</b>	<b>(21,800)</b>
<b>(Increase)/decrease in current cash management assets</b>		<b>5,000</b>	<b>0</b>	<b>0</b>
Change in conversion differences		(411)	(66)	(2,850)
<b>Change in cash and cash equivalents</b>		<b>(9,927)</b>	<b>18,422</b>	<b>8,394</b>
<b>Closing net cash and cash equivalents</b>		<b>72,220</b>	<b>82,147</b>	<b>63,725</b>
<b>Available group cash at year-end</b>	8.9	<b>72,220</b>	<b>87,147</b>	<b>68,725</b>
Net cash and cash equivalents		72,220	82,147	63,725
Current cash management assets		0	5,000	5,000

(1) Acquisitions of property, plant and equipment basically concern the costs incurred on the new premises of Papeteries Pichon, for €9.5 million.

(2) Repayments of financial debts mainly concern Manutan International's line of credit with the CIC for €20.0 million, repayment of Manutan International's loan for the acquisition of Papeteries Pichon for €6.0 million, reduction of debt in respect of the European Centre real estate finance lease for €4.6 million by the SCI (property company) and €2.4 million payment of instalments on the loan taken out by Papeteries Pichon for its new premises.

(3) The increase in financial debts corresponds to the loan taken out by Papeteries Pichon for €20 million with the CIC to finance the construction of its new premises.

## — Notes to the consolidated financial statements

### Note 1 Reporting entity

These financial statements for the financial year ended 30 September 2018 refer to the consolidated accounts of the Manutan Group. They are presented by Manutan International, a French *société anonyme* (public limited company) with a Board of Directors, based at ZAC du Parc

des Tulipes, avenue du XXI<sup>e</sup> Siècle, Gonesse, France. The Group's activity consists of distance selling of industrial and office equipment and consumables to businesses and local authorities.

### Note 2 Declaration of compliance

Pursuant to European Regulation No. 1606/2002 of 19 July 2002 on international standards, Group Manutan's financial statements have been drawn up in accordance with all the international financial reporting standards (IAS/IFRS) published by the International Accounting Standards Board (IASB) and adopted by the European Union. There are no differences with respect to the IASB standards.

The consolidated financial statements were duly approved by the Board of Directors on 12 December 2018, and did not give rise to any comments. They will be submitted for approval to the General Meeting on 14 March 2019.

### Note 3 Basis for preparation

The financial statements are presented in euros, rounded to the nearest thousand euros. The euro is the Group's functional and presentation currency.

They have been prepared under the historical cost convention, with the exception of the following assets and liabilities which are measured at their fair value: derivative financial instruments, financial instruments held for trading and financial instruments classed as available for sale.

Non-current assets and groups held for sale are measured at the lower of their carrying amount and fair value minus selling costs.

The accounting methods presented below were applied consistently to all periods presented in the consolidated financial statements.

The accounting methods were applied consistently by all Group entities.

The Group applied the following standards for the first time for the financial year ending 30 September 2018. However, they had no material impact on the Group's annual financial statements:

- amendment to IAS 7 "Disclosure initiative";
- amendment to IAS 12 "Recognition of deferred tax assets for unrealised losses";
- annual improvements to IFRS 2014-2016 cycle: applicable to financial years starting on or after 1 January 2017.

A certain number of new standards, amendments to standards, and interpretations are in effect for financial years beginning on or after 1 January 2018, and were not applied in advance when preparing these consolidated financial statements. The new standards, amendments to standards and interpretations that are mandatory and relevant to the Group are listed below:

- IFRIC 22 "Foreign currency transactions and advance consideration";
- IFRIC 23 "Uncertainty over income tax treatments";
- IFRS 15 "Revenue from contracts with customers";
- IFRS 9 "Financial instruments";
- annual improvements to IFRS 2015-2017 cycle: applicable to financial years starting on or after 1 January 2018.

IFRS 15 on revenue and IFRS 9 on accounting and valuation principles for financial assets and liabilities are applicable by Manutan for the financial year starting on 1 October 2018. In any case the Manutan group does not expect any significant impact on the consolidated financial statements.

It should be noted that the anticipated effects of draft standards and interpretations currently being studied by the IASB and the IFRIC are not reflected in these financial statements.



## Note 4 Use of estimates and assumptions

The preparation of financial statements in accordance with IFRS requires Management to exercise judgement and to make estimates and assumptions which have an impact on the application of accounting methods and on the amounts of assets, liabilities, revenue and expense items. Estimates and underlying assumptions are made on the basis of past experience and other factors considered as reasonable given the circumstances. They thus serve as a basis for exercising the judgement necessary for determining such carrying amounts of assets and liabilities as cannot be obtained directly from other sources. This applies particularly to the valuation of tangible and

intangible assets in the context of impairment tests, the valuation of the amount of provisions for other liabilities, provisions for the impairment of inventories and deferred tax assets. Actual values may differ from these estimated values.

Estimates and underlying assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognised in the period in which the change is made if it affects that period only, and in the period in which the change is made and in subsequent periods if they are also affected by the change.

## Note 5 Significant events in the year

There were no significant changes in the consolidation scope during the financial year 2017/2018.

## Note 6 Manutan group: consolidation scope

Companies included in the scope are fully consolidated. They apply the same accounting principles ("Group accounting standards") for the recognition and presentation of transactions and similar events.

The consolidation scope at 30 September 2018 is detailed in Note 9.

## Note 7 Main accounting methods

### 7.1 Business combinations

When an entity is included in the consolidation scope, the assets, liabilities and any identifiable liabilities of the acquired entity that meet the IFRS accounting criteria, are accounted for at fair value, determined on the acquisition date.

Adjustments to the values of assets and liabilities relating to acquisitions accounted for on a preliminary basis (due to ongoing work by the accountants) are recognised retrospectively if they take place within a period of twelve months from the acquisition date. After this deadline, the effects are recorded directly in profit or loss, unless they correspond to the correction of errors.

### 7.2 Financial year-end date

The accounts used for the consolidation were the annual accounts of the companies included within the scope with a financial year ended 30 September 2018, with the exception of Papeteries Pichon whose financial year ends

on 31 December and for which an interim situation has been established for the period from 1 October 2017 to 30 September 2018.

### 7.3 Translation of financial statements and transactions denominated in foreign currencies

The functional currency of foreign subsidiaries is their local currency.

Consequently the financial statements of foreign companies with a functional currency other than the euro are translated in accordance with the following method:

- balance sheet items are translated using the financial year-end closing rate;
- income and expenses of foreign companies are translated into euros using the average exchange rate

for the financial year, provided this is not distorted by sharp movements in exchange rates.

Translation differences arising on the opening equity and on changes in equity during the year (capital increase, acquisition, etc.) or on income statement items, are recognised in equity and allocated between the part attributable to owners of the parent and that attributable to third parties. The effect of these differences is reported separately in the statement of changes in equity.

Transactions in foreign currencies are converted into the respective currencies of the Group entities by applying the current exchange rate on the transaction date. Assets and liabilities denominated in foreign currencies at the year-end

date are converted into the functional currency using the exchange rate on that date. Any resulting conversion differences are recognised in profit or loss.

#### 7.4 Goodwill

Goodwill is the difference between the fair value of the consideration paid and the overall estimate of the fair value of the assets and liabilities identified at the acquisition date.

The fair value of the consideration paid includes discounting the debt to its present value in the event of deferred or staggered payment. Acquisition costs however are recognised as expenses in profit and loss.

Identifiable assets and liabilities at the date of acquisition are valued at their fair value.

The Group performs an impairment test on all goodwill. The recoverable amount is calculated for the cash generating unit (CGU) to which goodwill can be allocated. In the Manutan Group, the five operating regions constitute a CGU since there are synergies among the different entities operating in the same geographical market using common operating resources, with a single operational management. Nevertheless, in certain cases, a single legal operational entity may constitute a CGU.

The value-in-use of the CGU is calculated based on the method of discounting forecast operating cash flow after tax and renewal investments. These forecasts are detailed in the business plans drawn up by each CGU and validated by Group management in the context of its operational supervision. The business plan period, which is generally three years, is completed by two years of extrapolations and an end value, which is calculated on the basis of capitalisation to perpetuity of cash flows with a moderate growth rate limited to the inflation rate in the operational region. The discount rate used is the WACC calculated per CGU at each financial year-end, on the basis of a debt/equity ratio corresponding to the average of companies within the same sector.

These impairment tests are performed at least once per year at each financial year-end.

An impairment loss is recognised when the carrying amount of the CGU exceeds its recoverable amount. The recoverable amount is the greater of the fair value of the CGU net of selling expenses and its value in use.

#### 7.5 Other intangible assets

Other intangible assets are measured at their historical acquisition cost, which comprises purchase price plus all necessary costs incurred to bring them into use, less accumulated amortisation and any impairment losses.

Computer software licences and upgrades are amortised from the date they enter service on a straight-line basis

over a period from 1 to 7 years, depending on their purpose and useful life.

Intangible assets are subjected to impairment tests if indications of possible impairment are detected.

#### 7.6 Property, plant and equipment

Property, plant and equipment is measured at historical acquisition cost, which comprises the purchase price plus necessary costs incurred to make the assets ready for use, less accumulated depreciation and any impairment losses.

Depreciation is calculated using the straight-line method over the expected useful life of the asset from the date it enters service:

- buildings: 20 to 30 years for buildings used mainly as warehouses and offices;

- fixtures and fittings: 10 to 15 years;
- computer hardware: 3 to 5 years;
- other property, plant and equipment (vehicles, equipment and tools, office furniture and equipment): 5 years.

## 7.7 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss on a straight-line basis over the period of the lease.

Leases of fixed assets in which the Group bears substantially all the risks and rewards inherent in ownership are

classified as finance leases. Finance leases are capitalised as assets at the lease's commencement at the fair value of the leased asset. Each payment made under the lease contract is allocated between finance charge and principal reduction.

Fixed assets acquired in this manner are depreciated over their useful lives.

## 7.8 Investment property

Investment property comprises land and/or buildings owned by the Group, or for which the Group enjoys the rights of possession, that the Group does not directly use in its core activities.

Investment property is presented on a separate line in the balance sheet. It is valued at the lower of depreciated historical cost or market value.

## 7.9 Customer receivables and other receivables

Trade receivables consist of a large number of small accounts spread over several hundred thousand customers. These receivables are shown at their nominal value.

Provision is made for these receivables depending on the risk of non-recoverability. This is assessed taking into consideration their specific risks and a statistical risk based on ageing.

## 7.10 Inventories

Inventories are measured using the weighted average unit cost (WAUC) method at the lower of their acquisition cost or net realisable value. Acquisition cost comprises the purchase price and related expenses (freight, packaging and other direct expenses).

In determining the net realisable value, particular account is taken of the following considerations:

- obsolete items;
- slow-moving items;
- showroom inventory and goods on consignment.

## 7.11 Derivative financial instruments

Derivative financial instruments are initially recognised at their fair value under current financial asset or liabilities. They are subsequently measured again at fair value at each closing of the accounts. The method for recognising associated gains or losses depends on whether or not the derivative is designated as a hedging instrument, and, where applicable, on the nature of the hedged item.

The Group thus distinguishes between:

- fair value hedges of recognised assets or liabilities or firm commitments. Gains and losses on derivatives, and on the hedged instruments, are recognised in profit and loss as financial income/expenses for the effective portion of the hedge. The same applies to the non-effective portion;
- hedging of risks specific to recognised assets or liabilities, or highly probable future transactions, also designated as "cash flow hedges". Changes in the fair value of the effective portion of the hedge are recognised directly in equity. Gains and losses on the non-effective portion are recognised in profit and loss under other income/expenses;

- hedges of net investments in foreign operations. The recognition of changes in fair value follows the same rules as that of changes in cash flow hedges.

Changes in the fair value of derivatives that do not meet the conditions of hedge accounting or have not been designated as such are recognised in profit and loss under financial income/expenses.

In accordance with IFRS 7, the determination of the fair value of financial asset and liability instruments can be defined as follows:

- by reference to a quoted price on an active market, where one exists; this value is ranked under Level 1 of the fair value hierarchy as defined in the standard;
- by using a valuation based on a model that factors in observable data for unlisted instruments such as derivatives or financial asset and liability instruments that are not classified under Level 1; this fair value is classified under Level 2 in accordance with the standard.

## 7.12 Cash and cash equivalents

In accordance with IAS 7 "Cash flow statements", the "cash and cash equivalents" item appearing in the consolidated balance sheet and cash flow statement comprises cash on hand and demand deposits together with short-term, highly liquid investments whose investment horizon is less than three months.

Cash investments with an investment horizon of 3 to 12 months are presented in "Marketable securities and current assets".

Nonetheless, in order to ensure that its resources are fully appreciated, the Group considers that its total available cash effectively comprises the sum of the balance sheet items "Cash and cash equivalents" and "current cash management assets".

An analysis in this regard is presented alongside the "Cash flow statement" and in Note 8.9 "Cash and cash equivalents".

## 7.13 Assets and liabilities held for sale

The Group has to classify a non-current asset sold individually (or a group of current and non-current assets and liabilities in the context of the disposal of an activity) as being held for sale if the company intends to recover their value by selling the assets rather than through their operating use.

These assets and liabilities are classified and presented on a separate balance sheet line when the following essential conditions are met:

- a selling plan has been embarked upon;

- the assets and liabilities are available for sale in their current state;
- the sale is likely to go through within a reasonable time frame.

Non-current assets held for sale are valued at the lower of amortised historical cost and market value (being fair value less selling costs).

## 7.14 Share subscription or purchase options

In accordance with IFRS 2 "Share-based payments", share subscription or purchase options awarded to employees are recognised in the financial statements using the following methods: the estimated fair value of the options awarded, which corresponds to the fair value of the services

rendered by the employees in exchange for the options received, determined on the award date. It is recognised over the vesting period of the rights, by increasing the equity in "Share-based payments" and by decreasing the corresponding amount in "Personnel costs".

## 7.15 Employee benefits

In accordance with the laws and practices of each country, the Group participates in various pension plans that provide for medical and pension benefits, whose amounts vary in

accordance with seniority, salary, and payments made to State sponsored mandatory plans.

### Service awards

These were measured based on an actuarial calculation. Commitments were calculated for all employees concerned. The Group recognises actuarial gains and losses in profit or loss.

### Defined contribution plans

For defined contribution plans (such as the French contributory plan), the charges corresponding to the contributions are expensed during the financial year in the

income statement. These plans involve no subsequent obligation by the Group to its employees.

### Defined benefit plans

This relates essentially to pension plans with fixed benefits and pension plans based on end of career salary, which complement mandatory State sponsored plans.

A provision is established for rights acquired by personnel employed at the end of the year as regards supplementary pensions, when they are not covered by a pension fund or insurance.

These commitments are subjected to an actuarial valuation in accordance with local country laws and practices. All costs relating to pension entitlements payable to pensioners and rights acquired by employees were determined on the basis of conventions or agreements in force at each company. The Group lists actuarial gains and losses directly in equity.

### 7.16 Revenues

The revenue includes the sale of products and related services such as transport, assembly, etc.

The revenue is listed on the date on which the risks and benefits associated with the product sold are transferred.

Application of a strict credit management policy enables the Group to ensure upstream that no sale is made if collection is doubtful.

### 7.17 Product returns

A provision is established to cover the costs of products returned after the year-end. This takes into account the loss of gross margin as well as costs directly related to

such returns (transport, packaging, repair, etc.) The provision depends on the return rate determined statistically by each company.

### 7.18 Promotion costs

Promotion costs are expensed to the income statement as and when incurred. In particular, catalogue production costs are expensed on the date that the printers make them available.

### 7.19 Other operating income and expenses

This item records the effects of any key events occurring during the accounting period that would distort the company's recurring business performance. It is used to record a limited number of unusual, abnormal or infrequent income and expense items of significant amounts.

These entries are a result of exceptional events that are unrelated to the Group's normal business activity, such as:

- securities acquisition expenses;
- gains on disposals of property assets;
- personnel expenses resulting from managerial reorganisations, etc.

### 7.20 Financial income and expenses

Financial income includes:

- income associated with cash and cash equivalents;
- gains on disposals and on changes in the impairment of financial assets;
- income associated with the discounting to present value of assets and liabilities;
- exchange gains on unhedged items.

Financial expenses include:

- interest expense on borrowings and bank overdrafts;
- the cost of ineffective portions of currency hedging transactions;
- losses on disposals and on changes in the impairment of financial assets;
- charges associated with the discounting to present value of assets and liabilities;
- exchange losses.

### 7.21 Taxes

Income tax (expense or income) comprises the tax expense (or income) payable and the deferred tax expense (or income). Tax is recognised in profit or loss unless it relates

to items recognised directly in equity, in which case it is recognised in equity.

#### Tax payable

Tax payable is the amount of tax due on taxable profits for a period, determined by applying the current tax rate

applicable in each country of operation to the taxable profits of each corresponding Group entity.

#### Deferred taxes

Deferred taxes are determined using a balance sheet approach with variable deferrals applied for all temporary differences between the carrying amount of assets and liabilities and their tax bases. The measurement of deferred

tax assets and liabilities is based on the method that the Group expects to use to recover or adjust the carrying amount of assets and liabilities, using the tax rates adopted at financial year-end.

A deferred tax asset is recognised only if it appears likely to be recovered in a reasonable time-frame, based on the latest updated forecasts. Deferred tax assets are reviewed at each year-end, and impairment losses are recognised in the event that there is a risk of non-recovery.

The effect on previously recognised deferred tax assets of any changes in the rates of taxation is recognised in profit or loss, unless the effect relates to an item recognised directly in equity, in which case the effect is recognised in equity.

## 7.22 Accounting earnings per share

Accounting earnings per share are calculated on the basis of net income of the consolidated group attributable to owners of the parent company. The number of shares used

## 7.23 Sector information

All Group companies carry out the same business in the countries where they are located. Accordingly there is just one sector of business.

The regions used correspond to the operating regions established in the financial year, which reflect the geographical location of the Group's assets. They group together companies from several countries that share similarities in terms of operations, customer behaviour, product and service offerings, and economic conditions, enabling operating synergies. Inter-areas transactions, as well as those of non-operational entities (holding companies) are presented in "Others".

The information reviewed and used by the Group's main operational decision-makers is based on five operating regions.

Deferred taxes are presented in the balance sheet separately from current tax assets and liabilities and classified as non-current items.

Manutan International heads a tax grouping which includes Manutan SA and Manutan Collectivités, in the meaning of Article 223-A of the French General Tax Code.

in the calculation is the average number of shares in circulation during the past year, less treasury stock.

Accordingly, the Group communicates in terms of five operational regions, which consist of the following countries:

- North: Sweden, Norway, Denmark and Finland;
- Centre: Belgium, The Netherlands, Germany and Switzerland;
- East: Czech Republic, Poland, Slovakia and Hungary;
- South: France, Italy, Portugal and Spain;
- West: United Kingdom;
- Other: holding companies and elimination of inter-regional transactions.

The accounting methods and principles used to present the sector results and assets are the same as those used for the Group. For easier reading and comparison of each geographical region's operating performance, the Group presents the South and East regions' operating results after restatement under "Others" of Manutan brand royalties paid to Manutan International.

## Note 8 Notes to the consolidated financial statements

### Analysis of the main balance sheet items

#### 8.1 Goodwill

<i>In thousands of euros</i>	Date of acquisition	30/09/2017	Acquisition Addition	Disposal Decrease	Change of change	Reclassification	30/09/2018
<b>Net Value</b>							
Centre CGU	01/04/1995	32,596					32,596
Sports et Loisirs CGU	15/10/2012	9,365					9,365
West CGU	(1)	27,259			(335)		26,924
East CGU	(2)	1,933					1,933
North CGU	(3)	6,311			(446)		5,865
Pichon CGU	30/06/2015	49,707					49,707
Traders CGU	(4)	17,283			(212)		17,071
<b>TOTAL</b>		<b>144,454</b>	<b>0</b>	<b>0</b>	<b>(993)</b>	<b>0</b>	<b>143,461</b>

(1) Two transactions which took place during financial years 1998/99 and 2007/08.

(2) Three transactions which took place during financial years 1998/99, 2000/01 and 2004/05.

(3) Merger of the Witre and Ikaros CGUs during the year. Acquisition of Ikaros on 10/10/2013

(4) Merger of the IMD and EEW CGUs at 30/09/2017. Acquisition of IronmongeryDirect (IMD) in the year 2012/2013 and of Essex Electrical Wholesalers (EEW) on 25/07/2016.

Impairment tests were carried out on these goodwill items at year-end in accordance with the following methods:

At 30 September 2018, an assumed growth to perpetuity of between 1.5% and 2% per year in cash flows was used to arrive at the end value. The NPV discount rate varies depending on the CGU and related country risk.

	30/09/2018	30/09/2017
Centre CGU	8.6%	5.0%
Sports et Loisirs CGU	7.5%	5.5%
West CGU	8.4%	7.5%
East CGU	6.1%	4.2%
North CGU	6.8%	5.0%
Pichon CGU	7.5%	5.5%
Traders CGU	8.4%	7.5%

The Group has performed sensitivity tests on reasonably possible changes in the key assumptions (revenue growth rate to perpetuity, gross margin rate and NPV discount rate) of plus or minus 1% (individually and in aggregate). These

sensitivity tests did not reveal any likely scenario requiring recognition of impairment losses on goodwill (except for the Papeteries Pichon and Casal CGUs, where a one-point increase in WACC would lead to a loss of value).

## 8.2 Capital assets

### Other intangible assets

Amortisation of intangible assets is recognised in current operating profit and loss.

#### CHANGES IN THE 2017/2018 FINANCIAL YEAR

<i>In thousands of euros</i>	30/09/2017	Acquisition Increase	Acquisition by means of business combination	Disposal Decrease	Reclassification	Exchange rate movements	30/09/2018
<b>Gross values</b>							
Trademarks	4,080		0			(158)	3,922
Software applications	74,609	1,608		(6,547)	6,836	(185)	76,321
Intangible assets in progress	11,453	2,483		(242)	(7,266)	0	6,428
Other	3,931	4	0	(10)	15	5	3,945
<b>Total</b>	<b>94,073</b>	<b>4,095</b>		<b>(6,799)</b>	<b>(415)</b>	<b>(338)</b>	<b>90,616</b>
<b>Amortisation</b>							
Trademarks							
Software applications	(58,462)	(6,116)		6,547	0	159	(57,872)
Intangible assets in progress							
Other	(1,015)	(23)		10	(4)	(5)	(1,037)
<b>Total</b>	<b>(59,477)</b>	<b>(6,139)</b>		<b>6,557</b>	<b>(4)</b>	<b>154</b>	<b>(58,909)</b>
<b>NET VALUES</b>	<b>34,596</b>	<b>(2,044)</b>		<b>(242)</b>	<b>(419)</b>	<b>(184)</b>	<b>31,707</b>

Capital assets in progress consist basically of capital expenditure on the Group's information system.

#### CHANGES IN THE 2016/2017 FINANCIAL YEAR

<i>In thousands of euros</i>	30/09/2016	Acquisition Increase	Acquisition by means of business combination	Disposal Decrease	Reclassification	Exchange rate movement	30/09/2017
<b>Gross values</b>							
Trademarks	4,112					(32)	4,080
Software applications	65,615	1,621		(428)	7,780	22	74,609
Fixed assets in progress	17,646	1,232			(7,425)	0	11,453
Other	4,382	2		(451)		(1)	3,931
<b>Total</b>	<b>91,754</b>	<b>2,855</b>		<b>(880)</b>	<b>354</b>	<b>(11)</b>	<b>94,073</b>
<b>Amortisation</b>							
Trademarks							
Software applications	(52,569)	(6,065)		355	(164)	(18)	(58,462)
Fixed assets in progress							
Other	(1,433)	(33)		450		1	(1,015)
<b>Total</b>	<b>(54,002)</b>	<b>(6,098)</b>		<b>805</b>	<b>(164)</b>	<b>(17)</b>	<b>(59,477)</b>
<b>NET VALUES</b>	<b>37,752</b>	<b>(3,243)</b>		<b>(75)</b>	<b>190</b>	<b>(28)</b>	<b>34,596</b>



## Property, plant and equipment

### CHANGES IN THE 2017/2018 FINANCIAL YEAR

<i>In thousands of euros</i>	30/09/2017	Acquisition Increase	Acquisition by means of business combination	Disposal Decrease	Reclassification	Exchange rate movements	30/09/2018
<b>Gross values</b>							
Land	20,206					(14)	20,192
Buildings	110,150	154		(4,197)		(356)	105,751
Fixtures and fittings	33,886	1,883		(973)	558	(147)	35,206
Computer hardware	18,569	1,153		(491)	0	(88)	19,143
Fixed assets in progress	67	11,536			(67)	(9)	11,527
Other property, plant and equipment	7,610	938		(712)	(79)	(51)	7,706
<b>Total</b>	<b>190,488</b>	<b>15,663</b>		<b>(6,373)</b>	<b>411</b>	<b>(665)</b>	<b>199,524</b>
<b>Depreciation and impairment</b>							
Land							
Buildings	(50,559)	(3,778)		4,197		339	(49,800)
Fixtures and fittings	(23,892)	(2,240)		1,020	43	112	(24,957)
Computer hardware	(15,671)	(1,119)		491	(276)	76	(16,500)
Fixed assets in progress							
Other property, plant and equipment	(5,982)	(949)		702	241	46	(5,943)
<b>Total</b>	<b>(96,104)</b>	<b>(8,086)</b>		<b>6,410</b>	<b>8</b>	<b>573</b>	<b>(97,199)</b>
<b>NET VALUES</b>	<b>94,384</b>	<b>7,578</b>		<b>37</b>	<b>419</b>	<b>(92)</b>	<b>102,325</b>

The Manutan Group is financing the Manutan HEQ (High Environmental Quality) European Centre project via a 12-year finance lease. The property complex is recognised under property, plant and equipment for a gross total of €71.2 million (€12.2 million for the land and €59 million for the buildings), in accordance with IAS 17. The property complex is depreciated over the useful life of its respective components.

Property, plant and equipment in progress corresponds mainly to the advance payments made by Papeteries Pichon for the construction of its new premises.

## CHANGES IN THE 2016/2017 FINANCIAL YEAR

<i>In thousands of euros</i>	30/09/2016	Acquisition Increase	Acquisition by means of business combination	Disposal Decrease	Reclassification	Exchange rate movement	30/09/2017
<b>Gross values</b>							
Land	20,144					62	20,206
Buildings	109,265	281			352	252	110,150
Fixtures and fittings	32,722	1,408		(152)	10	(102)	33,886
Computer hardware	18,592	1,642		(1,268)	(352)	(45)	18,569
Other property, plant and equipment	8,144	866		(1,003)	(326)	(5)	(7,677)
<b>Total</b>	<b>188,866</b>	<b>4,197</b>		<b>(2,423)</b>	<b>(315)</b>	<b>163</b>	<b>190,488</b>
<b>Depreciation and impairment</b>							
Land							
Buildings	(45,529)	(4,633)			(272)	(125)	(50,559)
Fixtures and fittings	(22,131)	(1,986)		152		74	(23,892)
Computer hardware	(15,865)	(1,259)		1,262	156	34	(15,671)
Other property, plant and equipment	(6,094)	(802)		943	(32)	2	(5,982)
<b>Total</b>	<b>(89,619)</b>	<b>(8,680)</b>		<b>2,357</b>	<b>(148)</b>	<b>(14)</b>	<b>(96,104)</b>
<b>NET VALUES</b>	<b>99,247</b>	<b>(4,483)</b>		<b>(66)</b>	<b>(464)</b>	<b>149</b>	<b>94,384</b>

## 8.3 Finance leases

The substance of Group leasing contracts has been analysed. The following amounts, corresponding to finance leases, are included in the amounts in the "Property, Plant and Equipment" table of the foregoing note:

<i>In thousands of euros</i>	30/09/2017	Acquisition Increase	Acquisition by means of business combination	Disposal Decrease	Reclassification	Exchange rate movements	30/09/2018
<b>Gross values</b>							
Land	13,146						13,146
Buildings	71,204			(4,197)		(56)	66,951
Fixtures and fittings	300					3	303
Computer hardware	1,068					(2)	1,066
Other property, plant and equipment	1,323	683		(585)		0	1,422
<b>Total</b>	<b>87,041</b>	<b>683</b>		<b>(4,783)</b>		<b>(55)</b>	<b>82,887</b>
<b>Depreciation</b>							
Land							
Buildings	(22,090)	(3,383)		4,197		45	(21,230)
Fixtures and fittings	(325)	(110)			110	(4)	(329)
Computer hardware	(954)					1	(953)
Other property, plant and equipment	(805)	(344)		581		0	(568)
<b>Total</b>	<b>(24,174)</b>	<b>(3,836)</b>		<b>4,778</b>	<b>110</b>	<b>42</b>	<b>(23,081)</b>
<b>NET VALUES<sup>(1)</sup></b>	<b>62,867</b>	<b>(3,153)</b>		<b>(5)</b>	<b>110</b>	<b>(13)</b>	<b>59,806</b>

(1) Of which the property finance lease of the European Centre €53 million at 30 September 2018 and €56 million at 30 September 2017.

## 8.4 Investment property

<i>In thousands of euros</i>	30/09/2017	Acquisition Increase	Acquisition by means of business combination	Disposal Decrease	Reclassification	Exchange rate movements	30/09/2018
Investment property	584				874	(10)	1,448
Depreciation of investment property	(45)				(800)	4	(842)
<b>NET INVESTMENT PROPERTY</b>	<b>539</b>				<b>74</b>	<b>(6)</b>	<b>607</b>

Investment property comprises:

- an unused plot owned by Sports et Loisirs (the value recorded in the financial statements is **€115,000**);
- an unused plot of land (12,400 sqm) owned by Key Industrial Equipment; Estate agents have estimated the market value of this land at **€1,465,000**;
- office facilities (2,628 sqm) owned by Key Industrial Equipment which it wishes to rent out from September 2018. The net value of this asset amounts to €74,000 at 30 September 2018. Estate agents have estimated the market value of this part of the property at **€2,254,000**.

Depreciation methods and rates used are identical to those used for other property, plant and equipment.

## 8.5 Non-current financial assets

<i>In thousands of euros</i>	30/09/2017	Acquisition Increase	Acquisition by means of business combination	Disposal Decrease	Reclassification	Exchange rate movements	30/09/2018
<b>Gross values</b>							
Other non-current financial assets	1,541	48		(1)		0	1,587
<b>Total</b>	<b>1,541</b>	<b>48</b>		<b>(1)</b>		<b>0</b>	<b>1,587</b>
<b>Amortisation</b>							
Other non-current financial assets	0					0	0
<b>Total</b>	<b>0</b>					<b>0</b>	<b>0</b>
<b>NET VALUES</b>	<b>1,541</b>	<b>48</b>		<b>(1)</b>		<b>0</b>	<b>1,587</b>

## 8.6 Operating assets

### INVENTORIES

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
Gross values	71,602	67,237	62,623
Write-downs	(4,047)	(4,198)	(4,432)
<b>NET VALUES</b>	<b>67,555</b>	<b>63,039</b>	<b>58,191</b>

### TRADE RECEIVABLES

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
Gross values	203,390	183,984	167,903
Write-downs	(4,557)	(4,089)	(5,560)
<b>NET VALUES</b>	<b>198,833</b>	<b>179,895</b>	<b>162,343</b>

Anteriority of customer receivables breaks down as follows:

#### FINANCIAL YEAR 2017/2018

<i>In thousands of euros</i>	Total receivables	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year
Gross values	203,390	187,071	5,500	7,005	3,814
Provisions	(4,557)	(108)	(795)	(1,216)	(2,438)
<b>NET VALUES</b>	<b>198,833</b>	<b>186,963</b>	<b>4,705</b>	<b>5,788</b>	<b>1,377</b>

#### Financial year 2016/2017

<i>In thousands of euros</i>	Total receivables	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year
Gross values	183,984	172,843	3,787	2,977	4,377
Provisions	(4,089)	(435)	(356)	(728)	(2,569)
<b>NET VALUES</b>	<b>179,895</b>	<b>172,408</b>	<b>3,431</b>	<b>2,248</b>	<b>1,808</b>

Note 8.25 provides an analysis of the Group's sensitivity to credit risk and exchange risk as regards customer receivables.

#### 8.7 Other receivables and prepaid expenses

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
Prepaid expenses	6,358	6,162	5,174
Other receivables	885	727	459
<b>TOTAL</b>	<b>7,243</b>	<b>6,889</b>	<b>5,633</b>

#### 8.8 Fair value of financial instruments and other financial assets

The table below provides a comparison of the value of the financial assets recognised in the balance sheet with their fair value.

<i>In thousands of euros</i>	Carrying amount			Assets measured at fair value through P&L			Assets held to maturity			Loans and receivables			Fair Value		
	30/09/2018	30/09/2017	30/09/2016	30/09/2018	30/09/2017	30/09/2016	30/09/2018	30/09/2017	30/09/2016	30/09/2018	30/09/2017	30/09/2016	30/09/2018	30/09/2017	30/09/2016
<b>Non-current financial assets (Note 8.5)</b>															
Loans, guarantees and other receivables	1,587	1,541	1,578							1,587	1,541	1,578	1,587	1,541	1,578
<b>Current financial assets</b>															
Fair value hedges, assets			249			249									249
Current cash management assets		5,000	5,000				5,000	5,000						5,000	5,000
<b>Cash and cash equivalents (Note 8.9)</b>	<b>72,231</b>	<b>82,156</b>	<b>73,467</b>	<b>72,231</b>	<b>82,156</b>	<b>73,467</b>							<b>72,231</b>	<b>82,156</b>	<b>73,467</b>
<b>TOTAL ASSETS</b>	<b>73,818</b>	<b>88,697</b>	<b>80,295</b>	<b>72,231</b>	<b>82,156</b>	<b>73,716</b>		<b>5,000</b>	<b>5,000</b>	<b>1,587</b>	<b>1,541</b>	<b>1,578</b>	<b>73,818</b>	<b>88,697</b>	<b>80,295</b>

## 8.9 Cash and cash equivalents

Cash and cash equivalents include:

- cash in hand;
- cash equivalents, i.e. short-term, highly liquid deposits easily convertible into a known amount of cash and

subject to negligible risk of value impairment; these concern marketable securities and accounts and term deposits with maturities of less than three months;

- balances relating to temporary bank overdrafts and associated accrued interest.

The Group considers its total available cash as effectively consisting of the balance sheet aggregates "Cash and cash equivalents" and "Current cash management assets" (i.e. with maturities of between 3 and 12 months).

The net financial balance is therefore calculated as the difference between net cash plus "current cash management assets" and financial debt:

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
Bank current account balances	65,761	70,973	73,293
Marketable securities <sup>(1)</sup>	6,300		2
Deposits <sup>(2)</sup>	169	11,184	172
<b>Total cash assets</b>	<b>72,230</b>	<b>82,157</b>	<b>73,467</b>
Current bank overdrafts	10	10	9,742
<b>Net cash position</b>	<b>72,220</b>	<b>82,147</b>	<b>63,725</b>
Current cash management assets		5,000	5,000
<b>Total available cash</b>	<b>72,220</b>	<b>87,147</b>	<b>68,725</b>
Financial debts (8.13)	47,984	61,680	73,867
<b>NET FINANCIAL BALANCE</b>	<b>24,236</b>	<b>25,467</b>	<b>(5,142)</b>

(1) Fair value Level 1; see Note 7.11 "Derivative financial instruments".

(2) Fair value Level 2; see Note 7.11 "Derivative financial instruments".

## 8.10 Assets held for sale

<i>In thousands of euros</i>	30/09/2017	Acquisition increases	Disposal decreases	Reclassification	Change exchange	30/09/2018
<b>Gross value</b>						
Land	0					0
Buildings	886			(886)		0
Other property, plant and equipment	0					0
<b>Total</b>	<b>886</b>	<b>0</b>	<b>0</b>	<b>(886)</b>	<b>0</b>	<b>0</b>
<b>Depreciation</b>						
Land	0					0
Buildings	(812)			812		0
Other property, plant and equipment	0					0
<b>Total</b>	<b>(812)</b>	<b>0</b>	<b>0</b>	<b>812</b>	<b>0</b>	<b>0</b>
<b>NET VALUE</b>	<b>74</b>	<b>0</b>	<b>0</b>	<b>(74)</b>	<b>0</b>	<b>0</b>

The Group had no assets held for sale at 30 September 2018.

## 8.11 Changes in Group equity

### Changes in number of shares

At 30 September 2018 the number of shares was 7,613,291 each with a nominal value of €2. There were no changes during the 2017/2018 financial year.

The public holds 26.53% of the share capital.

### Treasury shares

The 13,062 treasury shares are charged to Group equity at 30 September 2018.

### Impact of exchange rate fluctuations

Exchange rate fluctuations had the following effects on Group equity during the financial year:

- a negative net impact of €2,057,000 arising from the difference between closing and opening exchange rates recognised directly in equity, excluding profit and loss;
- a negative net impact of €62,000 arising from the difference between closing and average exchange rates applied to the contribution of foreign companies to the consolidated net result.

## 8.12 Financial liabilities

### BREAKDOWN BY TYPE OF DEBT

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
Borrowings from and debts to credit institutions	18,991	30,610	37,023
Liabilities in respect of finance leases <sup>(1)</sup>	14,039	19,243	24,757
<b>Non-current financial liabilities</b>	<b>33,030</b>	<b>49,853</b>	<b>61,780</b>
Borrowings from and debts to credit institutions	9,242	6,023	6,141
Liabilities in respect of finance leases <sup>(2)</sup>	5,712	5,804	5,946
Current bank overdrafts	10	10	9,742
Financial instruments			
<b>Current financial liabilities</b>	<b>14,964</b>	<b>11,837</b>	<b>21,829</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>47,994</b>	<b>61,690</b>	<b>83,609</b>

(1) Among which €13 million regarding the European Centre property finance lease at 30 September 2018.

(2) Among which €4.6 million regarding the European Centre property finance lease at 30 September 2018.

The Group repaid €34,376,000 in financial debt over the course of the financial year, of which €20 million under a credit line, €8,406,000 loan repayment and €4,573,000 in respect of the European Centre property finance lease.

The Group also borrowed €20 million from the CIC to finance the new premises of Papeteries Pichon.

### 8.13 Fair value of financial instruments and other liabilities

The table below provides a comparison of the value of the financial liabilities recognised in the balance sheet with their fair value:

In thousands of euros	Carrying amount			Liabilities measured at fair value through P&L			Supplier and other payables			Liabilities recognised at amortised cost			Fair Value		
	30/09/2018	30/09/2017	30/09/2016	30/09/2018	30/09/2017	30/09/2016	30/09/2018	30/09/2017	30/09/2016	30/09/2018	30/09/2017	30/09/2016	30/09/2018	30/09/2017	30/09/2016
<b>Non-current financial liabilities</b>															
Borrowings from and debts to credit institutions	18,991	30,610	37,023							18,991	30,610	37,023	18,991	30,610	37,023
Liabilities in respect of finance leases	14,039	19,243	24,757							14,039	19,243	24,757	14,039	19,243	24,757
<b>Current financial liabilities</b>															
Borrowings from and debts to credit institutions	9,242	6,023	6,141							9,242	6,023	6,141	9,242	6,023	6,141
Liabilities in respect of finance leases	5,712	5,804	5,946							5,712	5,804	5,946	5,712	5,804	5,946
Derivative financial instruments															
<b>Supplier payables</b>	<b>91,960</b>	<b>91,315</b>	<b>83,541</b>				<b>91,960</b>	<b>91,315</b>	<b>83,541</b>				<b>91,960</b>	<b>91,315</b>	<b>83,541</b>
<b>Other debts</b>	<b>38,763</b>	<b>37,998</b>	<b>30,135</b>				<b>38,763</b>	<b>37,998</b>	<b>30,135</b>				<b>38,763</b>	<b>37,998</b>	<b>30,135</b>
<b>Current bank overdrafts</b>	<b>10</b>	<b>10</b>	<b>9,742</b>							<b>10</b>	<b>10</b>	<b>9,742</b>	<b>10</b>	<b>10</b>	<b>9,742</b>
<b>Other liabilities (provisions and tax)</b>	<b>21,590</b>	<b>21,866</b>	<b>20,305</b>										<b>21,590</b>	<b>21,845</b>	<b>20,305</b>
<b>TOTAL CURRENT AND NON-CURRENT LIABILITIES</b>	<b>200,307</b>	<b>212,869</b>	<b>217,590</b>				<b>130,723</b>	<b>129,312</b>	<b>113,676</b>	<b>47,994</b>	<b>61,690</b>	<b>83,609</b>	<b>200,307</b>	<b>212,846</b>	<b>217,590</b>

5

### MATURITY SCHEDULE OF FINANCIAL INSTRUMENTS SHOWN AS LIABILITIES IN THE BALANCE SHEET

In thousands of euros	Balance sheet value			Less than one year			From one to five years			Beyond five years		
	30/09/2018	30/09/2017	30/09/2016	30/09/2018	30/09/2017	30/09/2016	30/09/2018	30/09/2017	30/09/2016	30/09/2018	30/09/2017	30/09/2016
Borrowings from and debts to credit institutions	28,234	36,633	43,164	9,242	6,023	6,141	16,118	30,610	37,023	2,873		
Liabilities in respect of finance leases	19,751	25,047	30,703	5,712	5,804	5,946	14,039	19,243	20,942			3,815
<b>Financial debts</b>	<b>47,984</b>	<b>61,680</b>	<b>73,867</b>	<b>14,954</b>	<b>11,827</b>	<b>12,087</b>	<b>30,157</b>	<b>49,853</b>	<b>57,965</b>	<b>2,873</b>		<b>3,815</b>
<b>Derivative financial instruments</b>												
<b>Supplier payables</b>	<b>91,960</b>	<b>91,315</b>	<b>83,541</b>	<b>91,960</b>	<b>91,315</b>	<b>83,541</b>						
<b>Other debts</b>	<b>38,763</b>	<b>37,998</b>	<b>30,135</b>	<b>38,763</b>	<b>37,998</b>	<b>30,135</b>						
<b>Current bank overdrafts</b>	<b>10</b>	<b>10</b>	<b>9,742</b>	<b>10</b>	<b>10</b>	<b>9,742</b>						

## 8.14 Employee benefits

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
Pension commitments	3,686	3,486	2,600
Service awards	230	224	239
<b>TOTAL PROVISIONS</b>	<b>3,916</b>	<b>3,710</b>	<b>2,839</b>

The estimate of pension commitments at 30 September 2018 was drawn up by an independent actuary, in accordance with the recommendations of IAS 19.

Pension commitment provisions correspond to the contractual commitments of the French companies which envisage making an end-of-service payment to their employees when they retire.

All expenses relating to pension commitments are shown in the "Personnel Costs" item, which is included in the "Sales and Administrative Expenses" line in the income statement, and include an amount of €264,000 for services rendered (€224,000 in 2016/2017) and the financial cost of €60,000 (€49,000 in 2016/2017). The actuarial differences recognised in equity represent a net charge of €17,000 in 2017/2018.

The main assumptions used in the actuarial calculations are as follows:

	30/09/2018	30/09/2017	30/09/2016
NPV discount rate	1.55%	1.41%	0.79%
Inflation rate	1.50%	1.50%	1.50%
Average rate of salary increase (including inflation)	1.50%	1.50%	1.50%
Age at retirement <sup>(1)</sup> :			
• Executives	65	65	65
• Non-executives	Between 62 and 63	Between 62 and 63	Between 62 and 63

(1) Depending on socio-occupational category.

On 31 December 2007 the pension fund of Overtoom International Nederland was closed. The funds invested and the coverage obligations were transferred to a professional fund which now manages employee pension commitments.

In the 2017/2018 financial year the Management of the subsidiary subscribed to a new defined contribution fund.

## 8.15 Provisions for other liabilities

### CHANGES IN THE 2017/2018 FINANCIAL YEAR

<i>In thousands of euros</i>	30/09/2017	Additions	Reversal of Provision used	Reversal of unused Provision	Change through business combination	Reclassification	Exchange rate movements	30/09/2018
Salary disputes	418	392	34	0	0	0	0	844
Product returns	726	25	(96)	0	0	(5)	(1)	649
Restructuring	250	0	(179)	0	0	0	0	71
Legal and tax	566	0	(90)	0	0	0	0	475
Financial	0	0	0	0	0	0	0	0
Other risks	1,767	135	(156)	0	0	(1,423)	(1)	323
<b>TOTAL</b>	<b>3,726</b>	<b>551</b>	<b>(487)</b>	<b>0</b>	<b>0</b>	<b>(1,428)</b>	<b>(2)</b>	<b>2,361</b>

The additions to and reversals of provisions for restructuring during the financial year mainly concern the Centre region.



## CHANGES IN THE 2016/2017 FINANCIAL YEAR

<i>In thousands of euros</i>	30/09/2016	Additions	Reversal Provisions used	Reversal Provisions not used	Change through business combination	Reclassification	Exchange rate movement	30/09/2017
Salary disputes	515	38	(135)	0	0	0	0	418
Product returns	711	78	(64)	0	0	0	0	726
Restructuring	400	156	(306)	0	0	0	0	250
Legal and tax	0	566	0	0	0	0	0	566
Financial	0	0	0	0	0	0	0	0
Other risks	1,998	161	(141)	(250)	0	0	(1)	1,767
<b>TOTAL</b>	<b>3,625</b>	<b>999</b>	<b>(647)</b>	<b>(250)</b>	<b>0</b>	<b>0</b>	<b>(1)</b>	<b>3,726</b>

The additions to and reversals of provisions for restructuring during the financial year 2016/2017 mainly concerned the Centre regions.

### Ongoing litigation

There is no litigation or exceptional event likely to have a material impact on the Group's financial position for which a provision has not been established.

## 8.16 Other liabilities and accruals

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
Suppliers of fixed assets	539	294	81
Tax and social security liabilities	24,080	22,262	18,242
VAT	7,639	8,485	6,419
Credit notes pending	36	38	72
Provisions for general expenses	3,648	2,463	2,134
Other sundry debts	2,821	4,455	3,188
<b>TOTAL</b>	<b>38,763</b>	<b>37,997</b>	<b>30,135</b>

At 30 September 2018, all these liabilities were due at 1 year or less.

## Analysis of the main items in the income statement

### 8.17 Selling and administrative expenses

Provisions are shown net of additions, reversals, losses and gains.

Other income and expense also includes gains and losses on ordinary disposals of fixed assets.

Personnel costs include payroll and social security charges, employee profit sharing, the cost of temporary employees, employee benefits and other personnel costs. Personnel costs include employee profit sharing, which amounted to €4,087,000 for 2017/2018, €3,732,000 for 2016/2017 and €2,689,000 for 2015/2016.

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
Other external purchases	(79,438)	(74,244)	(71,825)
Taxes and duties	(5,977)	(5,876)	(5,712)
Personnel costs	(121,809)	(119,825)	(111,975)
Depreciation and amortisation charges	(14,938)	(14,707)	(15,527)
Additions to/reversals of provisions	19	116	170
Other income and expenses	522	819	1,460
<b>TOTAL</b>	<b>(221,621)</b>	<b>(213,717)</b>	<b>(203,409)</b>

### 8.18 Personnel costs

#### COMPOSITION OF AVERAGE WORKFORCE

	30/09/2018	30/09/2017	30/09/2016
Employees	1,710	1,588	1,566
Executives	522	551	531
<b>TOTAL</b>	<b>2,232</b>	<b>2,138</b>	<b>2,097</b>

#### BREAKDOWN OF AVERAGE WORKFORCE BY REGION

Workforce	30/09/2018	30/09/2017	30/09/2016
North	120	117	114
Centre	294	287	282
East	111	109	99
South	1,166	1,131	1,159
West	397	365	334
Other	144	129	109
<b>TOTAL</b>	<b>2,232</b>	<b>2,138</b>	<b>2,097</b>

Men	30/09/2018	30/09/2017	30/09/2016
North	87	74	73
Centre	210	201	195
East	60	52	45
South	547	538	568
West	266	237	200
Other	75	64	53
<b>TOTAL</b>	<b>1,245</b>	<b>1,166</b>	<b>1,134</b>

Women	30/09/2018	30/09/2017	30/09/2016
North	33	43	41
Centre	84	86	87
East	51	57	54
South	619	593	591
West	132	128	135
Other	68	65	56
<b>TOTAL</b>	<b>987</b>	<b>972</b>	<b>964</b>

Movements	Arrivals	Departures
North	17	13
Centre	45	39
East	26	24
South	179	145
West	78	45
Other	64	49
<b>TOTAL</b>	<b>410</b>	<b>316</b>

#### BREAKDOWN OF PERSONNEL COSTS

	30/09/2018	30/09/2017	30/09/2016
Employees	(70,162)	(69,916)	(67,435)
Executives	(51,647)	(49,909)	(44,539)
<b>TOTAL</b>	<b>(121,809)</b>	<b>(119,825)</b>	<b>(111,975)</b>

Remuneration allocated in respect of the financial year to the consolidating company's management bodies for their work undertaken for Group companies amounted to €2,001,399 in 2017/2018 and €2,001,407 in 2016/2017.

Attendance fees and remuneration paid to members of the Board of Directors amounted to €124,500 for financial year 2017/2018 and €117,000 for 2016/2017.

#### TURNOVER PER AVERAGE HEADCOUNT

	30/09/2018	30/09/2017	30/09/2016
North	346	351	350
Centre	490	479	460
East	217	193	187
South	410	404	374
West	276	285	315
<b>TOTAL</b>	<b>332</b>	<b>331</b>	<b>325</b>

#### 8.19 Other operating income and expenses

	30/09/2018	30/09/2017	30/09/2016
Asset transactions	490	2,316	0
Fines and penalties		(566)	0
Restructuring costs	(619)	(510)	(959)
Share acquisition expenses	(150)	(181)	(342)
<b>TOTAL</b>	<b>(279)</b>	<b>1,060</b>	<b>(1,301)</b>

Restructuring costs are mainly associated with the development of the Group's organisation, and acquisition costs relate mainly to due diligence expenses on deals that did not come to fruition.

## 8.20 Financial income and expenses

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
Income from cash and cash equivalents	361	455	331
Exchange gains	900	1,641	2,041
Other financial income	150	114	276
<b>TOTAL FINANCIAL INCOME</b>	<b>1,411</b>	<b>2,209</b>	<b>2,648</b>
Gross cost of borrowings	(645)	(734)	(882)
Exchange losses	(960)	(2,120)	(833)
Other financial charges	(153)	(370)	0
<b>TOTAL FINANCIAL CHARGES</b>	<b>(1,757)</b>	<b>(3,223)</b>	<b>(1,715)</b>
<b>Financial result</b>	<b>(346)</b>	<b>(1,014)</b>	<b>933</b>

The change in Group financial income and expenses is due mainly to the volatility of the euro exchange rate against other currencies during the financial year.

Income from cash and cash equivalents declined slightly due to limited opportunities for risk-free remunerated investment in the markets.

The cost of indebtedness fell slightly with the gradual repayment of existing borrowings.

## 8.21 Corporation tax

The difference between theoretical and effective tax rates (in percentages of pre-tax profit) can be analysed as follows:

<i>In %</i>	30/09/2018	30/09/2017	30/09/2016
Statutory income tax rate	34.43%	34.43%	38.00%
Effect of differences between accounting and taxable results	0.90%	2.12%	0.26%
Non-activated tax losses	0.67%	0.28%	0.20%
Tax on dividends		0.65%	0.59%
Previous non-capitalised tax loss carry-forwards applied	-0.18%	-0.12%	-0.52%
Differences in rates of income tax	-3.73%	-6.89%	-8.37%
Tax credit <sup>(1)</sup>	-4.78%	-4.65%	-1.47%
<b>EFFECTIVE RATE OF CORPORATION TAX</b>	<b>27.31%</b>	<b>25.82%</b>	<b>28.69%</b>

(1) Of which -2.03% from reimbursement to Manutan International of excess corporation tax paid during the financial year.

The Group's income tax expense for the financial year amounted to €15,487,000, including €15,522,000 of current tax payable and -€35,000 of deferred tax income.

## SOURCE OF DEFERRED TAXES

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
<b>Gross values</b>			
Fixed assets (excluding finance leases)	607	535	532
Trademarks	(953)	(1,000)	(1,000)
Inventories	687	566	438
Customers	580	507	448
Financial instruments	0	0	0
Pension provisions	1,150	1,243	751
Other provisions	250	211	260
Finance leases	(9,195)	(8,079)	(7,948)
Tax loss carry-forwards	382	0	0
Other temporary differences	653	70	46
<b>TOTAL</b>	<b>(5,839)</b>	<b>(5,950)</b>	<b>(6,473)</b>
Deferred tax assets	4,938	4,158	3,571
Deferred tax liabilities	10,777	10,107	10,044
<b>NET DEFERRED TAX</b>	<b>(5,839)</b>	<b>(5,949)</b>	<b>(6,473)</b>

## CHANGE IN NET DEFERRED TAX

<i>In thousands of euros</i>		
<b>30/09/2017</b>		<b>(5,949)</b>
Recognised in profit and loss		35
Recognised in equity		(6)
Change in scope linked to the allocation of goodwill		0
Exchange rate movements		81
<b>30/09/2018</b>		<b>(5,839)</b>

## 8.22 Earnings per share

	30/09/2018	30/09/2017	30/09/2016
Net income attributable to owners of the parent <i>(in thousands of euros)</i>	41,183	39,069	34,050
Number of shares in circulation	7,600,229	7,600,229	7,600,229
<b>EARNINGS PER SHARE (IN EUROS)</b>	<b>5.42</b>	<b>5.14</b>	<b>4.48</b>
Dilutive effect of subscription warrants	0	0	0
<b>DILUTED EARNINGS PER SHARE (IN EUROS)</b>	<b>5.42</b>	<b>5.14</b>	<b>4.48</b>

## 8.23 Statement of cash flow

## FREE CASH FLOW

<i>In thousands of euros</i>	30/09/2018	30/09/2017
Consolidated profit for the year	41,214	39,114
Net operating depreciation, amortisation and impairment charges	14,958	14,906
Impairment of intangible assets	0	0
Impairment of property, plant and equipment	(733)	(128)
Other Provisions (net)	270	82
Proceeds of disposal of assets	28	(52)
Carrying amount of assets disposed of	205	748
<b>FREE CASH FLOW</b>	<b>55,941</b>	<b>54,670</b>

## CHANGE IN WORKING CAPITAL REQUIREMENTS

Sources: (+) Applications: (-) <i>In thousands of euros</i>	30/09/2018	30/09/2017	Change
Inventories (net)	(4,741)	(4,985)	243
Customer receivables (net)	(13,586)	(10,592)	(2,994)
Other receivables	(6,155)	(8,753)	2,598
Supplier payables (net)	3,284	6,312	(3,028)
Assets and liabilities in respect of corporation tax	(32)	2,862	(2,894)
Other debts	(3,353)	9,313	(12,666)
<b>CHANGE IN WORKING CAPITAL REQUIREMENTS</b>	<b>(24,584)</b>	<b>(5,843)</b>	<b>(18,741)</b>
<b>Change in liabilities/receivables in respect of non-current assets</b>	<b>247</b>	<b>213</b>	<b>34</b>

## 8.24 Information by sector

## TURNOVER - BREAKDOWN BY GEOGRAPHICAL REGION

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
North	41,568	40,918	39,935
Centre	143,901	137,581	129,561
East	24,057	21,042	18,509
South	478,597	457,451	433,116
West	109,747	104,123	105,364
Other	(56,587)	(52,314)	(43,907)
<b>TOTAL</b>	<b>741,283</b>	<b>708,801</b>	<b>682,578</b>

<i>In %</i>	30/09/2018	30/09/2017	30/09/2016
North	5.6%	5.8%	5.9%
Centre	19.4%	19.4%	19.0%
East	3.2%	3.0%	2.7%
South	64.6%	64.5%	63.5%
West	14.8%	14.7%	15.4%
Other	-7.6%	-7.4%	-6.4%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### CURRENT OPERATING PROFIT - BREAKDOWN BY GEOGRAPHICAL REGION

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
North	1,240	1,334	1,276
Centre	11,677	11,852	11,550
East	1,666	1,434	1,271
South	43,066	39,340	30,957
West	7,089	8,679	10,426
Other	(7,411)	(9,955)	(7,326)
<b>TOTAL</b>	<b>57,327</b>	<b>52,683</b>	<b>48,154</b>

<i>In %</i>	30/09/2018	30/09/2017	30/09/2016
North	2.2%	2.5%	2.7%
Centre	20.4%	22.5%	24.0%
East	2.9%	2.7%	2.6%
South	75.1%	74.7%	64.3%
West	12.4%	16.5%	21.7%
Other	-12.9%	-18.9%	-15.2%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### OPERATING PROFIT - BREAKDOWN BY GEOGRAPHICAL REGION

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
North	982	1,236	847
Centre	11,677	14,168	11,150
East	2,307	1,434	1,271
South	42,553	38,524	30,957
West	7,090	8,517	10,297
Other	(7,561)	(10,137)	(7,669)
<b>TOTAL</b>	<b>57,048</b>	<b>53,743</b>	<b>46,853</b>

<i>In %</i>	30/09/2018	30/09/2017	30/09/2016
North	1.7%	2.3%	1.8%
Centre	20.5%	26.4%	23.8%
East	4.0%	2.7%	2.7%
South	74.6%	71.7%	66.1%
West	12.4%	15.8%	22.0%
Other	-13.3%	-18.9%	-16.4%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**CURRENT AND NON-CURRENT ASSETS, CURRENT AND NON-CURRENT LIABILITIES****NON-CURRENT ASSETS**

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
North	9,340	10,101	10,255
Centre	3,997	3,601	4,365
East	9,957	9,423	9,102
South	88,441	79,027	80,205
West	54,084	53,256	54,986
Other	118,805	124,265	128,805
<b>TOTAL</b>	<b>284,624</b>	<b>279,672</b>	<b>287,718</b>

**CURRENT ASSETS**

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
North	15,611	15,865	14,994
Centre	40,725	37,637	33,539
East	8,958	8,535	7,224
South	209,046	191,444	182,695
West	40,083	46,326	42,615
Other	32,623	38,237	27,484
<b>TOTAL</b>	<b>347,046</b>	<b>338,044</b>	<b>308,551</b>

**NON-CURRENT LIABILITIES**

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
North	553	705	706
Centre	173	159	159
East	0	0	0
South	18,931	4,881	4,767
West	968	1,286	1,770
Other	27,099	56,639	67,261
<b>TOTAL</b>	<b>47,723</b>	<b>63,670</b>	<b>74,663</b>

**CURRENT LIABILITIES**

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
North	5,436	5,540	5,044
Centre	13,871	15,579	13,713
East	2,442	2,877	2,154
South	90,765	86,766	81,273
West	16,393	15,919	14,370
Other	23,677	22,518	26,372
<b>TOTAL</b>	<b>152,584</b>	<b>149,199</b>	<b>142,926</b>



## FREE CASH FLOW

<i>In thousands of euros</i>	30/09/2018				30/09/2017				30/09/2016			
	Free cash flow	Of which consolidated profit	Of which amort., depreciation and operating provisions	Of which other non-operating items	Free cash flow	Of which consolidated profit	Of which amort., depreciation and operating provisions	Of which other non-operating items	Free cash flow	Of which consolidated profit	Of which amort., depreciation and operating provisions	Of which other non-operating items
North	1,056	681	447	(71)	1,205	756	440	8	1,122	624	439	60
Centre	6,894	6,643	387	(135)	9,288	8,452	583	253	6,984	6,687	755	(458)
East	1,400	1,630	567	(798)	1,132	768	497	(133)	1,151	741	444	(34)
South	23,447	21,082	2,741	(377)	22,494	18,736	3,236	522	17,389	13,775	3,679	(65)
West	6,718	5,240	1,526	(48)	8,010	6,599	1,453	(42)	10,650	8,954	1,646	50
Other	16,426	5,906	9,290	1,230	12,541	3,819	8,697	25	12,352	3,331	8,565	456
<b>TOTAL</b>	<b>55,941</b>	<b>41,183</b>	<b>14,958</b>	<b>(199)</b>	<b>54,670</b>	<b>39,130</b>	<b>14,906</b>	<b>634</b>	<b>49,649</b>	<b>34,112</b>	<b>15,528</b>	<b>9</b>

<i>In %</i>	30/09/2018				30/09/2017				30/09/2016			
	Free cash flow	Of which consolidated profit	Of which amort., depreciation and operating provisions	Of which other non-operating items	Free cash flow	Of which consolidated profit	Of which amort., depreciation and operating provisions	Of which other non-operating items	Free cash flow	Of which consolidated profit	Of which amort., depreciation and operating provisions	Of which other non-operating items
North	1.9%	1.7%	3.0%	35.8%	2.2%	1.9%	3.0%	1.3%	2.3%	1.8%	2.8%	666.7%
Centre	12.3%	16.1%	2.6%	67.9%	17.0%	21.6%	3.9%	39.9%	14.1%	19.6%	4.9%	-5,088.9%
East	2.5%	4.0%	3.8%	400.1%	2.1%	2.0%	3.3%	-20.9%	2.3%	2.2%	2.9%	-377.8%
South	41.9%	51.2%	18.3%	188.8%	41.1%	47.8%	21.7%	82.2%	35.0%	40.4%	23.7%	-722.2%
West	12.0%	12.7%	10.2%	24.0%	14.7%	16.9%	9.7%	-6.6%	21.5%	26.2%	10.6%	555.6%
Other	29.4%	14.3%	62.1%	-616.7%	22.9%	9.8%	58.3%	4.0%	24.9%	9.8%	55.2%	5,066.7%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## INDUSTRIAL AND PRODUCTION INVESTMENTS<sup>(1)</sup>

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
North	430	293	617
Centre	781	421	237
East	220	418	369
South	11,567	1,706	1,621
West	2,888	692	2,875
Other	3,873	3,522	4,883
<b>TOTAL</b>	<b>19,759</b>	<b>7,051</b>	<b>10,602</b>

(1) These amounts include lease-financed assets.

## 8.25 Financial risk management objectives and policies

### Market risk

The Group is not significantly exposed to market risks, given its financial structure and the small portion of its shares traded on the stock exchange (26.53% at 30 September 2018).

### Liquidity risk

The Group is not significantly exposed to liquidity risk. At 30 September 2018, the Group's cash and cash equivalents amounted to €72,220,000 including current financial investments, while financial liabilities totalled €47,984,000. The ratio of consolidated financial debt to consolidated equity stood at 0.11.

The financial debts are subject to legal and financial covenants (non-compliance with which would lead to early calling). All these covenants were complied with at 30 September 2018. They mainly concern medium- and long-term debt to equity ratios and free cash flow to net borrowings ratios.

In addition, the Group had an unused confirmed line of credit of €20,517,000. As at 30 September 2018, this line has not been used.

Type of borrowings	Fixed or variable rate	Amount <i>In thousands of euros</i>	Maturity			Hedge	Original currency
			< 1 year	1 to 5 years	> 5 years		
Borrowings from credit institutions	Variable rate	0	0	0	0	No	EUR
	Fixed rate	28,234	9,243	18,991	0	No	EUR
Liabilities in respect of finance leases	Fixed rate	867	365	502	0	No	EUR
	Variable rate	17,537	4,574	12,963	0	No	EUR
	Variable rate	841	556	285	0	No	EUR
	Fixed rate	505	216	289	0	No	GBP
Current bank overdrafts	Variable rate	10	10	0	0	No	EUR
<b>TOTAL</b>		<b>47,994</b>	<b>14,964</b>	<b>33,030</b>	<b>0</b>		

### Interest rate risk

The Group's financial policy consists in managing financial charges using a combination of variable and fixed rate derivatives. At 30 September 2018 the Group had no outstanding interest rate swap derivatives.

The interest rate sensitivity analysis at 30 September 2018 is as follows:

<i>In millions of euros</i>	Total	< 1 year	1 to 5 years	> 5 years
Financial assets <sup>(1)</sup>	72.2	72.2	0.0	0.0
Financial liabilities <sup>(2)</sup>	48.0	14.9	33.0	0.0
<b>NET POSITION</b>	<b>24.3</b>	<b>57.3</b>	<b>(33.0)</b>	<b>0.0</b>

(1) Negotiable debt securities, other financial assets and variable rate loans and advances.

(2) Borrowings, financial debts and other variable rate financial liabilities.

The Group's interest rate risk is monitored throughout the year by the Group's Treasury Department in the parent company. The impact of a one percentage point change in interest rates (up or down) on the Group's variable rate net positions at less than one year would be approximately €243,000.

## Exchange risk

The Group pursues a general policy of risk management and self-hedging. Thus the management of intra-Group transactions is attentively monitored by local and Group treasury departments.

The Group's net exposure to exchange rate risk is presented by currency:

<i>In millions of euros</i>	Pounds sterling	Dollars	Czech koruna	Norwegian kroner	Danish kroner	Euros	Other currencies <sup>(1)</sup>	Totals
Monetary assets	24.1	9.8	4.9	3.4	1.4	4.6	7.2	55.4
Monetary liabilities	13.2	4.2	1.5	0.3	0.1	3.5	1.9	24.8
<b>NET EXPOSURE</b>	<b>10.9</b>	<b>5.6</b>	<b>3.4</b>	<b>3.1</b>	<b>1.3</b>	<b>1.0</b>	<b>5.3</b>	<b>30.6</b>

(1) Other currencies = CHF, CZK, HUF, PLN.

Monetary assets comprise receivables and loans, as well as marketable securities and cash.

Monetary liabilities comprise borrowings, as well as operating liabilities and other debts.

The risk analysis led to the following conclusion on the currency hedging requirements:

- purchases in dollars (USD) against euros (EUR);
- purchases in euros (EUR) against the pound sterling (GBP), the Czech koruna (CZK) and the Swedish krona (SEK);
- sales of Norwegian kroner (NOK) and Danish kroner (DKK) against Czech koruna (CZK);
- sales of HUF and PLN against CZK.

## Annual volumes at stake

The total volume of flows to be hedged during the year amounted to €47.9 million, or 10.35% of the Group's cost of goods sold: a change in exchange rates would have a limited impact on the Group's income statement.

At 30 September 2018, the Group had no outstanding forward contracts in respect of these hedges.

## Equity risk

The Group's exposure to equity risk is limited to its holdings of treasury shares in Manutan International, the only Group securities listed on a regulated market. These treasury

shares totalled 13,062 at 30 September 2018 (see Note 8.11 "Changes in Group equity").

They are recognised in consolidated equity.

## Credit risk

In view of the nature of the Group's business, credit risk is limited, since "Trade receivables" consist of a large number of small accounts spread over several hundred thousand customers.

The Group's policy is to check the creditworthiness of all clients wishing to obtain credit terms. Trade receivables are monitored regularly, and as a consequence the Group's exposure to bad debts is not significant.

## 8.26 Related parties

Related parties are:

- parent companies;
- subsidiaries;
- members of the Board of Directors of Manutan International.

Transactions with related parties outside the Group were not significant.

Transactions with the Group's senior Executives during the financial year ended 30 September 2018 (members of the Board of Directors) break down as follows:

- short-term benefits: €2,081,399 in 2017/2018, €2,118,907 in 2016/2017;
- post-employment benefits: N/A;
- other long-term benefits: N/A;
- end-of-service indemnities: N/A;
- share-based payments: N/A.

Short-term benefits correspond to remuneration of the management bodies, including a provision of €124,500 for attendance fees to be paid in respect of the past financial year.

Also, undertakings regarding end-of-service indemnities in the event of their departure have been given to the Group's senior Management. These (unpaid) undertakings amounted to €1,564,560 in 2017/2018.

## 8.27 Special purpose vehicles

Special purpose vehicles are consolidated if the Group comes to the conclusion that it controls them, based on a review of the substance of the special purpose vehicle's relationship with the Group and of its risks and benefits.

The Manutan Group did not control any special purpose vehicles at 30 September 2018.

## Note 9 Companies included in the consolidation scope at 30 September 2018

List of consolidated companies	% of voting rights in the consolidating company	% holding in the consolidating company
Manutan International SA (France)		
Manutan Collectivités SAS (France)	100.00	100.00
The Eurostore Group Ltd (United Kingdom)	100.00	100.00
Manutan GmbH (Switzerland)	100.00	100.00
IronmongeryDirect Ltd (United Kingdom)	100.00	100.00
Key Industrial Equipment Ltd (United Kingdom)	100.00	100.00
Manovert BV (The Netherlands)	100.00	100.00
Manutan Hungaria kft (Hungary)	100.00	100.00
Manutan Italia Spa (Italy)	100.00	100.00
Manutan Ltd (United Kingdom)	100.00	100.00
Manutan Polska Sp z o.o. (Poland)	100.00	100.00
Manutan SA (France)	100.00	100.00
Manutan SL (Spain)	100.00	100.00
Manutan Slovakia s.r.o (Slovakia)	100.00	100.00
Manutan s.r.o. (Czech Republic)	100.00	100.00
Manutan Unipessoal Lda (Portugal)	100.00	100.00
Manutan NV (Belgium)	99.15	99.15
Manutan GmbH (Germany)	100.00	100.00
Manovert BV (The Netherlands)	100.00	100.00
Association du R.I.E. (France)	100.00	100.00
SCI Philippe Auguste (France)	100.00	100.00
Sports et Loisirs SAS (France)	100.00	100.00
Papeteries Pichon SAS (France)	100.00	100.00
Rapid Racking Ltd (United Kingdom)	100.00	100.00
Trovatar a.s. (Czech Republic)	100.00	100.00
Witre A/S (Norway)	100.00	100.00
Witre AB (Sweden)	100.00	100.00
Witre Danmark A/S (Denmark)	100.00	100.00
Witre Oy (Finland)	100.00	100.00
Ikaros Cleantech AB (Sweden)	100.00	100.00
Ikaros Finland Oy (Finland)	100.00	100.00
Essex Electrical Wholesalers (UK)	100.00	100.00

Manutan International exercises exclusive control over all companies incorporated in the consolidation scope.

Group companies are consolidated using the full consolidation method.

## Note 10 Events after the reporting period

None.

## Note 11 Summary of obligations and commitments

### Off-Balance Sheet commitments

<i>In thousands of euros</i>	30/09/2018	30/09/2017	30/09/2016
Unutilised confirmed lines of credit	20,517	415	45,111
Bank guarantees	1,217	1,605	1,600
Other guarantees net <sup>(1)(2)</sup>	12,295	131	78
Linked to operating leases	12,307	18,027	16,961

### Schedule of obligations and commitments

Pursuant to the AMF's recommendation of January 2003, the tables below summarise the obligations and commitments given and received by the Group. Commitments received are preceded by a minus sign (-).

<b>Contractual obligations - commitments given and received</b> <i>In thousands of euros</i>	<b>Total at 30 Sept. 2018</b>	<b>Amount of commitments by period</b>		
		<b>Less than one year</b>	<b>From one to five years</b>	<b>Over 5 years</b>
Lines of credit and authorised overdrafts	20,517	20,517		
Other guarantees received <sup>(1)</sup>	2,608	2,608		
<b>TOTAL COMMITMENTS RECEIVED</b>	<b>23,125</b>	<b>23,125</b>	<b>0</b>	<b>0</b>
Letters of credit	1,217	1,217		
Operating lease obligations	12,307	3,063	6,713	2,531
Other guarantees given <sup>(2)</sup>	14,903	10,543	4,360	
<b>TOTAL COMMITMENTS GIVEN</b>	<b>28,427</b>	<b>14,823</b>	<b>11,073</b>	<b>2,531</b>

(1) Guarantees received by a credit institution in the context of the construction project for the future premises of Papeteries Pichon.

(2) Basically concerns guarantees given by Papeteries Pichon to suppliers in the context of the construction project for its new premises. As a reminder, a bank loan was taken and recognised in debts at 30/09/2018 in the context of this project.

## Note 12 Fees of the Statutory Auditors and members of their networks

<i>In thousands of euros</i>	KPMG						MAZARS					
	Amount			%			Amount			%		
	2017/2018	2016/2017	2015/2016	2017/2018	2016/2017	2015/2016	2017/2018	2016/2017	2015/2016	2017/2018	2016/2017	2015/2016
Statutory audit, review of consolidated and parent company financial statements	484	509	450	93%	95%	87%	418	445	392	92%	96%	92%
Services other than the certification of the financial statements	36	26	67	7%	5%	13%	35	17	34	8%	4%	8%
<b>TOTAL</b>	<b>520</b>	<b>535</b>	<b>517</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>453</b>	<b>462</b>	<b>426</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## — Statutory Auditors' Report on the financial statements

### Financial year ended 30 September 2018

To the General Meeting of Shareholders of Manutan International SA,

### Opinion

In performance of the assignment entrusted to us by your General Meeting of Shareholders, we have audited the financial statements of Manutan International SA for the financial year ended 30 September 2018 as enclosed herewith.

We hereby certify that the financial statements for the year are, as regards the French accounting rules and principles, regular and accurate and provide a true and fair view of the operating results for the past financial year and of the financial situation and assets of the Company at the end of the financial year.

The above opinion is consistent with the content of our report to the Audit Committee.

### Basis of audit opinion

#### Audit referential

We performed our work 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.

The responsibilities incumbent upon us by virtue of these standards are indicated in the section headed "Responsibilities of the Statutory Auditor in respect of the audit of the financial statements" in this report.

#### Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 October 2017 to the date of our report, and in particular we did not provide any services prohibited by Article 5, paragraph 1 of Regulation (EU) No. 537/2014 or by the Statutory Auditors' Code of Ethics.

The services other than certification of accounts that we provided during the financial year to your company and to entities that it controls and that are not mentioned in the management report or in the notes to the financial statements are as follows:

- independent third-party body assignment for the statement of extra-financial performance (KPMG);
- assignment for agreed procedures on the company's subsidiary SCI Philippe Auguste (KPMG);
- assignment for agreed procedures on the Manutan Inter-company Restaurant (RIE) Association (Mazars);
- fiscal review assignment regarding the Reliable Audit Trail (Mazars).

### Justification of our assessments – Key points of the audit

Pursuant to the provisions of Articles L. 823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key points of the audit relating to the risks of material misstatement that, in our professional judgement, were of most significance in our audit of the financial statements for the year, 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 of the forming of our above opinion. We do not express an opinion on items of these financial statements taken separately.

## Valuation of equity investments

### Risk identified

The equity investments are shown in the balance sheet of Manutan International SA at 30 September 2018 for a carrying amount of €344 million, and represent 77% of the total amount of assets. They are initially recognised at acquisition cost excluding ancillary costs or at their subscription value and adjusted for impairment if their estimated value in use at closing is less than the carrying amount.

The estimate of the value in use of each investment is determined by the management by a combination of various methods based on re-estimated net assets, future profitability and business prospects of the investee. This estimate requires the exercise of judgement by the Management, particularly when it is based on forecast elements.

Given the uncertainty inherent in the forecast elements used in these calculations, we took the view that the valuation of the equity investments constituted a key point of our audit.

### Our response

We examined the methods applied by the management for estimating the value in use of the investments. For instance, our work consisted in:

- for valuations based on the re-estimated net assets, we reconciled the net situation used to determine the value in use of the investments with the accounting data extracted from the financial statement audited by the auditors of the companies concerned, checking to see that any adjustments made were appropriate;
- for valuations based on forecast elements, in the event of indications of loss of value, we obtained cash flow projections for the activities of the entities concerned drawn up by their respective managements and assessed the consistency of the assumptions used by the management with our knowledge of the business.

We assessed the appropriateness of the information presented in Note 3.2 to the financial statements.

## Specific verifications

We also carried out, in accordance with professional standards applicable in France, the specific verifications required by the legal and regulatory provisions.

### Information given in the management report and in the other documents on the financial situation and statements sent to the shareholders

We have no comments to make on the fairness and consistency with the financial statements of the information included in the management report of the Board of Directors and in the other documents sent to shareholders regarding the financial situation and financial statements of the Company.

We attest to the fairness and consistency with the financial statements of the information relating to payment terms referred to in Article D. 441-4 of the French Commercial Code.

### Information relating to corporate governance

We attest to the existence, in the section of the Board of Directors' management report dedicated to corporate governance, of the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

We have checked that the information provided pursuant to the provisions of Article L. 225-37-3 of the French Commercial Code on the remuneration paid, benefits awarded and commitments made to corporate officers is in line with the financial statements or with the data used to prepare the financial statements, and, where applicable, with the information that your Company has obtained from companies that control it or that it controls. Based on our work, we certify the accuracy and fairness of this information.

Concerning the information relating to elements that your Company considers likely to have an effect in the event of a public takeover or merger bid, provided in application of the provisions of Article L. 225-37-5 of the French Commercial Code, we have verified its consistency with the source documents provided to us. Based on this work, we have no observations to make on this information.

## Information resulting from other legal and regulatory obligations

### Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Manutan International SA by the General Meetings of 4 March 2004 as regards KPMG Audit, a Department of KPMG SA, and 14 March 2003 as regards Mazars.

At 30 September 2018, KPMG Audit was in the fourteenth and Mazars in the fifteenth year of their respective uninterrupted terms.

### Responsibilities of the management and the persons forming the corporate governance regarding the financial statements

The Management is responsible for the preparation of financial statements giving a true and fair view in accordance with French accounting rules and principles and for putting in place such internal controls as it deems necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In drawing up the financial statements, it is incumbent upon the Management to assess the Company's ability to continue as a going concern, to provide such information relating to the going concern assumption as may be necessary or appropriate and to apply the going concern accounting principle unless it intends to put the Company into liquidation or cease its activities.

It is incumbent on the Audit Committee to monitor the process of drawing up financial information and the effectiveness of the internal control and risk management systems and of the internal audit if applicable as regards the procedures for drawing up and processing accounting and financial information.

These financial statements have been approved by the Board of Directors.

### Responsibilities of the Statutory Auditor in respect of the audit of the financial statements

#### Audit objective and approach

It is for us to draw up a report on the financial statements. Our objective is to obtain reasonable assurance that the financial statements taken as a whole do not contain material misstatements. Reasonable assurance means a high level of assurance, which does not however guarantee that an audit performed in accordance with the standards of the profession will always detect every material misstatement. Misstatements may derive from fraud or from error and are considered material if, taken individually or together, they can reasonably be expected to be capable of influencing such economic decisions as users of the financial statements may take on the basis of those statements.

As specified by Article L. 823-10-1 of the French Commercial Code, our certifying the financial statements does not imply assurance of the viability of your company or of the quality of its management.

Throughout the audit process carried out in accordance with professional standards applicable in France the Statutory Auditor exercises its professional judgement. Furthermore:

- it identifies and assesses the risks of material misstatements being contained in the financial statements whether deriving from fraud or from error, defines and implements audit procedures to address these risks and collects such evidence as it considers sufficient and appropriate on which to base its opinion. The risk of non-detection of a material misstatement arising from fraud is higher than that of such misstatement arising from error, since fraud may involve collusion, forgery, wilful omissions, false declarations or bypassing of internal controls;
- it takes note of such internal controls as are pertinent for the audit in order to define the appropriate audit procedures in each situation, but not with a view to expressing an opinion on the effectiveness of the internal controls;
- it assesses the appropriateness of the accounting methods applied and the reasonableness of the accounting estimates made by Management, as well as the related information provided in the financial statements;
- it assesses the appropriateness of the Management's application of the going concern accounting principle and, depending on the evidence collected, the existence or otherwise of significant uncertainty associated with events or situations likely to cast serious doubt on the company's ability to stay in business. This assessment is based on the evidence collected up until the date of the audit report. However, future situations or events could call into question the company's continued operation.

If it reaches the conclusion that such significant uncertainty does exist, it draws the attention of readers of the audit report to the information provided in the financial statements regarding this uncertainty or, if this information is insufficient or inappropriate, it issues a qualified opinion or refuses to certify;

- it assesses the overall presentation, structure and content of the financial statements and whether they give a true and fair view of the underlying transactions and events.



## Report to the Audit Committee

We send a report to the Audit Committee presenting in particular the extent of the audit work and the work programme implemented as well as the conclusions drawn from our work. We also bring to its attention any significant weaknesses in internal controls that we may have detected as regards the procedures relating to the preparation and processing of accounting and financial information.

Among the elements contained in the report to the Audit Committee are the risks of material anomalies that we consider to have been the most significant for the audit of the financial statements for the year and which therefore constitute the key points of the audit, which it behoves us to describe in this report.

We also provide the Audit Committee with the declaration provided by Article 6 of Regulation (EU) No. 537-2014 confirming our independence within the meaning of the rules applicable in France as laid down in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics of the Statutory Auditors profession. If necessary we discuss with the Audit Committee any risks to our independence and the measures taken to safeguard it.

### The Statutory Auditors

Nantes, on 31 January 2019

**KPMG Audit**  
**A department of KPMG SA**

Franck Noël  
*Partner*

Courbevoie, on 31 January 2019

**Mazars**

Anne Veaute  
*Partner*

## — Financial statements of the parent company

## Balance sheet at 30 September 2018

## ASSETS

<i>In euros</i>	Gross amount	Deprec. & amort. prov.	Net 30/09/2018	Net 30/09/2017
Capital subscribed not called				
<b>Intangible assets</b>				
Start-up costs				
Development costs				
Concessions, patents and similar rights	372,935	372,935	0	2,184
Goodwill				
Other intangible assets	67,462,005	43,778,164	23,683,842	25,895,956
Advances and down payments on intangible assets				
<b>Property, plant and equipment</b>				
Land				
Buildings				
Technical installations, equipment and tools	909,881	705,970	203,911	301,661
Other property, plant and equipment	4,672,661	3,565,121	1,107,540	1,442,717
Fixed assets in progress				
Advances and down payments				
<b>Non-current financial assets</b>				
Investees accounted for using the equity method				
Other equity interests	354,580,222	10,773,669	343,806,553	342,819,975
Receivables associated with equity interests	4,424,939	3,200,000	1,224,939	1,435,615
Other non-current securities				
Loans				
Other non-current financial assets	1,337,251	103,002	1,234,249	1,310,477
<b>NON-CURRENT ASSETS</b>	<b>433,759,894</b>	<b>62,498,860</b>	<b>371,261,034</b>	<b>373,208,585</b>
<b>Inventories and work in progress</b>				
Raw materials, supplies				
Goods in course of production				
Services in course of production				
Intermediate and finished products				
Merchandise				
Advances and down payments on orders	116,053		116,053	519
<b>Receivables</b>				
Trade receivables and associated accounts	15,708,697		15,708,697	8,060,646
Other receivables	32,780,093		32,780,093	35,062,478
Capital subscribed and called but not paid up				
<b>Miscellaneous</b>				
Marketable securities				705
Of which treasury stock				
Cash	21,976,014		21,976,014	25,701,791
<b>Prepaid expenses, accrued income, etc.</b>				
Prepaid expenses	2,974,557		2,974,557	2,455,753
<b>CURRENT ASSETS</b>	<b>73,555,414</b>		<b>73,555,414</b>	<b>71,281,892</b>
Issue costs to be spread over the term of borrowings				
Bond redemption premiums				
Conversion differences	40,104		40,104	141
<b>GRAND TOTAL</b>	<b>507,355,412</b>	<b>62,498,860</b>	<b>444,856,552</b>	<b>444,490,618</b>

## LIABILITIES AND EQUITY

<i>In euros</i>	Financial year 2018	Financial year 2017
Company or individual capital (of which paid up: 15,226,582)	15,226,582	15,226,582
Issue, merger and contribution premiums	66,775,796	66,775,796
Revaluation differences (of which equity method valuation difference)		
Legal reserve	1,522,658	1,522,658
Statutory or contractual reserves		
Regulatory reserves (of which res. for prov. exch. rate fleet)		
Other reserves (of which purchase of orig artist's work)	83,510,737	83,510,737
Earnings carried forward	93,391,404	84,925,464
<b>Profit/(loss) for the year</b>	<b>27,434,909</b>	<b>21,027,870</b>
Investment grants		
Regulatory provisions	3,369,513	2,987,211
<b>EQUITY</b>	<b>291,231,598</b>	<b>275,976,318</b>
Proceeds of issues of equity instruments		
Conditional advances		
<b>OTHER EQUITY</b>		
Provisions for risks	168,778	71,951
Provisions for charges		
<b>PROVISIONS</b>	<b>168,778</b>	<b>71,951</b>
<b>Financial debts</b>		
Convertible bond borrowings		
Other bond borrowings		
Borrowings from and debts to credit institutions	10,609,609	36,619,162
Miscellaneous borrowings and financial debts (of which to investees)	129,770,168	120,771,498
Advances and down payments received on current orders		
<b>Operating liabilities</b>		
Supplier payables and related accounts	4,300,574	3,774,726
Tax and social security liabilities	8,311,201	6,611,731
<b>Sundry debtors</b>		
Debts in respect of fixed assets and related accounts	113,262	320,570
Other debts	10,384	0
<b>Prepaid expenses, accrued income, etc.</b>		
Prepaid expenses		
<b>LIABILITIES</b>	<b>153,115,198</b>	<b>168,097,687</b>
Conversion differences	340,978	344,662
<b>GRAND TOTAL</b>	<b>444,856,552</b>	<b>444,490,618</b>

## Income statement for the financial year ended 30 September 2018

In euros	Financial year 2018			Financial year 2017
	France	Export	Total	
Sale of merchandise				
Goods produced and sold				
Goods produced and sold	16,785,791	12,996,555	29,782,346	25,998,884
<b>Net revenues</b>	<b>16,785,791</b>	<b>12,996,555</b>	<b>29,782,346</b>	<b>25,998,884</b>
Production transferred to inventories				
Production capitalised				
Operating grants				
Reversals of impmt., prov. (* deprec./amort.), transfer of charges			8,024,520	6,545,786
Other income			14,619,587	13,507,273
<b>Operating income</b>			<b>52,426,453</b>	<b>46,051,943</b>
Purchase of merchandise (including customs duties)				
Change in inventories (merchandise)				
Purchase of raw materials and other supplies				
Change in inventories (raw materials and supplies)				
Other external purchases and charges			23,090,389	21,067,279
Taxes, duties and similar			963,173	920,878
Employee benefits			10,384,876	10,296,936
Social security charges			4,566,641	4,583,333
Operating allocations:				
On non-current assets: additions to deprec/amort			6,102,607	5,546,172
On non-current assets: additions to impairment allowances				
On current assets: additions to impairment allowances				
Addition to provisions			128,674	
Other charges			96,667	165,190
<b>Operating charges</b>			<b>45,333,027</b>	<b>42,579,787</b>
<b>OPERATING RESULT</b>			<b>7,093,426</b>	<b>3,472,156</b>
<b>Joint operations</b>				
Profit attributed or loss transferred				
Loss borne or profit transferred			221,156	201,309
<b>Financial income</b>			<b>26,194,527</b>	<b>22,796,143</b>
Financial income from equity interests			24,144,101	20,490,908
Income from other transferable securities and receivables in respect of non-current assets				
Other interest and similar income			169,242	211,133
Releases of provisions and transfers of charges			1,330,433	1,084,847
Exchange differences			550,750	1,009,255
Net sales proceeds of transferable securities				
<b>Financial expenses</b>			<b>4,292,473</b>	<b>4,471,519</b>
Additions to depreciation, amortisation and provisions			476,648	134,513
Interest and similar charges			3,566,779	3,321,628
Exchange differences			249,047	1,015,378
Net charges on sale of transferable securities				
<b>FINANCIAL RESULT</b>			<b>21,902,054</b>	<b>18,324,625</b>
<b>RECURRING PROFIT BEFORE TAX</b>			<b>28,774,324</b>	<b>21,595,472</b>
<b>Exceptional income</b>			<b>3,400</b>	
Exceptional income on management transactions				
Exceptional income on capital transactions			3,400	
Releases of provisions and transfers of charges				
<b>Exceptional charges</b>			<b>384,107</b>	<b>477,002</b>
Exceptional charges on management transactions			10	674
Exceptional charges on capital transactions			1,795	
Exceptional additions to depreciation, amortisation and provisions			382,302	476,328
<b>EXCEPTIONAL ITEMS</b>			<b>(380,707)</b>	<b>(477,002)</b>
Employee profit sharing			848,430	836,169
Tax on income			110,278	(745,569)
<b>Total income</b>			<b>78,624,380</b>	<b>68,848,087</b>
<b>Total expenses</b>			<b>51,189,472</b>	<b>47,820,217</b>
<b>PROFIT OR LOSS</b>			<b>27,434,909</b>	<b>21,027,870</b>

## — Notes to the parent company financial statements

### Note 1 Activity of the Company and significant events of the year

#### 1.1 Significant events

The following financial statements cover the twelve-month period from 1 October 2017 to 30 September 2018.

#### 1.2 Accounting principles and methods

The Company's financial year covers a 12-month period, from 1 October 2017 to 30 September 2018.

The financial statements incorporate the provisions of Regulations No. 2015-05 of the ANC on term financial instruments and hedging transactions, application of which is mandatory from the 2017/2018 financial year. Application of this regulation, the aim of which is to specify how term financial instruments and hedging transactions are accounted for, has no significant impact on the Company's financial statements.

The financial statements have been drawn up on a going concern basis. They were prepared in accordance with current accounting rules, in compliance with the principle of prudence, independence of financial years and consistency of accounting methods.

Accounting principles and methods specifically applied to each financial statement item are set forth in the following pages.

The financial statements have been prepared in accordance with the provisions of Regulation **2016-07** of the ANC, the French Accounting Standards Authority approved by ministerial order of **4 November 2016** on the General Accounting Plan.

### Note 2 Significant events after the reporting period

None.

### Note 3 Information on the assets

#### 3.1 Non-current assets

##### 3.1.1 Intangible assets

Intangible assets are recognised at their acquisition cost.

Computer software licences are amortised on a straight-line basis over 3 to 7 years, depending on their purpose and how long the Company expects to use them.

Major computer software additions during the financial year concerned licences as well as capitalisable costs incurred at year-end for the implementation of the various applications used by Group companies' operations

(e-business sites, content and publication management, etc.) These software packages use the latest technology available and replace previous packages, which had been fully amortised and were therefore scrapped.

Assets in progress mainly comprise the costs incurred in the context of the project to change the Group's integrated management application and the part still in development.

### 3.1.2 Property, plant and equipment

Property, plant and equipment are measured at acquisition cost.

Depreciation is calculated using the straight-line method over the expected useful life of the asset concerned:

- buildings: 25 years
- fixtures and fittings: 10 years

- computer hardware: 3 or 5 years
- other property, plant and equipment: 3 to 6 years
  - motor vehicles;
  - equipment and tools;
  - office furniture and equipment.

The straight-line method best reflects the economic reality applicable to the life-cycle of an asset.

### 3.1.3 Table of acquisitions and disposals for the year

<i>In euros</i>	At 30/09/2017	Acquisitions	Transfers between B/S headings and corrections +/-	Disposals	At 30/09/2018
Start-up and development costs					
Other intangible assets	64,646,309	10,671,569	7,482,937	1	67,834,940
<b>Total 1 Intangibles</b>	<b>64,646,309</b>	<b>10,671,569</b>	<b>7,482,937</b>	<b>1</b>	<b>67,834,940</b>
Land					
Constructions on own land					
Constructions on third-party land					
Constructions, installations, fixtures & fittings, etc.					
General installations and fixtures & fittings					
Technical installations, equipment and tools	897,835	12,045			909,881
Motor vehicles	9,811	9,800		9,811	9,800
Office and computer equipment, furniture	4,362,513	247,349			4,609,861
Recoverable packaging and miscellaneous	53,000				53,000
<b>Total 2 Property, plant &amp; equipment</b>	<b>5,323,159</b>	<b>269,194</b>	<b>0</b>	<b>9,811</b>	<b>5,582,542</b>
Fixed assets in progress					
<b>Total 3 Property, plant &amp; equipment in progress</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Advances					
<b>TOTAL A (1+2+3)</b>	<b>69,969,467</b>	<b>10,940,763</b>	<b>7,482,937</b>	<b>9,811</b>	<b>73,417,482</b>

### 3.1.4 Table of depreciation and amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets are calculated on a linear or degressive basis depending on the nature of the assets and their expected useful life.

## TABLE OF TECHNICAL DEPRECIATION AND AMORTISATION

<i>In euros</i>	At 30/09/2017	Additions	Reductions or reversals	At 30/09/2018
Start-up and development costs				
Other intangible assets	38,748,169	5,402,929		44,151,098
<b>Total 1</b>	<b>38,748,169</b>	<b>5,402,929</b>		<b>44,151,098</b>
Land				
Buildings				
General installations, fixtures and fittings				
Technical installations, equipment and tools	596,174	109,796		705,970
Motor vehicles	5,650		5,521	129
Office and computer equipment, furniture	2,976,956	588,036		3,564,992
<b>Total 2</b>	<b>3,578,781</b>	<b>697,831</b>	<b>5,521</b>	<b>4,271,091</b>
<b>TOTAL B (1+2)</b>	<b>42,326,949</b>	<b>6,100,761</b>	<b>5,521</b>	<b>48,422,189</b>
<b>Net value (A-B)</b>	<b>27,642,518</b>	<b>4,840,002</b>	<b>4,290</b>	<b>24,995,293</b>

### 3.2 Non-current financial assets

The gross value of the securities consists of their purchase cost excluding ancillary expenses or of the subscription value. The net asset value of the securities reflects their value in use. This value is determined by a combination of the following methods: re-estimated net assets, future profitability and business prospects of the company concerned.

If the net asset value is lower than the net carrying amount of the securities, a provision is set aside for the difference. A similar provision is established for receivables from associates, their net asset value being based on prospects of recovery.

## TABLE OF MOVEMENTS DURING THE YEAR

<i>In euros</i>	Gross Value at 30/09/2017	Acquisitions and transfers between B/S headings	Disposals and transfers between B/S headings	Gross Value at 30/09/2018	Provision	Net Value at 30/09/2018
Investees accounted for using the equity method						
Other equity interests	359,215,838		210,676	359,005,161	13,973,669	345,031,492
Other non-current securities						
Loans and other non-current financial assets	1,320,649	16,602		1,337,251	103,002	1,234,249
<b>TOTAL</b>	<b>360,536,487</b>	<b>16,602</b>	<b>210,676</b>	<b>360,342,413</b>	<b>14,076,672</b>	<b>345,031,492</b>

## RECEIVABLES FROM AND LOANS TO SUBSIDIARIES

<i>In euros</i>	Gross Value at 30/09/2017	Increases	Decreases	Gross Value at 30/09/2018	of which at > 1 year
Receivables associated with equity interests	4,635,615		210,676	4,424,939	4,205,370
Provisions for impairment	(3,200,000)			(3,200,000)	(3,200,000)
<b>TOTAL</b>	<b>1,435,615</b>	<b>0</b>	<b>210,676</b>	<b>1,224,938</b>	<b>1,005,370</b>

### Investments in associates and related receivables

Details of associates are shown in the "Table of subsidiaries and associates" in the Notes to these financial statements.

During the year, Manutan International wrote off receivables on:

- Manutan GmbH (Switzerland) for €160,000;
- Manutan GmbH (Germany) for €500,000.

### Provisions for shares in associates and related receivables

A reversal of €286,578 was recognised per 30 September 2018 in respect of the provision for shares in Manutan Italy.

A reversal of €700,000 was also recognised in respect of the provision for the shares in Trovatar.

The provision for treasury shares amounted to €103,002 at 30 September 2018. During the financial year €10,172 was released from the provision in respect of the half-year closing.

The other movements in receivables related to associates resulted from the revaluation of these foreign currency denominated receivables.

### 3.3 Maturity schedule of receivables

The Company's receivables amounted to €57,225,537 in gross value at 30 September 2018, which breaks down as follows:

<i>In euros</i>	Gross amount	One year or less	Over one year
<b>Non-current assets:</b>	<b>5,762,190</b>	<b>219,569</b>	<b>5,542,621</b>
Receivables associated with equity interests	4,424,939	219,569	4,205,370
Loans			
Other non-current financial assets	1,337,251	0	1,337,251
<b>Current assets:</b>	<b>51,463,347</b>	<b>51,463,347</b>	
Customers	15,708,697	15,708,697	
Doubtful accounts			
Personnel and related accounts	500	500	
Social bodies	21,107	21,107	
State: sundry taxes and duties	423,267	423,267	
Group and shareholders	32,267,728	32,267,728	
Sundry debtors	67,491	67,491	
Prepaid expenses	2,974,557	2,974,557	
<b>TOTAL</b>	<b>57,225,537</b>	<b>51,682,916</b>	<b>5,542,621</b>
Amounts of loans granted during the year			
Amounts of repayments received during the year			
Loans and advances granted to shareholders (natural persons)			

### 3.4 Trade and other receivables and associated accounts

<i>In euros</i>	Gross amount	Deprec. & amort. For prov.	Net 30/09/2018	Net 30/09/2017
Trade receivables and associated accounts	15,708,697		15,708,697	8,060,646
Other receivables	32,780,093		32,780,093	35,062,478
Capital subscribed and called but not paid up				
<b>TOTAL</b>	<b>48,488,790</b>		<b>48,488,790</b>	<b>43,123,124</b>

Other receivables include €32,267,000 in loans granted to subsidiaries and related accrued interest in the context of Manutan International's centralised management of the Group's treasury function.



### 3.5 Prepaid expenses, accrued income, etc.

#### 3.5.1 Prepaid expenses

Prepaid expenses amount to €2,974,557.

<i>In euros</i>	At 30/09/2018	At 30/09/2017
Operating charges	2,974,557	2,455,753
Financial expenses		
Exceptional charges		
<b>TOTAL</b>	<b>2,974,557</b>	<b>2,455,753</b>

#### 3.5.2 Conversion differences

Positive (asset)		Negative (liability)	
<i>In euros</i>		<i>In euros</i>	
Decrease in receivables	40,104	Decrease in payables	
Increase in payables		Increase in receivables	340,978
<b>TOTAL</b>	<b>40,104</b>	<b>TOTAL</b>	<b>340,978</b>

## Note 4 Informations on liabilities and equity

### 4.1 Equity

#### Composition of the share capital

The Company's share capital at 30/09/2018 amounted to €15,226,582 represented by 7,613,291 shares each with a nominal value of €2.00. At that date, the portion of the share capital listed on Euronext Paris and publicly held was 26.50%.

#### APPROPRIATION OF PROFIT FOR THE 2017 FINANCIAL YEAR

The accounts for the financial year 2016/2017 showed a profit of €21,027,870. In accordance with a resolution of the Ordinary General Meeting of Shareholders voting on the financial statements, this profit was appropriated as follows:

<i>In euros</i>	At 30/09/2018
Opening equity	275,976,318
Profit for 2018	27,434,909
Distributions of dividends (bt. fwd.)	
Distribution of dividends (profit)	(12,561,930)
Regulatory provisions	382,302
<b>CLOSING EQUITY</b>	<b>291,231,598</b>

The number of treasury shares held at year-end was 13,062, with a value of €965,468.

## 4.2 Statement of provisions

Details of provisions by type are as follows:

### 4.2.1 Provisions for risks

<i>In euros</i>	At 30/09/2017	Additions	Reversals	At 30/09/2018
Provisions for arbitration disputes				
Provisions for customer warranties				
Provisions for losses on futures markets				
Provisions for fines and penalties				
Provision for exchange losses	141	373,645	333,683	40,104
<b>TOTAL</b>	<b>141</b>	<b>373,645</b>	<b>333,683</b>	<b>40,104</b>

### 4.2.2 Provisions for charges

<i>In euros</i>	At 30/09/2017	Additions	Reversals	At 30/09/2018
Provisions for pensions and similar obligations				
Provision for taxes				
Provisions for renovation of fixed assets				
Provisions for major maintenance				
Provisions for social and tax charges payable on leave				
Other provisions for risks and charges	71,810	128,674	71,810	128,674
<b>TOTAL</b>	<b>71,810</b>	<b>128,674</b>	<b>71,810</b>	<b>128,674</b>

### 4.2.3 Provision for impairment of fixed assets

<i>In euros</i>	At 30/09/2017	Additions	Reversals	At 30/09/2018
Provisions for intangible assets				
Provisions for pty, plant & eqmnt.				
Provisions for equity-accounted investments				
Provisions for investments in associates	11,760,247		986,578	10,773,669
Provisions for other financial non-current assets	3,210,173	103,002	10,172	3,303,002
<b>TOTAL</b>	<b>14,970,420</b>	<b>103,002</b>	<b>996,750</b>	<b>14,076,672</b>

### 4.2.4 Provision for exceptional deprec./amort.

<i>In euros</i>	At 30/09/2017	Additions	Reversals	At 30/09/2018
Exceptional deprec./amort.	2,987,211	382,302		3,369,513
<b>TOTAL</b>	<b>2,987,211</b>	<b>382,302</b>		<b>3,369,513</b>

### 4.3 Maturity schedule of payables

<i>In euros</i>	Gross amount year-end	< 1 year	1 to 5 years.	> 5 years
Convertible bond borrowings				
Other bond borrowings				
Borrowings from and debts to credit institutions:				
• original maturity up to 1 yr.				
• original maturity over 1 yr.	10,609,609	6,048,096	4,561,513	
Miscellaneous borrowings and financial debts	2,753,445	2,753,445		
Suppliers and related accounts	4,300,574	4,300,574		
Personnel and related accounts	3,465,271	3,465,271		
Social security and other social bodies	2,359,693	2,359,693		
State and other public bodies:				
• tax on income	1,591,029	1,591,029		
• value Added Tax	736,441	736,441		
Guaranteed tax payment bonds				
Other taxes and associated accounts	158,766	158,766		
Debts in respect of fixed assets and related accounts	113,262	113,262		
Group and shareholders	127,016,723	127,016,723		
Other debts	10,384	10,384		
Debt representing securities borrowed or pledged				
Unearned income				
<b>TOTAL</b>	<b>153,115,198</b>	<b>148,553,685</b>	<b>4,561,513</b>	<b>0</b>
Borrowings entered into during the financial year				
Borrowings repaid during the financial year	26,009,553			

### 4.4 Supplier payables and related accounts

<i>In euros</i>	At 30/09/2018	At 30/09/2017
Group suppliers	1,047,983	802,217
Suppliers France	1,549,837	1,301,565
Suppliers of fixed assets	113,262	320,570
Bills payable other than Group		
Bills payable, Group		
Supplier invoices not received	1,702,754	1,670,944
<b>CARRYING AMOUNTS</b>	<b>4,413,836</b>	<b>4,095,296</b>

## 4.5 Charges payable

Charges payable included in the following balance sheet items amounted to:

<i>In euros</i>	Financial year 2018	Financial year 2017
<b>Operating liabilities</b>		
Supplier payables and related accounts	4,300,574	3,774,726
Tax and social security liabilities	8,311,201	6,611,731
<b>Financial debts</b>		
Convertible bond borrowings		
Other bond borrowings		
Borrowings from and debts to credit institutions	10,609,609	36,619,162
Miscellaneous borrowings and financial debts (of which to investees)	129,770,168	120,771,498
Advances and down payments received on current orders		
<b>Sundry debtors</b>		
Debts in respect of fixed assets and related accounts	113,262	320,570
Other debts	10,384	0
<b>Prepaid expenses, accrued income, etc.</b>		
Prepaid expenses		
<b>LIABILITIES</b>	<b>153,115,198</b>	<b>168,097,687</b>

## 4.6 Prepaid expenses, accrued income, etc.

### 4.6.1 Conversion differences

Non-euro transactions are translated into euros at the transaction date exchange rate. At year-end, payables and receivables in foreign currencies shown in the balance sheet are measured at their equivalent in euros at the rate of 30 September 2018. The difference resulting from the comparison of the two valuations is recognised in the balance sheet as a conversion difference of €340,978 on the liabilities side and €40,104 on the assets side.

## Note 5 Information on the income statement

### 5.1 Breakdown of net turnover

Turnover for 2017/2018 breaks down as follows:

<i>In euros</i>	Financial year 2018			Financial year 2017
	France	EU + Export	Total	Total
Sale of merchandise				
Sale of finished products				
Goods produced and sold	16,785,791	12,996,555	29,782,346	25,998,884
<b>TOTAL REVENUES</b>	<b>16,785,791</b>	<b>12,996,555</b>	<b>29,782,346</b>	<b>25,998,884</b>
%	56.36%	43.64%	100.00%	

This amount includes €2,965,524 in management fees and €26,816,821 in intra-group services.

## 5.2 Other operating income

<i>In euros</i>	At 30/09/2018	At 30/09/2017
Production transferred to inventories		
Production capitalised		
Other miscellaneous operating income and grants		
Releases of deprec./amort. & provisions, transfer of charges	22,644,107	20,053,059
<b>TOTAL</b>	<b>22,644,107</b>	<b>20,053,059</b>

This item includes brand royalty payments of €14,611,785.

## 5.3 Remuneration of the Statutory Auditor

For the year 2017-2018 our Statutory Auditors' fees amounted to €180,000 excl. tax. These were the fees invoiced in respect of the legal audit of the accounts.

## 5.4 Financial income and expense

Net financial income for the year came to €21,902,054 and breaks down as follows:

<i>In euros</i>	Financial year 2018	Financial year 2017
<b>Financial income</b>	<b>26,194,527</b>	<b>22,796,143</b>
Financial income from equity interests	24,144,101	20,490,908
Income from other transferable securities and receivables in respect of non-current assets		
Other interest and similar income	169,242	211,133
Releases of provisions and transfers of charges	1,330,433	1,084,847
Exchange differences	550,750	1,009,255
Net sales proceeds of transferable securities		
<b>Financial expenses</b>	<b>4,292,473</b>	<b>4,471,519</b>
Additions to depreciation, amortisation and provisions	476,648	134,513
Interest and similar charges	3,566,779	3,321,628
Exchange differences	249,047	1,015,378
Net charges on sale of transferable securities		
<b>FINANCIAL RESULT</b>	<b>21,902,054</b>	<b>18,324,625</b>

Financial income from equity interests breaks down as follows:

<i>In euros</i>	Amount
Group dividends	24,018,193
Non-Group dividends	
<b>TOTAL</b>	<b>24,018,193</b>

### Companies concerned

<i>In euros</i>	Dividends received
Manutan FR	4,219,063.80
Manutan Hung	124,180.76
Man CZK	409,763.71
Manovert	10,164,000.00
Manita	425,671.00
Manport	330,831.00
Manutan Slovaki	28,845.00
IRON	3,185,828.65
OIB	567,580.00
Ikaros Sweden	147,750.04
Raprac	1,026,067.14
Witre Sweden	236,276.34
Manutan Ltd.	1,958,335.88
Pichon	1,194,000.00

## 5.5 Non-recurring items

Net exceptional expense for the year of €380,707 breaks down as follows:

<i>In euros</i>	Financial year 2018	Financial year 2017
<b>Exceptional income</b>	<b>3,400</b>	
Exceptional income on management transactions		
Exceptional income on capital transactions	3,400	
Releases of provisions and transfers of charges		
<b>Exceptional charges</b>	<b>384,107</b>	<b>477,002</b>
Exceptional charges on management transactions	10	674
Exceptional charges on capital transactions	1,795	
Exceptional additions to depreciation, amortisation and provisions	382,302	476,328
<b>EXCEPTIONAL ITEMS</b>	<b>(380,707)</b>	<b>(477,002)</b>

Income and expense on assets disposed of break down as follows:

<i>In euros</i>	Gross value	Net carrying amount	Sale price	Gain or loss on disposal
Sales of property, plant and equipment				
Sales of intangible assets				
Sales of other non-current financial assets				
Write-offs of intangible assets				
Write-offs of pty, plant & eqmnt				
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 5.6 Tax on income

Manutan International is a member of a consolidated tax group whose parent company is Manutan International SA.

### 5.6.1 Breakdown of tax on income linked to activity

Profit/(loss) <i>In euros</i>	Accounting profit before tax	Add-backs and deductions	Profit for tax purposes	Theoretical amount of tax	Corp. tax credit/refund	Taxes on dividends	Due	Profit after tax
Total	20,282,301	(20,697,638)	3,644,062	1,254,772	7,970	(1,152,464)	110,278	27,434,909

A reimbursement of the 3% tax on dividends was received during the year in an amount of €1,152,464 covering the years 2014, 2015 and 2016.

### 5.6.2 Deferred taxation

#### BASES

<i>In euros</i>	At the beginning of the financial year	Changes in profit/(loss) for the year	At the end of the financial year
<b>Exceptional valuations for tax abatement</b>			
Regulatory provisions	(1,561,631)	(382,302)	(1,943,933)
<b>Differences between the tax and accounting treatment of certain items of revenue or expense</b>			
Investment in construction	30,157	12,937	43,090
Profit sharing	776,000	132,000	908,000
“Social solidarity contribution”	31,500	(12,834)	18,666
Conversion differences	0	0	0
Other provisions for risks	184	(184)	0
<b>TOTAL</b>	<b>(723,790)</b>	<b>(250,383)</b>	<b>(974,173)</b>

#### TAXES

<i>In euros</i>	At the beginning of the financial year	Changes in profit/(loss) for the year	At the end of the financial year
<b>Exceptional valuations for tax abatement</b>			
Regulatory provisions	(451,620)	(110,562)	(382,302)
<b>Differences between the tax and accounting treatment of certain items of revenue or expense</b>			
Investment in construction	10,383	4,454	14,834
Profit sharing	267,177	45,448	312,624
“Social solidarity contribution”	10,845	(4,419)	6,427
Conversion differences	0	0	0
Other provisions for risks	63	(63)	0
<b>TOTAL</b>	<b>(163,155)</b>	<b>(65,142)</b>	<b>(228,297)</b>

**5.6.3 Effect of application of the tax provisions on profit/(loss)**

Impact on profit/(loss) for the year	2018
Profit/(loss) for the year	27,434,909
• Tax on income	1,254,772
• Tax credits:	
• tax credit for training managers	
• family tax credit	
• tax reduction for sponsorship	-
• tax credit for investment in Corsica	
• tax credit for apprenticeship	
• tax credit relating to transferable securities ("BIC" industrial and commercial category)	
• other allocations	
Reimbursement of corp. tax/dividend tax - corp. tax prov.	(1,144,494)
<b>Profit/(loss) before tax (or tax credit)</b>	<b>27,545,187</b>
+ Additions to regulated provisions during the year	382,302
- Released from regulated provisions during the year	
Change in regulated provisions: - exceptional depreciation/amortisation	382,302
<b>PROFIT/(LOSS) WITHOUT TAX PROVISIONS</b>	<b>27,927,489</b>

**Note 6 Miscellaneous information****6.1 Average workforce of paid staff**

The average workforce in financial year 2018 breaks down as follows:

Financial year 2018	Workforce
Executives	129
Supervisors, technicians and employees	23
Workers	
<b>TOTAL</b>	<b>152</b>

**6.2 Identity of the consolidating parent company**

The accounts of the parent company are consolidated using the full consolidation method in the accounts of Manutan International SA 0000, Avenue du XXI<sup>e</sup> Siècle 95506 Gonesse Cedex, France.

**6.3 Remuneration of the administrative bodies**

Attendance fees allocated to members of the Board of Directors in respect of financial year 2017/2018 amounted to €124,500.

Remuneration paid to corporate officers during financial year 2017/2018 amounted to €2,001,399.



## 6.4 Off-balance sheet commitments

### 6.4.1 Commitments given

Commitments given <i>In euros</i>	Total	Management	Subsidiaries	Other
Linked to treasury				
• Bank overdraft	265,203		265,203	
• Security bond	940,292		940,292	
Letter of credit	400,000		400,000	
<b>TOTAL</b>	<b>1,605,495</b>	<b>0</b>	<b>1,605,495</b>	<b>0</b>

### 6.4.2 Commitments received

Commitments received <i>In euros</i>	Total	Management	Subsidiaries	Other
Linked to treasury				
CIC	20,000,000			20,000,000
BNP Paribas				
SG				
	<b>20,000,000</b>	<b>0</b>		<b>20,000,000</b>

## 6.5 Commitments in respect of personnel

### 6.5.1 CICE

The company had recorded a French tax credit for encouraging competitiveness and jobs (CICE) of €74,658 at 30 September 2018. This tax credit was used to provide training for employees following the installation of our new information system.

## Information relating to subsidiaries and associates

Financial information	<i>In thousands of local currency units</i>		<i>In thousands of euros</i>			<i>As a %</i>	
	Share capital	Equity other than capital before appropriation of profit	Share capital	Equity other than capital before appropriation of profit	Total equity	% of capital held	Equity
<b>Subsidiaries and associates</b>							
Manutan SA (EUR)	16,073	69,460	16,073	69,460	97,658	100.00	
Manutan Collectivités (EUR)	7,560	7,870	7,560	7,870	19,229	100.00	
Sports & Loisirs SAS (EUR)	1,000	10,260	1,000	10,260	10,971	100.00	
SCI Philippe Auguste (EUR)	345	18,947	345	18,696	19,041	100.00	
Papeteries Pichon SAS	1,000	38,096	1,000	38,096	43,131	100.00	
Manutan Italia Spa (EUR)	500	1,158	500	1,158	2,626	100.00	
Manutan Portugal Unipessoal Lda (EUR)	100	1,803	100	1,803	2,404	100.00	
Manutan Spain SL (EUR)	3	(2,293)	3	(2,293)	(2,096)	100.00	
Manovert BV (EUR)	18	45,452	18	45,452	51,561	100.00	
Manutan Deutschland GmbH (EUR)	1,788	(851)	1,788	(851)	865	70.00	
Manutan Czk Sro (CZK) <sup>(1)</sup>	19,300	104,970	709	3,859	134,290	100.00	
Trovatar a.s. (CZK) <sup>(1)</sup>	71,000	(51,796)	2,610	(1,904)	3,316	100.00	
Manutan Polska Sp zoo (PLN) <sup>(1)</sup>	850	(374)	203	(89)	1,004	100.00	
Manutan Hungaria Kft (HUF) <sup>(1)</sup>	3,000	86,100	10	281	138,776	100.00	
Manutan Slovakia Sro (EUR)	7	513	7	513	643	100.00	
Manutan Ltd (GBP) <sup>(1)</sup>	5,825	6,566	7,109	8,014	13,092	100.00	
Rapid Racking Ltd (GBP) <sup>(1)</sup>	153	6,442	186	7,862	7,487	100.00	
IronmongeryDirect Limited (GBP)	1	6,760	1	8,251	11,210	100.00	
Witre Sweden A/B (SEK) <sup>(1)</sup>	8,000	48,875	893	5,455	65,319	100.00	
Ikaros Cleantech A/B <sup>(1)</sup>	1,362	28,137	0	3,141	25,094	100.00	
EEW Electrical Essex Wholes	2	340	340	415	(680)	100.00	
Manutan Belgium NV (EUR)	966	11,241	11,241	11,241	15,796	15.00	

(1) Taux de clôture au 30/09/18 : GBP : 0.8193, HUF : 306.22, SEK : 8.959, PLN : 4.1894, CZK : 27.2045.

(2) Chiffres non communiqués pour raison de confidentialité.

<i>In thousands of euros</i>						<i>In thousands of local currency units</i>			Observations	
Carrying amount of securities held and not yet repaid			Loans and advances granted and not yet repaid			Security bonds ad guarantees given by the company	Turnover excl. taxes for the last financial year	Profit/(loss) for the last financial year		Dividends received by the Company during the financial year
Gross	Provision	Net	Gross	Provision	Net					
75,237	0	75,237	0	0	0		274,908	9,592	(2)	
5,438	0	5,438	0	0	0		(2)	(2)	(2)	
17,627	0	17,627	0	0	0		(2)	(2)	(2)	
345	0	345	0	0	0		(2)	(2)	(2)	
78,277	0	78,277	0	0	0		(2)	(2)	(2)	
6,207	3,612	2,595	0	0	0		(2)	(2)	(2)	
100	0	100	0	0	0		(2)	(2)	(2)	
106	0	106	3,200	3,200	0		(2)	(2)	(2)	
72,071	0	72,071	0	0	0		(2)	(2)	(2)	
4,769	3,860	909	0	0	0		(2)	(2)	(2)	
5,138	0	5,138	0	0	0		456,323	10,020	(2)	
8,822	3,302	5,520	746	0	746		(2)	(2)	(2)	
110	0	110	0	0	0		(2)	(2)	(2)	
56	0	56	0	0	0		(2)	(2)	(2)	
22	0	22	0	0	0		(2)	(2)	(2)	
14,393	0	14,393	0	0	0		(2)	1,461	(2)	
28,014	0	28,014	0	0	0		(2)	(2)	(2)	
20,951	0	20,951	0	0	0		(2)	(2)	(2)	
1,236	0	1,236	0	0	0		217,696	8,444	(2)	
11,606	0	11,606	206	0	206		(2)	(2)	(2)	
3,915	0	3,915	0	0	0		(2)	(2)	(2)	
140	0	140	0	0	0		43,646	3,589	(2)	

## — Five-year review of Company's results and other key figures

Item	30/09/2018	30/09/2017	30/09/2016	30/09/2015	30/09/2014
<b>I. Capital at year-end</b> <i>(in thousands of euros)</i>					
a) Capital	15,227	15,227	15,227	15,227	15,227
b) Number of shares	7,613,291 at €2,00	7,613,291 at €2,00	7,613,291 at €2,00	7,613,291 at €2,00	7,613,291 at €2,00
c) Number of shares with preferred dividend (with no voting rights)					
d) Maximum number of future shares to be created:					
• by bond conversion	-	-	-	-	-
• by exercise of subscription rights	-	-	-	-	-
<b>II. Operations and results for the year</b> <i>(in thousands of euros)</i>					
a) Total revenues excl. tax	29,782	25,999	21,265	19,809	18,158
b) Profit before tax, employee profit sharing, depreciation and amortisation charges and additions to provisions	34,080	26,172	17,763	25,052	38,469
c) Itax on income	110	(746)	764	819	624
d) Employee profit sharing for the year	848	836	381	454	360
e) Profit after tax, employee profit sharing, depreciation and amortisation charges and additions to provisions	27,435	21,028	11,028	18,204	31,949
f) Dividend distributions	12,562 <sup>(1)</sup>	12,562	11,420	9,517	8,942
<b>III. Earnings per share</b> <i>(in euros)</i>					
a) Profit after tax and employee profit sharing but before depreciation and amortisation charges and additions to provisions	4.35	3.43	2.18	3.12	5.05
b) Profit after tax, employee profit sharing, depreciation and amortisation charges and additions to provisions	3.60	2.76	1.45	2.39	4.20
c) Dividend per share	1.65 <sup>(1)</sup>	1.65	1.50	1.25	1.17
<b>IV. Personnel</b>					
a) Average workforce during the year	152	126	101	96	89
b) Total payroll for the year <i>(in thousands of euros)</i>	10,385	10,297	7,271	6,919	6,502
c) Amount paid in respect of social benefits for the year (social security, social works, etc.) <i>(in thousands of euros)</i>	4,567	4,583	3,266	3,201	2,849

(1) Decision to be submitted to the vote of the General Meeting of Shareholders called to ratify the financial statements for the financial year ended 30 September 2018 (AGM to be held before 31 March 2019).

# 6

## INFORMATION ABOUT THE COMPANY AND THE CAPITAL

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## — General information concerning the issuer

### Name and registered office *(Articles 2 and 4 of the Articles of Association)*

Name: Manutan International

Tel. switchboard: +33 (0)1 34 53 35 00

Trading name: Manutan

Legal Department: **contact.legal@manutan.com**

Registered office: ZAC du Parc des Tulipes –  
Avenue du 21<sup>e</sup> Siècle – 95506 Gonesse Cedex

### Legal structure

*Société Anonyme* (French public limited company) with a Board of Directors

The Combined General Meeting, held on 30 November 2011, adopted the change in the mode of Administration and Management of the Company by adopting the form with a Board of Directors.

### Legislation

French legislation.

### Date of constitution and duration of incorporation

The Company was incorporated for a duration of 60 years. Unless extended or dissolved, it shall be terminated on 24 April 2025.

### Corporate object *(Article 3 of the Articles of Association)*

The Company's objects in France and internationally are:

- the acquisition and management of portfolios of marketable securities and other investments;
- the acquisition of shareholdings in existing or new companies, and the management and disposal of these holdings;
- the purchase, sale and production of all equipment for businesses and local authorities;
- and, more generally, all commercial transactions in movable assets or real estate, financial or other, directly or indirectly related, in full or in part, to the Company's object or any other object that is similar or connected and that may assist in the conduct of the business and its development.

### Trade and Companies Register

662,049,840 RCS Pontoise.

APE Code: 6420Z.

### Consultation of legal documents and regulated information

Company documents, in particular the Articles of Association and the accounts, may be consulted at the registered office address: ZAC du Parc des Tulipes, Avenue du 21<sup>e</sup> Siècle, 95500 Gonesse, under the terms provided by law.

The permanent or temporary regulated information can be viewed on the Company website: [www.manutan.com](http://www.manutan.com), in the section: "Our Investors / Regulated Information".

### Fiscal year

The Company's financial year starts on 1 October and ends on 30 September of the following calendar year. It lasts for 12 months.

## Appropriation of profits *(Article 19 of the Articles of Association)*

The profit available for distribution shall be made up of the profit for the financial year, less any losses carried forward and the allocation to the legal reserve, plus any profits carried forward.

This profit is available to the General Meeting of Shareholders, which may, at the Board of Directors' proposal, carry it forward, allocate it to general or special reserves, or distribute it to shareholders in the form of a dividend.

In addition, the Meeting may decide to distribute amounts drawn from the reserves at its disposal; in which case, the decision shall expressly specify the reserve items from which the amounts will be drawn. However, in the first instance, the dividend shall be deducted from the profit for the financial year that is available for distribution.

The General Meeting voting on the financial statements for the period may grant to each shareholder, for all or part of the dividend to be distributed or the interim dividend payments, an option between payment in cash or in the form of shares.

## General Meeting of Shareholders *(Article 16 of the Articles of Association)*

**16-1** The Ordinary General Meetings, Extraordinary General Meetings and Special Meetings have the competences granted to them by the French Law.

**16-2** Shareholders' Meetings are called and deliberate under the legal and regulatory conditions. They are held at the registered office or in another location indicated on the invitation.

All shareholders have the right to attend General Meetings, to be represented or to vote by correspondence, regardless of the number of shares in the capital that they hold, on the condition that the shares are fully paid and registered in their name on the second working day before the meeting at midnight, Paris time, either in the registered securities ledgers kept by the Company, or in bearer accounts kept by authorised intermediaries.

Any shareholder with shares in a determined category can take part in special Shareholders' Meetings for this category, under the same conditions.

**16-3** Any shareholders who attend the Meeting by video conference or by telecommunications means that allow for them to be identified and pursuant to the regulations in force, wherein the Board of Directors has decided to use such means of participation prior to the General Meeting, are considered to be present for the calculation of the quorum.

**16-4** A shareholder may be represented by another shareholder, their spouse or by their civil partner. They can also be represented by any other natural or legal person of their choice.

Notification of the appointment of a Proxy can be sent by electronic means.

**16-5** All shareholders may vote by post, by using a form, which shall be taken into account only if the Company receives it at least three days before the Meeting. This form may, where necessary, be on the same document as the form for assigning voting authority.

**16-6** The correspondence voting form and the voting authority form submitted by a shareholder are signed by them, where appropriate, by a secure electronic signature procedure as provided for in French Decree No. 2001-272 of 30 March 2001 as applied by Article 1316-4 of the French Civil Code or by an electronic signature procedure decided by the Board of Directors consisting of using a reliable identification procedure ensuring a link with the instrument to which it relates.

**16-7** The shareholder may use the electronic distance voting or voting authority form on the Company's website for this purpose, if it reaches the Company on the day before the General Meeting by 3 pm at the latest, Paris time. This electronic form includes an electronic signature as provided for in the conditions of this article.

**16-8** Votes are cast either by raising hands or by any appropriate technical means chosen by the Board of Directors. A secret ballot, for which the Meeting shall fix the terms, may only be held at the request of the represented members, by themselves or as Proxies, at the majority required to vote on the resolution in question.

## Transfer of equity securities and of marketable securities granting access to the share capital *(Article 12 of the Articles of Association)*

The shares in the capital and the securities giving access to the capital are transferred from account to account under the conditions provided for by the regulations in force.

They are freely assignable and transferable. The same applies to rights to subscribe to these shares and securities.

## Rights and obligations attaching to ordinary shares – Vote

(Article 13 of the Articles of Association)

**13-1** Possession of an ordinary share shall entail *ipso jure* acceptance of the Articles of Association and of the resolutions duly adopted by all General Meetings of Shareholders.

**13-2** Shareholders shall be required to bear losses only to the extent of their contributions.

Each ordinary share shall provide entitlement to a pro rata share of the proportion of the capital that it represents in terms of the Company's profits, assets and the liquidation surplus.

If applicable, and subject to any imperative prescriptions, all ordinary shares shall be grouped together, regardless of any tax exemptions or credits, and any taxation payable by the Company, before making any redemption payments during the life-time of the Company or during the course of its liquidation, such that, given their respective face value, all ordinary shares existing at that time shall receive the same net sum of money, regardless of their origin and creation date.

**13-3** The voting right attached to shares is proportional to the quotient of the share capital that they represent, and each share gives its holder at least one vote, without prejudice to the exceptions provided for by the French Law and the Articles of Association.

If the ownership of a share becomes split among different parties, the voting right shall be allocated as follows:

- where the beneficial owner and/or the bare owner benefit from the provisions relating to the partial exemption specified in Article 787-B of the French General Tax Code for their shares, and that they ensure that this attribute is mentioned on the account where their rights are registered, the beneficial owner shall have the right to vote on decisions regarding the allocation of earnings, and the bare owner shall have the right to vote on all other decisions;
- in other cases, the voting right attached to the share belongs to the beneficial owner at Ordinary General Meetings and to the bare owner at Extraordinary General Meetings.

A double voting right to that granted to other ordinary shares, with regard to the proportion of the capital that they represent, is granted to any fully paid shares that are proven to be registered in the name of the same shareholder for at least two (2) years.

This right is also granted from their issue in the case of an increase in capital by incorporation of the reserves, profits or issue premiums, to registered shares granted freely to a shareholder due to previous shares on which they benefit from this right.

The registered shares benefiting from a double voting right converted to bearer shares or transferred to another holder lose the double voting right other than in any cases provided for by the French Law.

## Form of equity securities and other marketable securities – Identification of shareholders – Crossing of participation thresholds

(Article 9 of the Articles of Association)

**9-1** Unless otherwise provided for in the contract of issue or by the French Law, capital shares and any other securities that may be issued by the Company are held in registered form or by the bearer at the discretion of their holder. They can only be held by the bearer after they paid in full.

**9-2** The Company has the authority to ask the central financial instruments depositary at any time for the information specified by law regarding the holders of bearer shares that grant immediate or future voting rights at Shareholders' Meetings. The Company may also request, in accordance with the Law, the identity of holders of securities where it considers that certain holders, whose identity has been revealed, are holding the securities on behalf of third parties.

The Company may request any legal person holding over 2.5% of the share capital or voting rights to disclose the identity of the persons holding, directly or indirectly, more than one third of the share capital of that legal person or of the voting rights at its General Meetings of Shareholders.

**9-3** Any natural or legal person, acting alone or in collaboration, which comes to hold a greater number of shares or voting rights than the thresholds set by French Law, must comply with the information obligations provided for by the Law within the given deadline. The same information is also given when the shareholding or the voting rights fall below the legal thresholds.

## Crossing the statutory threshold

No declaration for crossing the statutory threshold is provided for.



## Board of Directors *(Article 14 of the Articles of Association)*

**14-1** The Company is administered by a Board of Directors composed of at least three members and no more than eighteen; however, this maximum number is increased to twenty-four in the event of a merger under the conditions set by the French Law.

In the event that the capital held by the Company's employees and companies that are bound to it under the terms of an Employee Savings Scheme represent more than 3% of the share capital, a Director is appointed under the conditions set by the French Law and regulations from amongst the shareholding employees or from amongst the employees on the Supervisory Board of the mutual trust that holds the shares. This Director shall not be included when determining the minimum and maximum number of Directors.

**14-2** Directors are appointed for a term of two (2) years.

The number of Directors who have reached the age of 75 may not exceed one third of the members of the Board of Directors. When this threshold is crossed, the oldest Director is considered to be resigning at the next General Meeting.

**14-3** Meetings of the Board of Directors shall be called at the Chairman's initiative, and if the Chairman does not act as CEO, at the request of the CEO, or, if the Board has not met for over two months, at the request of at least one third of the Directors. The Board is convened by any means with a lead-time of eight (8) days, except in case of emergency. The agenda is set by the author of the notification.

Meetings are held at the registered office or in another location indicated on the invitation.

The Board only acts validly if at least half of its members are present. The Internal Rules of Procedure may provide that Directors are considered to be present for the calculation of the quorum and the majority if they attend by means of video conference or telecommunication under the limits set by legislation and the regulations in force.

The Board makes decisions by the majority of members present or represented. In the event of a split vote, the vote of the Chairman shall be the deciding vote.

The Board may name a secretary at each session who may be chosen apart from the Directors.

**14-4** The Board of Directors determines the business angles for the Company and monitors that they are correctly implemented. The Board is responsible for any issues relating to the correct operation of the Company and governs the business concerning it through its decisions, subject to the powers expressly attributed to the Shareholders' Meeting and whilst remaining within the corporate object. It shall perform such controls and checks as it deems appropriate.

**14-5** The Board of Directors elects a Chairman from amongst its members. It determines their remuneration. The age limit for the functions of the Chairman is 80 years.

The Chairman of the Board of Directors shall organise and direct the work undertaken by the Board, and report it to the General Meeting of Shareholders. He/she supervises the proper running of the Company's bodies and ensures, in particular, that the Directors are capable of performing their roles.

**14-6** The Board of Directors may appoint an Honorary Chairman, a natural person chosen from amongst the former Chairmen of the Company's Board of Directors.

His/her duties end after two (2) years; they cease at the end of the General Meeting approving the accounts for the previous financial year, which is held in the year in which his/her term of office comes to an end.

The Honorary Chairman can be re-elected indefinitely, his/her title can be revoked at any time without compensation by a decision of the Board of Directors.

The Honorary Chairman is invited to all the meetings of the Board and attends the meetings of the Board of Directors in a consultative capacity. He/she must still abide by the Internal Rules of Procedure of the Board of Directors. He/she has an identical right to information and communication as the members of the Board of Directors.

The Honorary Chairman may in no event interfere with the management of the Company or generally substitute themselves for the legal bodies of the Company.

**14-7** Pursuant to the provisions of article L. 225-27 of the French Commercial Code, one or two Directors representing the employees may be elected by the salaried employees of the Company, it being specified that the other provisions of Article 14 do not apply to the Director representing the employees.

The number of members of the Board of Directors elected by the employees is two when then number of members of the Board of Directors appointed under the methods referred to in Article 225-27-1 is higher than twelve and one if it is equal to or less than twelve. The number of Directors representing the employees may not be greater than one third of the number of other Directors.

This Director is not taken into account in determining the minimal and maximum number of Directors or for determining the rule for parity on the board.

The term of office is 2 years. They may be re-elected.

However, their term of office ends automatically when they no longer fulfil the conditions for eligibility provided for by article L. 225-28 of the French Commercial Code or in the event of the termination of their employment contract pursuant to article L. 225-32 of said Code.

The Director elected by the salaried employees shall start their role at the meeting of the Board of Directors held after the full result of the first elections is announced.

The following Director shall start their role upon the expiry of the term of office of the outgoing Director.

The status and the procedures for electing this Director are set by the provisions of articles L. 225-28 to L. 225-34 of the French Commercial Code and these Articles of Association.

The candidates are presented by a twentieth of the employees with voting rights for the Company.

Each candidature must include, in addition to the name of the candidate, the name of a potential replacement. The candidate and the replacement must not be of the same gender.

The Director representing the employees is elected by a single electoral college by two rounds of secret ballot.

In the first round, the candidate is elected by an absolute majority of the votes cast. In the second round they are elected by a relative majority.

In the event of an equal number of votes, the candidate with the oldest employment contract is declared to have been elected.

In the event that a position as Director elected by the employees, pursuant to article L. 225-27 of the French Commercial Code, is vacant, for whatever reason (death, resignation, revocation, termination of the employment contract, etc.), the vacant position shall be allocated to the replacement.

In order to be eligible, the candidates must have held an employment contract with the Company for at least two years on the day when they start their term of office, subject to the election and corresponding to an actual job.

The electors shall be all of the Company's employees with an employment contract dating back at least three months on the date of the election.

The list of electors shall mention the surname and first name of each elector, their gender, their date of birth, how long they have been with the company and the roles they perform.

There are three scrutineers who are electors that have accepted this role. They are chaired by the eldest amongst them. The scrutineers ensure the secrecy of the ballot and announce the results. They are responsible for supervising the room and are bound, in this regard, to report any incident or any complaints that are made. The scrutineers are responsible for ensuring that the vote is held correctly.

Counting takes place in the polling station immediately after the end of voting; the report is drafted as soon as counting is completed.

The voting slips are printed and provided by Top Management and made available with envelopes.

During counting, any slips with any writing added by the elector, any slips with a distinguishing mark, any insults, any slips with names other than those on the list, any illegible slips or any slips that are in the urn without an envelope shall be invalid.

The following lead-times must be adhered to for the electoral operations:

- the date of the election must be displayed for at least thirty calendar days before the first round of voting;
- the list of electors must be displayed for at least fifteen calendar days before the first round of voting;
- candidatures must be filed at least fifteen calendar days before the first round of voting;
- the list of candidates must be displayed two days after the filing of candidatures;
- the second round of voting shall be held eight calendar days after the first round. The list of electors displayed for the first round and the list of candidates filed for the first round are automatically carried over for the second round.

The date and times for voting shall be decided by the Executive Management according to the aforementioned provisions.

## Executive Management *(Article 15 of the Articles of Association)*

The role of CEO shall be assumed either by the Chairman of the Board of Directors, under his responsibility, or by another natural person chosen from among the Board members or from outside those members.

The Board of Directors chooses between the two ways of performing Executive Management's duties. It can change its choice at any time. In which case, it informs the shareholders and third parties pursuant to the regulations in force.

In the event that the Chairman assumes the role of General Manager, the provisions of these Articles of Association regarding the latter apply.

When the role of General Manager is not assumed by the Chairman of the Board of Directors, the Board of Directors appoints a General Manager for whom the age limit set for the functions of Chairman is applicable.

The Managing Director is invested with the most extensive powers to act on behalf of the Company, in all circumstances. He/she exercises these powers within the limit of the corporate purpose and subject to the powers expressly granted to him/her by law at General Meetings and at the meetings of the Board of Directors.

At the proposition of the General Manager the Board of Directors may appoint one or up to five Deputy General Managers. The age limit set for the role of Chairman also applies to Deputy General Managers.

With respect to third parties, the Deputy Managing Directors have the same powers as the Managing Director.

Within the framework of the organisation of the Company, the powers of the General Manager and the Deputy General Managers may be limited by the Board of Directors without this limitation being enforceable for third parties.

## Related party transactions

- Role of the parent Company *vis-à-vis* its subsidiaries – see page 71 of this document.
- Group subsidiaries and legal jurisdictions – see page 88 of this document.
- Legal organisational structure of the Group and positions held by parent company executives in the main subsidiaries – see pages 38 to 40 of this document.
- Presentation of movements in subsidiaries' significant intermediate management balances and indication of strategic business assets held by them – see pages 91 to 93 of this document and the notes to the consolidated financial statements presented on page 94 *et seq.* of this document.
- Financial flows and nature of these flows between the Parent Company and subsidiaries – see page 69 of this document.
- See the Statutory Auditors' special report on regulated agreements and commitments:
  - page 62 of this document for the 2017/2018 financial period;
  - page 60 of the reference document for the Company for the 2016/2017 financial period;
  - page 61 of the reference document for the Company for the 2015/2016 financial period.

These documents are available at [www.manutan.com](http://www.manutan.com).

## Crossing of thresholds

Over the three most recent financial periods ended on 30 September 2015, 30 September 2016 and 30 September 2017, no crossing of thresholds was declared.

## Agreements among shareholders

The collective commitments to hold shares are presented in the chapter entitled "General information concerning the share capital" on page 148 of this document.

## Information disclosed pursuant to Article L. 225-100-3 of the French Commercial Code

Pursuant to Article L. 225-100-3 of the French Commercial Code, we inform you of the following matters, which are likely to have an impact in the event of a public offering:

- the structure of the share capital and the direct or indirect shareholdings known to the Company and any

information on the subject are presented in the chapter entitled "Distribution of share capital and voting rights" on page 159 of this document;

- there are no statutory restrictions on the exercise of voting rights and transfers of shares;
- seven shareholders of the Company have signed two agreements to retain shares in the Company in the framework of the tax allowances instituted by the so-called "Dutreil Law" of 1 August 2003, presented in the chapter headed "General information concerning the share capital" on page 154 of this document;
- as far as the Company is aware, there are no other commitments or pacts signed among shareholders;
- there are no shares in the Company conferring special rights of control, with the exception of a double voting right instituted by Article 13-3 of the Company's Articles of Association for shareholders who have held nominative shares for at least two years;
- no control mechanisms are provided for in any shareholding system for the staff with control rights that are not exercised by the latter;
- the rules governing the appointment and removal of members of the Board of Directors are the legal and statutory rules provided by Article 14 of the Company's Articles of Association;
- as regards the powers of the Board of Directors, current delegations are detailed in the table of existing delegations shown on page 155 of this document. The powers of the Board of Directors to buy back the Company's own shares are described on page 157 of this document;
- amendments to the Company's Articles of Association are implemented in accordance with legal and regulatory provisions;
- agreements on Executive Directors' indemnities upon resigning their positions are detailed on page 47 of this document;
- the Company has not entered into any agreements that stand to be modified or terminated in the event of a change of control of the Company.

## Employees (Article L. 225-102 of the French Commercial Code)

At the end of the 2017/2018 financial year, employee share ownership, as defined by Article L. 225-102 of the French Commercial Code, represented 0% of the share capital of the Company.

## — General information concerning the share capital

### Changes to the share capital and equity rights

Any change to the share capital or the rights attached to the securities that constitute it is subject to legal provisions. The Articles of Association do not make these changes subject to any greater restrictions than the legal obligations.

### Share capital

As at 30 September 2018 and on the date on which this document was drafted, the share capital amounted to €15,226,582.00, consisting of 7,613,291 fully paid-up shares, each with a par value of €2.

### Form of shares

Shares are either registered or bearer at the discretion of the shareholder.

Table of current authorisations and delegations regarding an increase in share capital

Type of delegation or authorisation	Extraordinary General Meeting	Due dates	Amount authorised	Uses over the previous periods	Uses over the financial year ended 30/09/2018	Remaining amount on 01/10/2018
1 Authorisation in order to award free shares (16 <sup>th</sup> resolution)	9 March 2017	8 May 2019	1% of the registered capital	N/A	0	1% of the share capital
2 Delegation of authority to increase the Company's share capital <i>via</i> the capitalisation of reserves, profits and/or share premiums (18 <sup>th</sup> resolution)	9 March 2017	8 May 2019	€5 million	N/A	0	€5 million
3 Delegation of authority to issue ordinary shares and/or marketable securities carrying rights to shares in the Company or carrying a right to the allocation of debt securities and/or other marketable securities giving rights to shares (in the Company or of another Group company) whilst maintaining preferential subscription rights (19 <sup>th</sup> resolution)	9 March 2017	8 May 2019	Shares: €4 million Debt securities: €4 million	N/A	0	Shares: €4 million Debt securities: €4 million
4 Delegation of authority to issue ordinary shares and/or marketable securities carrying rights to shares in the Company or carrying a right to the allocation of debt securities and/or other marketable securities giving rights to shares (in the Company or of another Group company) with waiver of preferential subscription rights for existing shareholders <i>via</i> a public offering and/or in consideration for securities as part of a public exchange offer (20 <sup>th</sup> resolution)	9 March 2017	8 May 2019	Shares: €1,520,000 <sup>(1)</sup> Debt securities: €4 million <sup>(1)</sup>	N/A	0	Shares: €1,520,000 <sup>(1)</sup> Debt securities: €4 million <sup>(1)</sup>
5 Delegation of authority to issue ordinary shares and/or marketable securities carrying rights to shares in the Company or carrying a right to the allocation of debt securities and/or other marketable securities giving rights to shares (in the Company or of another Group company) with waiver of preferential subscription rights by an offer referred to in II of article L. 411-2 of the French Monetary and Financial Code (21 <sup>st</sup> resolution)	9 March 2017	8 May 2019	Shares: €1,520,000 <sup>(1)</sup> 20% of the share capital Debt securities: €4 million <sup>(1)</sup>	N/A	0	Shares: €1,520,000 <sup>(1)</sup> 20% of the share capital Debt securities: €4 million <sup>(1)</sup>
6 Authorisation to set the issue price in accordance with the conditions determined by the Meeting, in the event of an issue with waiver of preferential subscription rights, within an annual limit of 10% of the share capital (22 <sup>nd</sup> resolution)	9 March 2017	8 May 2019	10% of the registered capital	N/A	0	10% of the registered capital
7 Authorisation to increase the size of issues in the event of excess demand (23 <sup>rd</sup> resolution)	9 March 2017	8 May 2019		N/A	0	-
8 Delegation of authority to increase the share capital by issuing ordinary shares and/or marketable securities carrying rights to Company shares, within a limit of 10% of the share capital, in order to pay for contributions in kind of equity securities or marketable securities carrying rights to Company shares (24 <sup>th</sup> resolution)	9 March 2017	8 May 2019	10% of the registered capital	N/A	0	10% of the registered capital
9 Delegation of authority to increase the share capital by issuing ordinary shares and/or marketable securities carrying rights to Company shares with waiver of preferential subscription rights reserved for the members of an Employee Savings Scheme (PEE), in application of Articles L. 3332-18 <i>et seq.</i> of the French Labour Code (25 <sup>th</sup> resolution)	9 March 2017	8 May 2019	€160,000	N/A	0	€160,000

(1) Same maximum limit.

## Securities not carrying the right to Company shares

None.

## Potential share capital

No share options or new free shares have been granted. There are no other financial instruments that dilute the share capital.

## Buyback programmes

The General Meeting of Shareholders of 8 March 2018 authorised the Board of Directors, for a period of eighteen months, to trade in the Company's own shares on the stock market.

In addition, the Combined General Meeting of Shareholders of 8 March 2018 authorised the Board of Directors, for

twenty-four months, to reduce the share capital by cancelling shares purchased under its buyback programme, under the terms provided by the Law.

The Company only used this authorisation as part of the liquidity contract signed with Oddo Corporate Finance, the contract does not include the negotiating fees.

The shares purchased on behalf of the Company during the financial period ended on 30 September 2018, under the terms of the buyback programme, are indicated in the table below.

<i>In euros</i>	Total gross flows 2017/2018	
	Purchasing	Sales
Number of shares	21,431	21,362
Average price for the transaction	86.2632	85.3875
<b>AMOUNT</b>	<b>1,848,706</b>	<b>1,824,048</b>

- Number of treasury shares held at 30 September 2018: 1,712 or approximately 0.02% of the share capital.
- Value assessed at the average purchase price at 30 September 2018: €73.40 × 1,712 = €125,660.80.
- Overall par value: €2 × 1,712 = €3,424.00.

The shares held by the Company were not subject to any use, or reallocation for other purposes during the 2017/2018 financial year.

The monthly declarations of trading in the Company's shares carried out under the liquidity contract with Oddo Corporate Finance were filed with the AMF (Autorité des Marchés Financiers—the French securities regulator) during the 2017/2018 financial year.

## Authorisation for a new share buyback programme

The next General Meeting of Shareholders will be asked to renew the Company's share buyback programme, as referred to in the reports of the Board to the Meeting.

## Liquidity agreement

In the context of its share buyback programme, Manutan International renewed a liquidity contract with Oddo Corporate Finance in accordance with the professional ethics charter of AMAFI (Association Française des Marchés Financiers, the French Financial Markets Association).

The transactions carried out under this liquidity contract during the 2017/2018 financial year are listed above, in the paragraph entitled "Share buyback programme".

The Company did not have recourse to derivatives.

## Description of the share buyback programme

In accordance with the provisions of Article 241-2 of the AMF's General Regulations and European Commission Regulation (EC) No. 2273/2003 of 22 December 2003, the purpose of this description is to set out the purpose of and methods of the Company's share buyback programme.

This programme was authorised and its renewal will be submitted for authorisation to the General Meeting of Shareholders of 14 March 2019. The meeting notice will be published in the *Bulletin d'Annonces Légales Obligatoires* (BALO—French official gazette) on 6 February 2019, and the call notice will be published in the BALO and in a legal notices gazette on 27 February 2019.

### Objectives

- To encourage trading in the secondary market or the share liquidity *via* an investment services provider, through a liquidity contract in accordance with the professional ethics charter of AMAFI, the French Financial Markets Association, as approved by the AMF, the French securities regulator.
- To ensure coverage of share purchase option plans and/or free share plans (or similar plans) for the benefit of employees and/or of the Group's Corporate Officers, and of any share awards as part of a Company or Group Savings Scheme (or similar scheme), in connection with profit-sharing and/or any other forms of share awards to employees and/or to the Group's Corporate Officers.
- To retain the shares acquired and subsequently exchange them or use them as payment in the context of any external growth transactions.
- To provide cover for marketable securities that confer the right to acquire shares of the Company in accordance with regulations in force.
- Cancel any shares acquired, subject to authorisation granted by the General Meeting of Shareholders of 9 March 2017 in its seventeenth resolution (in extraordinary session).

### Duration of the current programme

- Eighteen months from the General Meeting of Shareholders of 8 March 2018, i.e. until 6 September 2019.

## 1 Breakdown of treasury shares held as at 22 January 2019 (after the stock market closes) – the closest date to the publishing approval for this document

Number of shares held directly and indirectly: 1,679 shares representing 0.02% of the Company's share capital.

Number of shares held according to their purpose:

- coordination of the share price by means of an AMAFI liquidity contract: 1,679;
- covering share purchase options or other forms of employee share ownership: N/A;
- external growth transactions: N/A;
- covering marketable securities that entitle the holder to the allocation of shares: N/A;
- cancellation: N/A.

## 2 New share buyback programme

- Authorisation of the programme: Annual General Meeting of 14 March 2019.
- Securities concerned: ordinary shares.
- Maximum percentage of the share capital for which buyback is authorised: 5% (i.e. 380,664 as of today), it being specified that this limit shall be reviewed at the buyback date in order to take into account any potential transactions involving an increase or decrease in the share capital that may take place during the programme. The number of shares taken into account to calculate this limit shall correspond to the number of shares bought back, less the number of shares resold during the programme in the interests of liquidity.
- Maximum purchase price: €150.00.
- Maximum amount of the programme: €57,099,600.00.
- Buyback methods: these share buybacks may be undertaken by any means, including block purchases, and at such times as the Board of Directors shall determine; the Company does not intend to use options or financial instruments.

## Summary of transactions in Company shares by Company Representatives and senior management and their close relatives during the financial year last ended

(Articles L. 621-18-2 of the French Monetary and Financial Code and Article 223-26 of the General Regulations of the AMF)

As far as the Company is aware, no transactions involving securities were undertaken during the 2017/2018 financial year by Corporate Officers or senior management of Manutan International or by persons connected to them.

### Movements in share capital (in euros and in French francs)

Year	Transaction		Variation in capital	Issue, merger premiums	New capital amount	Accumulated number of shares	Par value of the share
Position as at 1 October 1993		In euros			2,750,952	1,804,506	
		In francs			18,045,060		10
1993/1994	Capital increase <i>via</i> the capitalisation of reserves	In euros	2,750,952		5,501,903	3,609,012	
		In francs	18,045,060		36,090,120		10
1995/1996	Capital increase in cash and <i>via</i> the capitalisation of reserves	In euros	5,672,921	1,387,341	11,174,824	7,330,204	
		In francs	37,211,920	9,100,360	73,302,040		10
1996/1997	Cash capital increase	In euros	131,381	1,011,630	11,306,205	7,416,384	
		In francs	861,800	6,635,860	74,163,840		10
1997/1998	Cash capital increase, merger	In euros	98,127	3,060,737	11,404,332	7,480,751	
		In francs	643,670	20,077,118	74,807,510		10
8 January 1999	Capital increase <i>via</i> the capitalisation of reserves	In euros	3,557,171		14,961,503	7,480,751	2
30 September 1999	Cash capital increase	In euros	46,000	259,011	15,007,503	7,503,751	2
30 September 2000	Cash capital increase <sup>(1)</sup>	In euros	219,080	1,233,756	15,226,582	7,613,291	2

(1) As part of the exercise of an option.

There have been no movements in share capital since 30 September 2000.



## Distribution of share capital and voting rights

As at 30 September 2018, the Company's share capital amounted to €15,226,582.00, divided into 7,613,291 shares. The gross number of voting rights<sup>(1)</sup> totals 11,381,331 and the net number of voting rights<sup>(2)</sup> totals 11,366,557.

To the best of the Company's knowledge, as at 30 September 2018, and in addition to the information that is given in the following table regarding the distribution of shares and voting rights of the Guichard family ("Guichard family subtotal"), the main named shareholders or those that sent a declaration to the Company, where applicable, are:

Main shareholders	Number of shares	Number of single voting rights	Number of double voting rights	Total number of exercisable voting rights	Percentage of the share capital	% of voting rights exercisable
André Guichard	2,666,449	1,819,860	846,589	3,513,038	35.02%	30.91%
Jean-Pierre Guichard	449,196		449,196	898,392	5.90%	7.90%
Claudine Guichard	37,114		37,114	74,228	0.49%	0.65%
Hervé Guichard	4,500		4,500	9,000	0.06%	0.08%
Xavier Guichard	4,500		4,500	9,000	0.06%	0.08%
M.T. Finance <sup>(3)</sup>	2,417,581		2,417,581	4,835,162	31.75%	42.54%
<b>Subtotal Guichard family</b>	<b>5,579,340</b>	<b>1,819,860</b>	<b>3,759,480</b>	<b>9,338,820</b>	<b>73.28%</b>	<b>82.16%</b>
Financière de l'Échiquier	28,269	28,269		28,269	0.37%	0.25%
Other registered shares	855,403		855,149	1,710,552	11.24%	7.52%
Publicly held (bearer shares)	1,135,505	1,135,505		1,135,505	14.92%	10.07%
<b>Subtotal Public</b>	<b>2,019,177</b>	<b>1,163,774</b>	<b>855,149</b>	<b>2,874,326</b>	<b>26.53%</b>	<b>17.84%</b>
Treasury shares <sup>(4)</sup>	13,062			-	0.17%	0.00%
ODDO Agreement	1,712			-	0.02%	0.00%
<b>TOTAL</b>	<b>7,613,291</b>	<b>2,983,634</b>	<b>4,614,629</b>	<b>12,213,146</b>	<b>100.00%</b>	<b>100.00%</b>

(1) After taking into account the number of shares with a double voting right.

(2) Total number of voting rights attached to the total number of shares, from which the number of shares without voting rights is deducted

(3) Shares indirectly owned by the Guichard family.

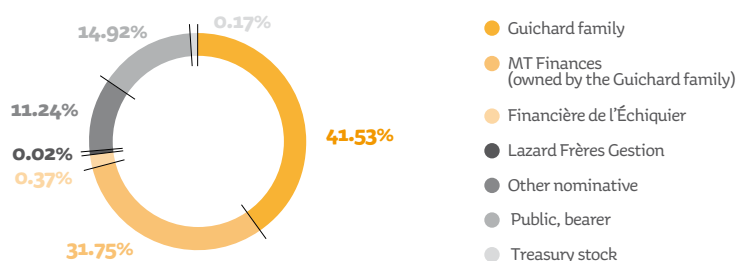
(4) Shares held by Lazard Frères Gestion on behalf of investment funds and SICAV: 13,062 direct registered shares.

To the best of the Company's knowledge, there are no other shareholders that, directly or indirectly, alone or in collaboration, hold more than 5% of the capital or the voting rights in the Company.

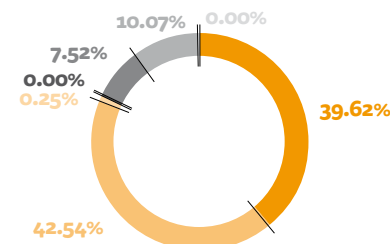
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### CAPITAL AS AT 30 SEPTEMBER 2018

#### Main shareholders



#### Voting rights



**VOTING RIGHTS EXERCISABLE BY BARE OWNERS IN EXTRAORDINARY GENERAL MEETINGS**

Main shareholders	Total number of shares	Total number of voting rights	Percentage of voting rights exercisable
Hervé Guichard	97,886	195,772	1.72%
Xavier Guichard	97,886	195,772	1.72%
Jean-Pierre Guichard	2,018,942	3,127,954	27.52%

**VOTING RIGHTS EXERCISABLE BY BENEFICIAL OWNERS IN ORDINARY GENERAL MEETINGS**

Major shareholder	Total number of shares	Total number of voting rights	Percentage of voting rights exercisable
André Guichard	2,666,449	3,513,038	30.91%

## Company Audit

According to the information in the table regarding the distribution of shares and voting rights, the Company is controlled by the Guichard family.

Nonetheless, the Company has taken a certain number of measures aimed at ensuring that control is not exercised improperly, notably:

- the presence of four independent members among the nine members forming the Board of Directors (position as at 31 January 2019);

- the splitting of the roles of Chairman of the Board and General Manager;
- the Audit Committee and the Appointments and Remuneration Committee are composed almost entirely of independent members.

## Shareholders' agreement

No shareholders' agreement or any clause in an agreement envisaging preferential conditions for the sale or purchase of shares has been notified to the AMF (Autorité des Marchés Financiers, the French securities regulator).

Group personnel hold no shares in the Company's share capital by way of special investment funds.

## Changes in share capital ownership in the past three years

In %	30/09/2018	30/09/2017	30/09/2016
Guichard family	73.28	73.28	73.28
Public and other registered shares	26.55	26.55	26.55
Direct registered treasury shares	0.17	0.17	0.17
	100.00	100.00	100.00

## Collective agreements to retain securities of Manutan International

On 28 August 2006 the members of the Guichard family, the Company's shareholders, signed a collective agreement to retain securities, pursuant to Article 787-B of the French General Tax Code, whereby they undertook to retain collectively 1,812,898 shares of Manutan International, representing at the date of signing of the collective agreement 23.81% of the financial rights and 31.94% of the voting rights attached to shares issued by the Company.

This commitment was entered into for a period of twenty-four months, which started to run from its registration, i.e. from 28 August 2006. At its expiry, it would be extended year by year by tacit agreement.

Each member shall have the option to withdraw from the agreement on the condition that they notify the others of their decision one month before the end of the current period.

The collective agreement to retain was signed by:

- Mr. André Guichard, Director;
- Mrs. Hélène Julliard<sup>(1)</sup>, wife of Mr. André Guichard;
- Mr. Jean-Pierre Guichard, Chairman of the Board of Directors;
- Mrs. Claudine Laffont, wife of Jean-Pierre Guichard;
- Mr. Hervé Guichard, General Manager and Director;
- Mr. Xavier Guichard, Deputy General Manager and Director;
- MT Finances, whose share capital is wholly owned by the members of the Guichard family referred to above.

On 15 November 2012 the members of the Guichard family, the Company's shareholders, signed a second collective agreement to retain securities, pursuant to Article 787-B of the French General Tax Code, whereby they undertook

to retain collectively 3,661,759 shares of Manutan International, representing at the date of signing of the collective agreement, 48.09% of the share capital, 48.22% of the financial rights and 48.01% of the theoretical voting rights attached to shares issued by the Company.

This commitment was entered into for a period of twenty-four months, which started to run from its registration. At its expiry, it would be extended year by year by tacit agreement.

Each member shall have the option to withdraw from the agreement on the condition that they notify the others of their decision one month before the end of the current period.

These two undertakings, with the same signatories, are intended to coexist. The only difference is the scope of the shares covered by the undertakings, as the second undertaking includes a higher number of financial and voting rights than the first.

## Market in the securities

Main Index	CAC All-Tradable
Other indexes	CAC Small and CAC Mid & Small
Market	Euronext Paris – Compartiment B
Listed on	Euronext Paris
Code or symbol	MANUTAN INTL
ISIN Code	FR0000032302
Reuters	MATP.PA
Bloomberg	MAN FP

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## Stock market data

Five-year data	30/09/2018	30/09/2017	30/09/2016	30/09/2015	30/09/2014
Number of shares	7,613,291	7,613,291	7,613,291	7,613,291	7,613,291
Closing balance	73.40	80.49	53.90	43.00	40.43
Market capitalisation (in millions of euros)	559	613	410	327	308
Highest price (in euros)	100.00	87.9	55.80	50.53	56.14
Lowest price (in euros)	67.80	54.01	42.50	34.85	40.10
Average daily volume (in number of shares)	1,343	1,921	1,968	1,869	3,653
Average daily capital (in euros)	113,463	138,934	96,029	80,103	176,078

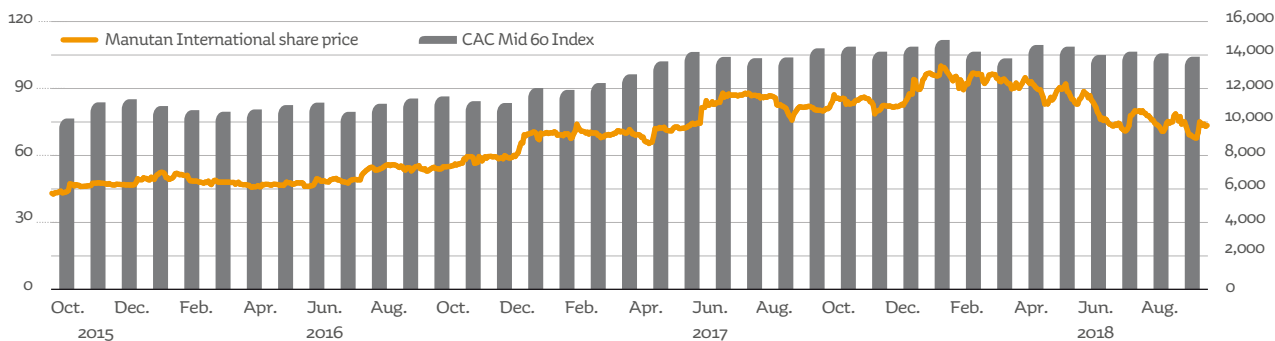
As at 30 September 2018, shares in Manutan (Manutan Intl) stood at €73.40, down by 8.81% compared with the closing price at 30 September 2017. On the date closest to printing approval for this document, that is to say 22 January 2019, after the markets closed, the shares were quoted at €62.20.

(1) Mrs. Hélène Guichard died on 5 December 2015.

## Change in share price

Relative to the CAC Mid 60 index

From 1 October 2015 to 30 September 2018



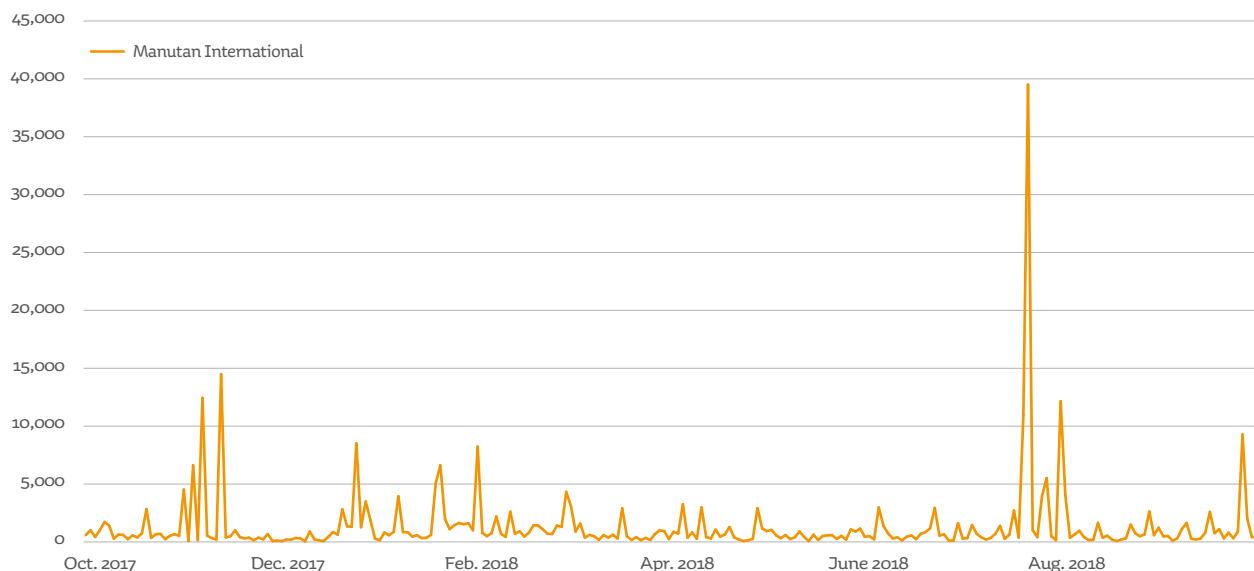
## Change in listed price

During the financial year, the share price reached its highest closing price (€100.00) on 19 January 2018, and its lowest closing price (€67.80) on 18 September 2018. On 30 September 2018 the closing price was €73.40 (€80.49 in September 2017). The PER amounted to 13.57 on the basis of the Group consolidated net income at 30 September 2018.

## Volume traded

From 1 October 2014 to 30 September 2018, 341,039 shares in Manutan International were traded, representing a capital of €28.8 million (compared with 491,653 shares representing €35.6 million from 1 October 2016 to 30 September 2017).

### AVERAGE DAILY TRADING VOLUME OCTOBER 2015 TO SEPTEMBER 2018



## — Dividends

<i>In euros</i> For the financial year ended	30/09/2018	30/09/2017	30/09/2016	30/09/2015	30/09/2014
Net profit	41,213,600	39,113,819	34,078,891	25,821,905	24,166,235
Number of shares	7,613,291	7,613,291	7,613,291	7,613,291	7,613,291
Dividend in amount distributed	12,561,930	12,561,930	11,419,936.5	9,516,614	8,907,550
Price	73.40	80.49	53.90	43.00	40.43
Basic earnings per share <sup>(1)</sup>	5.41	5.14	4.48	3.39	3.18
Basic dividend per share	1.65	1.65	1.50	1.25	1.17
40% reduction <sup>(2)</sup>	0.66	0.66	0.60	0.50	0.47
Dividend payout ratio (%)	30.48	32.12	33.51	37	37
Total gross yield <sup>(3)</sup> (%)	3.15	2.87	3.90	4.07	4.05

(1) Earnings per share on a net result basis are calculated using the average number of shares in issue during said year.

(2) Reduction of 40% provided for by Article 158-3-2 of the French Tax Code (Code Général des Impôts) for individuals who are tax resident in France.

(3) Calculated using share price on 30 September in each financial year.

Over the last five years, the distributed dividend has been between 30% and 37% of consolidated net income. At the General Meeting of Shareholders of 14 March 2019, the Board of Directors will propose a distribution rate of 30.48% of consolidated net income, i.e. €1.65 per share in respect of the financial year ended 30 September 2018.

Prescription period of dividends: 5 years.

Allocation of unclaimed dividends:

Direction nationale d'interventions domaniales – Service des curatelles – Les Ellipses – 3, avenue du Chemin-de-Presles – 94417 Saint-Maurice Cedex.



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## DECLARATION AND CONCORDANCE TABLES

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## — Person responsible for the reference document

Xavier Guichard, CEO of Manutan International, located at: ZAC du Parc des Tulipes – Avenue du 21<sup>e</sup> Siècle – 95500 Gonesse.

## — Declaration of the person responsible for the reference document

"I declare that to the best of my knowledge, after having taken all reasonable measures for this purpose, the information contained in this reference document reflects reality and there are no omissions such as might alter its import.

I declare that to my knowledge, the financial statements were prepared in accordance with applicable accounting standards and fairly present the assets, financial position and result of the Company and all the Companies included in the consolidation, and that the Management Report presented on page 69 presents a fair view of the operations, results and financial position of the Company and Companies included in the consolidation, as well as a description of the major risks and uncertainties they face.

I have obtained from the Statutory Auditors an end of engagement letter in which they state that they verified the information on the financial position and the accounts shown in this reference document as well as reading the complete document.

The consolidated financial statements for the financial year ended 30 September 2018 and the Parent Company financial statements for the year ended 30 September 2018, which are set out on pages 83 and 128 of this document respectively, have been the subject of reports prepared by Statutory Auditors, as required. The Statutory Auditors' reports on the consolidated and parent company financial statements do not contain any observations."

## — Responsibility for the Statutory Audit

### Principal Statutory Auditors

#### Mazars SA

##### Represented by Anne Veaute

Tour Exaltis  
61, rue Henri-Regnault – 92400 Courbevoie

Initial appointment date: 14 March 2003

Duration of office: expires at the end of the Ordinary General Meeting of Shareholders convened to consider the accounts for the financial year ended 30 September 2020.

#### KPMG SA

##### Represented by Franck Noël

3, cours du Triangle – 92939 Paris-La Défense Cedex

Initial appointment date: 4 March 2004

Duration of office: expires at the end of the Ordinary General Meeting of Shareholders convened to consider the accounts for the financial year ended 30 September 2021.

### Alternate Statutory Auditors

#### Mr Dominique Muller

61, rue Henri Regnault – 92400 Courbevoie

Initial appointment date: 12 March 2015

Duration of office: expires at the end of the Ordinary General Meeting of Shareholders convened to consider the accounts for the financial year ended 30 September 2020.

#### Salustro Reydel SA

2, avenue Gambetta, Tour Eqho – 92066 Paris-La Défense Cedex

Initial appointment date: 17 March 2016

Duration of office: expires at the end of the Ordinary General Meeting of Shareholders convened to consider the accounts for the financial year ended 30 September 2021.



## — Shareholder relations and documents accessible to the public

### Responsibility for financial information

#### **Brigitte Auffret – Deputy CEO**

Tel. secretariat: +33 (0)1 34 53 18 33

E-mail: [brigitte.auffret@manutan.fr](mailto:brigitte.auffret@manutan.fr)

### Investor contact

#### **Yassine Soumari – Corporate Finance**

Tel.: +33 (0)1 34 53 35 55

E-mail: [contact.investors@manutan.com](mailto:contact.investors@manutan.com)

The deed of incorporation and the Company's Articles of Association, as well as all reports, letters and other documents, historical financial information of the Company and its subsidiaries over the past two financial years, valuations and statements prepared by an expert when such documents are required by the Law, and any other document required by the Law may be consulted at the Company's office address: Manutan International, ZAC du Parc des Tulipes, Avenue du 21<sup>e</sup> Siècle, 95506 Gonesse Cedex, France.

The major press releases and documents published by the Company are available to the public on the Company's website at: [www.manutan.com](http://www.manutan.com).

## — Cross-reference table of the Registration Document

For easier reading of this Registration Document, the following thematic table enables to identify major sections required by European Commission Regulation No. 809/2004 of 29 April 2004 implementing Directive 2003/71/CE of the European Parliament and Council.

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