Excerpt of the **2019** Annual Report

INTERNATIONAL SUPPLIER
OF HOME DECORATION GOODS

Translation disclaimer: This document is a free translation of the French language version of the consolidated financial statements for the twelve-month period ended 31 December 2019 produced for the convenience of English speaking readers. In the event of any ambiguity or conflict between statements or other items contained herein and the original French version, the relevant statement or item of the French version shall prevail. While all possible care has been taken to ensure that this translation is an accurate representation of the original French document, this English version has not been audited by the company's statutory auditors and in all matters of interpretation of information, views or opinions expressed therein, only the original language version of the document in French is legally binding. As such, this translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and U10 expressly disclaims all liability for any inaccuracy herein.

Figures in presented herein (excluding tables) expressed as "K€" in the original French document have been rounded off accordingly to the nearest thousandth (000s).

Consolidated financial statements
31 December 2019

Consolidated financial statements 31 December 2019

1. Consolidated balance sheet

BALANCE SHEET – ASSETS			2019		2018
(€ thousands)	Note	Gross value	Amortisations	Net	Net
Goodwill	5.2.1.1	40,354	40,354	-	-
Intangible assets	5.2.1.2	3,308	2,751	558	405
Property, plant and equipment	5.2.1.3	31,403	14,258	17,145	18,522
Financial assets	5.2.1.4	1,732	-	1,732	2,587
Total fixed assets		**76,798**	**57,363**	**19,435**	**21,513**
Inventories	5.2.2.1	52,113	305	51,809	67,086
Trade receivables	5.2.2.2	34,732	461	34,272	40,491
Other receivables and prepaid expenses	5.2.2.2	9,693	2,150	7,544	10,471
Cash and marketable securities	5.2.2.3	20,634	-	20,634	11,929
Total current assets		**117,173**	**2,915**	**114,258**	**129,977**
TOTAL		**193,971**	**60,278**	**133,693**	**151,490**

BALANCE SHEET – SHAREHOLDERS' EQUITY AND LIABILITIES	Note	2019	2018
(€ thousands)			
Capital		17,261	17,261
Additional paid-in capital		12,807	12,807
Treasury shares		-54	-71
Reserves and income		11,421	9,085
Shareholders' equity attributable to the Group	4	**41,435**	**39,081**
Non-controlling interests		1,316	5,565
Total shareholders' equity	4	**42,751**	**44,646**
Borrowings and financial liabilities	5.2.5.1	56,409	66,317
Provisions for contingencies and expenses	5.2.4	1,481	1,603
Provisions for deferred taxes	5.3.6	1,969	1,667
Trade payables	5.2.5.2	22,316	27,245
Other liabilities and accruals	5.2.5.2	8,767	10,013
Total payables		**90,942**	**106,844**
TOTAL		**133,693**	**151,490**

2. Consolidated income statement

Consolidated income statement (€ thousands)	Note	2019	2018
Revenue	5.3.1	178,371	180,839
Other operating income		2,179	547
Total operating income		**180,550**	**181,386**
Cost of sales		-121,771	-123,727
Staff costs	5.3.2.1	-19,712	-19,774
External charges	5.3.2.2	-29,638	-30,413
Taxes and similar payments		-1,914	-1,858
Other operating expenses		-2,135	-573
Operating profit before depreciation and amortisation (EBITDA)		**5,380**	**5,041**
Allowances for depreciation and reserves	5.3.3	-1,530	-2,941
Operating profit		**3,850**	**2,100**
Net financial expense	5.3.4	**-934**	**-1,073**
Net exceptional items	5.3.5	**576**	**239**
Corporate income tax	5.3.6	-435	56
Consolidated net income		**3,057**	**1,323**
Attributable to:			
U10 Group shareholders		2,790	1,147
Non-controlling interests		267	176
Earnings per share		**0.16**	**0.06**

3. Consolidated statement of cash flows

(€ thousands)	Note	2019	2018
Consolidated net income		3,057	1,323
Adjustments for non-cash income and expense items		1,968	2,363
Allowances for depreciation and reserves	5.2.1.1 à 5.2.1.3	1,962	2,208
Changes in provisions for contingencies and expenses	5.2.4	42	150
Change in deferred tax	5.3.6	402	-18
Proceeds from the disposal of fixed assets		-571	48
Miscellaneous		132	-26
Cash flows from consolidated companies		**5,025**	**3,685**
Change in operating working capital requirements		12,262	-7,406
Inventories	5.2.2.1	7,716	-9,311
Trade receivables and related accounts	5.2.2.2	5,306	-2,670
Trade payables	5.2.5.2	-3,031	4,872
Other trade receivables and payables	5.2.2.2 et 5.2.5.2	2,270	-296
Net cash provided by operating activities		**17,286**	**-3,720**
Of which income tax payments		1,289	288
Acquisition of intangible assets	5.2.1.2	-484	-419
Acquisition of property, plant and equipment	5.2.1.3	-842	-830
Acquisition of financial assets	5.2.1.4	-78	-36
Proceeds from asset disposals	5.2.1.2 à 5.2.1.4	962	1,067
Impact of changes in Group structure		1,541	
Net cash used in investing activities		**1,098**	**-218**
Dividends paid	4	-122	-3,101
Changes in equity		6	68
Treasury shares	4	15	6
Debt issuance	5.2.5.1	250	
Cash advances received (repayments)	5.2.5.1	-3,084	-3,879
Repayment of debt	5.2.5.1	-6,825	-5,942
Change in accrued interest	5.2.5.1	-1	-1
Net cash provided by financing activities		**-9,761**	**-12,848**
Impact of foreign exchange fluctuations		-184	-358
Net change in cash and cash equivalents		**8,439**	**-17,144**
Opening cash and cash equivalents	5.2.5.1	-26,199	-9,054
Closing cash and cash equivalents	5.2.5.1	-17,760	-26,199

The statement of consolidated cash flows was prepared according to the indirect method on the basis of net income of fully consolidated companies. Cash and cash equivalents correspond to liquid assets and short-term securities minus current bank facilities and overdrafts.
Interest payments in the financial year amounted to €686,000 (€768,000 at 31 December 2018).

4. Statement of changes in consolidated shareholders' equity

(€ thousands)	Number of shares [1]	Capital	Additional paid-in capital	Reserves and income	Treasury shares	Foreign currency translation adjustments	Shareholders' equity attributable to the Group	Non-controlling interests	Total
Consolidated equity at 31/12/2017	**17,237 753**	**17,261**	**12,807**	**6,310**	**-78**	**4,720**	**41,019**	**5,643**	**46,662**
Profit for the period				1,147			1,147	176	1,323
Net gains and losses recognised directly in equity				-		-6	-6	3	-3
Total gains and losses recognised in 2018		-	-	1,147	-	-6	1,140	179	1,320
Treasury shares	-11,357	-		-29	6		-23		-23
Distribution of dividends of subsidiaries				-3,107			-3,107	-258	-3,364
Other changes				51			51	-	51
Consolidated equity at 31/12/2018	**17,226 396**	**17,261**	**12,807**	**4,372**	**-72**	**4,714**	**39,081**	**5,565**	**44,646**
Profit for the period				2,790			2,790	267	3,057
Net gains and losses recognised directly in equity						-10	-10	2	-8
Total gains and losses recognised in 2019		-	-	2,790	-	-10	2,780	269	3,049
Treasury shares	1,269			-10	17		7		7
Distribution of dividends of subsidiaries							-	-119	-119
Other changes				-4			-4		-4
Changes in the consolidation scope				-429			-429	-4,399	-4,828
Consolidated equity at 31/12/2019	**17,227 665**	**17,261**	**12,807**	**6,718**	**-55**	**4,704**	**41,435**	**1,316**	**42,751**

(1) after eliminating treasury shares

5. Notes to the consolidated financial statements

The consolidated financial statements of U10 Group were approved by the Board of Directors on 8 April 2020.

Annual highlights

Pursuant to a decision December 2019, the company changed its name to U10 Corp.

DUTEXDOR, 65%-held subsidiary of U10 Corp, was sold on 13 December 2019.
The results of DUTEXDOR were concluded in the company's results for 2019 of until the date of its disposal.

The subsidiaries B10, HOMEA, LOG10 and TEAM DECO were merged into L3C renamed U10 on 6 and 13 December 2019 with retroactive effect for accounting and tax purposes as of 1 January 2019.

5.1. Significant accounting policies

Basis of presentation and statement of compliance

The consolidated financial statements for the period ended 31 December 2019 have been prepared on the basis of French GAAP as defined by CRC Regulation No. 99-02 and amendments thereto of the French accounting rules committee (Comité de la Réglementation Comptable or CRC), and notably based on Regulation No. 2005-10 of 3 November 2005 and Regulation No. 2015-07 of the French accounting standards authority (Autorité des Normes Comptables or ANC) of 23 November 2015.

Basis of preparation and presentation

In accordance with ANC Regulation No. 2018-01, the group has applied the applicable standards for preparing its consolidated financial statements and is concerned only by pension obligations and other employee benefits thereunder.

Basis of consolidation

As of 31 December 2019, the Group consisted of 15 companies.
All companies of the Group close their accounts on 31 December.

Changes in scope

DUTEXDOR, sold on 13 December 2019, was consolidated up until the date of its sale.

Type of activity	Name	Date of creation or acquisition of controlling interest	2019 Ownership interest (%)	2019 Consolidation method	2018 Ownership interest (%)	2018 Consolidation method	Business
Corporate services	U10 Corp (ex U10)	Creation 4 May 1994	-	Full consolidation	-	Full consolidation	Parent company
	LOG10	Creation 1 Aug. 2005			100 %	Full consolidation	Corporate logistics services. On 13 December 2019, this company was merged into U10 (ex. L3C).
Home	U10 (ex. L3C)	Creation 12 December 2003	100 %	Full consolidation	100 %	Full consolidation	A B2B supplier of home decorations and interior design products. L3C was merged into LOG10 and B10 on 13 December 2019 and TEAM DECO was merged on 6 December 2019.
	FRED OLIVIER	Creation 13 June 2018	100 %	Full consolidation	100 %	Full consolidation	A company specialised in the design of textile products and tableware
	B10	1 Oct .2003			99.90 %	Full consolidation	Holding company of Homea, La Nouba and Operating Asia performing services and sourcing for Homea. On 13 December 2019, this company was merged into U10 (ex. L3C).
	HOMEA	Creation 1 Jul. 2007			99.90 %	Full consolidation	Specialised in collections of home utility and leisure goods as well as creative leisure crafts and educational lines. On 13 December 2019, B10 was merged into U10 (ex. L3C).
	LA NOUBA	1 Jul .2014	50.95 %	Full consolidation	50.95 %	Full consolidation	Company specialised in the sale of party goods
	TEAM DECO	Creation 21 Jun. 2012			100 %	Full consolidation	A company specialised in the design, marketing and distribution of product lines for home decoration and furnishings. On 6 December 2019, this company was merged into U10 (ex. L3C).
	U-WEB	Creation 16 August 2011	51 %	Full consolidation	51 %	Full consolidation	Specialised in the sale of home textile products and fabrics on online marketplaces
Undergarments	DUTEXDOR (ex UTEX)	Creation 2 May 2006	65 % until 13/12/2019	Full consolidation	65 %	Full consolidation	Specialised in the design of clothing accessory lines for French food superstores and specialised retailers. Sold on 13 December 2019.
Asie	SMERWICK GROUP	1 Jul .2006	72.69 %	Full consolidation	72.69 %	Full consolidation	A holding company incorporated in Hong Kong for all companies based in Asia
	LONGFIELD LIMITED	1 Jul .2006	72.69 %	Full consolidation	72.69 %	Full consolidation	A trading company based in Shanghai incorporated in Hong Kong for articles originating from China
	SMERWICK LIMITED	1 Jul .2006	72.69 %	Full consolidation	72.69 %	Full consolidation	A trading company incorporated in Hong Kong specialised in goods originating from other countries of Asia through its Taiwan branch office.
	SMERWICK TAIWAN BRANCH LIMITED	1 Jul .2006	72.69 %	Full consolidation	72.69 %	Full consolidation	A trading company incorporated under the laws of Taiwan specialised in goods originating from other countries of Asia
	MADE IN U10 (ex. HENGWEI ASIA LIMITED)	1 Jul .2006	72.69 %	Full consolidation	72.69 %	Full consolidation	A trading company incorporated in Hong Kong for articles originating from China
	LONGGANG LIMITED	3 Jun. 2010	72.69 %	Full consolidation	72.69 %	Full consolidation	A company incorporated under the laws of China providing services for export customers.
	HENGWEI SH	6 May 2011	72.69 %	Full consolidation	72.69 %	Full consolidation	A company incorporated under the laws of China specialised in trade and the distribution of products for the Chinese market
	Hengqin Management Consulting Co Ltd	18 November 2016	72.69 %	Full consolidation	72.69 %	Full consolidation	A company incorporated under the laws of China providing services for export customers.
	NEWPRO ASIA LIMITED	1 Jan. 2013	50.1% (controlling interest) 36,42 % (ownership interest)	Full consolidation	50.1% (controlling interest) 36,42 % (ownership interest)	Full consolidation	A trading company incorporated under the laws of Hong Kong for articles originating from China
	U10 LIMITED (ex. U10 HONG-KONG LIMITED)	Creation 11 September 2015	72.69 %	Full consolidation	72.69 %	Full consolidation	Company incorporated in Hong Kong and governed by Hong Kong law specialised in the export of Home product ranges;

Because the annual financial statements of U-WEB were not provided by the manager to the Group consolidation department, the annual results of this company are not taken into account.

Consolidation method

Companies over which U10 Corp exercises exclusive control are fully consolidated.

There are no companies in which U10 Corp exercises a significant influence.

Foreign currency translation methods

Les résultats des sociétés étrangères hors zone Euros sont The results of foreign companies outside the euro zone are translated into euros at the average exchange rate of the period and their balance sheets are translated at the year-end exchange rate. Translation differences are presented separately under equity

Goodwill arising from the acquisition of a foreign company is considered as an asset of the latter and consequently stated in the functional currency of the entity. Since the switch to French GAAP, goodwill is fully amortised. Goodwill created after the transition to French GAAP is translated at the year-end exchange rate.

Exchange rates for relevant currencies are as follows:

	31 December 2019		31 December 2018	
(Per euro)	Average rate	Closing rate	Average rate	Closing rate
US dollar (USD)	1.11958	1.1234	1.181492	1.145

Foreign currency transactions

Expenses and income in foreign currency are translated at the exchange rate in effect on the transaction date. Monetary balances in foreign currency are translated at the closing rate. Unrealised currency gains or losses are recognised under income of the period. Currency gains and losses on sales are included under the relevant line item of operating income or expenses.

5.2. Notes to the balance sheet

5.2.1. Fixed assets

Goodwill

Goodwill is the difference between the acquisition cost of business combinations (excluding transactions costs) and the Group's share of the fair values of identifiable assets acquired and liabilities and contingent liabilities assumed on the acquisition date. These amounts are recorded in the functional currency of the acquired companies. The amounts of fair value and goodwill must be finalised within one year of the acquisition date. Modifications made after this date are recognised in the income statement, including those relating to deferred tax assets.

The Group measures non-controlling interests when acquired either at fair value (full goodwill method) or on the basis of the Group's share in the net assets of the acquired company (partial goodwill method). This option is applied for each acquisition.

When non-controlling interests are acquired after control has been obtained, the difference between consideration paid and the share in equity acquired is recognised directly in consolidated reserves. In the same way, in the case of a disposal without loss of control, the impact is recognised directly in consolidated reserves.

Goodwill is recorded under a separate line in the balance sheet at cost after deducting amounts of impairment that may be recognised. Negative goodwill is recorded directly in the income statement in the year control is acquired. Losses, when they arise, are recognised under «Other non-current operating income and expenses» if the event at the origin of this impairment meets this definition and are not reversible except in the case of disposals.

Amortisations

Goodwill is amortised over a maximum period of 10 years.

Since the adoption of French GAAP, the Group has adopted the amortisation plan as if amortisation expenses were applied without interruption while taking into account ANC Regulation No. 2015-07 of 23 November 2015.

5.2.1.1. Goodwill

CGU - (€ thousands)	2019 Gross value	2019 Amortisations	Net value	2018 Net value
Home	20,515	20,515	-	-
Fashion articles	-	-	-	-
Asia	19,839	19,839	-	-
Total	**40,354**	**40,354**	**-**	**-**

5.2.1.2. Intangible assets

Intangible assets are recognised at acquisition cost.

The rules for the amortisation, depreciation and impairment of Group assets comply with CRC Regulation No. 2002-10. Amortisation is calculated on a straight-line or accelerated basis over their useful lives.

– Drawings / designs: 1 to 4 years

– Software, licenses: 1 to 5 years

– Other intangible assets: 3 years

Due to the nature of the Group's business, it does not have research and development expenditures.

Intangible assets (€ thousands)	2019 Gross value	2019 Amortisations	Net value	2018 Net value
Models and drawings	1,080	840	240	250
Software, patents, licenses	2,106	1,911	195	138
Other intangible assets	123	-	123	17
Total	**3,308**	**2,751**	**558**	**405**

Intangible assets (€ thousands)	Opening net balance	Changes in the consolidation scope	Acquisitions	Disposals	Allowances	Other changes	Closing net balance
Models and drawings	250		242	-	-252	-	240
Software, patents, licenses	138	-11	30	-1	-107	146	195
Other intangible assets	17		213	-6	-	-100	123
Total	**405**	**-11**	**484**	**-7**	**-359**	**46**	**558**

On the basis of tests performed, no impairment charges were recorded.

5.2.1.3. Property, plant and equipment

Property, plant and equipment are recognised at acquisition cost.

The rules for the amortisation, depreciation and impairment of Group assets comply with CRC Regulation No. 2002-10. Amortisation is calculated on a straight-line or accelerated basis over their useful lives.

– Buildings: 10 to 30 years

– General installations: 3 to 20 years

– Equipment and machinery: 1 to 8 years

– Transportation equipment: 2 to 5 years

– Office furniture and equipment 2 to 10 years

Finance leases have been restated in relation to their materiality level for the presentation of financial statements when the value at inception of the property exceeds €100,000. To this purpose, only land and buildings of U10 and U10 Corp financed by leases were restated in the balance sheet under property, plant and equipment with the corresponding debt recognised in the income statement as a depreciation allowance and financial expense.

Property, plant and equipment (€ thousands)	Gross value	2019 Amortisations	Net value	2018 Net value
Land	1,900	-	1,900	1,900
Buildings	18,788	6,433	12,355	13,142
Machinery and equipment	730	588	142	202
Fittings	7,891	5,604	2,287	2,849
Rolling stock	198	144	54	23
Office furniture and equipment	1,702	1 489	212	301
Assets in progress	195	-	195	105
Total	**31,404**	**14,259**	**17,145**	**18,520**

Property, plant and equipment include the restatement of leases for U10 Corp and U10 land and buildings with a gross value of €19,447,000 and an accumulated depreciation of €5,642,000. The impact of the restatement of the capital lease on the income statement was €717,000 after taking into account deferred taxes.

Property, plant and equipment (€ thousands)	Opening net balance	Changes in the consolidation scope	Acquisitions	Disposals	Allowances	Foreign currency translation adjustments	Other changes	Closing net balance
Land		-	-	-	-	-	-	1,900
Buildings	13,142	-7	-	-	-780	-	-	12,355
Machinery and equipment	202	-7	24	-	-77	-	-	142
Fittings	2,849	-99	145	-58	-494	2	-58	2,287
Rolling stock	23	-	282	-280	-96	-	124	54
Office furniture and equipment	301	-14	139	-1	-157	1	-55	213
Assets in progress	105	-	252	-9	-	-	-153	195
Total	**18,520**	**-127**	**842**	**-349**	**-1,603**	**3**	**-142**	**17,145**

5.2.1.4. Financial assets

Financial assets consist of blocked bank deposits and deposits and guarantees that are recognised at cost.

Immobilisations financières en k€	Opening	Changes in the consolidation scope	Acquisitions in the period	Disposals in the period	Foreign currency translation adjustments	Closing balance
Loans to personnel	7	-	14	-18	-	3
Deposits and guarantees paid	1,101	-98	65	-130	1	939
Other non-current financial assets	1,479	-	-	-712	23	790
Total	**2,587**	**-98**	**79**	**-860**	**25**	**1,732**

Only loans to personnel are short-term.
Deposits and guarantees paid correspond notably to security deposits for the use of premises.
The line item «other non-current financial assets» includes bank balances for €766,000 (€1,455,000 in 2018) as security for short-term bank credit lines.

5.2.2. Current assets

5.2.2.1. Inventories

Inventories consisting mainly of trade goods are recorded at the weighted average unit cost, including the purchase price (less discounts granted) and incidental expenses, and notably customs and transport expenses. A provision for impairment is recorded when the cost is considered to exceed the probable realisation price on the basis of the market price, sales prospects and risks related to obsolescence. Depreciation rates may consequently differ from one subsidiary to another according to the nature of products sold and distribution channels.

Inventory in € thousands	2019 Gross value	2019 Impairment	2019 Net value	2018 Gross value	2018 Impairment	2018 Net value	Net change	Of which changes in consolidation scope
Raw materials and other supplies	455	-	455	501	-	501	-46	
Trade goods	51,659	-305	51,354	67,484	-898	66,586	-15,232	-7,562
Total	**52,113**	**-305**	**51,809**	**67,984**	**-898**	**67,086**	**-15,278**	**-7,562**

5.2.2.2. Trade receivables

Trade receivables subject to assignment are restated and eliminated from «Trade receivables and related accounts» only when the risks and benefits associated with these receivables are substantially transferred. In order to cover the risk of default, French companies of the Group are covered by credit insurance policies with the SFAC. An allowance for doubtful accounts is recorded for receivables when there exists a collection risk. These provisions are determined on the basis of an individual assessment of this risk that may depend on several factors (disputes, financial decision, payment delays, etc.).

Current receivables in € thousands	2019 Gross value	2019 Impairment	2019 Net value	2018 Net value	Net change	Of which changes in consolidation scope
Trade receivables and related accounts	34,732	461	34,272	40,491	-6,219	-1,146
Total	**34,732**	**461**	**34,272**	**40,491**	**-6,219**	**-1,146**

Receivables assigned to the factor are reclassified as trade receivables since the risks and rewards of these receivables are not transferred to the factor. These amounts totalled €12,978,000 at 31 December 2019 compared with €14,731,000 one year earlier.

Trade receivables of French companies are partially covered by credit insurance policies, all with maturities of less than one year.

Other receivables and deferred taxes:

Other receivables and deferred taxes	2019 Gross value	2019 Impairment	2019 Net value	2018 Net value	Net change	Of which changes in consolidation scope
Advances and down payments paid	730	-	730	2,877	-2,146	-752
Employee-related receivables	4	-	4	15	-12	
Tax receivables	1,891	-	1,891	2,764	-873	-314
Current account receivables	-	-	-	15	-15	-15
Other receivables	4,742	2,150	2,592	157	2,435	-20
Income tax receivables	563	-	563	1,915	-1,352	-68
Prepaid expenses	1,241	-	1,241	1,979	-738	-236
Deferred tax assets	523	-	523	748	-226	
Total	**9,693**	**2,150**	**7,544**	**10,471**	**-2,927**	**-1,404**

Tax receivables correspond to receivables for corporate income tax. Other tax receivables consist mainly of VAT able to be deducted or recovered with maturities of less than one year (current portion).

Sundry accounts receivable include mainly:
– trade receivables linked to C3M's disposal in 2009 for €2,142,000 that have been fully depreciated. Debt collection procedures are still in progress to obtain payment of these receivables, while others were recognised under losses (fully written down since 2016).
– a vendor loan for the sale of DUTEXDOR in the amount of €1,500,000
– accrued income relating to a commercial dispute in the amount of €814,000
These amounts have maturities of between 1 and 5 years.

Prepaid expenses represent operating items with maturities of less than one year.

5.2.2.3. Cash and cash equivalents

Cash and cash equivalents consist of bank credit lines.
Current account balances subject to restrictions for periods exceeding three months at the closing date (for example, when pledged as security) are reclassified under financial assets.

Cash and cash equivalents in € thousands	2019	2018
Cash at banks, current account advances	20,634	11,929
Total	20,634	11,929

As indicated in note 5.2.1.4, restricted bank account balances amounting to €766,000 are classified as financial assets (€1,455,000 in 2018). There are no short-term securities.
There are no cash amounts subject to restrictions (exchange controls, etc.).

5.2.3. Shareholders' equity

5.2.3.1. Stock option plans

No stock option plan was in progress in the period under review.

5.2.3.2. Share capital information

Treasury shares
Treasury shares are excluded from shareholders' equity on the basis of their acquisition and disposal price for the Group. Impairment charges, as applicable, and gains or losses from disposals, recorded in the separate financial statements upon disposal, are recognised directly under shareholders' equity in the consolidated financial statements for their amount net of the corresponding tax.

There exist no specific procedures and objectives set in advance. Changes and the management of share capital are undertaken on the basis of opportunities.
Within the framework of the share buyback program authorised by the annual general meeting of the shareholders, U10 Corp has implemented a liquidity agreement for market making purposes for its shares. At 31 December 2019, U10 Corp held 33,080 treasury shares in connection with the liquidity agreement.

Changes in share capital in the period:

	2018	Increase	Decrease	2019
Number of shares comprising the share capital*	17,260 745			17,260 745
Dilutive equity instruments:				
Total number of the potential shares	17,260 745	0	0	17,260 745
*Of which treasury shares	34,349		-1,269	33,080

The par value of the share is €1.

5.2.3.3. Dividends paid to parent company shareholders

A dividend was not distributed in 2019.

5.2.4. Provisions for contingencies and expenses

Provisions for retirement severance benefits
Group employees, in accordance with applicable local laws and regulations, are covered by supplementary retirement and severance benefits. Addition, the Group is required to contribute to retirement funds in countries where it operates.
For defined contribution schemes, the charge corresponding to premium payments is recognised under profit and loss for the period.
For defined benefit schemes, the value of retirement commitments defined in in accordance with contractual provisions is determined annually according to the projected unit credit method and based on actuarial assumptions for life expectancy estimates, employee turnover, seniority of employees, wage increases and discount rates.

In 2018 and 2019, the Group applied the following assumptions:

	2019		2018	
	French companies	Foreign companies	French companies	Foreign companies
Discount rate	1.80%	1.50%	1.80%	1.75%
Wage growth rate	2.00%	2.00%	2.00%	2.00%

In light of the provisions of the collective bargaining agreements that apply to the main companies of the Group, the commitment for long-service awards (seniority bonuses) is not considered as material.

Other provisions

Provisions are recorded when the Group has a present obligation resulting from a past obligating event expected to result in an outflow of economic resources able to be reasonably estimated.

Information on contingent liabilities is presented in the notes when they represent a significant amount. Tax adjustment notice amounts following the tax audit in progress are recognised under accrued expenses if accepted or provisions when contested.

Actuarial gains and losses are recognised under profit or loss of the period.

(€ thousands)	Opening	Adjustments to the scope	Allowances	Provisions used in the period	Reversal of unused provisions	Impact of foreign exchange fluctuations	Closing balance
Provisions for retirement severance benefits	1,321	-167	153	0	-69	3	1,241
Employee-related litigation contingencies	53	-	-	-53	-	-	-
Sales-related litigation	229	-	11	-	-	-	240
Total	**1,603**	**-167**	**164**	**-53**	**-69**	**3**	**1,481**

Sensitivity tests:
Based on a discount rate of 1.1%, the provision for severance benefits payable to French employees upon retirement would amount to €123,000.

5.2.5. Borrowings and financial liabilities

5.2.5.1. Net financial debt

Net financial debt amounted to €35,774,000 at year-end compared with €54,389,000 at 31 December 2018.
Medium-term borrowings consist primarily of fixed-rate loans (€9,952,000). Floating-rate debt totalled €7,871,000, originating entirely from the restatement of capital leases. Floating-rates applied are generally the 3-month Euribor plus a margin.

Only companies of the Smerwick subgroup had recourse to bank credit lines in US dollars.

- **Changes in financial debt and breakdown by nature**

Financial debt (€ thousands)	Opening	Changes in scope	Increase	Decrease	Foreign currency translation adjustments	Closing balance
Other borrowings → 1 year at inception	15,012	-516	-	-4,806		9,691
Finance leases	9,901	-	250	-2,019		8,132
Borrowings → 1 year at inception	**24,913**	**-516**	250	**-6,825**	0	**17,823**
Other payables	3,273		-	-3,085		188
Accrued interest	4		-	-1		3
Bank overdrafts and credit lines	38,128	-1,625	-3,352	5,087	157	38,394
Other borrowings	**41,405**	**-1,625**	-3,352	**2,001**	**157**	**38,585**
Total borrowings	**66,318**	**-2,141**	**-3,102**	**-4,823**	**157**	**56,408**
Cash and cash equivalents	-11,929	66	-12,875	4,156	-53	-20,634
Cash and cash equivalents	**-11,929**	**66**	-12,875	**4,156**	**-53**	**-20,634**
Net financial debt	**54,389**	**-2,074**	**-15,977**	**-667**	**104**	**35,774**

- **Breakdown of financial debt by maturity and rate profile**

Net financial debt (€ thousands)	Closing balance	o.w. ← 1 year	o.w. → 1 year ← 5 years	o.w. → 5 years	o.w. fixed rate	o.w. floating-rate
Other borrowings → 1 year at inception	9,691	4,124	5,567	-	9,691	-
Finance leases	8,132	1,313	3,679	3,140	261	7,871
Borrowings → 1 year at inception	**17,823**	**5,437**	**9,246**	**3,140**	**9,952**	**7,871**
Other payables	188	188				
Accrued interest	3	3				
Bank overdrafts and credit lines	38,394	38,394				
Other borrowings	**38,585**	**38,585**	-	-		
Total borrowings	**56,408**	**44,022**	**9,246**	**3,140**		
Cash and cash equivalents	-20,634	-20,634				
Cash and cash equivalents	**-20,634**	**-20,634**	**-**	**-**		
Net financial debt	**35,774**	**23,388**	**9,246**	**3,140**		

- **Covenants**

The covenants established for the loan obtained by U10 maturing in 2021 were respected on 31/12/2019.

- **Interest rate risk hedging**

See the section «Interest rate hedges» in note 5.6 «Off-balance sheet commitments».

5.2.5.2. Trade and other payables

(€ thousands)	2019	2018	Net change	Of which changes in consolidation scope
Trade payables	22,316	27,245	-4,929	-2,047
Total	**22,316**	**27,245**	**-4,929**	**-2,047**

Trade payables have maturities of less than one year.

(€ thousands)	2019	2018	Net change	Of which changes in consolidation scope
Advances and instalments received on orders	466	693	-227	-38
Employee-related payables	1,874	2,350	-476	-323
Tax payables	2,025	3,032	-1,007	-395
Payables on fixed assets	221	139	82	
Dividends payable	439	318	121	
Partners' current accounts	90	277	-187	
Tax payables (income tax)	3	31	-29	
Other payables	3,649	3,136	513	-18
Deferred revenue	1	38	-37	
Total	**8,767**	**10,013**	**-1,246**	**-774**

Other tax payables include mainly VAT payables.
Miscellaneous payables include mainly accrued credit notes.
Trade payables have maturities of less than one year.

5.3. Notes to the income statement

5.3.1. Revenue

Revenue is recognised when the customer order is delivered (completed sales basis). Invoices in foreign currencies are translated into euros at the monthly average exchange rate published by the official French publication for legal notices (Journal Official). Sales of companies that prepare their financial statements in foreign currencies are translated at the average exchange rate of the period (see section on Foreign currency translation methods).

Revenue by geographical segment is as follows (excluding inter-company sales):

Revenue (non-Group) (€ thousands)	2019		2018	
France	150,643	84%	146,611	81%
European Union	13,940	8%	17,169	10%
Outside European Union	13,788	8%	17,058	9%
Total	**178,371**		**180,839**	

The largest customer accounts for 16.6 % of sales.

5.3.2. Operating profit

5.3.2.1. Staff costs and workforce

(€ thousands)	2019	2018
Wages and salaries	14,643	14,653
Payroll taxes	5,069	5,122
Total	**19,712**	**19,774**

Headcount at 31 December	2019	2018
Marketing / Communication	12	29
Purchasing	37	44
Commercial	111	131
Logistics	113	132
Administration / Finance	39	46
IT	8	7
Total	**319**	**389**

Average headcount of the period	2019	2018
Marketing / Communication	20	29
Purchasing	42	45
Commercial	125	128
Logistics	134	130
Administration / Finance	45	47
IT	7	8
Total	**373**	**386**

In 2018, a French CICE wage tax credit of €416,000 was recognised as a deduction from social security charges. This governmental measure was cancelled in 2019.

5.3.2.2. Total operating expenses

The main operating income and expense aggregates are as follows:

(€ thousands)	2019	2018
Total external services, including mainly:	29,638	30,413
Transport	10,570	10,570
Rent and rental charges	5,205	5,075
Costs of intermediaries and fees	3,345	3,298
Advertising, publications	3,255	3,378
Travel and entertainment expenses	1,642	1,808
Maintenance & repairs	1,247	1,252
External staff costs	1,227	1,220
Insurance premium	871	928
Other net operating income and expenses	2,135	573
Total	**31,774**	**30,985**

5.3.3. Allowances for depreciation and reserves

Allowances (+) net of reversals (-) (in € thousands)	2019	2018
Net allowances for depreciation of fixed assets	1,961	2,208
Net allowances for inventory impairment	-593	620
Net allowances for bad debt	73	31
Other net allowances	89	81
Net current operating provisions	**1,530**	**2,941**
Other net current operating provisions	-50	63
Total allowances (net of reversals) of the period	**1,480**	**3,003**

5.3.4. Net financial expense

(€ thousands)		2019	2018
Net financial expense		-1,022	-1,198
Of which:	- Cost of net debt	-686	-768
	- Other	-336	-430
Non-operating income/(losses)		87	125
Total		**-934**	**-1,073**

5.3.5. Net exceptional items

Net exceptional items

Exceptional profit or loss includes items which are by nature unusual, significant and non-recurring. This includes gains and losses from asset disposals, goodwill impairment for which the obligating event meets this definition, the impact of redundancy plans, material litigation.

Exceptional income includes the capital gain from the disposal of DUTEXDOR shares (+€764,000).
Other exceptional income and expenses concern mainly expenses and income from prior periods, asset disposals and non-recurring expenses.

5.3.6. Corporate income tax

Current and deferred tax

French companies that are more than 95%-held are included in the French tax group providing for tax integration between the U10 Corp, U10 and FRED OLIVIER. The tax savings in 2019 from this tax-sharing arrangement amounted to €822,000.

Timing differences between taxable income and reported net income give rise to the recognition of deferred taxes under the liability method.

Deferred tax assets relating to tax loss carryforwards are recognised only when they can be allocated to temporary tax differences or future tax benefits.

The allocation of future taxable income is taken into account when a reasonable likelihood of occurrence or recovery has been determined based on forward-looking information approved by Group management. In practice, forecasts are adopted, as a matter of prudence, for three-year periods, except in special cases.

Within the same tax entity (company, tax consolidation group) deferred tax assets and liabilities are offset, regardless of their maturity, when the tax entity has the right to offset its current tax assets and liabilities and the deferred tax assets and liabilities concerned are levied by the same tax authorities.

Deferred tax assets and liabilities are recognised under non-current assets and liabilities.

Deferred tax assets and liabilities are not discounted.

The Group has opted to present the CICE wage tax credit as a deduction from staff costs in 2018.

The company was subject to a tax audit for the financial years 2013 to 2015. The tax adjustment notification received from the tax authorities was contested by the company. Litigation proceedings were instigated at the end of the reporting period. Because the amounts in question were contested in their entirety, a provision was not recorded for this amount in the period.

- **Reconciliation of the theoretical income tax with actual income tax expense**

(€ thousands)	2019	2018
Profit before tax	3,492	1,267
Theoretical tax rate	28.00%	33.33%
Theoretical tax at the standard French tax rate	978	422
Impact of foreign tax	-187	-226
Impact of changes in tax rates		108
Impact of permanent differences	-157	-360
Use in the period of deferred taxes not recognized at the beginning of the period (on loss carryforwards)	-174	
Impact of tax credits and tax deficiency adjustments	-33	
Other	8	
Actual tax expense	**435**	**-56**

- **Breakdown of income tax expense**

(€ thousands)	2019	2018
Current tax	35	-38
Deferred tax	400	-18
Total	**435**	**-56**

• **Deferred taxes**

Deferred tax receivables and payables are presented according to their net amount by company.

Breakdown of deferred tax by nature	2019 deferred tax		2018 deferred tax		Changes in the consolidation scope	
(€ thousands)	assets	liabilities	assets	liabilities	assets	liabilities
Restatement of capital leases		1,664		1,386		
Provision for retirement severance payments	303		326			
Margins on inventories			206			
Loss carryforwards	103		157		-81	
Tax-driven provisions		243		248		
Other timing differences	117	62	59	34	-36	
Total	**523**	**1,969**	**748**	**1,667**	**-117**	

5.3.7. *Earnings per share*

Earnings per share

Basic earnings per share (before dilution) are calculated on the basis of the weighted average number of shares outstanding in the period under review, less treasury shares.

Diluted net earnings per share are determined using the treasury method. When basic earnings per share are negative, diluted earnings per share are identical to the former.

At 31 December 2019, there was a total of 17,260,745 shares. Net earnings per share amounted to €0.16. There are no dilutive securities.

5.4. Segment information

Segment information

The Group is specialised in developing and marketing a range of product lines for the home furnishings and personal goods segments.

It is organised into two main geographical regions:

– the Europe division shipping directly to stores or the logistics platforms of France or international customers, the ranges it designs

– the Asia division whose activity includes sourcing, quality control and the marketing of ranges created by U10 Group which addresses the international distribution sector.

2019	Europe Division	Asia Division	Total
Revenue	139,451	38,920	178,371
Intangible assets	558	-	558
Property, plant and equipment	17,111	34	17,145
Financial assets	1,145	587	1,732

2018	Europe Division	Asia Division	Total
Revenue	138,810	42,029	180,839
Intangible assets	405	-	405
Property, plant and equipment	18,481	40	18,522
Financial assets	1,312	1,275	2,587

5.5. Pro forma income statement

The pro forma income statement presented below shows 2019 results excluding DUTEXDOR which was sold on 13 December 2019, and not including the proceeds from the disposal of the subsidiary.

Income statement - French GAAP - € thousands	Note	2019	Pro forma - excl. Dutexdor
Revenue	5.3.1	178,371	161,000
Other operating income		2,179	2,054
Total operating income		**180,550**	**163,054**
Cost of sales		-121,771	-111,188
Staff costs	5.3.2.1	-19,712	-17,559
External charges	5.3.2.2	-29,638	-26,062
Taxes and similar payments		-1,914	-1,782
Other operating expenses		-2,135	-1,614
Operating profit before depreciation and amortisation (EBITDA)		**5,380**	**4,849**
Allowances for depreciation and reserves	5.3.3	-1,530	-1,487
Operating profit		**3,850**	**3,361**
Financial income		419	388
Financial expense		-1,353	-1,186
Net financial expense	**5.3.4**	**-934**	**-798**
Net exceptional items	**5.3.5**	**576**	**-174**
Corporate income tax	5.3.6	-435	-435
Consolidated net income		**3,057**	**1,954**
Attributable to:			
U10 Group shareholders		2,790	1,806
Non-controlling interests		267	149
Earnings per share		0.16	0.10

5.6. Off-balance sheet commitments

The Group has implemented procedures to identify the main commitments and ensure the disclosure of material commitments.

The following table shows all off-balance sheet commitments with the exception of leases in progress and outstanding interest owed on loan agreements.

Off-balance sheet commitments (€ thousands)	Main characteristics		2019	2018
RELATED TO THE GROUP STRUCTURE			none	none
Related to financing				
1/ Other commitments given				
Pledges of equity interests		1-2	-	-
Bank account pledges	Bank account pledges as security for a loan	(1)	-	-
Hedging instruments	Interest rate hedges for debt	(1)	-	-
2/ Other commitments received				
Guarantees given by third parties to banks of consolidated companies			-	-
Related to operating activities				
1/ Other commitments given				
Capital leases (not restated)			123	240
Hedging instruments	Forward exchange agreements for the purchase of US dollars		3,298	6,479
	Euro forward sales agreements		-	-
2/ Reciprocal commitments				
Documentary credit for suppliers			12,830	3,038

(1) Outstanding loan balance at the end of the period

• **Guarantees**
For information, guarantees given to banks of Group companies in the form of first demand guarantees or comfort letters permit local subsidiaries to obtain bank overdrafts facilities or treasury advances. At 31 December 2019, these guarantees amounted to €25,635,000 with the corresponding overdrafts amounting to €7,045,000. Furthermore, U10 Corp granted a guarantee to the lessor for the lease obtained by U10 for its buildings. In addition, the intangible assets of this lease agreement are pledged in favour of the lessor.

• **Foreign exchange hedges**
Forward exchange purchase agreements were implemented within the framework of the hedging policy for covering commercial transactions (trade good purchases).

Currency	Maturity	Nominal amount in $US thousands	Amount in $US thousands at 31/12/2019	Average €/$ exchange rate	Balance in € thousands
USD	2020	4,050	3,700	1.1220	3,298
TOTAL		**4,050**	**3,700**	**1.1220**	**3,298**

• **Interest rate hedges and other commitments**
There were no interest rate hedges in force at 31 December 2019.

To the best of the Company's knowledge, information disclosed in these notes does not contain any omissions concerning the existence of significant off-balance sheet commitments.

• **Commitments received and reciprocal agreements**
The Group has recourse to the documentary credit for certain suppliers and customers. The amount of the corresponding reciprocal agreements at 31 December 2019 totalled €12,830,000.

5.7. Related parties

Directors and officers include the Chairman, the Chief Executive Officer, Deputy Chief Executive Officers and members of the Board of Directors of U10 Corp.

Transactions with related parties disclosed below concern companies having a common director or officer with U10 Corp.

5.7.1. Related parties
Related party transactions in the period amounted to €98,000 for services rendered, €1,264,000 for services received. Receivables and payables amounted to respectively €2,000 and €540,000 (including the current account advance).

5.7.2. Compensation of directors and officers
Executive compensation in 2019 amounted to €325,000 (excluding social charges), unchanged in relation to 2018.

At 31 December 2019, no advances or loans or any post-employment benefits were granted to members of the management.

5.8. Subsequent events

In the context of the Covid-19 health crisis and pursuant the measures adopted by the French government of confinement and the closure of non-essential businesses which account for more than 90% of its customers, the subsidiaries U10, Fred Olivier and La Nouba closed all their logistics warehouses and the majority of their administrative departments at 16 March.

In addition to the implementation of measures authorised by the government, including recourse to short-time working arrangements, U10 Corp applied for loans available from its banks during this unprecedented situation in order to ensure the proper payment of all the Group's suppliers despite the loss of revenue. These applications are currently being processed.

5.9. Fees paid to Auditors and members of their network by the Group

Fees paid to U10 Corp's statutory auditors as well as members of their network are presented below.

(€ thousands)	2019						2018					
	EXCO network		ORFIS member of ALLINIAL GLOBAL		Total		EXCO network		ORFIS member of ALLINIAL GLOBAL		Total	
Audit												
Statutory auditing	141	94%	49	97%	191	95%	163	100%	50	94%	217	99%
– Issuer	34	24%	49	100%	83	44%	34	20%	50	100%	85	39%
– Fully consolidated subsidiaries	108	76%		0%	108	56%	129	80%	0	0%	132	61%
Other audit-related services	8.4	6%	1.3	3%	9.7	5%	0.8	0%	3.2	6%	1.8	1%
– Issuer			1.3	100%	1.3	13%	0.8	100%	3.2	100%	1.8	100%
– Fully consolidated subsidiaries	8.4	100%			8.4	87%						
Subtotal	**150**	**100%**	**51**	**100%**	**200**	**100%**	**163**	**100%**	**53**	**100%**	**219**	**100%**
Other services												
Legal. tax and employee-related services												
Information technology												
Internal audit												
Other												
Subtotal												
Total	**150**	**100%**	**51**	**100%**	**200**	**100%**	**163**	**100%**	**53**	**100%**	**219**	**100%**

Statutory auditors' report
on the consolidated financial statements

Fiscal year ended 31 December 2019

To the U10 Corp's general meeting,

Opinion

In compliance with the engagement entrusted to us by your general meeting, we have audited the accompanying consolidated financial statements of U10 CORP for the year ended 31 December 2019. These financial statements were adopted by the Board of Directors on 8 April 2020 based on information available on that date within the evolving context of the health crisis linked to Covid-19.
In our opinion, the consolidated financial statements give a true and fair view of the results of the operations of the Group for the year then ended and of its financial position and its assets and liabilities as at December 31, 2019 in accordance with French generally accepted accounting principles.

Basis for opinion

Audit framework
We conducted our audit in accordance with professional standards applicable in France. We believe that our audit provides a reasonable basis for our opinion.
Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence
We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2019 to the issue date of our report and in particular we did not provide any non-audit services prohibited by the French code of ethics for statutory auditors.

Basis of our assessments

In accordance with the requirements of articles L. 823-9 et R. 823-7 of the French commercial code ("code de commerce") relating to the justification of our assessments, we bring your attention the following assessments which in our professional judgment, were of most significance in the audit of the consolidated financial statements of the period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, adopted under the conditions previously described, and in forming our opinion thereon, and we do not provide a separate opinion on specific elements, accounts or items of the consolidated financial statements.
Note 5.2.2.1 hereto describes the accounting rules applied for the measurement of inventory. As part of our assessment, we reviewed the appropriateness of the accounting treatment applied by the Group for the measurement of inventory. We have ensured, by means of samples, that these principles were correctly applied.

Specific procedures

As required by French law and regulations, we also performed the specific verifications, in accordance with professional standards applicable in France, of the information provided on the group presented in the Board of Directors' management report adopted on 8 April 2020. With respect to events and information known after the closing date of the financial statements relating to the crisis linked to Covid-19, management indicated that the information on this subject will be provided to the general meeting called to approve the financial statements.
We have nothing to report with respect to the fair presentation of such information and its consistency with the consolidated financial statements.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

The consolidated financial statements have been approved by the Board of Directors.

Statutory auditors' responsibilities for the audit of the consolidated financial statements

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

As specified by article L. 823-10-1 of the French commercial code ("code de commerce"), the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted the affairs of your company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause ..cause the Company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, we modify our opinion;

- Evaluate the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities included in the consolidation scope to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

Roanne and Villeurbanne – 29 April 2020

The Statutory Auditors
[French original signed by:]

EXCO HESIO Jean-Michel Lannes	ORFIS Bruno Genevois

Members of the Lyon Regional Association
of Statutory Auditors

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

www.u10.com

1 place Verrazzano, CP 610
69258 Lyon cedex 09, France
Tél. +33 (0)4 74 13 86 82
Fax. +33 (0)4 37 64 47 92
communication@u10corp.com
RCS Lyon 395,044 415