MERGER-ABSORPTION OF

PAR

MERGER THROUGH ABSORPTION OF DOM SECURITY SA ("DOM Security") BY THE GROUP SFPI SA ("Groupe SFPI") AND ADMISSION TO TRADING OF Groupe SFPI'S ORDINARY SHARES ISSUED AS PART OF THE MERGER (the "New Shares")

Pursuant to its General Regulation and in particular Article 212-34, the French Financial Markets Authority (*Autorité des marchés financiers* - AMF) registered this document under number E.18-068 on 3 October 2018. This French version of this prospectus has been prepared by the issuer and is binding upon its signatories.

The registration number was allocated in accordance with the provisions of Article L.621-8-1-I of the French Monetary and Financial Code, after verification by the Autorité des marchés financiers that the document is complete and comprehensible, and that the information it contains is consistent. It does not imply that the AMF approves the transaction, or that it has verified the financial and accounting information presented herein.

It certifies that the information contained in this prospectus is consistent with the regulatory requirements for the subsequent admission on the Euronext Paris stock exchange of the shares which - subject to the approval of Groupe SFPI's general shareholders' meeting - will be issued as consideration for contributions.

This document is an appendix to the report from the Groupe SFPI Board of Directors, which will be presented to Groupe SFPI's extraordinary shareholders' meeting convened on 13 November 2018.
This document is an appendix to the report from the DOM Security Board of Directors, which will be presented to DOM Security's extraordinary shareholders' meeting convened on 13 November 2018.
The notice of Groupe SFPI's general shareholders' meeting called to rule on the Merger and containing the draft resolutions to be put to a shareholders' vote, was published in the Bulletin des Annonces Légales Obligatoires (BALO) dated 26 September 2018 and will be the subject of a corrigendum concerning the date of the general meeting.
The notice of DOM Security's general shareholders' meeting called to rule on the Merger and containing the draft resolutions to be put to a shareholders' vote, was published in the Bulletin des Annonces Légales Obligatoires dated 26 September 2018 and will be the subject of a corrigendum concerning the date of the general meeting.

This document ("**Document E** ") incorporates the following by reference:

- The annual financial reports of Groupe SFPI for the tax years ending 31 December 2017, 31 December 2016 and 31 December 2015, published on 30 April 2018, 28 April 2017 and 29 April 2016 respectively, and Groupe SFPI's half-year financial report covering the first half of the tax year 2018, published on 25 September 2018;
- The annual financial reports of DOM Security for the tax years ending 31 December 2017, 31 December 2016 and 31 December 2015, published on 30 April 2018, 26 April 2017 and 29 April 2016 respectively, and DOM Security's half-year financial report covering the first half of the tax year 2018, published on 25 September 2018.

Document E is available free of charge from Groupe SFPI's head office (20 rue de l'Arc de Triomphe - 75017 Paris) and on the Groupe SFPI website (www.sfpi-group.com) and that of the Autorité des marchés financiers (www.amf-france.org).

GENERAL REMARKS

Definitions:

In this document, and unless otherwise indicated:

- The symbol "€K" means thousands of euros.
- The symbol "€M" means millions of euros.
- The term "Merger" refers to the proposed merger by absorption of DOM Security by the Groupe SFPI (as these terms are defined below).
- The term "Transaction" means the Merger Transaction as described in Chapter 2 of this Document E.
- The term "Groupe SFPI" refers to the company Groupe SFPI SA.
- The term "DOM Security" refers to the company DOM Security SA.
- The term "Group" or "Consolidated SFPI Group" refers to the SFPI Group and all its subsidiaries (including the DOM Security Group).
- The term "DOM Security Group" refers to DOM Security and its subsidiaries.
- The term "Document E" or "Document" refers to this prospectus.

Notice to the reader

This summary note should be read as an introduction to this Document E.

Any decision to invest in the financial instruments that are the subject of the transaction described herein, or in the Company's existing financial instruments, should be based on a comprehensive review of this Document E by the reader.

Should any claim relating to the information contained in this Document be brought before a court of law, the plaintiff investor may, depending on the national legislation of the EU member states or parties to the EEA agreement, have to bear the costs of translating the Document before the start of any legal proceedings.

The persons who have submitted the summary note, including - where applicable - any translation thereof, and who have requested notification under Article 212-41 of the AMF General Regulation, are only liable if the content of the summary note is misleading, inaccurate or inconsistent with other parts of Document E or when the Document as a whole does not provide the key information required to help investors who are considering investing in the aforementioned financial instruments.

SUMMARY NOTE

SUMMARY OF THE MAIN TERMS OF THE TRANSACTION	
Presentation of the Merger and its objectives	The merger has been initiated as part of a policy to streamline and unify the Group's stock market structure, with the aim of simplifying its organisational structure and operational management. The Merger should also improve the liquidity of Groupe SFPI stock, which would notably benefit the current shareholders of DOM Security. In exchange for the DOM Security securities contributed to Groupe SFPI by DOM Security shareholders under the Merger, the latter will receive Groupe SFPI shares admitted to trading on the regulated Euronext Paris market, thereby improving their stock's liquidity (75% share turnover for SFPI vs. 22% for DOM Security over 250 days[1]. It is important to remember that the Merger follows a simplified takeover bid (*OPAS* in French) initiated by DOM Security on its own securities for ten trading days in July 2018, as part of its share repurchase programme, at a share price of 75 euros per DOM Security share (the "**takeover bid"**). At the end of the takeover bid, DOM Security reacquired 240,000 of its own shares for cancellation. Following the takeover bid, and after cancellation of the 197,835 shares bought by DOM Security, Groupe SFPI will control DOM Security with 76.9% of its capital and 86.9%[2] voting rights. This merger will result in the complete transfer of DOM Security's assets and liabilities to Groupe SFPI. Furthermore, once the transaction is complete, the DOM Security shares will cease to be admitted to trading on the regulated market Euronext Paris and the legal identity of DOM Security will no longer exist. The merger should have no impact on the Group's industrial and commercial policy or on the development of its workforce. In decision no. 218C1614 dated 2 October 2018, the AMF said it "*considered that the planned merger between DOM SECURITY and Groupe SFPI would not lead to any modification of shareholders' rights or interests that would justify the prior introduction of a public takeover bid for the securities of the companies concerned, pursuant to Article 236-6 of the General Regulation.* »
Value of Contributions	The value of the net assets transferred by DOM Security to Groupe SFPI as part of the Merger amounts to €61,432,262.40 (the "**Contributions**").
Number of Groupe SFPI shares to be issued	In accordance with the provisions of Article L.236-3-II of the French Commercial Code, Groupe SFPI will not receive any return on the shares it holds in DOM Security (1,694,385 DOM Security shares) or for DOM Security's company-owned shares, i.e. 42,165 DOM Security shares. As such, taking into account the merger-waiver, as consideration for the 467,402 DOM Security shares, Groupe SFPI will issue 9,348,040 new Groupe SFPI ordinary shares to the contributors (DOM Security shareholders) with a par value of €0.90 each.
Amount of the capital increase	The total par value of Groupe SFPI's share capital increase will be 8,413,236 euros.

[1] *Groupe SFPI Float: 100% - (founders + partner banks + company-owned shares) which is 18.9% of the capital.*
DOM Security Float: 100% - Groupe SFPI which is 29.5% of the capital.

[2] *Amount expressed in theoretical voting rights (this percentage increases to 87.8% on the basis of voting rights exercisable in general meetings).*

Merger Premium	The difference between (a) the share of net assets transferred by universal transfer of assets and liabilities to the acquiring company, corresponding to all shares of the absorbed company not held by the acquiring company, i.e. 13,028,215.82 euros (excluding the carrying amount of treasury shares held by the absorbed company) and (b) the par value of the capital increase of the acquiring company, i.e. 8,413,236.00 euros, represents a merger premium of 4,614,979.82 euros (the "**Merger Premium**"). This Merger Premium will be reduced to 1,452,604.82 euros after cancellation of the balance of treasury shares. The Merger Premium will be recognised in gross terms on the liabilities side of Groupe SFPI's balance sheet, with all Groupe SFPI shareholders - both old and new - holding equivalent rights.
Merger Surplus	On the basis of the Company's financial statements as at 31 December 2017, the proposed Merger will generate a Merger surplus equal to the difference between (a) the share of net assets contributed (excluding the carrying amount of treasury shares held by the Company), corresponding to all Company shares held by Groupe SFPI, i.e. 47,228,752.68 euros and (b) the net book value of the Company's shares owned by Groupe SFPI, i.e. 36,834,409.20 euros, representing a Merger surplus of 10,394,343.48 euros. This Merger Surplus will be primarily recognised as financial income in the Groupe SFPI accounts for the period ending 31 December 2018, since it relates to earnings retained by the Company since its acquisition by Groupe SFPI.
Listing date and market	An application will be made for the New Shares to be listed on Compartment B of the Euronext Paris stock market, as soon as the Merger is complete.
Post-merger share capital	Groupe SFPI's share capital will thus be increased from €80,972,875.8 to €89,386,111.8, divided into 99,317,902 ordinary shares with a par value of €0.90.
Date of signing the draft merger agreement	The draft Merger Agreement was filed with the Clerk of the Commercial Court of Paris on 26 September 2018.
Conditions precedent	The Merger will only be deemed complete once certain non-retroactive cumulative terms are met, including the following conditions: o Registration of this Document E by the AMF; o Approval of the Merger by Groupe SFPI's general shareholders' meeting held on 13 November 2018 (among other things, the meeting must approve the value of the contributions, the exchange ratio and the capital increase of Groupe SFPI as consideration for the Merger); o Approval of the Merger by DOM Security's extraordinary shareholders' meeting held on 13 November 2018 (among other things, the meeting must approve the exchange ratio decided on as part of the draft merger agreement and the dissolution of DOM Security without liquidation). The draft merger agreement stipulates that if these conditions precedent have not been fulfilled by 31 December 2018 at the latest, the draft merger agreement would be considered null and void, without compensation to either side, unless agreed by both parties.
Completion date and effective date of the Merger	The Merger will be deemed complete on the day when the last of the aforementioned conditions precedent has been fulfilled. The effective date of the Merger will be fixed, in accordance with the merger agreement, at 1st January 2018.

Valuation methods used for the exchange ratio

	(Valuation of equity!		Price per share		Exchange ratio
	Groupe SFPI	DOM Security	Groupe SFPI	DOM Security	
Market approach					
Market data					
Price on 19/06/2018			3.30	59.00	17.9x
Volume Weighted Average Price					
Average - 20 days			3.33	59.94	18.0x
Average - 60 days			3.28	60.18	18.4x
Average - 120 days			3.28	60.22	18.4x
Average - 250 days			3.26	60.43	18.5x
Analysts' target price					
Target price			3.80	-	
Analogue approach					
Trading Comparables					
EBIT 2018 - Median	390.7	162.5	4.45	75.17	16.9x
EBIT 2019 - Median	379.6	158.4	4.32	73.28	17.0x
Comparable Transactions					
EBT 2017 - Average	399.2	169.3	4.54	78.29	17.2x
Intrinsic approach					
DCF					
Central value	365.7	152.6	4.16	70.59	17.0x
Dividends paid per share					
June 2018			0.06	1.75	29.2x
June 2017			0.05	1.75	35.0x
Net book value per share					
NBV as at 31 December 2017			2.15	35.31	16.4x
NBV as at 31 December 2016			1.93	37.10	19.2x
Earnings per share					
December 2017			0.28	5.05	18.1x
December 2016			0.19	4.58	24.1x

Merger auditors

By order dated 23 July 2018, as part of the Merger, the President of the Paris Commercial Court appointed Maurice Nussenbaum, of the firm SORGEM Evaluation, located at 11 Rue Leroux in Paris (75116) and Didier Kling, located at 28 Avenue Hoche in Paris (75008) as independent appraisers of the merger.

Findings of the Merger auditors

The reports from the Merger auditors on the value of the Contributions and the fairness of the consideration for the Contributions are given in **Appendix 1** and **Appendix 2** of this Document E. An *addendum* to the report on the fairness of the consideration for the Contributions is given in **Appendix 3.** The findings of these reports are presented below:

On the value of the Contributions:
"*Based on our work and as of the date of this report, it is our view that the value of the contributions, amounting to* ***€61,432,262.40,*** *has not been overvalued and, as a result, the net assets contributed are at least equal to the amount of the capital increase of the acquiring company, plus the merger premium.* »

On the fairness of the consideration for the Contributions:
"*Based on our work and as of the date of this report, it is our view that the exchange ratio of 1 DOM Security share for 20 Groupe SFPI shares, decided by the parties, is fair.* »

Main risk factors related to the Merger

The number of new Group SFPI shares issued as consideration for the Merger will not be affected by fluctuations in the price of Groupe SFPI and DOM Security shares.

The Groupe SFPI share price is subject to market volatility.

The completion of the Merger may have a favourable or unfavourable impact on the Groupe SFPI share price.

Groupe SFPI share ownership before and after the completion of the Merger	At the date of this Document E, Groupe SFPI's capital and voting rights are distributed as follows:

Shareholders	Shares		Voting rights			
			Theoretical		Exercisable in GSM	
	Number	%	Number	%	Number	%
ARC Management SAS*	45,947,349	51.1%	91,882,532	57.7%	91,882,532	58.5%
Mr Henri Morel	4,576,240	5.1%	9,152,480	5.8%	9,152,480	5.8%
SPRING Management SAS**	11,259,136	12.5%	22,518,272	14.1%	22,518,272	14.3%
CM-CIC Investissement SCR	7,159,143	8.0%	14,318,286	9.0%	14,318,286	9.1%
BNP PARIBAS Développement SA	1,960,409	2.2%	2,213,938	1.4%	2,213,938	1.4%
Float	16,969,332	18.9%	16,969,438	10.7%	16,969,438	10.8%
Treasury shares	2,098,253	2.3%	2,098,253	1.3%	0	0.0%
TOTAL	**89,969,862**	**100.0%**	**159,153,199**	**100.0%**	**157,054,946**	**100.0%**

** ARC Management SAS is a company managed and controlled by Mr Henri Morel.*
*** SPRING ManagementSAS is a company managed and controlled by Mr Jean-Bertrand Prot.*

Following the Merger, Groupe SFPI's capital and voting rights will be distributed as follows

Shareholders	Shares		Voting rights			
			Theoretical		Exercisable in GSM	
	Number	%	Number	%	Number	%
ARC Management SAS*	45,947,349	46.3%	91,882,532	54.5%	91,882,532	55.2%
Mr Henri Morel	4,576,260	4.6%	9,152,520	5.4%	9,152,520	5.5%
SPRING Management SAS**	11,259,136	11.3%	22,518,272	13.4%	22,518,272	13.5%
CM-CIC Investissement SCR	7,159,143	7.2%	14,318,286	8.5%	14,318,286	8.6%
BNP PARIBAS Développement SA	1,960,409	2.0%	2,213,938	1.3%	2,213,938	1.3%
Float	26,317,352	26.5%	26,366,138	15.6%	26,366,138	15.8%
Treasury shares	2,098,253	2.1%	2,098,253	1.2%	0	0.0%
TOTAL	**99,317,902**	**100.0%**	**168,549,939**	**100.0%**	**166,451,686**	**100.0%**

** ARC Management SAS is a company managed and controlled by Mr Henri Morel.*
*** SPRING ManagementSAS is a company managed and controlled by Mr Jean-Bertrand Prot.*

SUMMARY OF THE MAIN FEATURES OF GROUPE SFPI, THE ACQUIRING COMPANY

General information about Groupe SFPI	Groupe SFPI is a public limited company with a board of directors, registered under number 393 588 595 on the Paris Trade and Companies Register, and headquartered at 20, rue de l'Arc de Triomphe in Paris (75017), (hereinafter referred to as "**Groupe SFPI**" or the "**Acquiring Company**".
Information on Groupe SFPI's business	Created in 1985 by Henri Morel, SFPI is an industrial holding company that invests in capital goods for building and industry and, more specifically, in building security, access and locking systems (hereinafter referred to as "**Consolidated SFPI Group**" or "**Group**"). The Group is structured around two main business lines: industry and building. The "Industry" business line includes the MMD and NEU JKF divisions, which can be described as follows: o The MMD division primarily works on heat exchangers for industry (BARRIQUAND ECHANGEURS), industrial pasteurisation and sterilisation (STERIFLOW), and heat exchangers (CIPRIANI). o The NEU JKF division is devoted to the improvement of industrial air quality, industrial fans, pneumatic conveying, and the pursuit of solutions for railway maintenance depots.

The "Building" business line includes the DOM Security (formerly SECURIDEV) and MAC divisions, a description of which is given below:

- The <u>DOM Security</u> division is dedicated to locking and security systems on both the B2B and B2C markets. DOM SECURITY mainly operates on the European market, selling mechanical locks, electronic locks and access control systems under a wide range of well-known brands (DOM, DENY FONTAINE, PICARD, DOM-TITAN, and more).
- The <u>MAC division</u> brings together several companies with a strong reputation on the French market (France Fermetures, Franciaflex, Faber, etc.), specialising in domestic doors, windows, garage doors, etc., industrial joinery services, blinds and shutters.

This business line also used to include the ERYMA division, which was sold on 25 September 2017 as announced in the press release dated the same day and entitled "*GROUPE SFPI: final sale of the ERYMA division to SOGETREL*".

Selected key historical financial information

The following tables present the key consolidated accounting and financial data for Groupe SFPI, prepared according to IFRS standards, for the years ending 31 December 2015, 2016 and 2017, as well as for the first half of the tax year 2018:

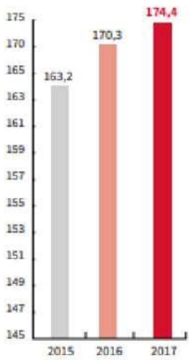
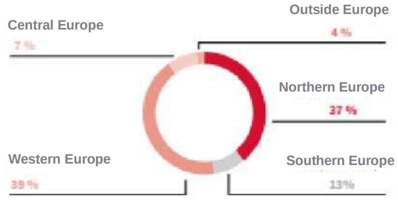
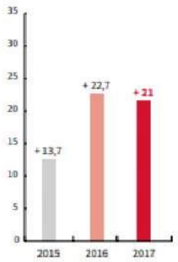
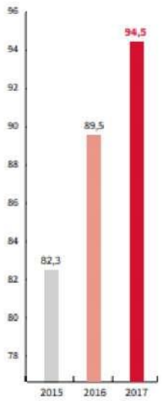
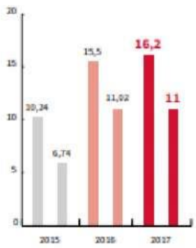
BALANCE SHEET (€K)	**30/06/2018**	**31/12/2017**	**31/12/2016**	**31/12/2015**
Goodwill	50,114	49,839	33,453	33,453
Tangible assets	81,348	72,619	65,776	64,159
Non-current assets	**159,733**	**149,936**	**131,344**	**131,848**
Stocks and sums outstanding	79,743	72,361	65,261	67,764
Customer liabilities	137,819	119,147	115,930	111,609
Cash and cash equivalents	132,517	119,049	108,035	101,567
Current assets	**384,002**	**348,373**	**313,497**	**305,038**
TOTAL ASSETS	**543,735**	**498,309**	**444,841**	**436,886**
Shareholders' equity Group share	191,326	188,799	169,516	155,683
Shareholders' equity of the consolidated group	**220,182**	**218,572**	**202,417**	**186,334**
Non-current liabilities	**136,840**	**113,174**	**88,544**	**74,319**
Current liabilities	**186,713**	**166,563**	**153,880**	**163,089**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**543,735**	**498,309**	**444,841**	**436,886**

INCOME STATEMENT (€K)	**30/06/2018**	**31/12/2017**	**31/12/2016**	**31/12/2015**
Turnover	275,808	504,498	475,443	508,882
Gross profit	164,138	303,495	288,774	308,563
CURRENT OPERATING PROFIT	**13,340**	**32,899**	**31,582**	**27,252**
OPERATING INCOME	**14,886**	**34,095**	**30,244**	**14,866**
Financial income	2	-628	210	-213
Income before taxes	14,888	33,467	30,454	14,653
Corporate taxes	-3,975	-10,342	-9,587	-5,917
NET INCOME FROM CONTINUING OPERATIONS	**10,948**	**23,184**	**20,783**	**-**
Net income from discontinued operations	-	6,207	-125	-
NET INCOME OF CONSOLIDATED BUSINESSES	**10,948**	**29,391**	**20,658**	**8,781**
Parent company share	9,634	25,211	16,833	6,780
Non-controlling interests	1,314	4,180	3825	2,001
Basic and diluted net earnings per share (excluding treasury shares) of the consolidated group (€)	0.11	0.29	0.19	0.08

STATEMENT OF COMPREHENSIVE INCOME (€K)	30/06/2018	31/12/2017	31/12/2016	31/12/2015
Net income	**10,948**	**29,391**	**20,658**	**8,781**
Other comprehensive income which may later be reclassified as consolidated income (gross)	-1,076	1,036	-483	335
Other comprehensive income which may later be reclassified as consolidated income (gross)	-	-3,763	824	435
TOTAL COMPREHENSIVE INCOME	**9,872**	**27,641**	**20,789**	**9,409**

CASH FLOW (€K)	30/06/2018	31/12/2017	31/12/2016	31/12/2015
PRE-TAX EARNINGS FROM CONTINUING OPERATIONS	**14,888**	**33,526**	**30,454**	**14,653**
Pre-tax earnings from discontinued operations	-	6,586	1,072	-
Cash flow from activities	10,897	48,822	31,990	34,596
Net cash flow from operating activities	**6,804**	**39,578**	**23,347**	**28,481**
Cash flow from investment activities	**-9,652**	**-35,502**	**-15,950**	**-21,997**
Cash flow from financing activities	**16,708**	**9,694**	**-2,756**	**4,313**
Declared cash flow variation	**13,860**	**13,770**	**4,641**	**10,797**
Cash from continuing operations	**15,686**	**38,135**	**31,959**	**28,380**
Cash from discontinued operations	-	-2,073	825	-

Trend information	For the 2018 financial year, the Group's target is to achieve a turnover of approximately €550 million.
SUMMARY OF THE MAIN FEATURES OF DOM SECURITY, THE COMPANY BEING ABSORBED	
General information about DOM Security	DOM Security is a public limited company with a Board of Directors, registered under number 378 557 474 on the Paris Trade and Companies Register, and headquartered at 20, rue de l'Arc de Triomphe in Paris (75017).
Information about DOM Security's business	DOM Security is the holding company of the DOM Security Group, an independent industrial group specialising in locks and security systems ("**DOM Security Group**"). The company DOM Security (formerly SECURIDEV) was created in 1990 with the aim of grouping together the Group's various companies operating in the same activity sector, that of the locksmith. At the time of its creation, the DOM Security Group already included DENY FONTAINE, EURO ELZETT, METALUX and RONIS. Since its creation, DOM Security Group has added to its ranks with the acquisition of companies in Spain, Italy, Slovenia, Poland, Hungary and, more recently, in Germany with the acquisition of the company DOM in 2005. In 1994, the DOM Security Group went public on the secondary market. In 2014, a reorganisation took place with the SECURIDEV 200 project. This restructuring, mainly affecting sales and marketing, aimed to expand the product range, as well as improving customer service and increasing the division's business. One of the most critical steps was to

	rename the DOM Security Group in June 2015 and consolidate the brands under a single retail chain: DOM, to which the historical brand name was added. Since then, the DOM Security Group has continued in its acquisition and development policy. DOM Security Group is structured around 29 companies based in Europe, including 12 companies in France, as well as companies based in Germany, Slovenia, Hungary, England and Spain, in particular. DOM Security's mission is to design, manufacture and market the following products: • mechanical, electrical and electronic access control systems for large organisations and high-risk sites; • locking solutions for material and equipment, developed for industrial use by providing turnkey solutions, in collaboration with their consulting firms; • locking solutions for buildings, offering a wide and renowned range of equipment for the OEM and the aftermarket. The Group's sales organisation is arranged into three Business Units *(the Trade BU, the Industry BU* and *the Projects BU)* and four geographical areas (Western Europe, Northern Europe, Southern Europe and Central Europe). As at 31/12/2017, the main companies in the Group represented 1,484 employees (almost 93% of the workforce) and nearly €170 million in cumulative revenue, excluding inter-company reprocessing (out of a consolidated turnover of €175 million in 2017).
Selected key historical financial information	Sales performance in millions of euros  Breakdown of sales in 2017  Net cash flow developments in millions of euros  Shareholders' equity developments in millions of  Changes to the operating income and net incomeGroup share in millions of euros 

The table below gives a breakdown of the DOM Security Group's revenue by production origin:

Geographical area	2015 turnover (€K)	2016 turnover (€K)	2017 turnover (€K)	2018 S1 turnover (€K)
Western Europe	70,378	67,453	72,941	40,282
Northern Europe	60,155	62,705	60,823	32,265
Southern Europe	22,035	28,956	28,920	16,431
Central Europe	10,664	11,142	11,752	5,864
Consolidated total	**163,232**	**170,256**	**174,436**	**94,842**

The table below gives a breakdown of the DOM Security Group's revenue by destination:

Geographical area	2015 turnover (€K)	2016 turnover (€K)	2017 turnover (€K)	2018 S1 turnover (€K)
Western Europe	63,082	62,711	67,905	37,138
Northern Europe	62,125	65,698	63,791	34,520
Southern Europe	19,181	23,820	23,579	13,321
Central Europe	11,061	11,481	12,188	5,943
Export	7,783	6546	6973	3920
Consolidated total	**163,232**	**170,256**	**174,436**	**94,842**

In addition, the DOM Security Group announced consolidated sales of €94.8 million at 30 June 2018 and €6.3 million in operating income. Net income of the consolidated companies therefore amounted to €4.5 million.

The shareholders' equity at 30 June 2018 was €94.0 million and the net financial cash position was €17.7 million.

SELECTED PRO FORMA FINANCIAL INFORMATION

Pro forma financial information

Pursuant to AMF instruction no. 2016-04 updated on 15 January 2018, since the proposed transaction does not involve a variation of more than 25% in the key size indicators of the Consolidated SFPI Group, no pro forma financial information is presented in this Document E.

MERGER SCHEDULE

Merger schedule

27 July 2018	Groupe SFPI Board of Directors' meeting approving the principle of the Merger and deciding the exchange ratio DOM Security Board of Directors' meeting approving the principle of the merger and the valuation of contributions
24 September 2018	DOM Security Board of Directors' meeting authorising the signature of the draft merger agreement and convening the extraordinary meeting of its shareholders
25 September 2018	Groupe SFPI Board of Directors' meeting authorising the signature of the draft merger agreement and convening the extraordinary meeting of its shareholders Publication of the half-yearly financial reports of Groupe SFPI and DOM Security
26 September 2018	Signing of the draft merger agreement Publication of the notice of Groupe SFPI's extraordinary shareholders' meeting as well notice of the proposed merger Publication of the signed draft merger agreement on the DOM Security and Groupe SFPI websites Filing of the Merger Auditor's report on the value of the contributions at the Clerk's Office of the Paris Commercial Court Filing of the merger agreement signed with the Clerk of the Commercial Court of Paris

		Documentation required by the French Commercial Code for the purposes of Groupe SFPI and DOM Security's extraordinary shareholders' meetings made available at their head offices (the merger auditor's reports, interim accounts.)
	2 October 2018	AMF Board meeting ruling on the request for exemption from the obligation to file a public tender offer
	3 October 2018	Registration of this Document E by the AMF and publication of this Document E
	13 November 2018	Groupe SFPI and DOM Security extraordinary shareholders' meetings approving the Merger Final completion of the Merger Press release announcing completion of the Merger

Table of Contents

1. PERSONS RESPONSIBLE FOR THE DOCUMENT 15
1.1. ON BEHALF OF GROUPE SFPI, THE ACQUIRING COMPANY 15
1.1.1. Person responsible for Document E 15
1.1.2. Certification of the person responsible for Document E 15
1.1.3. Person responsible for the financial information 15
1.1.4. Persons responsible for auditing the accounts 15
1.2. ON BEHALF OF DOM SECURITY, THE COMPANY BEING ABSORBED 17
1.2.1. Person responsible for Document E 17
1.2.2. Certification of the person responsible for Document E 17
1.2.3. Persons responsible for auditing the accounts 17
2. INFORMATION ON THE TRANSACTION AND ITS CONSEQUENCES 19
2.1. ECONOMIC ASPECTS OF THE TRANSACTION 19
2.1.1. Pre-existing ties between the companies concerned 19
2.1.2. Reasons for and purposes of the Transaction 19
2.2. LEGAL ASPECTS OF THE TRANSACTION 20
2.2.1. Description of the Transaction 20
2.2.2. Control of the Transaction 21
2.2.3. Consideration for the Contributions 22
2.3. ACCOUNTING FOR THE CONTRIBUTIONS 23
2.3.1. Classification and value of assets contributed and the liabilities assumed 23
2.3.2. Revaluations and readjustments made between the contribution value and the carrying amount 24
2.3.3. Independent assessment of the value of the contribution 24
2.3.4. Details of the calculation of the merger premium 25
2.3.5. Details of the calculation of the merger bonus 25
2.4. VALUE AND CONSIDERATION OF THE MERGER 25
2.4.1. Description of the criteria used for the comparison of Groupe SFPI and DOM Security 26
2.5. Calculation of net debt used for valuation work 26
2.6. The basics of calculating the exchange ratio 27
2.6.1. Analysis of stock price history 27
2.6.2. Analysis of trading multiples of comparable listed companies 27
2.6.3. Analysis of comparable transaction multiples 28
2.6.4. Discounted cash flow 28
2.6.5. Dividend paid per share 29
2.6.6. Net book value (NBV) per share 29
2.6.7. Earnings per share 29
2.7. Summary of the value obtained 29

2.8. Exchange ratio 30
2.9. Recap of the valuations used for each company during recent transactions (public bids, acquisitions of control units, mergers, asset transfers, etc.) 30
2.10 CONSEQUENCES OF THE MERGER 31
2.10.1. Consequences for Groupe SFPI and its shareholders 31
2.10.1.1. Table showing the impact of the Merger on Groupe SFPI's equity capital 31
2.10.1.2. Shareholding structure of Groupe SFPI before and after the Merger 31
2.10.2. Consequences for DOM Security and its shareholders 33
3. PRESENTATION OF GROUPE SFPI, THE ACQUIRING COMPANY 34
3.1. REFERENCE DOCUMENT 34
3.1.1. Responsible persons 34
3.1.2. Statutory auditors 34
3.1.3. Selected financial information 34
3.1.4. Risk factors 36
3.1.5. Information about Groupe SFPI 43
3.1.6. Overview of activities 46
3.1.7. Legal organisation chart 68
3.1.8. Real estate, factories and equipment 72
3.1.9. Review of financial position and results 74
3.1.10. Cash and capital 75
3.1.11. Research and Development, patents and licences 77
3.1.12. Trend information 79
3.1.13. Profit forecasts or estimates 80
3.1.14. Administrative and management bodies 81
3.1.15. Board members and directors' remuneration and benefits 87
3.1.16. Operating procedures of the administrative and management bodies 90
3.1.17. Employees 109
3.1.18. Main shareholders 111
3.1.19. Related-party transactions 113
Statutory Auditors' report 115
3.1.20. Financial information concerning the Company's assets, financial position and results 121
3.1.21. Further information 122
3.1.22. Special contracts 127
3.1.23. Information from third parties, expert statements and declarations of interest 127
3.1.24. Documents available to the public 127
3.1.25. Shareholding information 127
3.2. FURTHER INFORMATION 128
3.2.1. Risk factors related to the Transaction 128
3.2.2. Statement on net working capital 128

3.2.3. Shareholders' equity and indebtedness 128
3.2.4. Interests of natural and legal persons participating in the Transaction 129
3.2.5. Expenses related to the Transaction 129
3.2.6. Dilution 129
3.2.7. Additional information (relating to the experts) 130
4. PRO FORMA FINANCIAL INFORMATION 131
5. PRESENTATION OF DOM SECURITY, THE COMPANY BEING ABSORBED 132
5.1. GENERAL INFORMATION REGARDING DOM SECURITY 132
5.1.1. Company name and registered office 132
5.1.2. Date of incorporation and duration of the Absorbed Company 132
5.1.3. Legislation relating to the Absorbed Company and legal status 132
5.1.4. Summary of its corporate purpose 132
5.1.5. Registration number in the Trade and Companies Register - NAF Code 132
5.1.6. Management 133
5.1.7. Compensation and non-cash benefits granted to executive officers and directors 134
5.1.8. Statutory Auditors 135
5.1.9. Regulated agreements and commitments 135
5.1.10. Availability of documents and information about DOM Security 136
5.2. GENERAL INFORMATION RELATING TO DOM SECURITY'S CAPITAL 136
5.2.1. Amount of the subscribed capital, number and classes of the financial securities comprising it, with details of their key characteristics 136
5.2.2. Characteristics of the financial instruments giving access to the share capital 136
5.2.3. Double voting rights and treasury shares 136
5.2.4. Distribution of share capital and voting rights 137
5.3. INFORMATION ABOUT DOM SECURITY'S BUSINESS 137
5.3.1. Overview of DOM Security 137
5.3.2. History 137
5.3.3. Economic environment 137
5.3.4. Organisational chart 138
5.3.5. Description of DOM Security's main activities 139
5.3.6. Key figures of DOM Security and its subsidiaries 141
5.3.7. Strategy 142
5.3.8. DOM Security workforce 142
5.3.9. Litigation or exceptional events 143
5.4. FINANCIAL INFORMATION 143
5.5. INFORMATION ABOUT DOM SECURITY'S BUSINESS 143

1. PERSONS RESPONSIBLE FOR THE DOCUMENT

1.1. ON BEHALF OF GROUPE SFPI, THE ACQUIRING COMPANY

1.1.1. Person responsible for Document E

Henri MOREL, Chairman and CEO of Groupe SFPI.

1.1.2. Certification of the person responsible for Document E

"*I hereby declare that, having taken all reasonable steps to ensure such is the case, the information contained in this Document E relating to Groupe SFPI is, to the best of my knowledge, true to the facts and does not contain any omission likely to affect its meaning.*

I have received a completion letter from Groupe SFPI's statutory auditors affirming that they have verified the information about Groupe SFPI's financial situation and the financial statements given in this Document E, and have read Document E in its entirety. "

3 October 2018
Mr Henri MOREL
Chairman and CEO of Groupe SFPI

1.1.3. Person responsible for the financial information

Mr Nicolas LOYAU, Chief Financial Officer of Groupe SFPI.

1.1.4. Persons responsible for auditing the accounts

1.1.4.1. Principal statutory auditors

DELOITTE & ASSOCIES
Represented by Mr Philippe SOUMAH
6, place de la Pyramide
92908 Paris-La Défense Cedex

Date appointed: 18 June 2015
Duration of mandate: 6 years
Expiry date of the mandate: 2021 (General Shareholders' Meeting ruling on the financial year ending 31 December 2020)

KPMG SA
Represented by Mrs Nahid SHEIKHALISHAHI
Tour Eqho - 2 avenue Gambetta
92066 Paris-La Défense Cedex

Date appointed: 18 June 2015
Duration of mandate: 6 years
Expiry date of the mandate: 2021 (General Shareholders' Meeting ruling on the financial year ending 31 December 2020)

1.1.4.2. Substitute statutory auditors

BEAS
6, place de la Pyramide
92908 Paris-La Défense Cedex
Substitute for Deloitte & Associés

Date appointed: 18 June 2015
Duration of mandate: 6 years

Expiry date of the mandate: 2021 (General Shareholders' Meeting ruling on the financial year ending 31 December 2020)

Salustro REYEL

Tour Eqho - 2 avenue Gambetta
92066 Paris-La Défense Cedex
Substitute for KPMG SA

Date appointed: 18 June 2015
Duration of mandate: 6 years
Expiry date of the mandate: 2021 (General Shareholders' Meeting ruling on the financial year ending 31 December 2020)

1.2. ON BEHALF OF DOM SECURITY, THE COMPANY BEING ABSORBED

1.2.1. **Person responsible for Document E**

Mr Henri MOREL, Chairman and Chief Executive Officer of DOM Security SA.

1.2.2. **Certification of the person responsible for Document E**

"I hereby declare that, having taken all reasonable steps to ensure such is the case, the information contained in this Document E relating to DOM Security is, to the best of my knowledge, true to the facts and does not contain any omission likely to affect its meaning.

I have received a completion letter from DOM Security's statutory auditors affirming that they have verified the information about DOM Security's financial situation and the financial statements given in this Document E, and have read Document E in its entirety."

3 October 2018
Mr Henri MOREL
Chairman and CEO of DOM Security

1.2.3. **Persons responsible for auditing the accounts**

1.2.3.1. Principal statutory auditors

DELOITTE & ASSOCIES
Represented by Mr Philippe SOUMAH
6, place de la Pyramide 92908
Paris-La Défense Cedex

Date appointed: 18 June 2015
Duration of mandate: 6 years
Expiry date of the mandate: 2021 (General Shareholders' Meeting ruling on the financial year ending 31 December 2020)

KPMG SA
Represented by Mrs Nahid SHEIKHALISHAHI
Tour Eqho - 2 avenue Gambetta
92066 Paris-La Défense Cedex

Date appointed: 17 May 2018
Duration of mandate: 6 years
Expiry date of the mandate: 2024 (General Shareholders' Meeting ruling on the financial year ending 31 December 2023)

1.2.3.2. Substitute statutory auditors

BEAS
6, place de la Pyramide
92908 Paris-La Défense Cedex
Substitute for Deloitte & Associés

Date appointed: 18 June 2015
Duration of mandate: 6 years
Expiry date of the mandate: 2021 (General Shareholders' Meeting ruling on the financial year ending 31 December 2020)

Salustro REYEL
Tour Eqho - 2 avenue Gambetta
92066 Paris-La Défense Cedex
Substitute for KPMG SA

Date appointed: 17 May 2018
Duration of mandate: 6 years
Expiry date of the mandate: 2024 (General Shareholders' Meeting ruling on the financial year ending 31 December 2023)

2. <u>INFORMATION ON THE TRANSACTION AND ITS CONSEQUENCES</u>

2.1. ECONOMIC ASPECTS OF THE TRANSACTION

2.1.1. **Pre-existing ties between the companies concerned**

2.1.1.1. <u>Share capital ties</u>

At the date of this Document E, Groupe SFPI directly holds 76.9% of DOM Security's share capital, i.e. 1,694,385 DOM Security shares, and 86.9%[3] of voting rights, or 3,388,770 voting rights.

2.1.1.2. <u>Other ties</u>

2.1.1.2.1. *Mutual security interests*

None.

2.1.1.2.2. *Executives and directors in common*

At the date of this Document E, Henri MOREL is Chairman and Chief Executive Officer of Groupe SFPI and DOM Security.

Jean-Bertrand PROT, Sophie MOREL and Valentine LAUDE are directors of Groupe SFPI and DOM Security.

Finally, Groupe SFPI, represented by Mrs Sarina DESFONTAINE, is a director of DOM Security.

2.1.1.2.3. *Joint subsidiaries and dependence on the same group*

DOM Security is a subsidiary of Groupe SFPI, which directly holds 76.9% of DOM Security's share capital, i.e. 1,694,385 DOM Security shares, and 86.9%[3] of voting rights, or 3,388,770 voting rights.

2.1.1.2.4. *Technical and commercial agreements*

The agreements signed between Groupe SFPI and DOM Security are outlined in sections 3.1.19 and 5.1.9 of this Document E.

2.1.2. **Reasons for and purposes of the Transaction**

It is important to remember that the Merger follows a simplified takeover bid (OPAS in French) initiated by DOM Security on its own securities for ten trading days in July 2018, as part of its share repurchase programme, at a value of 75 euros per DOM Security share (the "**takeover bid"**). At the end of the takeover bid, DOM Security reacquired 240,000 of its own shares for cancellation.

Following the takeover bid, the company DOM Security cancelled 197,835 shares out of the 240,000 shares acquired, up to a limit of 10% of its share capital, with 42,165 treasury shares having already been cancelled on 17 May 2018. At the end of these two transactions, Groupe SFPI will have a controlling stake in DOM Security with 76.9% of the capital and 86.9% of voting rights. The purpose of the Merger is to simplify the Group's organisational structure and its operational management.

The Merger should also improve the liquidity of Groupe SFPI securities and increase its free float, which would benefit minority shareholders, particularly those of DOM Security.

The merger should have no impact on the Group's industrial and commercial policy or on the development of its workforce.

[3] *Amount expressed in theoretical voting rights (this percentage increases to 87.8% on the basis of voting rights exercisable in general meetings).*

In decision no. 218C1614 dated 2 October 2018, the AMF said it " *considered that the planned merger between DOM SECURITY and Groupe SFPI would not lead to any modification of shareholders' rights or interests that would justify the prior introduction of a public takeover bid for the securities of the companies concerned, pursuant to Article 236-6 of the General Regulation.* "

2.2. LEGAL ASPECTS OF THE TRANSACTION

2.2.1. **Description of the Transaction**

2.2.1.1. Date of signing the draft merger agreement

The draft Merger Agreement was signed on 26 September 2018.

2.2.1.2. Date of the financial statements used to determine the contribution values

The terms and conditions of the Merger were determined on the basis of the DOM Security and Groupe SFPI accounts for the period ending 31 December 2017, the closing date of the last financial year for the two companies.

DOM Security's annual and consolidated financial statements were approved by its Board of Directors at its meeting on 20 March 2018 and audited by the Statutory Auditors. They were approved by DOM Security's Ordinary General Shareholders' Meeting on 17 May 2018.

Groupe SFPI's annual and consolidated financial statements were approved by its Board of Directors at its meeting on 24 April 2018 and audited by the Statutory Auditors. They were approved by Groupe SFPI's Ordinary General Shareholders' Meeting on 14 June 2018.

In addition, DOM Security and Groupe SFPI have both prepared - using the same methods and the same presentation as their annual financial statements - (corporate) accounting statements ending on 30 June 2018, that is, at a date of less than three months from the date of signing the merger agreement, in accordance with Article R. 236-3 4° of the French Commercial Code. These accounting statements will be made available to the shareholders of each of the two companies participating in the Merger in accordance with the applicable legal and regulatory conditions.

2.2.1.3. Conditions precedent - Completion date and effective date of the Merger

Conditions precedent

The Merger will only be deemed complete once certain non-retroactive cumulative terms are met, including the following conditions:

- o Registration of this Document E by the AMF;
- o Approval of the Merger by Groupe SFPI's general shareholders' meeting held on 13 November 2018 (among other things, the meeting must approve the value of the contributions, the exchange ratio and the capital increase of Groupe SFPI as consideration for the Merger); and
- o Approval of the Merger by DOM Security's extraordinary shareholders' meeting held on 13 November 2018 (among other things, the meeting must approve the exchange ratio decided on as part of the draft merger agreement and the dissolution of DOM Security without liquidation).

The draft merger agreement stipulates that if these conditions precedent have not been fulfilled by 31 December 2018 at the latest, the draft merger agreement would be considered null and void, without compensation to either side, unless agreed by both parties.

In decision no. 218C1614 dated 2 October 2018, the AMF said it " *considered that the planned merger between DOM SECURITY and Groupe SFPI would not lead to any modification of shareholders' rights or interests that would justify the prior introduction of a public takeover bid for the securities of the companies concerned, pursuant to Article 236-6 of the General Regulation.* "

Merger completion date

The Merger will be deemed complete on the date when the last of the aforementioned conditions precedent (the "**Completion Date**"), as stipulated in the merger agreement, have been met.

Effective date of the Merger from an accounting and tax perspective

In accordance with the option offered under Article L. 236-4 of the French Commercial Code, from an accounting and tax perspective the Merger will have retroactive effect as of 1st January 2018.

2.2.1.4. Meeting between the companies' management bodies that approved the Merger

The draft Merger Agreement was reviewed and approved at the meetings of the boards of directors of DOM Security and Groupe SFPI on 24 September 2018 and 25 September 2018, respectively.

2.2.1.5. Date of filing the draft Merger Agreement with the Commercial Court

The draft Merger Agreement was filed with the Clerk of the Commercial Court of Paris on 26 September 2018.

2.2.1.6. Legal regime applicable to the Merger

The Merger does not benefit from the legal regime for simplified mergers.

2.2.1.7. Tax regime applicable to the Merger

2.2.1.7.1. *In terms of corporate tax*

With regard to corporate tax, the Merger is covered by the preferential regime of Article 210 A of the French General Tax Code ("the **CGI**"). As such, in the draft merger agreement, Groupe SFPI has made all the commitments required by said article.

2.2.1.7.2. *In terms of registration fees*

With regard to registration fees, the Merger is subject to a single fixed fee of €500 in accordance with the provisions of Article 816 of the French General Tax Code.

2.2.2. Control of the Transaction

2.2.2.1. Dates of shareholders' meetings to approve the Merger

The Merger will be subject to the approval of Groupe SFPI and DOM Security shareholders, and respective extraordinary shareholders' meetings were arranged for this purpose on 13 November 2018.

2.2.2.2. Merger auditors

By order dated 23 July 2018, as part of the Merger, the President of the Paris Commercial Court appointed Maurice NUSSENBAUM, of the firm SORGEM Evaluation, located at 11 Rue Leroux in Paris (75116) and Didier KLING, located at 28 Avenue Hoche in Paris (75008) as independent appraisers of the merger.

The merger auditors' reports regarding the value of the contributions and the terms of the Merger were prepared on 26 September 2018 and were the subject of an *addendum* dated 2 October 2018.

The merger auditors' reports are provided in **Appendix 1** and **Appendix 2** and the *addendum* in **Appendix 3** of this Document E.

2.2.2.3. Experts appointed by the Commercial Court

No experts were appointed by the Commercial Court for the Contribution transactions discussed in this Document E.

2.2.2.4. Special mandate given to the statutory auditors by the AMF

No special mandate was given to the statutory auditors by the Autorité des Marchés Financiers.

2.2.3. **Consideration for the Contributions**

2.2.3.1. Capital increase

2.2.3.1.1. *Net number of shares created - Par value*

In accordance with the provisions of Article L.236-3-II of the French Commercial Code, Groupe SFPI will not receive any return on the shares it holds in DOM Security (1,694,385 DOM Security shares) or for DOM Security's company-owned shares, i.e. 42,165 DOM Security shares.

As such, taking into account the merger-waiver, as consideration for the 467,402 DOM Security shares, Groupe SFPI will issue 9,348,040 new Groupe SFPI ordinary shares to the contributors (DOM Security shareholders) with a par value of €0.90 each.

As a result of the Contributions, the total par value of Groupe SFPI's share capital increase will be 8,413,236 euros. Groupe SFPI's share capital will thus be increased from €80,972,875.8 to €89,386,111.8, divided into 99,317,902 ordinary shares with a par value of €0.90.

2.2.3.1.2. *Entitlement to the new shares*

The New Shares issued by Groupe SFPI in consideration for the Contributions will carry dividend and voting rights, will rank *pari passu* with the existing shares making up the capital of Groupe SFPI, will carry the same rights and privileges, and will be subject to all the provisions set out in Groupe SFPI's articles of association.

2.2.3.1.3. *Tradability and listing*

The New Groupe SFPI Shares will all be admitted for training on the second business day following the Completion Date in accordance with Article L. 228-10 of the French Commercial Code.

Accordingly, an application will be made for admission to trading on compartment B of the regulated market Euronext Paris under the conditions to be specified in a notice issued by Euronext Paris. The new shares will be traded under ISIN code: FR0004155000.

2.2.3.2. DOM Security securities held by Groupe SFPI

At the date of writing this Document E, Groupe SFPI owns 1,694,385 DOM Security shares.

2.3. ACCOUNTING FOR THE CONTRIBUTIONS

2.3.1. Classification and value of assets contributed and the liabilities assumed

In accordance with the provisions of Articles 710-1 and 743-1 of Regulation No. 2017-01 of the French Accounting Standards Authority (*l'Autorité des Normes Comptables*) relating to accounting for mergers and similar transactions, in the event of a merger between companies under common control, the assets transferred and liabilities assumed have been included in the proposed Merger at their net book value as it appears in DOM Security's financial statements for the period ending 31 December 2017.

2.3.1.1. Contributed assets

The assets transferred by DOM Security to Groupe SFPI as part of the Merger include the assets, rights and values hereinafter referred to as they appear in DOM Security's balance sheet for the period ending 31 December 2017:

(in €)

Fixed assets	Gross value	Depreciation and amortisation	Net value
Intangible assets	327,711	252,938	74,773
Tangible assets	1,439,826	1,210,539	229,286
Financial assets	121,861,581	44,326,903	77,534,677
Total fixed assets	123,629,118	45,790,380	77,838,736
Current assets	**Gross value**	**Depreciation and amortisation**	**Net value**
Liabilities	13,256,683	31,182	13,225,501
Miscellaneous (marketable securities and availabilities)	12,670,671	-	12,670,671
Total current assets	25,927,354	31,182	25,896,172
Total amount of assets contributed	**149,556,472**	**45,821,562**	**103,734,908**

2.3.1.2. Liabilities assumed

Groupe SFPI will assume, and will pay in lieu of DOM Security, all of the latter's liabilities, the amount of which (according to the financial statements of 31 December 2017) is given below. It is specified that the off-balance sheet commitments of DOM Security will be assumed by Groupe SFPI. Where relevant, the above assumption of liabilities does not represent an acknowledgement of debt for the benefit of potential creditors, who will be required to establish their rights and to prove their credentials.

(in €)

Liabilities assumed	Amount as of 31-12-2017
Interest accrued on borrowings	4,298
Loans and financial debts owed to credit institutions	5,150,166
Advances and down payments received on orders in progress	2,236
Supplier debts & related accounts	378,938
Corporate and tax liabilities	4,954,720
Other debts	11,591,337
Total liabilities	**22,081,695**

2.3.1.3. Total value of contributions

It should be noted that on 17 May 2018, DOM Security's general shareholders' meeting decided to pay out a dividend of €4,276,916 (or €1.75 per share) taken from the earnings of the financial year. On the day of payment, DOM Security cancelled the 42,165 treasury shares it held at the end of 31 December 2017. The dividend actually paid in 2018 for the 2017 financial year was therefore €4,203,127.25.

(in €)

Dividends distributed from the earnings of the 2017 financial year	4,276,916.00
Dividend relating to treasury shares cancelled on 17 May 2018	-73,788.75
Dividends distributed to the shareholders of the Company	**4,203,127.25**

In addition, on 17 May 2018, the DOM Security Board of Directors - on the authority of the general shareholders' meeting - reduced the share capital of the Company being absorbed by 632,475[4] euros, through the cancellation of 42,165 shares of 15.00 euros each, held in treasury by the latter.

Finally, as stated above, on 5 September 2018, following the results of the takeover bid, the DOM Security Board of Directors - on the authority of the general shareholders' meeting - reduced the share capital of the company being absorbed by 2,967,525[5] euros, through the cancellation of 197,835 shares of 15.00 euros each, held in treasury by the latter.

The aforementioned capital reductions carried out in 2018 reduced the shareholders' equity by the purchase price of these treasury shares, namely:

(in €)	
Reduction of shareholders' equity on 17 May 2018 (including the purchase price of treasury shares)	1,180,198.35
Reduction of shareholders' equity on 5 September 2018 (including the purchase price of treasury shares)	14,837,625.00
Total capital reductions	**16,017,823.35**

As a result, the value of the net assets transferred by DOM Security to Groupe SFPI as part of the Merger amounts to €61,432,262.40 (the "**Contributions**"):

(in €)	
Total amount of assets contributed	103,734,908.00
Total amount of liabilities assumed	-22,081,695.00
Dividends distributed to shareholders of the Company before the completion of the Merger	- 4,203,127.25
Capital reductions before the completion of the Merger	-16,017,823.35
Net assets transferred	**61,32,262.40**

2.3.2. Revaluations and readjustments made between the contribution value and the carrying amount

None.

2.3.3. Independent assessment of the value of the contribution

The merger auditors, Maurice NUSSENBAUM of SORGEM Evaluation, and Didier KLING of Didier Kling & Associés, appointed by an order of the President of the Commercial Court of Paris dated 23 July 2018, established reports on the value of the Contributions and on the fairness of the consideration for the Contributions, given in **Appendix 1** and in **Appendix 2** of this Document E. An *addendum* to the report on the fairness of the consideration for the Contributions is given in **Appendix 3.** The findings of these reports are presented below:

On the value of the Contributions:

" *Based on our work and as of the date of this report, it is our view that the value of the contributions, amounting to **€61,432,262.40,** has not been overvalued and, as a result, the net assets contributed are at least equal to the amount of the capital increase of the acquiring company, plus the merger premium.* "

On the fairness of the consideration for the Contributions:

" *Based on our work and as of the date of this report, it is our view that the exchange ratio of 1 DOM Security share for 20 Groupe SFPI shares, decided by the parties, is fair.* "

[4] *Par value.*
[5] *Idem.*

2.3.4. Details of the calculation of the merger premium

The amount of the merger premium is equal to the difference between (a) the share of net assets transferred by universal transfer of assets and liabilities to the acquiring company, corresponding to shares of the absorbed company not held by the acquiring company (excluding the carrying amount of the treasury shares held by the company being absorbed) and (b) the par value of the capital increase of the acquiring company (the "**Merger Premium**"), is:

Share of net assets corresponding to the shares of the absorbed company not held by the acquiring company (61,432,262.4 * 467,402/ 2,203,952)	13,028,215.82
Par value of the capital increase of the acquiring company	- 8,413,236.00
Merger Premium	**4,614,979.82**
Cancellation of the balance of treasury shares (42,165 *75)	-3,162,375.00
Merger Premium after cancellation of the balance of treasury shares	***1,452,604.82***

The Merger Premium of €4,614,979.82 will thus be reduced to €1,452,604.82 after cancellation of the balance of treasury shares.

The Merger Premium will be recognised in gross terms on the liabilities side of Groupe SFPI's balance sheet, with all Groupe SFPI shareholders - both old and new - holding equivalent rights.

The Merger Premium may be used for any purpose in accordance with the principles in force decided by the general shareholders' meeting. In particular, it will be suggested to Groupe SFPI's ordinary and extraordinary shareholders' meetings, convened to approve the proposed merger, to authorise the Board of Directors to make any deductions required from the Merger Premium for the purposes of (i) covering all or part of the charges, costs, duties, taxes or fees incurred by the merger, as well as any amount necessary for the assumption of the absorbed company's liabilities by the acquiring company, (ii) restoring, in the liabilities of the acquiring company, the reserves and regulated provisions, (iii) restoring any allocations to statutory reserves, if applicable, (iv) settling any omitted or undisclosed liabilities relating to the transferred assets and (v) allocating the Premium for any use other than capitalisation.

2.3.5. Details of the calculation of the merger bonus

Furthermore, on the basis of the Company's financial statements as at 31 December 2017, the proposed Merger will generate a Merger surplus equal to the difference between (a) the share of net assets contributed (excluding the carrying amount of treasury shares held by the Company), corresponding to all Company shares held by Groupe SFPI and (b) the net book value of the Company's shares owned by Groupe SFPI:

(in €)

Net assets corresponding to the Company shares held by Groupe SFPI	47,228,752.68
Net book value of the Company's shares held by Groupe SFPI	-36,834,409.20
Merger Surplus	**10,394,343.48**

This Merger Surplus will be primarily recognised as financial income in the Groupe SFPI accounts for the period ending 31 December 2018, since it relates to earnings retained by the Company since its acquisition by Groupe SFPI.

2.4. VALUE AND CONSIDERATION OF THE MERGER

The consideration for the contributions and the determination of the exchange ratio were decided by mutual agreement between the two companies. The exchange ratio can be analysed as the number of Groupe SFPI shares equivalent to a DOM Security share.

The reference share prices used are the ones given on the closing date preceding the day the Merger was announced, i.e. 19 June 2018.

For the purposes of determining the consideration for the Merger, Groupe SFPI and DOM Security were valued using a multi-criteria approach.

2.4.1. **Description of the criteria used for the comparison of Groupe SFPI and DOM Security**

The proposed exchange ratio was determined using a multi-criteria approach, based on usual and appropriate valuation methods for this type of transaction, while taking into account the intrinsic characteristics of the companies Groupe SFPI and DOM Security and their business sector:

- an analysis of past stock market prices and average historical stock prices, weighted by the daily trading volumes of Groupe SFPI and DOM Security as at 19 June 2018;
- an analysis of the trading multiples of comparable listed companies as at 19 June 2018;
- an analysis of comparable transaction multiples;
- a comparison of the values obtained for Groupe SFPI and DOM Security using the discounted cash flow (DCF) method;
- a comparison of dividends, net book asset value (NBV) and earnings per share in 2016 and 2017.

As part of this multi-criteria analysis, the equity values per Groupe SFPI and DOM Security share were calculated on the basis of the number of shares outstanding:

- Groupe SFPI: 87,871,609 shares (including 2,098,253 treasury shares and no dilutive instruments in place at the time of the transaction);
- DOM Security: 2,161,787 shares[6].

The following methods were not used:

- Adjusted net asset value (NAV):

  This method defines the value of a company's equity as the difference between its assets and its liabilities, after its principal assets, in particular intangible assets, have been adjusted to their market value;

  The adjusted net asset value method may not give full value to operational aspects. It is mainly used in the case of diversified holding companies or companies holding various assets, whose book value may be significantly below their immediate realisable value.

  This method was therefore eliminated.

- Dividend discount model (DDM):

  The DDM model, which involves discounting future dividends back to their current value, was rejected because it does not take into account the entire cash flow generated by DOM Security's activities, unlike the DCF method, which was used instead.

- Analysts' target prices:

  DOM Security is not tracked by any financial analysts, so this method was not used.

- Precedent DOM Security transaction analysis:

  This method based on recent DOM Security transactions was not retained due to the lack of recent acquisitions of a substantial enough size.

2.5. **Calculation of net debt used for valuation work**

The net financial debts used in this analysis are those of the consolidated financial statements for the period ending 31 December 2017. They came to €50.4 million for Groupe SFPI and €21.0 million for DOM Security (excess cash flow for both companies).

[6] *Following DOM Security's takeover bid on its own securities from 13 to 26 July 2018.*

Adjustments (minority interests, investments in associates and pension provisions after tax) have also been made on the basis of the consolidated balance sheet as at 31 December 2017 for each of the two companies, adjusted for dividends paid by the Group and the amount of the takeover bid carried out by DOM Security on its own shares[7]. For example, where corporate securities were valued using the discounted cash flow (DCF) method, these adjustments[8] amounted to €95.3 million for Groupe SFPI (adjusted net debt of €44.9 million) and €49.9 million for DOM Security (adjusted net debt of €28.9 million).

2.6. The basics of calculating the exchange ratio

2.6.1. Analysis of stock price history

Groupe SFPI shares are admitted to trading on the regulated Euronext Paris market (compartment B) under ISIN code FR0004155000. As at 19 June 2018, the free float represented approximately 18.9% of the total share capital. DOM Security shares are also listed on the regulated Euronext Paris market (compartment C) under ISIN code FR0000052839. As at 19 June 2018, the free float represented approximately 29.5% of the total share capital.
The exchange ratio was analysed on the basis of the stock market prices as at 19 June 2018 (closing price) and averages 1 month, 3 months, 6 months and 12 months preceding this date (volume-weighted average closing prices).

	Stock price (€/share)		**Exchange ratio**
	Groupe SFPI	**DOM Security**	
Closing price on 19 June 2018	3.30	59.00	17.9x
Exchange ratios for closing prices over the last 12 months			
Average	3.28	60.28	18.4x
Minimum	2.78	55.70	20.0x
Maximum	3.80	62.00	16.3x
Volume-weighted average closing price			
1 month average	3.33	59.94	18.0x
3 month average	3.28	60.18	18.4x
6 month average	3.28	60.22	18.4x
12 month average	3.26	60.43	18.5x

Source: market information, Bloomberg; Note: average stock prices are weighted.

2.6.2. Analysis of trading multiples of comparable listed companies

This valuation method consists of valuing the Companies based on the multiples of comparable listed companies, as indicated firstly by their share price on 19 June 2018, and secondly by projections derived from a broker consensus provided by Capital IQ.

This relevance of this method lies in the need to establish a peer group of companies whose business and operating conditions are similar.

For the purposes of this valuation, only the EV[9]/EBIT multiple was used. The following, however, were rejected:

- The EV/Sales[10] multiple, which does not take into account the difference between the cost structure of Companies or that of the comparables;

---

[7] *Covering an amount of 18.0 million euros.*

[8] *It should be noted that for Groupe SFPI, the adjustments include the value of minority interests relating to securities not held in DOM Security, calculated on the basis of the value of DOM Security securities resulting from the central value of the DCF, i.e. 33 million euros.*

[9] *Enterprise value.*

[10] *Turnover*

- The EV/EBITDA[11] multiple which, given the business sector of the Companies and their comparables, is particularly sensitive to investment and depreciation policies;
- The PER[12] which, depending on the financial structures of comparables, in addition to those of the Companies, may bias the valuation.

The peer groups established are made up of companies whose growth profiles are consistent with the market, and with those of Groupe SFPI and of DOM Security. The comparable companies' multiples have been applied to 2018 and 2019 data as shown in the Groupe SFPI and DOM Security business plans.

On this basis, the implied exchange ratio is between 16.9x and 17.0x.

2.6.3. **Analysis of comparable transaction multiples**

This method consists of valuing the Companies by analysing trading multiples, based on recent transaction prices for companies in the same business sector as Groupe SFPI and DOM Security as well as on their latest broker forecasts published at the time of these transactions.

The application of EBIT transaction multiples on the companies' 2017 EBIT shows an exchange ratio of 17.2x.

2.6.4. **Discounted cash flow**

Discounted cash flow (DCF) analysis is designed to determine the value of a company's economic assets or enterprise value by discounting the projected free cash flow. The value of shareholders' equity is obtained by deducting the net financial debt and other company adjustments from the enterprise value.

The DCF analysis was prepared on the basis of management's Business Plans for the period 2018-2022.

The enterprise value was obtained by discounting future free cash flows at the weighted average cost of capital. It includes, for each of the two companies in question, the present value of cash flow over the explicit forecast period (horizon), as well as a terminal value corresponding to the discounting of cash flow beyond this horizon. These terminal values were estimated by applying a perpetual growth rate of 1.5% to the normative flow, the same rate for Groupe SFPI and DOM Security, since both companies operate in similar segments and geographical areas in terms of their growth forecast.

Given the two Companies' historical net cash position, it was considered that the Weighted Average Cost of Capital (WACC) only corresponded to the cost of equity.

The discount rate used for Groupe SFPI was 8.3% based on the following assumptions:

- A risk-free rate of 0.88% corresponding to the rate of ten-year government bonds as at 12 June 2018;
- The unlevered beta used is 0.58 and is derived from the average beta of the trading comparables. The equity beta is the same, in view of the fact that no target leverage is taken into account;
- Market risk premium of 8.4% corresponding to France's country risk premium (source: *Bloomberg)*;
- Specific premium of 2.54% in relation to the size of the Company *(Duff & Phelps, Valuation Handbook, 2016).*

Regarding DOM Security, the discount rate used is 8.0% based on the following assumptions:

- A risk-free rate of 0.88% corresponding to the rate of ten-year government bonds as at 12 June 2018;

11 *Earnings before interest, taxes, depreciation and amortisation.*

12 *Price Earnings Ratio, the ratio of market capitalization to net income, Group share.*

- The unlevered beta used is 0.54 and is derived from the average beta of the trading comparables. The equity beta is the same, in view of the fact that no target leverage is taken into account;
- Market risk premium of 8.4% corresponding to France's country risk premium (source: *Bloomberg)*;
- Specific premium of 2.54% in relation to the size of the Company *(Duff & Phelps, Valuation Handbook, 2016).*

Analyses of sensitivity to the cost of equity and the perpetuity growth rate have also been carried out, by varying the cost of equity between 7.8% and 8.8% for Groupe SFPI and between 7.5% and 8.5% for DOM Security and by varying the perpetuity growth rate between 1.00 % and 2.00% for both Groupe SFPI and DOM Security. Based on these analyses, the implied exchange ratio is in the range of 16.4x to 17.6x.

2.6.5. **Dividend paid per share**

The comparison between the dividends paid per share by Groupe SFPI and DOM Security respectively gives an exchange ratio of 29.2x in 2018 and 35.0x in 2017.

2.6.6. **Net book value (NBV) per share**

The net book value method calculates the amount of equity per share by subtracting any and all debts incurred from the sum of the assets as valued in the company's balance sheet.

The comparison between the net book value per share for Groupe SFPI and DOM Security respectively gives an exchange ratio of 16.4x in 2017 and 19.2x in 2016.

2.6.7. **Earnings per share**

The comparison between the earnings per share of Groupe SFPI and DOM Security respectively gives an exchange ratio of 18.1x in 2017 and 24.1x in 2016.

2.7. Summary of the value obtained

The following table presents a summary of the exchange ratios obtained according to the different approaches described above:

	Valuation of equity		Price per share		Exchange ratio
	Groupe SFPI	DOM Security	Groupe SFPI	DOM Security	
Market approach					
Market data					
Price on 19/06/2018			3.30	59.00	17.9x
Volume Weighted Average Price					
Average - 20 days			3.33	59.94	18.0x
Average - 60 days			3.28	60.18	18.4x
Average - 120 days			3.28	60.22	18.4x
Average - 250 days			3.26	60.43	18.5x
Analysts' target price					
Target price			3.80	-	
Analogue approach					
Trading Comparables					
EBIT 2018 - Median	390.7	162.5	4.45	75.17	16.9x
EBIT 2019 - Median	379.6	158.4	4.32	73.28	17.0x
Comparable Transactions					
EBIT 2017 - Average	399.2	169.3	4.54	78.29	17.2x
Intrinsic approach					
DCF					
Central value	365.7	152.6	4.16	70.59	17.0x
Dividends paid per share					
June 2018			0.06	1.75	29.2x
June 2017			0.05	1.75	35.0x
Net book value per share					
NBV as at 31 December 2017			2.15	35.31	16.4x
NBV as at 31 December 2016			1.93	37.10	19.2x
Earnings per share					
December 2017			0.28	5.05	18.1x
December 2016			0.19	4.58	24.1x

EBIT = Earnings Before Interest and Taxes
EBITDA = Earnings before interest, taxes, depreciation and amortisation

2.8. Exchange ratio

The exchange ratio used provides for the issuance of 20 new Groupe SFPI ordinary shares for 1 DOM Security ordinary share, giving an exchange ratio of 20.0x.

2.9. Recap of the valuations used for each company during recent transactions (public bids, acquisitions of control units, mergers, asset transfers, etc.)

As part of the takeover bid, in July 2018 DOM Security reacquired 240,000 of its own shares at a price per share equal to 75 euros (see section 2.1.2 of this Document E).

2.10 CONSEQUENCES OF THE MERGER

2.10.1. Consequences for Groupe SFPI and its shareholders

2.10.1.1. Table showing the impact of the Merger on Groupe SFPI's equity capital

	Number of shares	Share capital (€K)	Premiums (€K)	Reserves, retained earnings (€K)	Consolidated income (€K)	Equity Capital (€K)
Situation on 30/06/18	89,969,862	80,973	-	33,906	5,691	120,570
Impact of the total number of shares created*	9,348,040	8,413	1,453	-	-	9,866
Situation after the Merger**	99,317,902	89,386	1,453	33,906	5,691	130,436

* *Excluding Merger Surplus.*
** *Excluding fees related to the Merger.*

2.10.1.2. Shareholding structure of Groupe SFPI before and after the Merger

2.10.1.2.1. *Groupe SFPI before the Merger*

At the date of this Document E, Groupe SFPI's capital and voting rights are distributed as follows:

Shareholders	Shares		Voting rights			
			Theoretical		Exercisable in GSM	
	Number	%	Number	%	Number	%
ARC Management SAS*	45,947,349	51.1%	91,882,532	57.7%	91,882,532	58.5%
Mr Henri Morel	4,576,240	5.1%	9,152,480	5.8%	9,152,480	5.8%
SPRING Management SAS**	11,259,136	12.5%	22,518,272	14.1%	22,518,272	14.3%
CM-CIC Investissement SCR	7159 143	8.0%	14,318,286	9.0%	14,318,286	9.1%
BNP PARIBAS Développement SA	1,960,409	2.2%	2,213,938	1.4%	2,213,938	1.4%
Float	16,969,332	18.9%	16,969,438	10.7%	16,969,438	10.8%
Treasury shares	2,098,253	2.3%	2,098,253	1.3%	0	0.0%
TOTAL	**89,969,862**	**100.0%**	**159,153,199**	**100.0%**	**157,054,946**	**100.0%**

* *ARC Management* SAS *is* a company managed and controlled by Mr Henri Morel.
** *SPRING* Management SAS is a company managed and controlled by Mr Jean-Bertrand Prot.

2.10.1.2.2. *Groupe SFPI after the Merger*

Following the Merger, Groupe SFPI's capital and voting rights will be distributed as follows:

Shareholders	Shares		Voting rights			
			Theoretical		Exercisable in GSM	
	Number	%	Number	%	Number	%
ARC Management SAS*	45,947,349	46.3%	91,882,532	54.5%	91,882,532	55.2%
Mr Henri Morel	4,576,260	4.6%	9,152,520	5.4%	9,152,520	5.5%
SPRING Management SAS**	11,259,136	11.3%	22,518,272	13.4%	22,518,272	13.5%
CM-CIC Investissement SCR	7159 143	7.2%	14,318,286	8.5%	14,318,286	8.6%
BNP PARIBAS Développement SA	1,960,409	2.0%	2,213,938	1.3%	2,213,938	1.3%
Float	26,317,352	26.5%	26,366,138	15.6%	26,366,138	15.8%
Treasury shares	2,098,253	2.1%	2,098,253	1.2%	0	0.0%
TOTAL	**99,317,902**	**100.0%**	**168,549,939**	**100.0%**	**166,451,686**	**100.0%**

**ARC Management SAS is a company managed and controlled by Mr Henri Morel.*
** SPRING Management SAS is a company managed and controlled by Mr Jean-Bertrand Prot.

2.10.1.3. Planned changes in the composition of corporate, management and control bodies

Groupe SFPI's Board of Directors is currently made up of:

- Henri Morel, Chairman and Chief Executive Officer;
- Jean-Bertrand Prot, director;
- Sophie Morel, director;
- Valentine Laude, director;
- CM-CIC Investissement SCR, represented by Thierry Wendling, director;
- Hervé Houdart, independent director;
- Marie-Cécile Matar, independent director.

DOM Security's Board of Directors is currently made up of:

- Henri Morel, Chairman and Chief Executive Officer;
- Jean-Bertrand Prot, director;
- Sophie Morel, director;
- Valentine Laude, director;
- Groupe SFPI, represented by Sarina Desfontaine, director;
- Hermann Roser, independent director;
- Thierry Chevallier, independent director.

The appointment of SPRING Management SAS, a simplified joint-stock company with a capital of 735,000 euros, headquartered at 29, rue Bassano - 75008 Paris, registered with the Paris Trade and Companies Register under number 353 099 591 and represented by Mr Jean-Bertrand Prot for a period of three (3) years, up to the end of the meeting in 2021 called to rule on the financial statements for the year ending in 2020, will be put forward at Groupe SFPI's general shareholders' meeting held on 13 November 2018 to decide on the Merger. Furthermore, with a view to streamlining the management of his corporate mandates, Jean-Bertrand Prot would like to resign from his individual director's office at the end of the Merger.

At the date of this Document E, no further changes are planned within Groupe SFPI's Board of Directors following the Merger.

2.10.1.4. Changes to the market capitalisation of Groupe SFPI

The table below shows the theoretical changes to Groupe SFPI's market capitalisation before and after the completion of the Merger:

	Before the Merger	**After the Merger**
Number of equity securities*	89,969,862	99,317,902
Reference value (€)**	€3.28	€3.28
Capitalisation (€K)	€295,101 K	€325,763 K

** On the date this Document E was registered with the AMF.*
*** Volume-weighted average price for the 60 days preceding the announcement of the Merger on 19 June 2018.*

2.10.1.5. Impact of the Merger on the calculation of earnings per share

The table below shows the impact of the Merger on the net income per share of Groupe SFPI based on the number of shares outstanding at the date of this Document E:

	Before the Merger	**After the Merger**
Net profit (Group share)*	€25,211 K	€25,211 K
Number of outstanding Groupe SFPI shares**	87,871,609	97,219,649
Net profit per share	€0.29	€0.26

** Consolidated net income (Group share) of Groupe SFPI at 31 December 2017, as presented in Groupe SFPI's annual financial report.*
***On the date this Document E was registered with the AMF, does not include the 2,098,253 treasury shares held by Groupe SFPI.*

2.10.1.6. Planned new strategic directions and short- and medium-term forecasts for the business, as well as possible restructuring operations

The proposed new strategic directions are presented in Section 2.1.2 of this Document E.

2.10.1.7. Short- and medium-term forecasts for the business and possible restructuring operations, results and dividend policy

Once the merger is complete, the plan is to reorganise DOM Security Group's capital structure, which should make DOM Participations an umbrella company of the DOM Security Group. As such, all the securities of the French and foreign operating companies in the DOM Security group, and - where applicable - other assets and liabilities, would be transferred, post-Merger, from Groupe SFPI to DOM Participations, which would change its name to "DOM Security", thereby recreating the functional organisation of the DOM Security Group.

As of the date of this Document E, and subject to continued growth in terms of its results and its future distributive capacity, Groupe SFPI intends to continue its policy of regularly increasing its dividend.

2.10.2. Consequences for DOM Security and its shareholders

As a result of the Merger, DOM Security will be automatically dissolved, without liquidation, on the final Completion Date. The shareholders of DOM Security will receive a total of 9,348,040 new ordinary shares in Groupe SFPI in exchange for their DOM Security shares. A breakdown of Groupe SFPI's capital and voting rights post-Merger is given in paragraph 2.10.1.2.2 above.

The merger should have no impact on the Group's industrial and commercial policy or on the development of its workforce.

In decision no. 218C1614 dated 2 October 2018, the AMF said it "*considered that the planned merger between DOM SECURITY and Groupe SFPI would not lead to any modification of shareholders' rights or interests that would justify the prior introduction of a public takeover bid for the securities of the companies concerned, pursuant to Article 236-6 of the General Regulation.* "

3. PRESENTATION OF GROUPE SFPI, THE ACQUIRING COMPANY

3.1. REFERENCE DOCUMENT

Since no reference document has been submitted to the AMF regarding the beneficiary of the Contributions for the most recent financial years, the information required by Appendix I of European regulation no. 809/2004 of 29 April 2004 is given below.

However, Groupe SFPI's annual financial reports for the financial years 2015, 2016 and 2017 are available on its website (www.sfpi-group.com).

3.1.1. **Responsible persons**

See paragraphs 1.1.1 and 1.1.2 above

3.1.2. **Statutory auditors**

See paragraph 1.1.3 above

3.1.3. **Selected financial information**

The following tables present the key consolidated accounting and financial data for Groupe SFPI, prepared according to IFRS standards, for the years ending 31 December 2015, 2016 and 2017, as well as for the first half of the tax year 2018:

BALANCE SHEET (€K)	**30/06/2018**	**31/12/2017**	**31/12/2016**	**31/12/2015**
Goodwill	50,114	49,839	33,453	33,453
Tangible assets	81,348	72,619	65,776	64,159
Non-current assets	**159,733**	**149,936**	**131,344**	**131,848**
Stocks and sums outstanding	79,743	72,361	65,261	67,764
Customer liabilities	137,819	119,147	115,930	111,609
Cash and cash equivalent	132,517	119,049	108,035	101,567
Current assets	**384,002**	**348,373**	**313,497**	**305,038**
TOTAL ASSETS	**543,735**	**498,309**	**444,841**	**436,886**
Shareholders' equity Group share	191,326	188,799	169,516	155,683
Shareholders' equity of the consolidated group	**220,182**	**218,572**	**202,417**	**186,334**
Non-current liabilities	**136,840**	**113,174**	**88,544**	**74,319**
Current liabilities	**186,713**	**166,563**	**153,880**	**163,089**
Total Liabilities and Shareholders' equity	**543,735**	**498,309**	**444,841**	**436,886**

INCOME STATEMENT (€K)	**30/06/2018**	**31/12/2017**	**31/12/2016**	**31/12/2015**
Turnover	275,808	504,498	475,443	508,882
Gross profit	164,138	303,495	288,774	308,563
CURRENT OPERATING PROFIT	**13,340**	**32,899**	**31,582**	**27,252**
OPERATING INCOME	**14,886**	**34,095**	**30,244**	**14,866**
Financial income	2	-628	210	-213
Income before taxes	14,888	33,467	30,454	14,653
Corporate taxes	-3,975	-10,342	-9,587	-5,917
NET INCOME FROM CONTINUING OPERATIONS	**10,948**	**23,184**	**20,783**	**-**
Net income from discontinued operations	-	6,207	-125	-
NET INCOME OF CONSOLIDATED BUSINESSES	**10,948**	**29,391**	**20,658**	**8,781**
Parent company share	9,634	25,211	16,833	6,780
Non-controlling interests	1,314	4,180	3825	2,001
Basic and diluted net earnings per share (excluding treasury shares) of the consolidated group (€)	0.11	0.29	0.19	0.08

STATEMENT OF COMPREHENSIVE INCOME (€K)	30/06/2018	31/12/2017	31/12/2016	31/12/2015
Net income	**10,948**	**29,391**	**20,658**	**8,781**
Other elements of the comprehensive income which may later be reclassified in the consolidated result (gross)	-1,076	1,036	-483	335
Other elements of the comprehensive income which may later be reclassified in the consolidated result (gross)	-	-3,763	824	435
TOTAL COMPREHENSIVE INCOME	**9,872**	**27,641**	**20,789**	**9,409**

CASH FLOW (€K)	30/06/2018	31/12/2017	31/12/2016	31/12/2015
PRE-TAX EARNINGS FROM CONTINUING OPERATIONS	**14,888**	**33,526**	**30,454**	**14,653**
Pre-tax earnings from discontinued operations	-	6,586	1,072	-
Cash flow from activities	10,897	48,822	31,990	34,596
Net cash flow from operating activities	**6,804**	**39,578**	**23,347**	**28,481**
Cash flow from investment activities	**-9,652**	**-35,502**	**-15,950**	**-21,997**
Cash flow from financing activities	**16,708**	**9,694**	**-2,756**	**4,313**
Declared cash flow variation	**13,860**	**13,770**	**4,641**	**10,797**
Cash from continuing operations	**15,686**	**38,135**	**31,959**	**28,380**
Cash from discontinued operations	-	-2,073	825	-

3.1.4. **Risk factors**

This section describes the risk factors related to the Consolidated SFPI Group.

The Consolidated SFPI Group has reviewed the risks that could potentially have a material adverse effect on its business, financial position or results, and considers that there are no other significant risks known at the date of this Document E except those presented.

3.1.4.1. Risks related to the Group

3.1.4.1.1. Risks related to the Group's strategy

The Group's long-term success depends in part on the Group's ability to continually improve and expand its range of existing products and services in each business line and to broaden its geographical areas of operation, in order to meet the growing demands of the market against a backdrop of significant competitive and technological pressure.

In this context, the Group may be required to make selective acquisitions of new technologies, complementary businesses, or other transactions that contribute to strengthening its customer portfolio.

For example, the Group recently acquired INVISSYS and ELIOT in the DOM SECURITY division, and the JKF Industri subgroup in the NEU division.

The implementation of this strategy depends, in part, on the Group's ability to identify attractive targets, to make such acquisitions on satisfactory terms, and to successfully integrate them into its operations or technology.

The Group cannot guarantee that it will be able to identify the best opportunities or to make these acquisitions, or successfully integrate the activities and teams resulting from such acquisitions. If the Group encounters any issues in the integration of other companies or other technologies, this may have a material adverse effect on the Group's business, financial position, results, development and outlook.

In addition, the acquisition of new businesses, as well as the conclusion of other significant transactions, could lead to substantial costs for the Group. The Group may also have to finance such acquisitions by borrowing, or by issuing specific financial securities, which could cause it to take financial risks and impose certain restrictions, or have a dilutive impact on its shareholders. The occurrence of one or more of these risks could have a material adverse effect on the Group's business, financial position, results, development and outlook in the medium and long term.

3.1.4.1.2. *Risks related to the Groupe SFPI holding structure*

The Group organisation is based on a decentralised management structure, and its strategy is to prioritise decision-making and responsibility at subsidiary level in order to better adapt to the local needs of its customers. So far, the Group's growth has been achieved through acquisitions, which has involved the integration of companies and teams with a wide variety of practices and policies. The Group cannot guarantee that it will always be able to standardise and implement the best practices that it has endeavoured to develop for its activities in France.

Any failure by the Group to effectively manage this decentralised structure could have a material adverse effect on its business, financial position, results and outlook, and affect its reputation.

SFPI SA also operates as a holding company, its main assets being direct or indirect investments in its various subsidiaries, which generate the Group's cash flow. In this respect, the Company's revenues come mainly from dividends received from its subsidiaries, the invoicing of services provided on behalf of the subsidiaries, and intra-group loan interest from the subsidiaries. As a result, the Company's financial statements and their year-on-year changes only partially reflect the Group's performance and do not necessarily show the same trends as the consolidated financial statements.

In addition, issues may also arise regarding the ability of subsidiaries to make such payments to the Company, in the event of changes to their business or regulatory constraints.

Any reduction in the dividends paid by the Group's subsidiaries to the Company, because of a deterioration in their results, could have a material adverse effect on the Company's results, financial position and outlook.

3.1.4.1.3. *Key-Person Dependency Risks*

The Group owes a large part of its success to the quality and stability of its leaders, and in particular Henri MOREL, Chairman and CEO of the Company, Jean-Bertrand PROT, advisor to the Chairman and former COO of the Company, and Damien CHAUVEINC, Chief Operating Officer, as well as the managers of the Group's main operating subsidiaries.

In the event that the Company's leaders are no longer able to perform their duties, the implementation of its strategy could be adversely affected. Similarly, if the managers of the main operating subsidiaries were no longer able to perform their duties, or decided to leave the Group, this could have a material adverse effect on the Group's business, financial position, outlook and results.

To date, there is no key-person insurance set up in the group.

The Group's continued development, particularly internationally, will require it to recruit more staff. Specific profiles are sought in order to drive the Group's growth in its various markets. Fierce competition among companies in the sector, some of which are more prominent than the Group's companies, could reduce the Group's ability to attract and retain key employees.

In this case, the Group may no longer be able to achieve its objectives, which would have a material adverse effect on its business, financial position, results and development.

3.1.4.2. <u>Business Environment Risks</u>

3.1.4.2.1. *Economic Risks*

Most of the markets in which the Group operates are cyclical. A significant portion of the Group's activities involve investment in the industrial and building sectors (new builds and renovation), which generally follow the cyclical nature of the economic situation. The Group's results are therefore sensitive to the macroeconomic conditions of the geographical, regional and local areas in which the Group operates.

A decline in purchasing power and in the level of consumer confidence could lead customers to defer or reduce their expenditure on the products and services offered by the Group or affect their ability to pay for them, which could affect the Group's ability to sell services associated with its projects to build or extend new equipment and facilities.

In France in particular, the new build and renovation markets have been in decline for a while, which has impacted the Group's building activities. To limit this impact, the Group has implemented restructuring measures for the building sector. However, a deterioration of the global economic landscape and financial markets could have a significant negative impact on the Group's sales, earnings, cash flow and outlook.

3.1.4.2.2. *Competitive Risks*

The markets in which the Group's companies are positioned are relatively fragmented, with many active players, both general and specialised in the design, manufacture and marketing of certain products and equipment.

In particular, the Group is up against major international companies offering a wide variety of services and products, with the financial, technical and marketing resources and capabilities they need to adopt aggressive pricing policies. In addition, the Group also faces independent competitors, specialised in products and services, with an established local presence and a strong customer relationship.

This competition forces the Group's companies to work constantly on their competitiveness in order to convince their customers of the high quality and added value of their products and services. The Group is also required to regularly develop new products and services in order to maintain and improve its competitive position, while maintaining the strong identity of its constituent companies.

The Group cannot guarantee that it will be able to maintain the added value of its products and services, so its competitors could potentially increase their market shares, which could have a material adverse effect on the Group's business, its financial results and its future development.

3.1.4.3. Operational Risks

3.14.3.1. *Risks related to technological developments*

The Group is determined to control the quality of products and services provided to customers and improve the technology and expertise that contribute to the high added value of these products and services. To limit the risk of competitors developing products that are more technically efficient, more competitive or marketed before those of the Group, the latter pursues an active research and development policy, whose work in the technological field is presented in the paragraph on R&D.

However, should the measures implemented by the Group prove to be insufficient, or if the Group no longer has the necessary financial means to pursue a sustained R&D policy, or if the Group's customers do not discern the quality and added value of its products and services compared to those of its competitors, the Group's business and financial position could be significantly affected.

3.1.4.3.2. *Risk of over-dependency on key suppliers*

The Group's companies have developed partnerships with various suppliers enabling them to meet the specific raw material and service needs of each of the Group's business divisions. Given the diversification of its companies' suppliers, the risk of the Group's companies becoming over-dependent on its suppliers is low.

However, events that affect partners of Group companies may have an impact on the Group's business. Supplier difficulties or failures could affect the global supply chain, resulting in additional costs or production delays that would adversely affect the Group. In light of this risk, the Group's companies strive to use at least two financially sound sources of supply for their main supplies.

If one of the Group companies' key suppliers was to terminate its business relationship, sign up with a competitor, or change its quantities or terms of delivery, this could affect the Group's ability to maintain its production rate and to deliver its products on time and in sufficient quantity, as well as impacting sales and more generally, adversely affect the Group's commercial relations. These factors could have a negative impact on the Group's business, financial position and outlook.

3.1.4.3.3. *Commodity Risks*

The Group is exposed to fluctuations in the price of the energy it consumes and the raw materials needed to conduct its activities.

To reduce its exposure to fluctuations in the price of the materials it consumes, Group companies can cover part of their purchases using forward purchases from suppliers. However, if the Group's companies can no longer manage their raw material supply or if this supply had to be procured at a higher cost, this could have a material adverse effect on the Group's production costs, its business and its financial situation.

3.1.4.3.4. *Risks related to public sector contracts*

The Group generates a small share of its turnover from government and local authority customers. In 2017, less than 5% of the Group's consolidated sales were made to government clients in the locksmith, access control and dust-removal train businesses.

In these markets, public spending is subject to arbitration, depending in particular on the geopolitical landscape and increasing budget constraints.

Should certain Group companies fail to maintain their level of public contracts or satisfy government and local authority customers, the Group's turnover could be impacted, which would adversely affect its financial position and outlook and could have a significant adverse impact.

3.1.4.4. Legal Risks

3.1.4.4.1 *Risks related to the regulatory landscape*

For certain Group companies, order levels for their products and services are dependent on financial support and tax incentive systems that the various countries put in place at local level.

The Group generates a portion of its sales on the French market; and at present, several financial assistance and tax incentive schemes (e.g. energy transition tax credit, construction funding, community subsidies to homeowners) are available to individuals and low-rent housing organisations. Any reduction or abolition of this aid in the renovation sector for individuals could result in a decline in the sales of products and services of the Group's building sector, which would have a significant adverse effect on the Group's results and its financial situation.

3.1.4.4.2. *Compliance Risk*

The Group's activities are subject to various regulations in France and abroad, particularly with regard to industrial standards, health and safety, hygiene and environmental matters. In particular, its activities in the pressure vessels industry (exchangers and autoclaves, pressure filters, etc.) are subject to very strict regulations, the proper application of which is closely monitored.

These standards are complex and subject to change. Although the Group pays particular attention to compliance with regulations in force and applicable safety standards, it cannot exclude any risk of non-compliance.

Furthermore, the Group may be required to incur significant costs in order to comply with regulatory changes and cannot guarantee that it will always be able to adjust its activities and organisation to these changes in a timely manner.

The failure of the Group to comply with and adapt its activities to new regulations, recommendations, national, European or international standards could have a material adverse effect on its business, results, financial position and outlook.

3.1.4.4.3. *Intellectual Property Risk*

To protect its products and technology, the Group relies on the protection afforded by intellectual property rights, such as trademarks, domain names, patents, and source codes for software.

This protection involves the filing and regular renewal of its intellectual property rights both in France and abroad, in accordance with the nature of the right and the geographical area in which the products are marketed.

However, these measures only offer limited protection and may not prevent the illicit use of the Group's products or technology.

If one of the Group's companies becomes involved in a dispute over its intellectual property rights, with a third party or a competitor, regardless of its success or failure before the courts, the company concerned could be forced into lengthy, expensive and complex legal proceedings or to obtain expensive licences.

Group companies also have the possibility of including confidentiality and ownership clauses in contracts with their employees in order to limit the risk of disclosing information relating to the expertise developed. However, there can be no guarantee that these contractual agreements or other precautions taken by Group companies to protect their intellectual property rights will be enough to prevent the misuse of technologies or intellectual creations, or to dissuade a third party from introducing similar solutions.

The occurrence of one or more of these risks could have a material adverse effect on the Group's business, financial position, results and development.

3.1.4.4.4. *Litigation and arbitration risks*

In the normal course of business, Group companies may be involved in various legal, administrative, criminal or arbitration proceedings, including cases of civil liability, competition, intellectual property, tax, industrial, environmental and discrimination.

In the context of some of these proceedings, significant pecuniary claims are or may be made against one or more Group companies. The corresponding contingent liabilities that the Group would have to record in its accounts may prove to be insufficient.

In addition, it cannot be ruled out that, in the future, new proceedings, related to ongoing proceedings or not, regarding risks identified by the Group or related to new risks, could be initiated against one of the Group companies. Finally, although the Group considers that many of the proceedings to which it is party are covered by liability guarantees, it cannot guarantee that their application will go uncontested or that the payment schedule and/or amount of the corresponding compensation will be deemed sufficient to avoid negatively impacting the Group.

In the event that such proceedings have an unfavourable outcome, this could have a material adverse effect on the Group's business, results, financial position and outlook.

3.1.4.5 Financial Risk

3.1.4.5.1. *Interest rate risk*

Groupe SFPI does not use an interest rate instrument except in cases of contractual clauses requiring it. Their value represented a negative amount of (-82) thousand euros for the year ended 31 December 2017. The majority of Groupe SFPI's borrowings and financial debts are at a fixed rate. Historically, some of the Group's loans were borrowed at variable rates, bearing in mind that fluctuations in interest rates were covered by specific instruments. As a result, Groupe SFPI considers, as of the date of this Document E, that its interest rate risk is not significant.

3.1.4.5.2. *Liquidity risk*

Groupe SFPI has carried out a specific review of its liquidity risk and considers that it is in a position to meet its future payment schedules. As of the date of this Document E, only one loan (subject to covenants that Groupe SFPI observes) remains to be reimbursed in two fixed annual payments of €3.6 M (payable in 2019 and 2020).

At 31 December 2017, Groupe SFPI's consolidated cash position amounted to €119,049 K and its consolidated financial debt was €68,626 K. As such, the group had a surplus cash position of €50,423 K on the same date. These items are included in Note 10 to the consolidated financial statements for the period ending 31 December 2017

At 30 June 2018, Groupe SFPI's consolidated cash position amounted to €132,517 K and its consolidated financial debt was €92,403 K. As such, the group had a surplus cash position of €40,114 K on the same date. These items are included in Note 6 to the half-year consolidated financial statements ending 30 June 2018.

3.1.4.5.3. *Foreign exchange risk*

To date, the Group's companies carry out most of their transactions in euros.

In the context of its export business, contracts in foreign currencies are systematically hedged by currency hedging contracts. However, should Groupe SFPI fail to make effective hedging arrangements in the future, its operating results could be adversely affected.

3.1.4.5.4. *Risk related to off-balance sheet commitments*

The Group's off-balance sheet commitments at 30 June 2018 are the same as those of 31 December 2017 and have not seen any significant change. Readers are referred to Note 13 on page 23 of the Group's consolidated financial statements for the period ending 31 December 2017.

3.1.4.5.5. *Risks related to arrears and the solvency of the Group's customers*

The Group has a wide variety of customers, some of whom - though relatively rare so far - may experience financial difficulties, which may, in some cases, lead to complete insolvency. If the building and manufacturing markets in the countries in which it operates were to experience a major downturn, the Group could potentially face an increasing number of customers in such difficulties, which could have a material adverse effect on the Group's results and cash flow.

The amount of the accrued receivables covered by provisions at 31 December 2017 was €7,204,000 (see Note 6.2 of the consolidated financial statements for the period ending 31 December 2017).

3.1.4.6. Insurance

Groupe SFPI has put in place a policy of hedging the main insurable risks with guarantees and deductible amounts that it deems compatible with the nature of its companies' business.

Groupe SFPI cannot guarantee that Group companies will always be able to retain, and where applicable obtain, similar insurance cover at an acceptable cost, which could potentially lead them, particularly as they continue to develop, to accept more expensive insurance policies and/or assume a higher level of risk.

In addition, the occurrence of one or more major claims, even if covered by these insurance policies, could seriously affect the Group's business and its financial situation given that such claims could result in the interruption of its operations, in repayment deadlines from insurance companies in the event of exceeding the limits set in the policies and, finally, because of the higher premiums that would follow.

The occurrence of one or more of these risks could have a material adverse effect on the Group's business, outlook financial position, results and development

The main insurance policies taken out by Group companies are listed in the table below. They will remain unchanged after the merger.

Division or company	**Main guarantees**
SFPI	Professional multi-risk Vehicle insurance
DOM Security	Public liability Industrial multi-risk Car fleet Distance coverage
Deny Security	Construction multi-risk
Dom Gmbh&Co KG	Marine insurance
DOM Ronis	Civil liability - pollution
Picard Serrures	Decennial liability Civil liability - buildings

Division or company	**Main guarantees**
DOM-Titan	Earthquake insurance
Western and Southern Europe	Customer credit
MAC	Public liability Decennial liability Decennial liability "EPERS" Civil liability - building company Industrial multi-risk Car fleet Distance coverage Transported goods
France Fermetures/Franciaflex/Sipa	Customer credit
MMD	Public liability Industrial multi-risk Car fleet Distance coverage
Barriquand Echangeurs	Civil liability - pollution Goods transported
Barriquand thermiques technologie	Customer credit
Stériflow	Customer credit
NEU	Public liability Industrial multi-risk Car fleet Distance coverage Transported goods
Delta Neu	Public liability Decennial liability Industrial multi-risk Car fleet Distance coverage Transported goods
Fevi	Customer credit
Point Est	Public liability
JKF	Public liability Industrial multi-risk Car fleet
JKF Industri A/S	Customer credit

3.1.5. **Information about Groupe SFPI**

3.1.5.1. Company Name and Trading Name

The name of the Company and its trading name is "Groupe SFPI".

3.1.5.2. Registration number and location

The Company is registered with the Paris Trade and Companies Register under number 393 588 595.

The Company's activity code is 6420Z. It corresponds to the activities of holding companies.

3.1.5.3. Date and duration of incorporation

The Company EMME, which absorbed Groupe SFPI in 2015 and changed its name to Groupe SFPI, was incorporated as a public limited company on 28 October 2003.

The Company was incorporated for a period of 99 years from the date of its registration in the Trade and Companies Register, unless extended or prematurely dissolved.

3.1.5.4. Registered office, legal form and applicable legislation

The Company's registered office is located at 20 Rue de l'Arc de Triomphe in Paris (75017).

The Company is a public limited company under French law with a Board of Directors.

It is governed by the laws and regulations in force in French law, in particular by the French Commercial Code and its by-laws.

3.1.5.5. Financial year

The Company's financial year end is 31 December of each year.

3.1.5.6. History and milestones in the development of Groupe SFPI

Following the acquisition and successful restructuring of the companies Dupeux (specialising in insulation and industrial fumigation), Dény and Metalux (locksmith specialists), in 1985 Henri Morel created the Société Financière de Participations Industrielles (SFPI) with two associates, who have since left Groupe SFPI.

Between 1985 and 1993, the Group acquired a number of specialist companies, including:

- in air treatment (acquisition of NEU in 1989);
- locking systems (acquisition of Picard Serrures, Ronis and Euro Elzett) followed by the creation of Sécuridev in 1990 (newly named DOM SECURITY in June 2015);
- in heat exchangers (acquisition of Barriquand Echangeurs) and sterilisation (acquisition of Steriflow) in 1992;
- in domestic doors and windows (acquisition of France Fermetures) in 1992.

In 1993, Jean-Bertrand PROT took a stake in SFPI's capital via the company SPRING Management, which he controls. At the date of this Document E, Mr PROT is one of Groupe SFPI's main shareholders.

In 1994, Sécuridev went public on the secondary market of the Paris Stock Exchange, while in 1995 the Forest Liné Industries group was created from the restructuring of the Brisard group, acquired in 1993.

Starting in 1994, the Group had to deal with its first economic crisis. SFPI decided to refocus on certain specific businesses and divested some of its assets, consolidating its scope around two main business segments: building and industry.

In 2005, the Group acquired the German company DOM, specialising in mechanical and electronic locking systems, before acquiring the window equipment company Franciaflex in 2006.

From 2007 to 2008, a financial shareholding supplemented the company's share ownership, with BNP Development, CIC Investissement Est, Banque Populaire de Développement and IDI all taking a stake in SFPI.

In 2010, the Group acquired the Eryma group, a leading French player in electronic security.

Also in 2010, the Group acquired Faber, a blind manufacturer, which strengthened its range of equipment for the home.

In 2011, the Forest Liné Industries group, whose activity was not part of SFPI's core business, was sold to the Mag group. In the same year, the Group acquired the Spanish lock company Ucem, which joined all the other companies grouped together at Sécuridev, the European specialist in locks and security systems.

In 2012, the industry business line welcomed TBM, an autoclave manufacturer, which then integrated Steriflow, as well as the fan design and production company Févi SAS, which became linked to Delta Neu. The building business line was also given a boost, with the acquisition of a new joinery company, Sipa Menuiseries, topping off its range of window equipment.

In 2013, the Group's building business line also acquired Telesco (door closing and anti-panic specialists), which joined Ucem, the Spanish subsidiary of Sécuridev, as well as the acquisition of activities of the Créal group, which joined Franciaflex and strengthened its expertise in the manufacture of aluminium joinery.

In 2014, the NEU division acquired Biowind (photocatalysis), a company specializing in air decontamination, and Sécuridev acquired Omnitech Security, a specialist in intelligent access control systems.

In 2015, the Group acquired the Spanish company MCM, which manufactures cylinders and mechanical and electronic locks for buildings. Following the acquisition of 97.54% of the listed company EMME SA by SFPI in February 2015, the general shareholders' meetings of the two companies met on 10 November 2015 and approved the principle of the merger by absorption of Société Financière de Participation Industrielle (SFPI) by EMME. This merger, which became effective on 3 December 2015, led to the admission for trading on Euronext Paris of shares issued as part of the merger. Among other statutory amendments, the general meeting also approved the company's change of name to Groupe SFPI.

In 2017, the Group sold its ERYMA division, which specialised in safety solutions for the prevention, monitoring, maintenance and remote management of sites (building industry) to the SOGETREL group. The NEU division (industry business line) was strengthened by the acquisition of the Danish group JKF Industri, which specialises in the manufacture of dust collection equipment and installations in all types of industry.

In 2018 in the Industry business line, the MMD division reorganised itself with the sale of SPOMASZ-WRONKI, a subsidiary specialised in the design and manufacture of separation solutions for industry, and the acquisition of Italian company CIPRIANI Phe, specialist in heat exchanger plates and joints.

3.1.5.7. Investments

3.1.5.7.1. *Main investments made during the years ending 31 December 2015, 2016 and 2017*

The investments made by Groupe SFPI can be broken down as follows for the years ending 31 December 2015, 2016 and 2017:

	Year ending 31 December		
in €K	**2015**	**2016**	**2017**
Intangible assets			
Internally generated	-	-	460
Other	1,675	1,042	973
TOTAL	**1,675**	**1,042**	**1,433**
Tangible assets			
Financial leasing	50	-	-
Other	13,277	13,717	12,870
TOTAL	**13,327**	**13,717**	**12,870**

3.1.5.7.2. *Main investments in progress and to come*

Investments made by the Company since the beginning of the current tax year are of the same nature as those made in previous years.

At the date of this Document E, the Group has not made any firm or definitive commitments to investing significant amounts in the coming years, with the exception of the Picard (€4.5 million) and Euro-Elzett (€0.4 million) plant expansions; the construction of the Omnitech head office in Bordeaux (€1.3 million), the extension of the Delta Neu site (€0.8 million, financed by a loan taken out during the first half of 2018, and the purchase of the building leased by Faber (€1.2 million). The increase in Picard's door production capacity will represent a machine investment of €2.2 million.

3.1.6. **Overview of activities**

Groupe SFPI acts as a holding company, so most of its income comes from dividends paid by subsidiaries, amounts received as part of the services provided to Group companies, and potential securities disposal transactions.

By geographic area, the sales of the Group's various divisions break down as follows:

	2017		2016		2015	
	France	Abroad	France	Abroad	France	Abroad
NEU JKF Division	48,877	43,291	44,640	29,241	45,484	32,686
MMD Division	17,238	31,525	15,339	31,528	13,238	33,951
MAC Division	181,340	7,911	176,377	8,001	176,025	7,494
DOM Security Division	64,154	110,067	58,906	111,242	59,204	103,903

3.1.6.1. **"Industry" business line**

The Group's "Industry" business line includes the following two divisions:
- NEU JKF which specialises in air treatment,
- MMD specialised in the manufacture of heat exchangers and autoclaves.

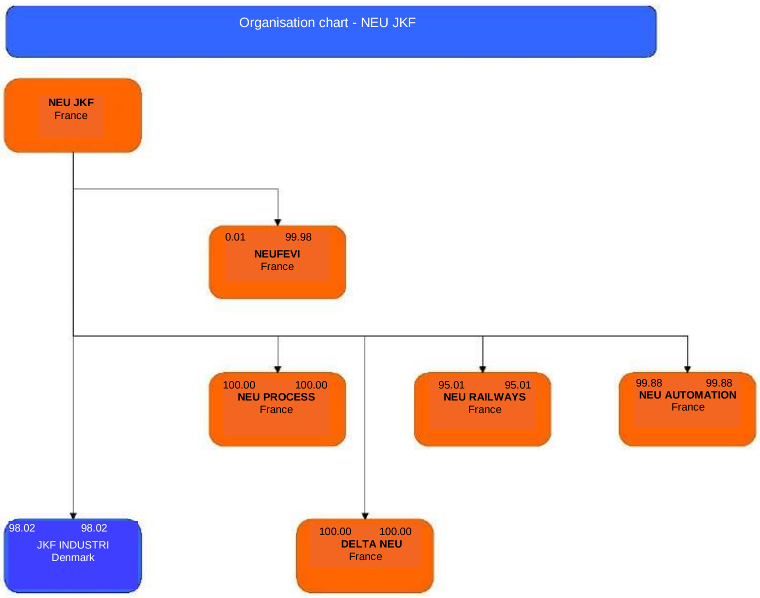
Because these activities are fundamentally different, the business and markets of these two divisions are described separately in the paragraphs below.

3.1.6.1.1. *PRESENTATION OF THE NEU JKF DIVISION ('INDUSTRY' BUSINESS LINE)*

The NEU JKF group is made up of several entities. It is, however, led by a single management team with shared support services. NEU was created in 1906 by Henri NEU and joined the Group in 1989. JKF was created in 1957 by Louis Nielsen and acquired by SFPI in July 2017.

The group NEU JKF specialises in particular in activities related to technical aerodynamics, listed below:
- dust removal and air conditioning (DELTA NEU and its subsidiaries; JKF Industri and its subsidiaries),
- pneumatic conveying (NEU PROCESS), and
- products dedicated to the railway sector: the design of depot equipment and track and tunnel cleaning vehicles (NEU RAILWAYS).

The simplified organisation chart of the NEU JKF division is as follows:



3.1.6.1.1.1. Financial data for the NEU JKF division:

The NEU JKF division has consolidated sales of around €92 million. This is an internal consolidation, with no consolidation at the level of the company at the head of the division, NEU JKF.

On 30 June 2018, the NEU JKF division had achieved consolidated sales of approximately €54 million.

By geographic area, NEU JKF sales can be broken down as follows (in €K):

	2015		2016		2017	
	France	Abroad	France	Abroad	France	Abroad
NEU JKF Division	45,484	32,686	44,640	29,241	48,877	43,291
	78,170		**73,881**		**92,168**	

The sales of the division's main entities break down as follows:

		Sales (€K)		Sales revenues (€K)	
	Company	**2016**	**2017**	**2016**	**2017**
Delta Neu incl.	Delta Neu France	34,661	37,556	33,135	36,265
	FEVI International	11,588	10,198	10,304	8,888
JKF Industri*		-	13,066	-	11,365
Neu Process		11,788	11,080	11,782	11,061
Neu Railways		6,390	7,888	5,439	7,375

** The 2017 data for JKF Industri represents 5 months since the acquisition of the company on 31 July 2017.*

The contributory current operating income of the division's main entities breaks down as follows**:**

		Contributory current operating income (in €K)	
	Company	**2016**	**2017**
Delta Neu incl.	Delta Neu France	603	552
	FEVI International	261	- 536
JKF Industri*		-	954
Neu Process		1,162	829
Neu Railways		938	802

** The 2017 data for JKF Industri represents 5 months since the acquisition of the company on 31 July 2017.*

3.1.6.1.1.2. Workforce at the NEU JKF division:

The NEU JKF division's workforce at the end of the last two financial years breaks down as follows:

	Division workforce	
	2016	2017
NEU JKF Division	375 people	672 people

The workforce of the division's main entities at the end of the last two financial years breaks down as follows:

Company	2016 workforce	2017 workforce
Delta Neu France FEVI INTERNATIONAL	155	156
Delta Neu France FEVI INTERNATIONAL	96	86
JKF Industri	-	203
Neu Process	44	45
Neu Railways	27	30

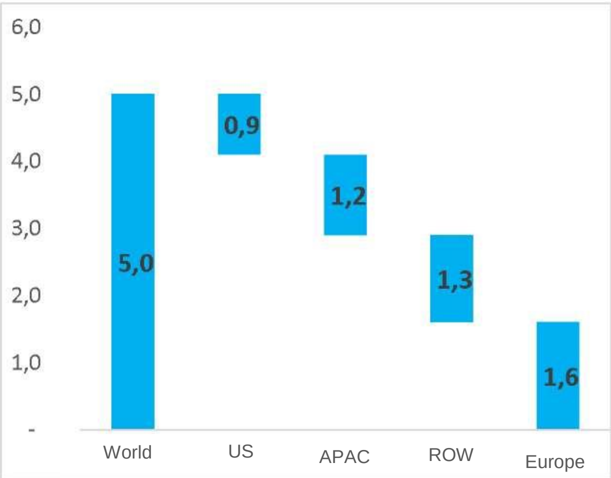
On 30 June 2018, the NEU JKF division employed 699 people.

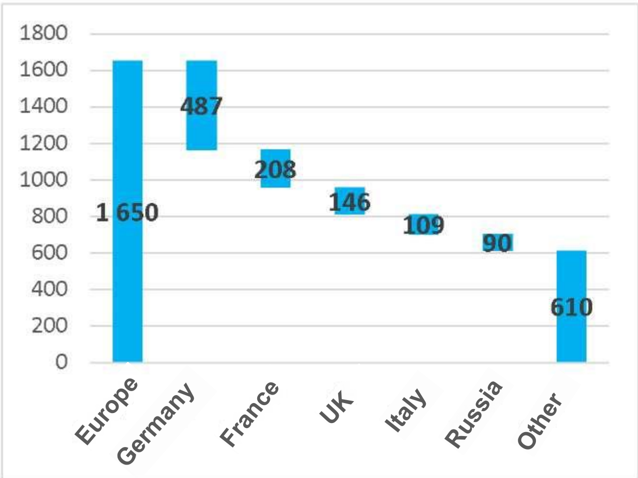
3.1.6.1.1.3. NEU JKF Market Data[13]:

NEU JKF's main market is the industrial air treatment and filtration market, estimated at more than 5 billion euros worldwide in 2016. Europe, the world's largest market, is also the most important for this division:

Global market for air treatment in industrial environments European market for air treatment in industrial environments

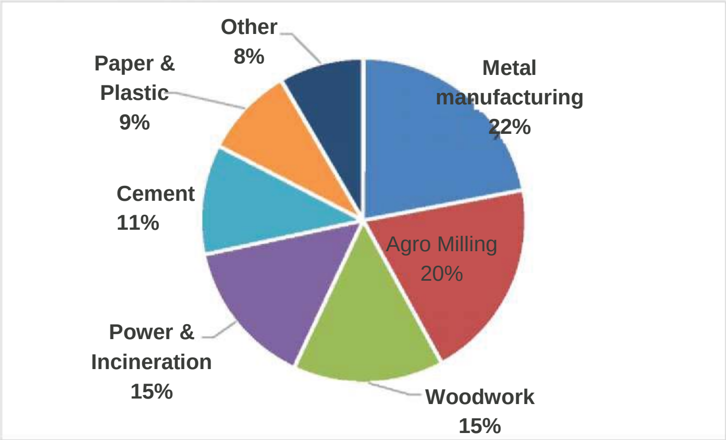
€ billion - 2016 *€ million - 2016*





[13] *Source: Groupe SFPI internal studies*

The main areas of use are:



3.1.6.1.1.4. Description of the NEU JKF Division's main activities and categories of products and services:

The NEU JKF division is made up of (A) DELTA NEU, (B) JKF INDUSTRI, (C) NEU PROCESS and (D) NEU RAILWAYS (the most significant subsidiaries in terms of contribution to the division's revenues).

A. DELTA NEU and its subsidiaries

a) Overview of the structure and operations

DELTA NEU is a company devoted to improving industrial air quality, working to help its customers protect their external and internal environment.

DELTA NEU is committed to combating pollution through the clever use of air, in particular to prevent the spread of harmful dust and fumes in the atmosphere and to protect personnel from harmful emissions.

With decades of experience in the field of aerodynamics, the company has developed expert techniques for dust collection, filtration, ventilation and pneumatic waste conveyance to effectively fight against the pollutants generated by operating processes.

Among its clients, DELTA NEU counts several major French and international companies, as well as working with numerous SMEs across all sectors of the economy.

It brings together a total of around 200 people, offering products and services in 70 countries, and has four subsidiaries abroad: in Great Britain (DELTA NEU Ltd), Belgium, Holland, China and a subsidiary in France, NEU JKF Wood Industry.

A new subsidiary, PT NEU JKF Indonesia, was established in Indonesia in 2018.

It should be noted that the Chinese and Indonesian subsidiaries are shared with NEU PROCESS.

Its head office is based in La Chapelle d'Armentières, 16 km from Lille.

b) The economic environment

DELTA NEU in France is sensitive to the French industrial economic context, which explains the weak growth in the division's sales in France from 2015 to 2017.

NEU JKF Wood Industry is the Group's only company in the wood industry. This sector, which is recovering, is further supported by robust action on the part of pension and occupational health insurance funds (CARSAT) aimed at protecting certain woodworkers against the risks of developing occupational diseases linked to the inhalation of wood dust.

DELTA NEU Benelux's economic environment is very similar to the French economic context.

The Chinese subsidiary was created in 2013 and so far has mainly handled orders from French customers located in China. The subsidiary is now taking orders from Chinese customers and sells them DELTA NEU's technical solutions relating to industrial pollution control in China.

c) The competitive environment

To the best of Groupe SFPI's knowledge, there are no competitors in the market for the improvement of air quality in industrial environments of a comparable size or organisation to DELTA NEU.

On the French market, the company is in competition with several regional players (with sales of between €1 and 4 million).

On the export side, DELTA NEU is in competition with several major global manufacturers (DONALDSON, CAMFIL, NEDERMAN, CORAL). Except in exceptional cases, these manufacturers do not tend to install their equipment but work with engineering companies or local installers.

B. <u>JKF INDUSTRI and its subsidiaries</u>

a) Overview of the structure and operations

Like Delta NEU, JKF Industri ("**JKF**") designs and manufactures dust removal and air treatment equipment for industrial environments. For over 50 years, this Danish company devoted itself to improving air quality and helping to protect the environment, industrial facilities, and working people. The company was founded in 1957 by Louis Nielsen - a Danish blacksmith who immediately saw the growing potential for dedicated air treatment equipment.

JKF offers a wide range of filters, separators, fans and duct systems. Combined with product quality and optimal service, this wide range of solutions has enabled JKF to position itself as a one-stop shop for its customers, in the field of dust removal. All of its products are developed in-house by the R&D department, known for its aerodynamic skills, which continually strives to develop innovative and efficient solutions, tailored to the even most stringent standards and regulatory requirements.

Although JKF has customers in a wide range of industries, its core markets are agribusiness and the wood processing industry. JKF sells its solutions through various different channels: distributors, installers, manufacturers of industrial equipment (including major international companies).

JKF is very much export-oriented with 75% of its sales achieved outside Denmark. It offers its products and services in more than 40 countries and has 2 subsidiaries abroad: in Poland (JKF Polska), and Malaysia (JKF Malaysia), plus an office in Singapore.

It brings together a total of about 290 people, including 190 in Denmark, 50 in Malaysia and 50 in Poland.

Its head office is based in Als in Jutland, 50 km from Aalborg in Denmark.

Ducts | Filters | Fans

b) The economic environment

JKF is sensitive to the general economic environment on the European continent since 90% of its sales are made in Europe (of which 25% in Denmark)[14], but JKF has maintained its low exposure to the economic cycles of a particular country.

However, changes to hygiene, safety and environmental legislation and standards around the world are driving the growth of the market in general and JKF in particular. The global market for industrial filtration, estimated at 5 billion euros in 2016, including 1.6 billion in Europe, is growing by 5 to 10% per year depending on the zone. JKF has benefited from this growth, with sales that have increased by 10% per year since 2014[7]. This growth has been widespread, across all the geographical areas where JKF operates, but was particularly strong in Poland, where industrial activity is seeing strong growth. The Malaysian subsidiary is also growing, driven by changes to hygiene, health and environmental standards and concerns in South East Asia.

c) The competitive environment

The market for dust collection and air treatment equipment is highly fragmented with a multitude of local, regional and national players. Only a few major international "*One Stop Shops*" are really in competition with JKF on its two core markets - wood and agribusiness. These key players are: MOLDOW, NESTRO, SCHUKO, NEDERMAN, CORAL, FORMULA AIR). JKF is also in competition with other manufacturers that specialise in certain components, like REITZ, JACOB, SIMATEK, KMH and FERRARI Group.

Except in exceptional cases, these manufacturers do not tend to install their equipment but work with engineering companies or local installers.

C. NEU PROCESS (NP)

a) Overview of the structure and operations.

Pneumatic conveying of bulk products for industry, powders or granules, as well as associated processes, has been NEU PROCESS's core business for a hundred years.

NEU PROCESS designs and builds fully automated turnkey facilities, incorporating specific equipment for the different processes: dosing, mixing, weighing, sieving or grinding of a number of ingredients, as well as storage, destocking and transfer.
The company provides a range of solutions (design, installation, training, spare parts, auditing), for the food, pharmaceutical, plastic and chemical industries. NEU PROCESS also aims to find solutions in line with international hygiene and safety standards.

[14] *Source: JKF Industri's internal documentation (pre-acquisition)*

NEU PROCESS generates a large part of its turnover in export, particularly in South East Asia, China and the Middle East.

The company has a test station on the site of La Chapelle d'Armentières near Lille, which allows industrial-scale tests to be carried out. This NEU Test and Training Centre (CEFAN) is a high-performance platform for the development of new processes and technologies

b) The economic environment

NEU PROCESS generates part of its revenue from petrochemicals, working with major customers in the sector (TOYO, TECHNIP, TECHNIMONT, etc.).

The other part comes from the food industry. Its customers are major international groups (NESTLE, DANONE, etc.).

The "Chemicals and other" part of the revenues is mainly carried out in France.

c) The competitive environment

NEU PROCESS has different competitors, depending on the markets.

In the petrochemical market, only NEU PROCESS and two other key players are qualified by the licensers: ZEPPELIN SYSTEMS and COPERION.

NEU PROCESS responds to projects up to €6 million. Larger projects are handled by the two German suppliers listed above.

In the agri-food market, the situation is different because there is no preferred supplier lists. Several important competitors can nevertheless be mentioned:

- GUERIN SYSTEMS: subsidiary of the Swedish group TETRAPACK,.
- GERICKE: subsidiary of the Swiss group GERICKE.
- AZO France: subsidiary of the German group AZO GmbH.

D. <u>NEU RAILWAYS</u>

a) Overview of the structure and operations

NEU Railways is the result of the NEU International's 2006 split into two entities, NEU PROCESS (NP) also described in this document and NEU RAILWAYS ("**NR**"), specialising in railway depot equipment.

NEU RAILWAYS's customers are the live rail operators or "main contractors" (i.e. civil engineers and railway builders) involved in contracts awarded by railway operators.

Its portfolio of activities covers two product families:

- <u>*supply of the following depot equipment*</u>*:*

- Static and mobile sand box filling stations,
- Static and mobile toilet emptying systems,
- Trainwash facilities,
- Cleaning systems for train interiors, the roof and under the chassis.

In this context, NR devises and designs the components required for the facility, including its entire instrumentation and control operations (electricity & automation), as well as supplying the necessary components (components based on industry standards and custom-made components whose manufacturing is subcontracted in line with NR specifications), assembling them and testing them one by one in its workshop, before sending them to the customer's site where they will be installed either by NR, the customer themselves or a subcontractor of the customer under the supervision of NR. Delivering and starting up the equipment is always carried out by NR.

- *provision of cleaning trains for tracks and tunnels*:

This is a very niche activity, and NR is counted among the world's leading players after inventing the concept 50 years ago and having delivered around fifteen trains since.

The purpose of these vehicles is to clear the tracks of waste discarded by users and dust generated by rail use (resulting from braking systems or the conversion of friction energy, for example). The vehicles make it possible to mechanise and optimise the efficiency and speed of cleaning operations, most of which are carried out manually by teams working on the track when operations stop for the night.

The vehicle brings together two distinct functions: the "aeraulic" function linked to waste and dust collection, which is part of NEU's longstanding expertise, and the "rail" function linked to the fact that the aeraulic unit is loaded on a railway vehicle, subject to all the rules and standards of the customer network. When it comes to this product solution, NR has been operating with a partner for 25 years, Tours-based company SOCOFER that specialises in work trains, through consortium contracts set up by project. As the general contractor, NR receives orders from customer networks, manages the overall project and subtracts the integration and assembly of its aeraulic function on a train manufactured by SOCOFER, declared as the main "subcontractor".

The market for this product is global and NR addresses it through the following approaches:

- a direct approach with regard to the French market and certain countries such as Belgium, Luxembourg, Switzerland and Mexico;
- through its US subsidiary NEU Inc. (see the description of this company below) for the North American market (USA, Canada);
- through integrators for Germany, the United Kingdom and Australia. These partners communicate directly with the customer, purchase components from NR and install them under its supervision;
- through sales agents for the other areas covered, namely Scandinavian countries, Italy, Spain, Poland, Turkey, North Africa, the Middle East, Latin America and China.

These activities, which have been grouped together under the NR structure since 2006, have existed for several decades since they started in 1965 for the first vacuum train and in the mid-1980s for depot equipment. More than 300 depots are now equipped with NR solutions worldwide.

The NEU Inc. subsidiary was established in the United States in 1997 to handle an initial vacuum train contract for the New York subway and to provide local representation for the deposit equipment business. It is 50% owned by NEU SA and 50% by NR. The company is based in Hamilton, New Jersey and counts just one employee in charge of US-based business management, local purchasing and customer relations.

b) The economic environment

NR's business is directly correlated with the development of rail transport around the world.

The sector is constantly expanding, but has been slowing down since 2008. Because the rail industry involves fairly long industrial cycles, the effects of the 2008 financial crisis did not have immediate repercussions but for NR resulted a steady decline in orders between 2010 and 2013.

The company spent a great deal of energy on expanding its trading area through the various channels indicated above (American subsidiary, sales agents, integrators). This strategy led to a positive shift in orders and an increase in the order book from 2013, thanks to an earlier "post-crisis" recovery in certain geographic areas, particularly in the United States and Canada.

c) The competitive environment

The competitive environment varies depending on the activity and geographical area.

- The 'Sand Filling' activity is not particularly competitive in France, where NR - through Groupe SFPI - holds a market-leading position as the inventor of the concept and the first company in operation. In recent years, German (Klein), Spanish and Italian (Bertolotti) competitors have appeared.

  In the Europe, North Africa and Middle East areas, these same German, Spanish and Italian competitors are consistently present and the market is distributed fairly evenly among these players. The German competitor, Klein, also operates in competition with NR in major export markets such as Australia and North America, where NR also faces competition from two US players, Cyclonair and Dynamicair.

- The 'Train Wash' activity is the most competitive and under pressure in terms of market price. There are many major players in France (FDI, ESAM, MSI) as well as in the different European countries where NR has three direct competitors (the Spanish company Aquafrisch and the German companies Christ and KSB).

  NR does not have any operations in Asia, but the company would like to penetrate this market with its sand filling and vacuum trains activities. However, in China this sector sees new players regularly emerging.

  The North America zone is dominated by three key players: NR and two US companies (Ross & White, Interclean).

- The 'Toilet Emptying' activity (CET): the competitive landscape includes two competitors in France (Felden Industrie and Laborex), a Belgian competitor, two German competitors (Vogelsang and Evac) and a Spanish competitor (Aquafrisch). The business suffers in particular from a weakness in terms of need/demand insofar as only regional and intercity trains are actually equipped with toilets, and because new trains in countries with the most developed railway systems have only needed to be equipped with controlled emission toilets (CETs) for the past fifteen years or so.

- The 'Vacuum Train' (VAKTRAK) activity takes place in another different environment, with low volumes. Like the Sand Filling business, but 20 years earlier, NEU invented the concept and operated alone in this small market until the 1970s, when the German company Schorling came onto the scene.

  In 50 years of activity on this niche market, NEU has delivered 16 trains out of a total of 21 vehicles worldwide, and is scheduled to deliver two new vacuum trains for the New York subway. NR, seen as custodian of this business, is one of the market leaders.

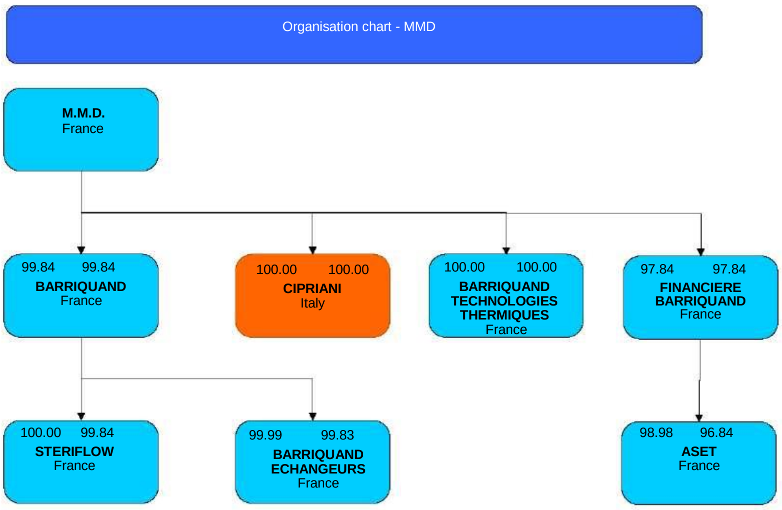
3.1.6.1.2. *PRESENTATION OF THE MMD DIVISION ('INDUSTRY' BUSINESS LINE)*

The MMD division is organised around three main companies:

- The BARRIQUAND group (BATT, BARRIQUAND ECHANGEURS, ASET, Barriquand dobrasil, Financière Barriquand, Barriquand SAS), which manufactures brazed plate and tubular exchangers;
- STERIFLOW, which manufactures autoclaves for sterilisation; and
- CIPRIANI, a company acquired on 29 June 2018 that specialises in the manufacture and sale of gasketed plate heat exchangers.

SPOMASZ-WRONKI, a Polish company specialising in the manufacture of centrifuges for wastewater treatment and specialist separation equipment for the food industry, was sold on 27 April 2018 to the Swiss company FERRUM AG, for a price of €6.6M, real estate included.

The MMD division's simplified organisation chart is now:



3.1.6.1.2.1 <u>Financial data for the MMD division:</u>

The MMD division has consolidated sales of around €49 million. This is an internal consolidation, with no consolidation at the level of MMD.

On 30 June 2018, the MMD division had achieved consolidated sales of approximately €24.7 million. By geographic area, MMD's sales can be broken down as follows (in €K):

	2015		2016		2017	
	France	**Abroad**	**France**	**Abroad**	**France**	**Abroad**
MMD Division	13,238	33,951	15,339	31,528	17,238	31525
	47,189		**46,867**		**48,762**	

The sales of the division's **main entities** break down as follows**:**

	Sales (€K)		Sales revenues (€K)	
Entity	**2016**	**2017**	**2016**	**2017**
BATT	22,881	19,527	22,391	19,002
Cipriani*	9,600	9,700	-	-
Spomasz**	4,968	5,617	4,968	5,617
Steriflow France	19,889	23,454	19,669	23,256

** Company acquired on 29 June 2018.*
*** Company sold on 27 April 2018.*

It should be noted that BATT is the company that markets the products of Barriquand Echangeurs and ASET.

The current operating income of the division's main entities breaks down as follows:

Entity	Contributory current operating income (in €K)	
	2016	**2017**
BATT	844	423
Cipriani*	-	-
Spomasz**	29	112
Steriflow France	1,896	3,528

** Company acquired on 29 June 2018.*
*** Company sold on 27 April 2018.*

3.1.6.1.2.2. Workforce of the MMD division:

The MMD division's workforce at the end of the last two financial years breaks down as follows:

The MMD division's workforce at the end of the last two financial years breaks down as follows:

	Division workforce	
	2016	**2017**
MMD Division	352 people	356 people

The workforce of the division's main entities at the end of the last two financial years breaks down as follows:

Entity	Workforce 2016	Workforce 2017
Barriquand échangeurs	77	75
BATT	28	26
ASET	25	20
Spomasz*	123	131
Steriflow	98	104

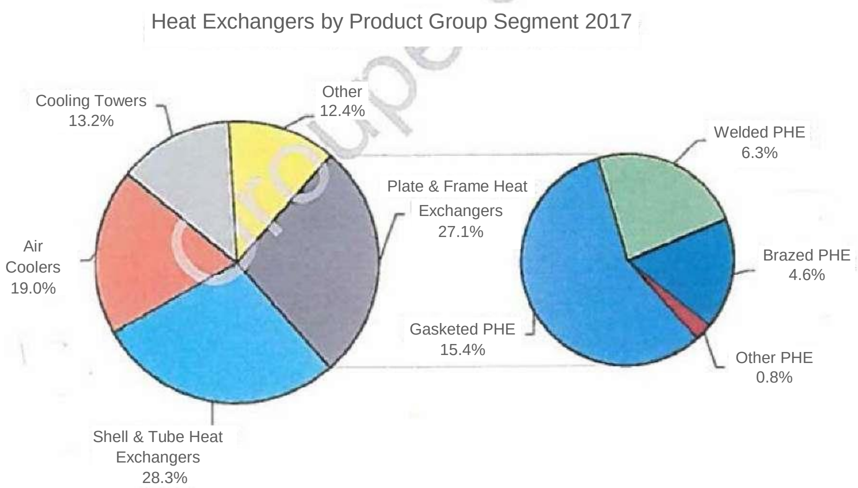
** Company sold on 27 April 2018.*

On 30 June 2018, the MMD division employed 253 people.

3.1.6.1.2.3. <u>MMD Division Market Data</u>[15]:

In 2018, the global market for heat exchangers has been estimated at $20 billion, which can be broken down by technology as follows:

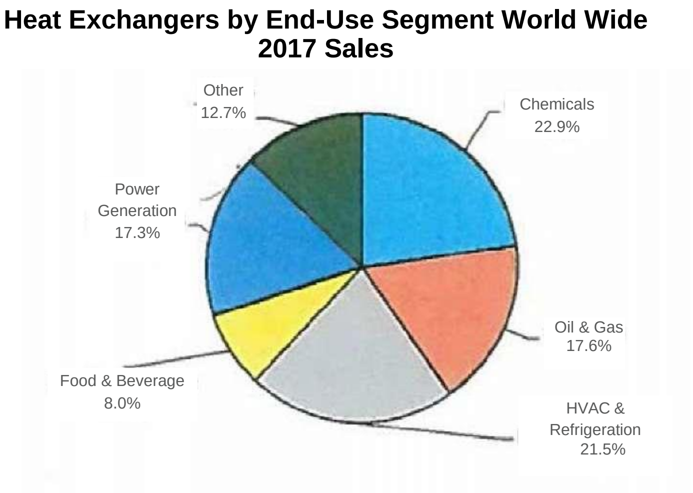
- Welded exchangers: 6.3% ($1.2 billion - Barriquand Echangeurs)
- Shell and tube exchangers: 28.3% ($5.6 billion - ASET)
- Gasketed plate heat exchangers: 15.4% ($3bn - Cipriani)



The main sectors of use are:

- HVAC *(Heating- Ventilation - Air Conditioning)*: 21.5%
- Chemical Industries: 23%
- Oil and Gas Industries: 17.6%
- Energy Industries: 17.3%
- Food & Beverage Industries: 8%.

They can be broken down as follows:



Europe alone accounts for 30% of the world market. The annual growth of the market is estimated at 5%, the growth being index-linked to the increase in energy consumption.

[15] *Source: Heat exchangers: Global Strategic Business Report, October 2017, Global Industry Analyst Inc.*

3.1.6.1.2.4. Description of the MMD Division's main activities and categories of products and services:

A. BATT, BARRIQUAND ECHANGEURS and ASET

a) Overview of the structure and operations

Established in 1936 by two boilermakers, Jean and Robert Barriquand, BARRIQUAND ECHANGEURS started out in the production of glue spreading and dying machines for the textile industry.

In the 1970s, it refocused its activities on exchangers and autoclaves. An exchanger is a system designed to transfer (or "exchange" energy from a fluid A to a fluid B without them mixing together. The BARRIQUAND group is made up of three distinct legal entities, but is led by a single management team with shared support services:

- **Barriquand Technologies Thermiques** (created in 2005 following the merger of ASET and Barriquand Echangeur's sales departments) is a thermal and commercial engineering company providing the interface between customers and production plants. Its two main activities are as follows**:**
    - o Consulting services to help establish the most relevant heat exchange technology for a given customer.
    - o Thermal design and sizing of heat exchangers, price estimates and commercial negotiation.

- **ASET** (*Appareils Spéciaux et Echangeurs de Température* - Special Appliances and Heat Exchangers, located in Saint-Priest), has a production activity in its plant dedicated to the design and manufacture of tubular exchangers.

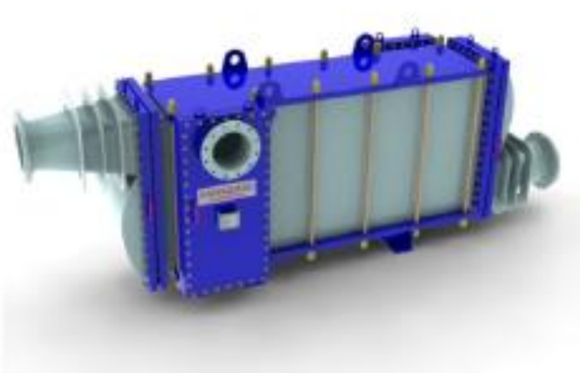
- **Barriquand Echangeurs**, has a production activity in its plant dedicated to the design and manufacture of welded plate heat exchangers, located in Roanne.

The heirs of the BARRIQUAND group's founders hold a 0.49% stake in ASET, 2.08% in Financière Barriquand and 0.13% in Barriquand SAS.

b) The economic environment

Long protected by its patents, BARRIQUAND ECHANGEURS has built its reputation on the quality of its plate heat exchangers, providing compact machines and a maximum transfer coefficient.

The 2017 budget was established on the basis of order intake comparable to 2016.



c) The competitive environment

The competitive environment on the heat exchanger market is made up of international groups such as Alpha Laval, GEA, Hamon, Sondex, SWEP, SPX and French SMEs including Ziemex, ACM, KAPP, ASTRA, Delaunay and Vitherm.

d) Main markets and competitive position

Agro industry:

For Barriquand Echangeurs, this market includes sugar refineries, ethanol and bio-industries, as well as the assemblers specialised in these fields.

HVAC (Climate control):

This market includes heat exchangers for heating networks, those for heating and air conditioning, and glycol-water networks. The market uses all types of technology, but is moving towards the increased use of gasketed plate heat exchangers due to switching to low-pressure networks. For the Platulaire® and Secespol exchangers, installed on high-pressure networks, 2014 saw the start of the planned substitution.

A Maintenance business was launched in 2012 (dismantling/refitting of spare bundles with the help of local partners), which helped to generate additional sales just by selling spare parts.

Assemblers-Builders:

This market includes EDF, GDF and companies in the nuclear industry, as well as general engineering firms, compressor suppliers and machine builders, including cogeneration systems, incineration plants, gas and air production and shipyards. Due to the high operating pressures, shell and tube heat exchangers represent the bulk of this market's orders.

Fine chemicals / Pharmacy / Petrochemistry:

This market includes petrochemicals, basic chemicals and fine chemicals, pharmaceuticals, and niche products such as cosmetics, fragrances and perfumes. This market is currently migrating more and more out of Europe. Tecalsa shell and tube heat exchangers are continuing their development in the fine chemicals and pharmaceutical sectors.

Heavy industry:

The company operates on the major equipment renewals market.

Miscellaneous Industries / Environment

By default, this market includes the industries not previously mentioned, as well as smaller contractors, multi-sector traders and activities related to the environment.

This diffuse market, made up of a multitude of small business in a wide variety of fields, concerns all product lines. An attractive prospect is emerging for Tecalsa shell and tube exchangers in the treatment of sewage sludge.

Intergroup:

This market mainly concerns sales of pins to Steriflow.

B. CIPRIANI PHE

Founded in 1987 by Luca Cipriani in Pescantina, near Verona, Italy, CIPRIANI PHE specialises in the manufacture and sale of gasketed plate heat exchangers.

The company was bought in 2005 by the French company CIAT, which in turn was bought out by CARRIER, a subsidiary of the American group United Technologies. Groupe SFPI acquired CIPRIANI on 29 June 2018.

Gasketed plate heat exchangers are mainly designed for the HVAC (Heating, Ventilation and Air Conditioning) market.

The company achieved sales of €9.6 million in 2017, an EBITDA of €1.7 million and employs 40 people.

Its primary client is still the CARRIER group, which accounts for 25% of sales.

C. STERIFLOW

a) Overview of the structure and operations

Steriflow is a company entirely dedicated to the design and manufacture of autoclaves, thick-walled and hermetically sealed vessels used to conduct industrial reactions, cooking processes and steam sterilisation at elevated pressure. Steriflow autoclaves can be adapted to small and medium production units, as well as to large workshops. The agri-food market accounts for 85% of sales. Autoclaves can be designed to meet very specific requirements, like those of pharmacy for example.

In 1974, a team of three engineers patented the Steriflow® concept. This includes the runoff process (or superheated water system), a PLATULAIRE® heat exchanger from Barriquand Echangeurs and the manufacturing of stainless steel tanks. A manufacturing workshop was set up at Barriquand in Roanne, in the Loire department. Barriquand had been manufacturing autoclaves for the textile industry since 1936, and this patent was a chance for the company to have a new start in the food industry. In 1980, the first autoclave was produced. Barriquand Steriflow became one of the only manufacturers of both continuous and discontinuous systems. The Barriquand group was bought in 1992 by the Group.

The current team is made up of seven multilingual sales engineers in charge of sales, a design office of 15 people for the design and development of products, and qualified welders in the manufacturing workshop, using modern plasma welding techniques for the manufacture of quality boilermaker systems, and experienced fitters in the assembly workshop.

b) The economic environment

Since the 2009/2010 recession, Steriflow has benefited from a certain degree of recovery in the agri-food and pharmaceutical market. However, this still seems relatively fragile and depends on global macroeconomic developments. Some areas today are nevertheless more active in Western Europe, Korea, Mexico, Morocco. Historically, a balance is found year after year between the more dynamic areas and those that are less successful. Over the past three years, the market for batch production equipment is nevertheless buoyant, while that of sterilisation equipment continues to decline, and that of aseptic processing lines (mainly liquid or semi-liquid products) is growing.

c) The competitive environment

Steriflow operates in France and for export, so it faces local competitors and exporters throughout the world when it comes to discontinuous production equipment. The company has European competitors, mainly in France, Spain and Italy; US competitors, and competitors in China, India, Russia, Thailand and Taiwan. All offer equipment similar to Steriflow's. Its competitive environment is made up of medium-sized companies with revenues between €5 and €15 million. Some competitors belong to specialist agri-food equipment groups such as JBT Foodtech, Allpax and Hermasa.

3.1.6.2. **<u>Building" business line'</u>**

The Group's "Building" business line includes the following two divisions:

- DOM SECURITY (formerly SECURIDEV) specialised in locking systems,
- MAC, specialised in window equipment and industrial doors.

Like for the groups 'Industry' business line, the products and markets are very different for each division of the 'Building' branch, and will be described separately in the paragraphs below.

It is important to note that the ERYMA division of this business line was sold on 25 September 2017, for a value of €15 million to the SOGETREL group, as announced by the press release dated the same day and entitled "*Groupe SFPI: final sale of the ERYMA division to SOGETREL"*.

3.1.6.2.1. ***PRESENTATION OF THE DOM SECURITY DIVISION ('BUILDING' BUSINESS LINE)***

The DOM Security division is described in detail in section 5.3 of this Document E.

3.1.6.2.2. ***PRESENTATION OF THE MAC DIVISION ('BUILDING' BUSINESS LINE)***

The MAC division is dedicated to window equipment and doors for housing, shops and small industries, including shutters, garage doors, blinds, joinery, and more.

Since the acquisition of France Fermetures in 1992, Groupe SFPI has regularly acquired companies in this sector of activity.

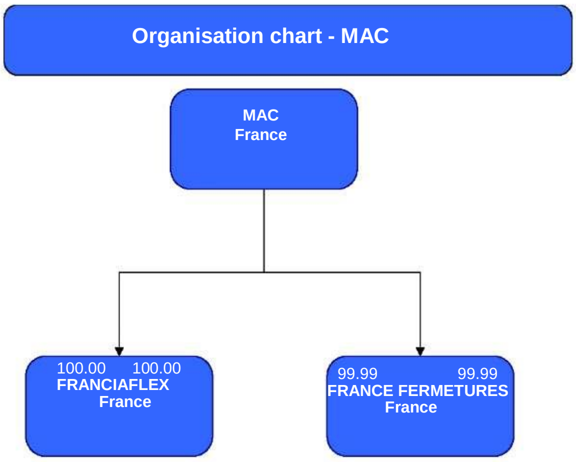
Today, this division is organised around the following companies:

- FRANCE FERMETURES manufactures and markets mainly door and window products such as roller, folding and louvered shutters, blinds and sectional garage doors, as well as grilles and metal curtains for commercial and industrial sites;
- FABER designs and manufactures interior blinds;
- SIPA designs and manufactures PVC and aluminium joinery and roller shutters;
- SIPOSE in close connection with SIPA; SIPOSE is dedicated to handling large installation sites.
- FRANCIAFLEX is a window equipment specialist offering five product families: PVC windows and doors, aluminium joinery, roller shutters, awnings and blinds.

Of the 16 companies in the division, all but four are located in France.

All companies have an industrial or commercial activity except for the holding company.

The division's simplified organisation chart is as follows:



3.1.6.2.2.1. Financial data for the MAC division:

The MAC division has consolidated sales of around €189 million. This is an internal consolidation, with no consolidation at the level of the company MAC.

On 30 June 2018, the MAC division had achieved consolidated sales of approximately €102 million.

By geographic area, MAC's sales can be broken down as follows:

	2015		2016		2017	
	France	**Abroad**	**France**	**Abroad**	**France**	**Abroad**
MAC Division	176,025	7,494	176,377	8,001	181,340	7,911
	183,520		**184,379**		**189,256**	

The sales of the main entities break down as follows:

	Sales (€K)		Sales revenues (€K)	
	2016	**2017**	**2016**	**2017**
Francia flex	94,327	98,751	88,985	93,132
France Fermetures	64,811	64,932	62,764	62,864

The current operating income of the division's main entities breaks down as follows:

Entity	**Current trading profit (in €k)**	
	2016	**2017**
Francia flex	1,854	3,504
France Fermetures	2,933	3,096

3.1.6.2.2.2. Workforce of the MAC division:

The MAC division's workforce at the end of the last two financial years breaks down as follows:

	Division workforce	
	2016	**2017**
MAC Division	1,255 people	1,202 people

The workforce of the division's main entities at the end of the last two financial years breaks down as follows:

	Workforce on 31/12/2016	Workforce on 31/12/2017
Francia flex	678	625
France Fermetures	368	368

On 30 June 2018, the MAC division employed 1,199 people.

3.1.6.2.2.3. MAC Division Market Data[16]:

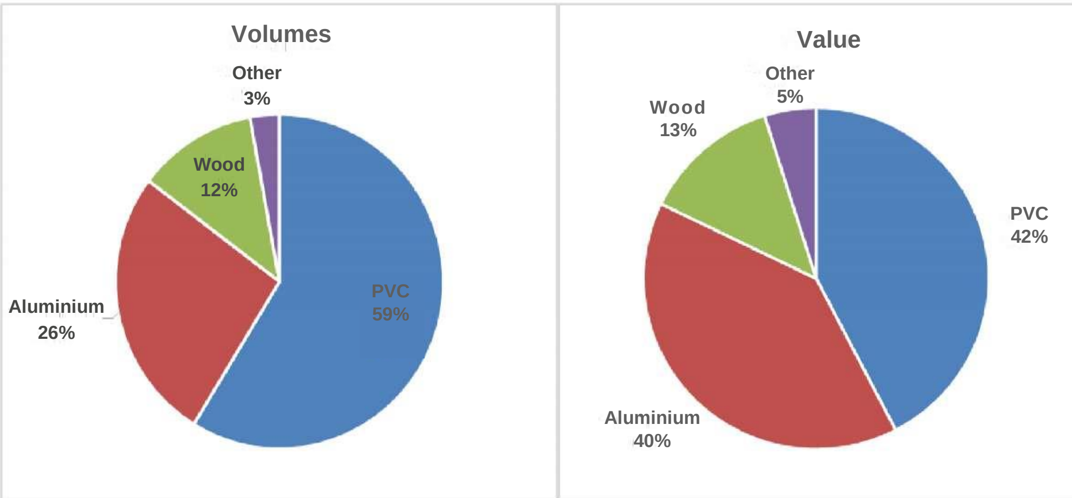
The MAC division's income is in direct correlation with the activity of the building sector and more particularly to that of renovation. After years of structural decline, the building market has picked up again as part of an overall improvement in the business climate, thanks in particular to continued low interest rates and tax incentives on energy savings.

The MAC division generates more than 90% of its sales in France. Its main markets are:

a) Windows

In 2017, the French window market was estimated at 9.9 million units, an increase of 3% compared to 2016, for a total value of 46 billion euros. PVC accounts for around 60% of volumes compared with 26% for aluminium.

French window market - 2017



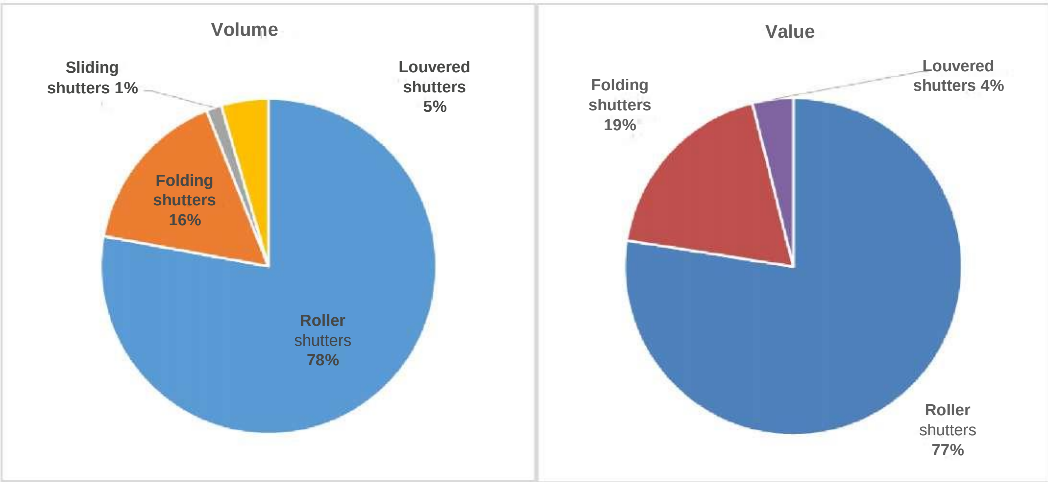
78% of volumes are supplied for individual homes, mainly for renovation.

[16] *MSI Market Study*

b) Shutters

In 2017, the French shutter market was estimated at 5.4 million units, an increase of 3% compared to 2016, for a total value of 1.2 billion euros. Roller shutters represent 78% of volumes.

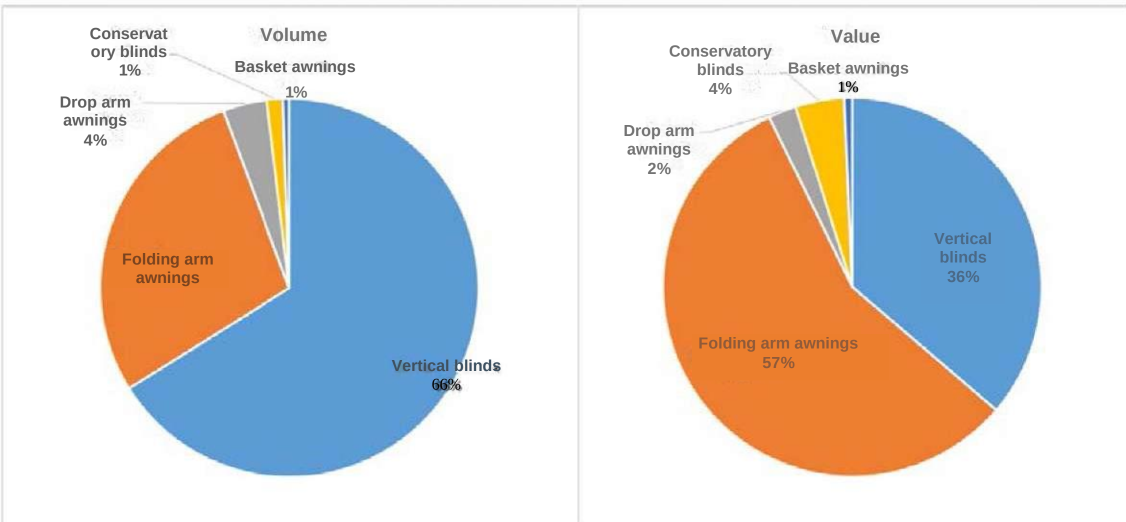
Shutter market in France - 2017



c) Awnings

In 2016, the French awnings market was estimated at 580,000 units, stable compared to 2015, for a total value of 300 million euros.

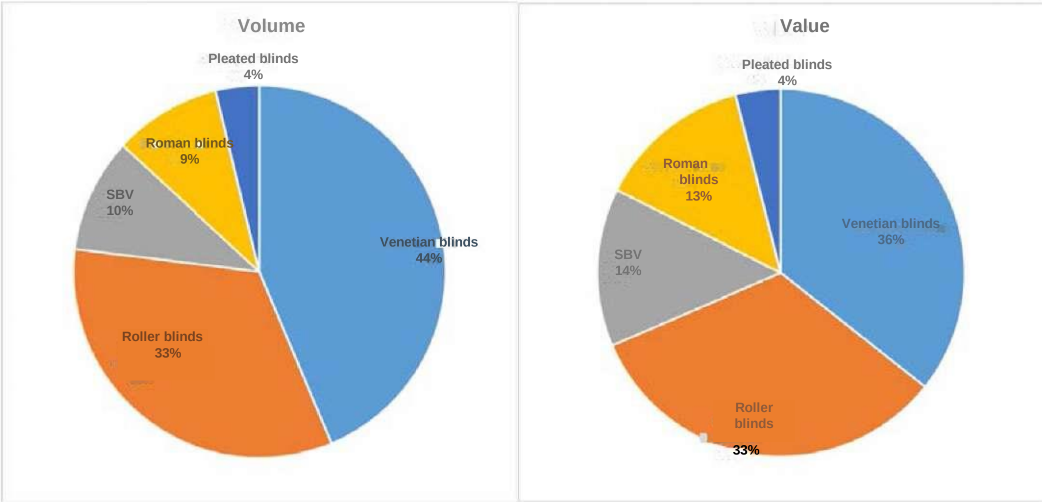
Outdoor awning market in France - 2016



d) Bespoke interior blinds

In 2016, the French market for bespoke interior blinds was estimated at 1.1 million units, down 1.4% from 2015, for a total value of €110 million.

Bespoke interior blind market in France - 2016



There is also a standard indoor blinds market of more than 4 million units but they are sold by large retailers and the MAC division is not exposed.

3.1.6.2.2.4. Description of the MAC Division's main activities and categories of products and services:

A. FRANCIAFLEX

a) Overview of the structure and operations

FRANCIAFLEX works in the renovation of individual housing. Historically, the company specialised in multiple activities, and offered a wide range of products in the targeted business sector, that of "*window comfort and energy performance* ".

The company manufactures and sells PVC and aluminium doors and windows, as well as shutters, awnings and interior blinds. FRANCIAFLEX therefore offers comprehensive solutions for optimising insulation, sun protection and comfort.

FRANCIAFLEX is made up of five subsidiaries and distributes three different brands.

The five subsidiaries of FRANCIAFLEX:

- BAIE OUEST: consists of three independent stores selling mainly FRANCIAFLEX products to individuals.
- BOFLEX: subsidiary located in Belgium specialising in indoor and outdoor blinds. This subsidiary has a small workshop of its own but naturally it mainly sells FRANCIAFLEX products. This subsidiary is independently managed.
- SMVO: an aluminium foundry whose work splits into 65% for FRANCIAFLEX and at 35% for external customers.
- STORISTES DE FRANCE: this subsidiary is a network of 75 independent members operating throughout France and sourcing products mainly from FRANCIAFLEX before selling them, predominantly to individuals.
- OPEN B: this subsidiary is also a network of five members, sourcing products from FRANCIAFLEX and selling them to private individuals. It is an alternative to STORISTES DE FRANCE when the geographical area is already allocated.

Following the purchase of a joinery workshop in 2012, Franciaflex also sells PVC doors and windows under the NOEL brand and PVC and aluminium joinery under the CREAL brand.

b) The competitive environment

Given its position as a multi-specialist supplier of window and energy performance products, Franciaflex faces competition from specialist industrial companies in each of its business segments across one or more of its product ranges.

<u>PVC and aluminium joinery:</u>
Since the slowdown between 2009 and 2012, the renovation market has slowly begun to recover.
The share of imports from Poland, Italy, Spain and Portugal has risen sharply and now accounts for 8 to 10% of the market.
Many innovations have emerged, enhancing and differentiating solutions, with smart products in particular.
Competing companies:

- PVC windows and doors: Tryba, the Lorillard group, FPEE, Oknoplast and Fenstar (Polish companies).
- Aluminium joinery: the Liebot group (Kline brand).

<u>Awnings:</u>
Franciaflex is one of France's leading players in the awning market for medium- and high-end folding arm and drop arm awnings, and presents itself as an "outsider" on the angled solar shading market.
Franciaflex faces a triple competition on this type of product:

- Direct competition from European manufacturers who are positioning themselves on the bespoke market based on a strong presence in specialist sales networks: Brustor, Matest, TIR, Soliso, etc.
- Competition in the building trades with dedicated products: Griesser, Shenker, etc.
- Indirect competition on medium/low-end import products sold in major DIY stores: Mitjavila.

<u>Interior Blinds:</u>
Franciaflex has positioned itself one of France's leading players in the bespoke interior blind market. In recent years, the French market has been moving towards more upmarket and more interior design-focused products, promoting products such as roller blinds. Franciaflex faces increased competition in this market, which has got smaller over the past five years.
Main competitors: Bandalux, Filtersun, Luxaflex, Faber and Mariton.

<u>Roller shutters:</u>
Franciaflex is positioned as one of France's leading players in the market with a range of products for the new build and renovations market. To make its mark on this mature market, Franciaflex has developed a specific home automation range to help it stand out.
Main competitors: Lakal, Bubendorff, Soprofen.

B. France FERMETURES

a) Overview of the structure and operations

France Fermetures manufactures and sells bespoke door and window solutions for the housing sector as well as for shops/industry.

Production is organised around five specialist production sites.

- Vierzon manufactures shutters and louvered shutters;
- Massay manufactures sectional garage doors;
- Boussac manufactures PVC and aluminium roller shutters, PVC folding shutters and a range of metal curtains and grilles for shops and industry;
- Capdenac manufactures wooden roller shutters, wooden and aluminium folding shutters ;
- Aix en Provence manufactures roller shutters.

The group's products are centralised on a logistics platform based on the Boussac site and are delivered by the company's internal transportation.

Its customers are mainly freelance builders who are either self-employed or organised into networks led by a sales force and a sales administration of 65 people.

b) The competitive environment

Given its position as a multi-specialist supplier of door and window solutions, France Fermetures faces competition from various other specialists:

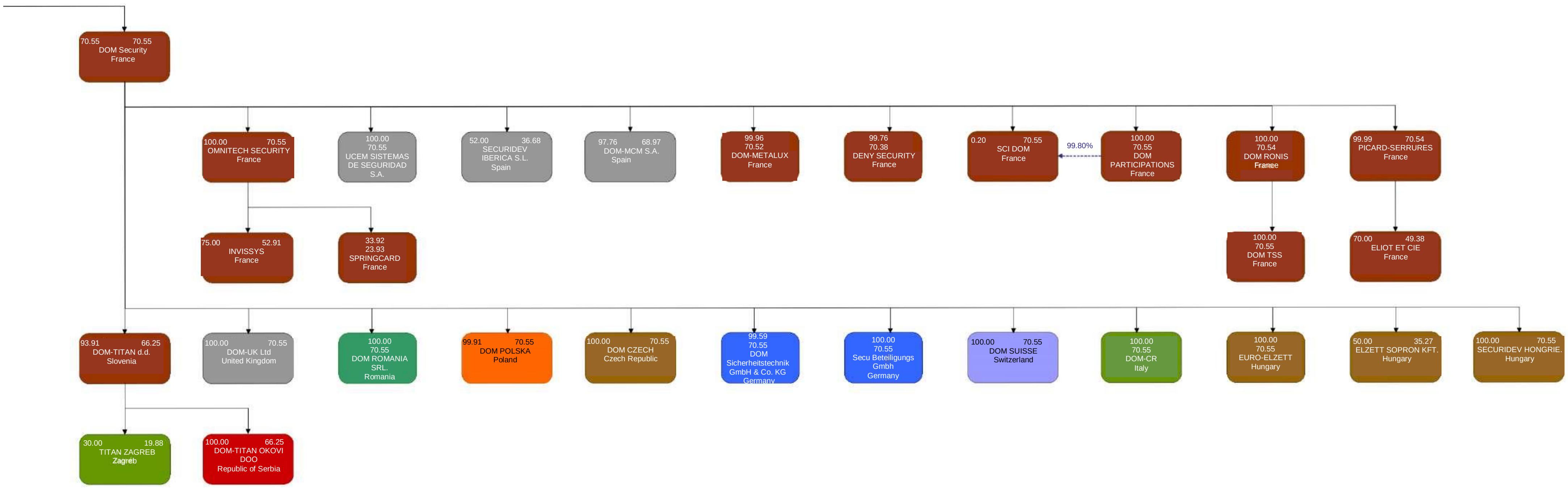
- Roller shutter: Lakal, Bubendorff, Soprofen and Evno
- Garage doors: Hormann, Novoferm
- Louvered shutters: Correze Fermetures
- Folding shutters: Thiébaud and Sothoferm

3.1.7. **Legal organisation chart**

3.1.7.1. <u>Group description</u>

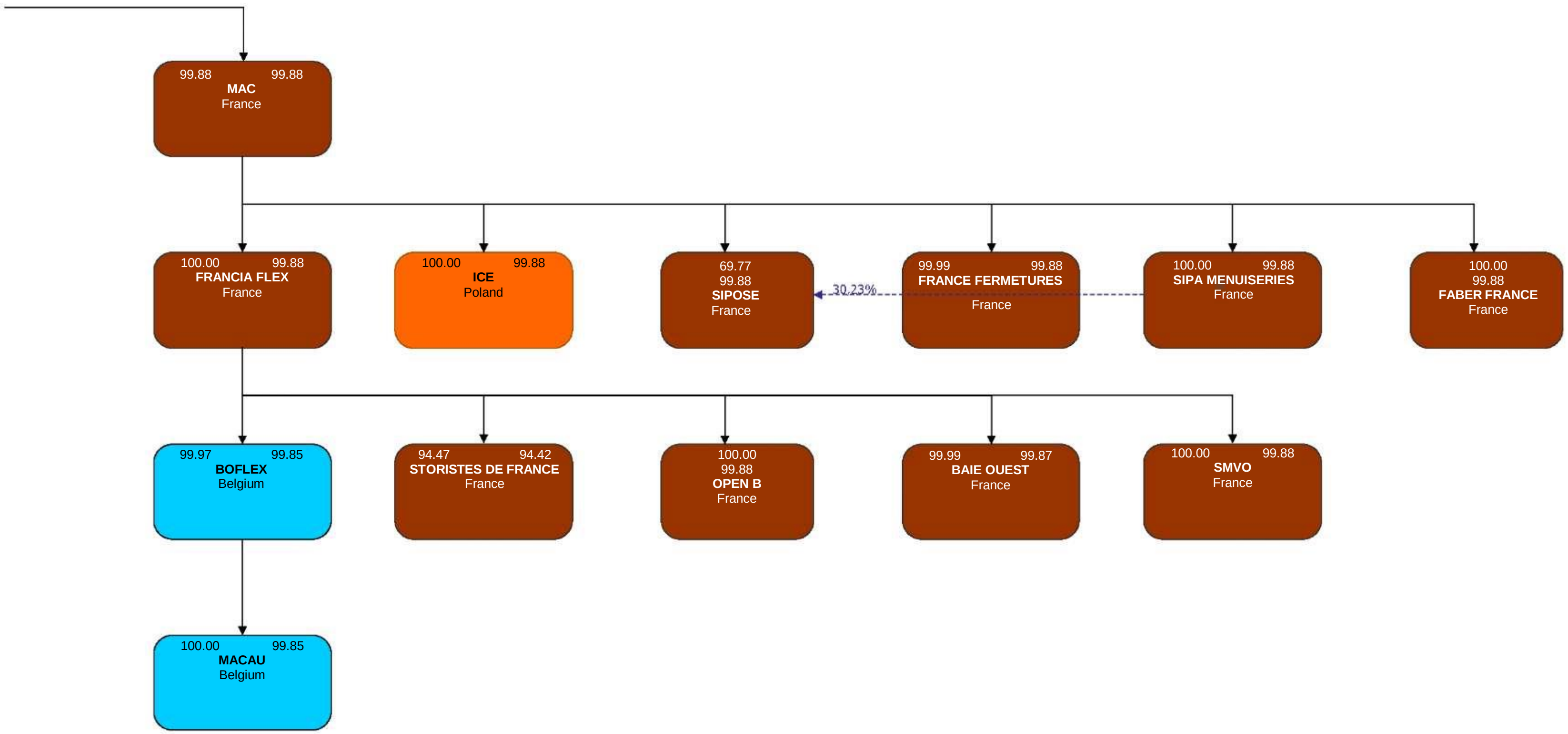
At the date of this Document E, the simplified legal organisation chart of the Consolidated SFPI Group is as follows[17] (please note that the percentages given correspond to the percentage of capital ownership and voting rights):

DOM Security Division:

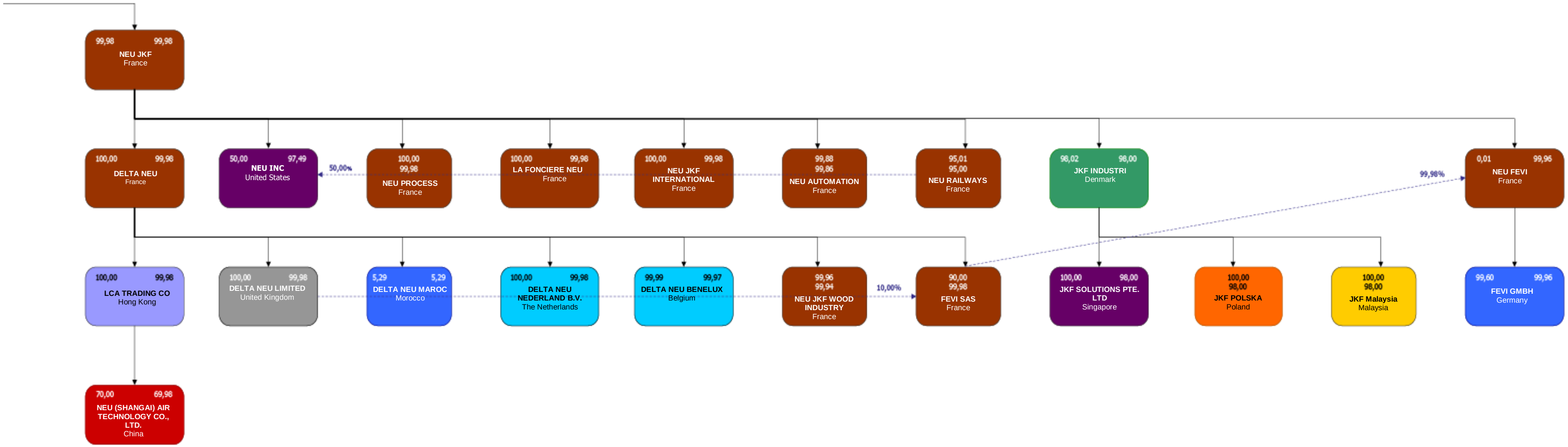


[17] *With the exception of (i) the company Antipanic, acquired in September 2018 by DOM-CR, the Italian subsidiary of DOM Security and (ii) the company NEU JKF Indonesia created in 2018 under NEU JKF.*

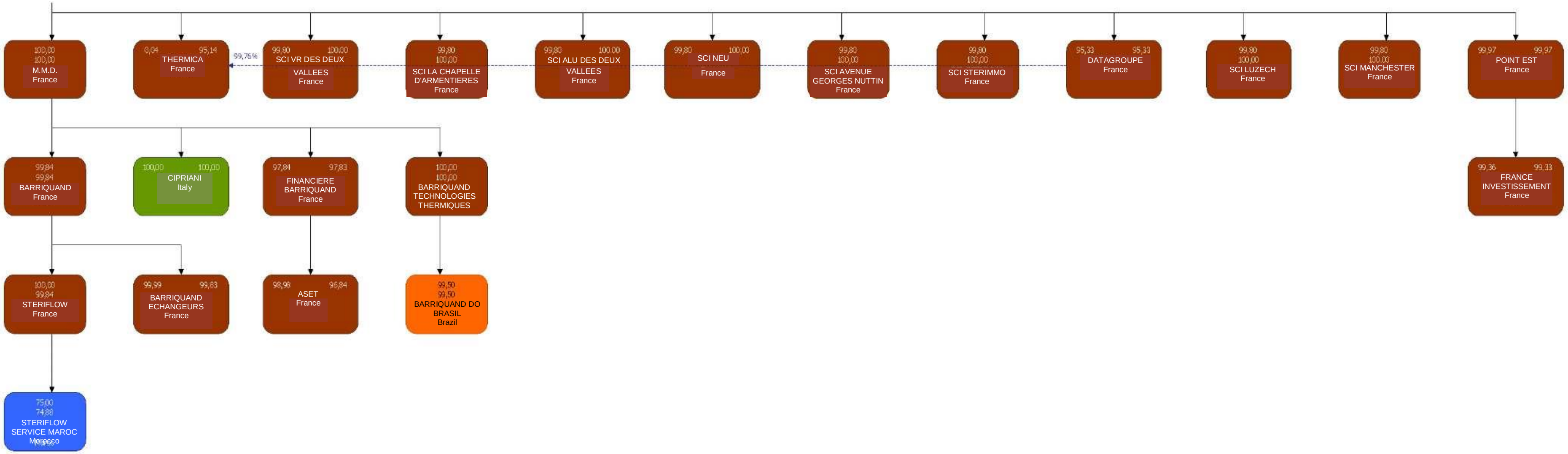
MAC Division:



NEU JKF Division:



MMD Division:



3.1.7.2. <u>List of Group subsidiaries</u>

The list of subsidiaries is included in the annual financial report for the year ended 31 December 2017, which is incorporated by reference into this Document E and available on the Groupe SFPI website, together with the Italian companies CIPRIANI Phe (see section 3.1.6.1.2 of this Document E) and ANTIPANIC (see section 5.5 of this Document E) and the French company ELIOT et Cie (see section 5.5 of this Document E) and the company NEU JKF Indonesia.

Companies in the ERYMA division, owned by Eryma Holding (Eryma SAS, Anjou Sécurité, CDTM, ETLS and Alinea) are no longer part of the Group, nor is the Polish company SPOMASZ WRONKI.

3.1.8. **Real estate, factories and equipment**

3.1.8.1. Tangible assets

The companies in the NEU JKF, MMD, DOM SECURITY and MAC divisions generally own their means of production. Lots of equipment is required in these divisions, as well as regular investments, but none of these have a significant impact on the Group as a whole.

At 31 December 2017, the balance sheet values of the Group's technical facilities, industrial equipment, tools and other equipment were valued at approximately €17.0 million net for €203.7 million gross.

In terms of real estate, and subject to certain exceptions, the Group's policy is to own its production plants, rather than rent them.

Groupe SFPI is a tenant of its head office in Paris under a lease agreement signed with SCI BGM, of which Henri Morel is manager.

At 31 December 2017, the Group's balance sheet items for land and buildings amounted to €46.6 million net for €123.2 million gross value.

3.1.8.2. Environmental issues

3.1.8.2.1. *Environmental policy*

The Group is committed to respecting the environment and its proactive approach to environmental protection is part of a transparent sustainable development policy.

Given the nature of its activities, the Group's exposure to environmental risk is minor and it has not yet encountered any specific pollution-related incident in France or abroad.

Based on the quantities processed or consumed, the products used, and the activities carried out, the Group's French sites are required - under the regulation on Facilities Classified for Environmental Protection (ICPE) - to obtain either a declaration and/or authorisation from the French Regional Department for the Environment, Planning and Housing (DREAL).

Nevertheless, each company in the Group has ramped up its risk prevention actions to limit the consequences of a possible accident (double checks, periodic inspection of facilities). Companies abroad are sometimes qualified under their national standards.

Employees have also received environmental awareness training as part of the implementation of ISO 14001 for the companies concerned, and in 2017, training courses devoted entirely to the environment represented 1.3% of the budget spent and 0.5% of training hours provided.

3.1.8.2.2. *Pollution*

Some production sites have set up an industrial dust collection system in their workshops, based on the tools and machinery used. On some sites, the tanks containing chemicals have a holding tank system to prevent accidental spills or cope with a rise in water level, for example.

Half of all companies in the Group have specific obligations for environmental protection and the majority of them have also set up operational procedures to be used in case of emergency.

Finally, on a more general note, the ISO 14001 certification and DREAL inspections have led to major improvements in waste management and the implementation of pollution prevention measures.

The activities of these Group companies does not generate any particular noise or light pollution, and where necessary, employees are equipped with hearing protection. Some sites have been tested for external noise pollution, but no particular issues were identified.

3.1.8.2.3. *Waste management*

At the various stages of production, most of the Group's companies are taking steps to reduce their waste. Seventeen of the Group's companies say that go to special lengths to reduce their environmental impact right from the product design stage (eco-design) as well as during material selection (DOM KG, DOM-METALUX), in the limitation of their energy consumption (DELTA NEU, DOM-TITAN) and in the use of recycled materials for the manufacture or product packaging (FRANCIAFLEX, EURO-ELZETT, PICARD-LOCKS). A special effort is also being made by 28 Group companies to use recycled materials.

At the final stage, most waste is sorted and recycled. Our waste acid, aluminium and brass are all recycled. Some subsidiaries also recycle other waste.

The waste is recycled either by returning it to the supplier, or by sending it to specialist channels. All Group companies gave a report of their 2017 waste volume and all sort their waste:

	2017
Hazardous waste	611,832 Kg
Ordinary industrial waste	4,823,951 Kg
Paper	*95,583 Kg*
Cardboard	*316,458 Kg*
Wood	*457,062 Kg*
Plastics	*281,211 Kg*
Scrap metal	*3,974,538 Kg*
Other	*1,384,689 Kg*

3.1.9. **Review of financial position and results**

3.1.9.1. Financial position

The consolidated financial position of Groupe SFPI was presented in its annual financial report for the year ended 31 December 2017 and the 2018 half-year financial report, which are incorporated by reference into this Document E and available on the Groupe SFPI website.

3.1.9.2. Operating profit

The consolidated earnings of Groupe SFPI were presented in its annual financial report for the year ended 31 December 2017 and the 2018 half-year financial report, which are incorporated by reference into this Document E and available on the Groupe SFPI website.

3.1.9.3. Specific factors affecting Groupe SFPI's results

The specific factors affecting the results of the Consolidated SFPI Group and Groupe SFPI were presented in the annual financial report for the year ended 31 December 2017, which is incorporated by reference into this Document E and available on the Groupe SFPI website.

3.1.10. **Cash and capital**

The consolidated cash flow and borrowings of Groupe SFPI were presented in its annual financial report for the year ended 31 December 2017 and in the 2018 half-year financial report, which are incorporated by reference into this Document E and available on the Groupe SFPI website.

3.1.10.1. Loans and financial debts

Since the period ending 31/12/2017, Groupe SFPI subsidiaries have taken out bank loans totalling €30.4 million in order to finance:

- the acquisition of ELIOT et Cie and CIPRIANI (see section 3.1.6.1.2.3 and 5.5 of this Document E); and
- the repurchase of the 240,000 DOM Security shares carried out as part of the takeover bid (see section 2.1.2 of this Document E).

These loans have a fixed rate of less than 1% and will be repaid over 7 years.

The items related to borrowings and financial debts are detailed in Note 10 of the notes to the consolidated financial statements for the year ended 31 December 2017, and in Note 6 of the notes to the half-year consolidated financial statements on 30 June 2018.

In addition, in order to finance the acquisition of ANTIPANIC, the Group received a bank commitment guaranteeing the provision of a loan for an amount of €5.2 million. At the date of preparing this document, this loan has not been taken out by the Group.

3.1.10.2. Cash and cash equivalent

The items related to cash and cash equivalents are detailed in Note 6.4 of the notes to the consolidated financial statements for the year ended 31 December 2017, and in Note 3 of the notes to the half-year consolidated financial statements on 30 June 2018.

3.1.10.3. Shareholders' equity and minority interests

The items related to equity and minority interests are detailed in Note 7 of the notes to the consolidated financial statements for the year ended 31 December 2017, and in Note 4 of the notes to the half-year consolidated financial statements on 30 June 2018.

3.1.10.4. Cash flow from operations

Following the disposal of the ERYMA division in September 2017, the Group's consolidated cash flow was split into the recurrent cash flow from the retained scope, and that of the "discontinued" scope.

In accordance with IFRS 5, the 2016 cash flow was adjusted to be comparable to that of 2017.

Net cash flow from net operating activities therefore amounted to:

	June 2018	**2017**	**2016**
Income from continuing operations	14,888	33,526	30,454
Capital gain on sale	<4,488>		<58>
Amortisation and change in provision	9,379	10,555	9,331
Change in WCR of continuing operations	<8,882>	<8,227>	<6,988>
Income tax from continuing operations	<4,093>	<8,781>	<7,768>
Cash flow from continuing operating activities	**6,804**	**27,073**	**24,971**
Cash flow from continuing operating activities	-	12,505	<1624>

The €12,505,000 cash flow from discontinued operating activities in 2017 includes a €8,644,000 current account repayment that ERYMA owed to Groupe SFPI. Economically speaking, this cash can be considered as a result of the disposal.

Net cash flow from investing and disposing activities is as follows:

	June 2018	2017	2016
Sale of fixed assets	7,211	5,611	772
Acquisition of consolidated securities net of cash contributed	<9,733>	<26,412>	<578>
Acquisition of fixed assets net of the change in debt on fixed assets	<7,130>	<14365>	<15,881>
Cash flow from investing activities on discontinued operations	-	<336>	<263>
Cash flow from investment activities	**<9,652>**	**<35,502>**	**<15,950>**

The "Sale of fixed assets" entry for 2017 corresponds to the sale price of ERYMA shares net of fees and taxes. As mentioned above, the buyer also repaid €8,644,000 owed in the current account.

The "Acquisition of consolidated securities" entry for 2017 corresponds primarily to the purchase price of the JKF Group net of cash received.

At 30 June 2018, the "Sale of fixed assets" entry mainly corresponds to the sale of Spomasz shares, net of fees.

At 30 June 2018, the "Acquisition of consolidated securities" entry corresponds mainly to the purchase price of the companies CIPRIANI and ELIOT ET CIE, net of cash received.

Net cash flow from financing activities is broken down into:

	June 2018	2017	2016
Increase in loans and leases	30,447	30,013	10,376
Refund in loans and leases	<7,091>	<10,159>	<9,290>
Purchase of treasury stock	-	<4,255>	-
Dividends paid to third parties	<6,648>	<5,905>	<3,842>
Cash flow from financing activities	**16,708**	**9,694**	**<2,756>**

In 2017, a €25 million loan was taken out to finance the acquisition of the JKF group. The other loans taken out amounted to €2,050,000 to finance new constructions and €2,963,000 for the purchase of new production machines.

In 2018, a loan of €18.3 million was taken out by DOM Security to finance the takeover bid, which took place from 13 to 26 July 2018, which on 2 August 2018 resulted in the disbursement of €18 million corresponding to the acquisition of 240,000 shares at €75 each.

Two loans, for a total amount of €8.9 million, were take out to finance the acquisition of CIPRIANI and ELIOT ET CIE. Other loans were used to finance construction and production machinery, for €3.2 million.

3.1.10.5. <u>Misc.</u>

The Group's current cash position (€119 million in cash and investments) means it has a limited need for bank overdrafts and no need to resort to other solutions such as factoring, bond or government financing, and so on.

3.1.11. **Research and Development, patents and licences**

3.1.11.1 Research and development

The companies in the NEU JKF division have a longstanding R&D policy that forms an integral part of the division's strategy, as described above (section 3.1.6.1.1 of this Document E).

Regarding the companies in the MMD division:

- BARRIQUAND ECHANGEURS: the Platulaire® design is constantly being optimised and adapted to the needs and constraints of customer applications (resistance to erosion, fouling, compromise between thermal efficiency and pressure loss). New processes are developed in partnership with large customer accounts such as RIO TINTO in aluminium, TEREOS in bioethanol and sugar, SOLVAY in chemicals and Chopower in waste incineration and biomass with cogeneration. Barriquand Echangeurs relies heavily on its development and thermal engineers to develop its thermal expertise and proprietary software, in addition to external organisations: CETIM, IS, CSIRO, GreTh.
- STERIFLOW: Steriflow works on several projects each year, of varying levels of importance, focusing on the equipment range and coordination/scada.

In the MAC division, FRANCIAFLEX has an R&D centre made up of about 15 people. Franciaflex's annual R&D budget is €1 million. A design office is dedicated to the creation of new products and the improvement of existing ones. The budget of France Fermetures is about €500 K.

3.1.11.2 Patents

None of the Group's divisions are dependent on one specific patent, in that each patents filed is not the source of a large part of the division's revenue and business

- NEU JKF Division:
    - DELTA NEU holds nine patents, expiring between 2018 and 2028. These patents mainly relate to suction, conversion, dust collection and air decontamination systems.
    - NEU PROCESS does not hold any patents.
    - NEU RAILWAYS holds three patents, two of which are related to the sand filling business across the various geographic areas where it operates and one for a tank truck unloading facility (NIP).
- MMD Division:
    - The patents at BARRIQUAND ECHANGEURS are as follows:
        - 1 patent in the public domain: welded plate type X;
        - 2 patents in progress and in use: clamshell mounting for plates on welded plate exchangers, homogenisation plate.
    - STERIFLOW's patents are as follows:
        - A continuous sterilisation system for products in flexible containers, effective until March 2021;
        - A rotary drum system for an autoclave steriliser, effective until June 2015;
        - A system for agitating (shaking) items in pressurised equipment, in particular an autoclave, in effect until October 2030;
        - Instrument processing system (double turbine), being filed
- MAC Division:
    - Franciaflex holds 35 patents, including:
        - Folding arm (1.6)
        - Roller shutter fitting system
        - Roller shutter with connected slats
    - France Fermetures uses the Barbarella and Forfrance patents held by MAC to which a royalty is paid. The company holds patents relating to roller shutters.

3.1.11.3. Trademarks

DELTA NEU has filed and protects nearly 70 licences and trademarks.

NEU PROCESS does not hold any licence agreements or trademarks.

NEU RAILWAYS protects the trademarks NEU and VAKTRAK in the various geographic areas where it operates.

For BARRIQUAND ECHANGEURS the following trademarks have been filed: Platulaire®, Platular®, Shell & Twist®.

For STERIFLOW the following have been filed:

- Robustex, in effect until 2023-2024,
- Steriflow, in effect until 2024-2025,
- Steristeam in effect until 2023-2024

The company FRANCIAFLEX brings together three different brands:

- The FRANCIAFLEX brand, a multi-specialist in "*window comfort and energy performance*" The brand is known historically for its blinds but also for its roller shutters and its PVC windows and doors (Alphacan profile).
- The NOEL brand, specialising in the manufacture and sale of PVC windows and doors (VEKA profile). It does also offer a range of shutters and aluminium joinery. The NOEL company was bought and incorporated as a separate brand in 2012 within the FRANCIAFLEX entity.
- The CREAL brand, specialising in the manufacture and sale of Aluminium windows and doors. It paints profiles from the SAPA company. The CREAL company was bought and incorporated as a separate brand in 2013 within the FRANCIAFLEX entity. It does also offer a range of shutters as well as PVC windows and doors. Finally, TECHSUN is a brand for DIY superstores.

France Fermetures is a registered trademark.

3.1.11.4 Other intellectual property rights

The Group has implemented an active policy of managing its intellectual property rights portfolio, aimed at optimising the protection of the Group's innovations (whether through patents, trademarks, models, copyright, etc.).

3.1.12. **Trend information**

For the 2018 financial year, the Group's target is to achieve a turnover of approximately €550 million.

3.1.13. **Profit forecasts or estimates**

The Company does not intend to make any forecasts or estimates of earnings.

3.1.14. **Administrative and management bodies**

3.1.14.1. Company Administration and Management

3.1.14.1.1. *Composition of the Board of Directors and the General Management team*

At the date of this Document E, the Company's Board of Directors is as follows:

Surname, First Name, Age, Business Address	Mandates and positions held within the Company	Mandate duration and start and end dates
Mr Henri MOREL 61 years old 20 rue de l'Arc de Triomphe - 75017 Paris, France	Chairman of the Board of Directors CEO Director	Duration of mandate: 6 years Date of first appointment to the Board: 31 March 2015 End of mandate: 2021 (general shareholders' meeting approving the financial statements for the year ended 31 December 2020)
Mr Jean-Bertrand PROT 73 years old 20 rue de l'Arc de Triomphe - 75017 Paris, France	Director Chief Operating Officer until 13 March 2018 (resignation) Member of the Audit Committee	Duration of mandate: 6 years Date of first appointment to the Board: 31 March 2015 End of mandate: 2021 (general shareholders' meeting approving the financial statements for the year ended 31 December 2020)
Mrs Sophie MOREL 33 years old 20 rue de l'Arc de Triomphe - 75017 Paris, France	Director Member of the Audit Committee	Duration of mandate: 6 years Date of first appointment to the Board: 31 March 2015 End of mandate: 2021 (general shareholders' meeting approving the financial statements for the year ended 31 December 2020)
Mrs Valentine LAUDE 40 years old 20 rue de l'Arc de Triomphe - 75017 Paris, France	Director Member of the Audit Committee	Duration of mandate: 6 years Date of first appointment to the Board: 31 March 2015 End of mandate: 2021 (general shareholders' meeting approving the financial statements for the year ended 31 December 2020)
CM-CIC Investissement SCR, represented by **Mr Thierry WENDLING** 60 years old 28 Avenue de l'Opera - 75002 Paris	Director Member of the Audit Committee	Duration of mandate: 3 years Renewal date: 14 June 2018 End of mandate: 2021 (general shareholders' meeting approving the financial statements for the year ended 31 December 2020)

Mr Hervé HOUDART 67 years old 20 rue de l'Arc de Triomphe - 75017 Paris, France	Independent Director Chairman of the Audit Committee	Duration of mandate: 6 years Date of first appointment to the Board: 31 March 2015 End of mandate: 2021 (general shareholders' meeting approving the financial statements for the year ended 31 December 2020)
Mrs Marie-Cécile MATAR 59 years old 20 rue de l'Arc de Triomphe - 75017 Paris, France	Independent Director	Duration of mandate: 3 years Date of first appointment to the Board : 14 June 2018 End of mandate: 2021 (general shareholders' meeting approving the financial statements for the year ended 31 December 2020)

They also hold - or used to hold - the following positions outside the Company:

Surname, First Name	Mandates and positions held outside the Company[18]	Other positions held in the past five years but which are no longer held today
Mr Henri MOREL	Director of: - DOM Security SA - NEU SA - NEU Fevi SA - *MAC SAS* - *Soremec SA* - *FEVI FAS* Chief Executive Officer of: - *DOM Security SA* - *NEU SA* - *Soremec SA* CEO of: - *MAC SAS* - *Picard-Serrures SAS* - *DOM-Metalux SAS* - *DOM-Ronis SAS* - *Dény Security SAS* - *Omnitech Security SAS* - *Delta NEU SAS* - *NEU Process SAS* - *La Foncière NEU SAS* - *ARC Management SAS* - *Auberge Hazemann SAS* Manager of: - *MP Associés SARL* - *SCI NEU* - *SCI B.G.M.* - *SCI Avenue Georges Nuttin* - *SCI La Chapelle d'Armentières*	CEO of: - *ERYMA Holding SAS*

[18] *The mandates in italics do not fall under the provisions of Article L. 225-21 of the French Commercial Code relating to the exercise of multiple mandates.*

<table>
<tr><td></td><td>SCI Hotel du Champ du Feu
SCI 1896
SCI DOM</td><td></td></tr>
<tr><td>Mr Jean-Bertrand PROT</td><td>Director of:
DOM Security SA
NEU SA
MAC SAS
As permanent representative of Franciaflex SAS, director of:
Baie Ouest SA
Storistes de France SA
CEO of
France Fermetures SAS
Franciaflex SAS
SIPA Menuiseries SAS
MMD SAS
ASET SAS
Financière Barriquand SAS
Barriquand Echangeurs SAS
Spring Management SAS
LB SAS
Manager of:
SCI Alu des Deux Vallées
SCI Sterimmo
SCI Luzech</td><td>Chief Operating Officer of:
Groupe SFPI SA
CEO of:
ERYMA SAS
MAC Industries SAS
Managing Director of:
ERYMA Holding SAS
Chair of the Supervisory Board of:
MAC SAS</td></tr>
<tr><td>Mrs Sophie MOREL</td><td>Director of:
DOM Security SA
SOREMEC SA
As permanent representative of Groupe SFPI SA, director of:
DataGroupe SA</td><td>None.</td></tr>
<tr><td>Mrs Valentine LAUDE</td><td>Director of:
DOM Security SA</td><td>None.</td></tr>
<tr><td>Mr Hervé HOUDART</td><td>Director of:
DATAGROUPE SA
CEO of:
H2 Consultant SAS</td><td>None.</td></tr>
<tr><td>CM-CIC Investissement SCR
represented by
Mr Thierry WENDLING</td><td>As permanent representative of CM-CIC Investissement SCR:

Chair of the Supervisory Board of:
Dinamic Emballages SAS
SDE Invest SAS
T3L Holding SAS
Member of the Supervisory Board of:
PSF - Pierre Schmidt Finance SAS</td><td>As permanent representative of CM-CIC Investissement SCR:

Director of:
CID SAS
CEO of:
Aramis SAS
D.L. Finances SAS
Chair of the Supervisory Board</td></tr>
</table>

	Chair of the Advisory Committee and Member the Strategic Committee of: - *FCPR Alsace Croissance* Member of the Discussion Forum Committee of: - *Groupe Waterair SAS* Member of the Management Committee of: - *Harmonie SAS* - *L&D SAS* Member of the Shareholders' Committee of: - *Harmonie SAS* CEO of: - *SDE Invest SAS* ***On a personal basis:*** Chair of the Supervisory Board: - *Capital Grand Est SAS* Member of the Board of Directors of: - *CIC Capital (Switzerland)*	of: - *D.L. Finances SAS* Member of the Supervisory Board of: - *FH Finance SAS* ***On a personal basis:*** Chair of the Supervisory Board of: - *CERES SAS* Member of the Supervisory Board of: - *Alsace Capital SAS* Chair of the Strategic Committee of: - *GNT Développement SAS*
Mrs Marie-Cécile MATAR	Managing Director of: - *CEDAR86 Partners SAS*	None.

The Company also includes **a non-voting member** who is convened to the meetings of the Board of Directors. He or she receives all the information sent to the directors, and takes part in the Board's deliberations in an advisory capacity. The **non-voting member** appointed by the Company shareholders is **BNP Paribas Développement, represented by Mr Patrice VANDENBOSSCHE,** for a period of three years expiring in 2021 at the end of the general shareholders' meeting ruling on the financial statements for the year ended 31 December 2020.

On 13 March 2018, following the resignation of Mr Jean-Bertrand Prot from his position as Chief Operating Officer, Groupe SFPI's Board of Directors appointed **Mr Damien CHAUVEINC** to the position of COO.

Surname, First Name, Age, Business Address	**Mandates and positions held within the Company (*and duration*)**	**Mandates and positions held outside the Company**[19]
Mr Damien CHAUVEINC 48 years old 20, rue de l'Arc de Triomphe – 75017 PARIS, France	Chief Operating Officer *Appointed for the same term as the Chairman of the Company's Board of Directors*	Chair of the Board of Directors of: - NEU Fevi SA Director of: - NEU Fevi SA - *MAC SAS* Managing Director of: - *MAC SAS* CEO of: - *NEU JKF International SAS*

[19] *The mandates in italics do not fall under the provisions of Article L. 225-21 of the French Commercial Code relating to the exercise of multiple mandates.*

3.1.14.1.2. *Biographies of corporate officers*

Henri MOREL: After graduating in an MBA from HEC Business School in 1983, he immediately turned his attention to buying out companies in the housing and manufacturing industries. Chairman of the SFPI Board of Directors since 1985, he has also been its Chief Executive Officer since 10 April 2007.

Jean-Bertrand PROT: A graduate of the French naval academy, *Ecole Navale*, and holder of an MBA obtained at HEC Business School in 1975, he has held positions at Groupe SFPI since 1993, when SPRING Management - which he created and managed - became a shareholder in the group. As director of several Group companies, Mr Prot served as COO of SFPI from 17 February 1993 to 13 March 2018, and has since been working as special advisor to the Chairman and Chief Executive Officer for assistance with development in the Group, and has been a director since 9 March 1993.

Sophie MOREL: After graduating from EM Strasbourg Business School, and with a Masters in Business Law from Paris 2 Panthéon-Assas, she began her career in a law firm, before joining SFPI in 2015, where she now works in the Group's Legal Department.

Valentine LAUDE: A graduate of the prestigious ISEP school in Paris, she began her career at the consulting firm PwC, before joining the Coca-Cola group as auditor, after which she held positions in finance and sales. She is now Coca-Cola's 'out-of-home' sales director in Europe.

Hervé HOUDART: He is an entrepreneur at the company H2 Consultants (which has no capital ties with Groupe SFPI) and has been a director in the Group since 2004.

Thierry WENDLING: Having graduated from IEP Strasbourg, he spent 28 years working in private equity at Sade, at Roberstau Investissement, then at CIC (Finances et Stratégies, then head of CIC Investissement Est et Alsace). He has been an Executive Director at CM-CIC Investissement since 2011.

Marie-Cécile MATAR: A graduate of the IEP Paris and of HEC Business School, she began her career at BNP before joining Euromezzanine (EMZ Partners) in 1998 where she was associate director until 2015.

Mr. Damien CHAUVEINC: A graduate of the Ecole des Mines, he began his career as a consultant at KPMG and A.T. Kearney before joining Imerys where he was BU general manager, after which he worked at Trescal as managing director of the UK area. He joined Groupe SFPI in 2016 with the main aim of developing the NEU and MAC divisions, and became Chief Operating Officer in March 2018 following the resignation of Jean-Bertrand Prot.

3.1.14.1.3. *Statements relating to the members of management and the directors*

To the best of the Company's knowledge:

- there is no family relationship between the directors and corporate officers of the Company, with the exception of the family ties between (i) Henri Morel and his daughter Sophie Morel, and (ii) Jean-Bertrand Prot and his daughter Valentine Laude (née Prot);
- none of the directors or corporate officers have been convicted of fraud during the last five years or associated with any bankruptcy, receivership or judicial liquidation during the same period;
- none of the directors or corporate officers have been incriminated or officially sanctioned by statutory or regulatory authorities (including designated professional bodies) in the past five years; and
- none of the directors or corporate officers have been disqualified by a court of law from acting as a member of the administrative, management or supervisory body of any company, or from being involved in the business management or performance of any company in the past five years.

3.1.14.2. Conflicts of interest at the level of the Company's administrative or management bodies

To the best of the Company's knowledge:

- there are no existing or potential conflicts of interest between the duties of the members of the administrative and managements bodies (as referred to in section 3.1.14.1 above) with respect to the Company, and their private interests and/or other duties; and

- none of the members of the Company's administrative and management bodies (as referred to in section 3.1.14.1 above) have agreed to any restrictions on the sale of their stake in the Company's share capital.

3.1.15. **Board members and directors' remuneration and benefits**

3.1.15.1. Remuneration of directors and board members

The compensation received by the Company's directors and corporate officers is given below, the details of which have been established in accordance with the tables recommended by the *Autorité des Marchés Financiers* in its Position-Recommendation No. 2014-14 (updated 13 April 2015).
It should be noted that Damien Chauveinc was appointed COO of Groupe SFPI in March 2018 following the resignation of Jean-Bertrand Prot, and does not receive any compensation for his corporate mandate.

Table no. 1
Summary of the remuneration and options and shares awarded to each corporate officer

	31/12/2017	**31/12/2016**
Henri MOREL, Chairman of the Board of Directors and Chief Executive Officer		
Compensation due for the year	€686,687.84	€683,196.73
Valuation of multi-year variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year	-	-
Valuation of free shares	-	-
TOTAL	**€686,687.84**	**€683,196.73**
Jean-Bertrand PROT, Director and Chief Operating Officer(1)		
Compensation due for the year	€747,150	€796,200
Valuation of multi-year variable compensation awarded during the year	-	-
Valuation of stock options awarded during the year	-	-
Valuation of free shares	-	-
TOTAL	**€747,150**	**€796,200**

(1) *Jean-Bertrand Prot resigned as Chief Operating Officer on 13 March 2018.*

Table no. 2
Summary of the remuneration of each corporate officer

	31/12/2017		**31/12/2016**	
	Amount due	**Amount paid**	**Amount due**	**Amount paid**
Henri MOREL, Chairman of the Board of Directors and Chief Executive Officer				
Fixed compensation	€657,872.88(2)	€657,872.88(2)	€657,736.21(5)	€657,736.21(5)
Variable compensation	-	-	-	-
Special compensation	-	-	-	-
Directors' emoluments	-	-	-	-
Non-cash benefits(1)	€28,814.96(3)	€28,814.96(3)	€25,460.52(6)	€25,460.52(6)
TOTAL	**€686,687.84**(4)	**€686,687.84**(4)	**€683,196.73(7)**	**€683,196.73(7)**

(1) *Amount paid for executive unemployment insurance (GSC).*
(2) *Including €135,800.88 paid by Deny Security SAS in connection with Henri Morel's mandate as Chairman and €222,072 invoiced by ARC Management SAS (a company controlled and managed by Henri Morel) to NEU SA under a service agreement (see section 3.1.19 of this Document E). The balance is paid by Groupe SFPI.*
(3) *Including €8,793 paid by Deny Security SAS in connection with Henri Morel's mandate as Chairman.*
(4) *Including €144,593.88 paid by Deny Security SAS in connection with Henri Morel's mandate as Chairman and €222,072 invoiced by ARC Management SAS (a company controlled and managed by Henri Morel) to NEU SA under a service agreement. The balance is paid by Groupe SFPI.*
(5) *Including €135,664.21 paid by Deny Security SAS in connection with Henri Morel's mandate as Chairman and €222,072 invoiced by ARC Management SAS (a company controlled and managed by Henri Morel) to NEU SA under a service agreement. The balance is paid by Groupe SFPI.*
(6) *Including €8,656 paid by Deny Security SAS in connection with Henri Morel's mandate as Chairman.*
(7) *Including €144,320.21 paid by Deny Security SAS in connection with Henri Morel's mandate as Chairman and €222,072 invoiced by ARC Management SAS (a company controlled and managed by Henri Morel) to NEU SA under a service agreement. The balance is paid by Groupe SFPI.*

	31/12/2017		31/12/2016	
	Amount due	**Amount paid**	**Amount due**	**Amount paid**
Jean-Bertrand PROT, Director and Chief Operating Officer[(1)]				
Fixed compensation[(2)] Variable compensation Special compensation Directors' emoluments Non-cash benefits	€747,150	€747,150	€796,200	€796,200
TOTAL	**€747,150**	**€747,150**	**€796,200**	**€796,200**

[(1)] Jean-Bertrand Prot resigned as Chief Operating Officer on 13 March 2018.
[(2)] Including €360,000 invoiced by SPRING Management SAS (a company controlled and managed by Jean-Bertrand Prot) to Groupe SFPI, €240,000 invoiced by SPRING Management SAS to MMD SAS under the terms of their service agreements (see section 3.1.19 of this Document E) and the balance invoiced by SPRING Management SAS to ERYMA Holding SAS (service agreement terminated since the sale of the ERYMA division and ERYMA Holding SAS in September 2017).

Table no. 3

Directors' emoluments and other compensation received by non-executive corporate officers

Non-executive corporate officers	Amounts paid during the financial year ended 31/12/2017	Amounts paid during the financial year ended 31/12/2016
Mrs Sophie MOREL		
Directors' emoluments Other compensation	- €66,248.22[(1)]	- €67,375[(1)]
Mrs Valentine LAUDE		
Directors' emoluments Other compensation	€7,500 -	€7,500 -
Mr Hervé HOUDART		
Directors' emoluments Other compensation	€7,500 -	€7,500 -
CM-CIC Investissements SCR, represented by Mr Thierry WENDLING		
Directors' emoluments Other compensation	€7,500 -	€7,500 -
Mrs Marie-Cécile MATAR[(2)]		
Directors' emoluments Other compensation	- -	- -

[(1)] Fixed salary received in accordance with Sophie Morel's position at Groupe SFPI (legal manager).
[(2)] Marie- Cécile Matar was appointed a director of Groupe SFPI on 14 June 2018.

Table no. 11

Executive officers	Employment contract		Supplementary pension plan		Compensation or benefits due, or likely to be due, following a termination or change of duties		Compensation relating to a non-competition clause	
	YES	NO	YES	NO	YES	NO	YES	NO
Mr Henri MOREL CEO		X		X		X		X
Mr Damien CHAUVEINC Chief Operating Officer	X			X		X	X	

3.1.15.2. Provisions or accruals for pensions, retirements or other benefits

The Company has not made any provision for the payment of pensions, retirements and other benefits to directors and company officers.

The Company did not award any arrival or departure bonuses to these individuals.

3.1.16. **Operating procedures of the administrative and management bodies**

3.1.16.1. The Company Board of Directors and General Management team

3.1.16.1.1. *Board of Directors*

Articles 11, 12 and 13 of the Company's Articles of Association set out the operating rules of the Company's Board of Directors.

Composition of the Board of Directors (Article 11.1):

The Company is run by a board made up of natural persons and legal entities, whose number is determined by the ordinary shareholders' meeting within the limits of the law, plus the number of director(s) representing employees, required by French law, in accordance with paragraph 14 below.

Once accepted to the Board, legal entities must appoint a natural person as a permanent representative on the Board of Directors. The term of office of the permanent representative is the same as that of the legal entity they represent. When the legal entity removes its permanent representative, it must immediately provide a replacement. The same terms apply in the event of the permanent representative's death or resignation.

During their term of office, each director, with the exception of the director(s) representing employees, must own at least one share in the company.
If, on the day of their appointment, a director does not own the requisite number of shares or if, during their term of office, they cease to be the owner of said shares, they are automatically deemed to have resigned if they fail to resolve the situation within six months.

The term of office of directors is three (3) years, including the director(s) representing employees, with one year counting as the period between two consecutive annual ordinary shareholders' meetings. A director's term of office shall expire at the end of the ordinary shareholders' meeting called to rule on the accounts of the preceding financial year and held in the year during which said director's term of office expires, including for the director(s) representing employees.

Directors are always eligible for re-election, with the exception of the director(s) representing employees, appointed in accordance with the provisions of this Article 11; they may also be removed at any time by decision of the general shareholders' meeting.

In the event of a vacancy due to the death or resignation of one or more directors, the Board of Directors may, between two general meetings, make provisional appointments.

The appointments made by the Board, pursuant to the paragraph above, are subject to ratification by the next ordinary shareholders' meeting.

Any decisions made or actions performed by the Board prior to this ratification are nonetheless valid.

Should the number of directors fall below the legal quorum, the remaining directors must immediately call an ordinary general meeting, in order to complete the Board of Directors.

A director appointed to replace another director whose term of office has not expired shall only remain in office for the remainder of their predecessor's term.

The number of directors connected to the company by an employment contract may not exceed one third of the directors in office, with the exception of the director(s) representing employees, appointed in accordance with the provisions of this Article 11.

The number of directors over the age of seventy-five (75) cannot exceed one third of serving directors. If this limit is exceeded during the term of office, the oldest director is automatically deemed to have resigned at the end of the next general shareholders' meeting.

Because the Company falls within the scope of Article L. 225-27-1 of the French Commercial Code, the Board of Directors also includes one or two director(s) representing employees. In accordance with these legal provisions, if the number of Board members, calculated in accordance with Article L. 225-27-1-II of the French Commercial Code, is less than or equal to twelve, the Group Committee shall appoint one director to represent employees.

If the Company has more than twelve directors on the Board, whose number and appointment are consistent with Articles L. 225-17 and L. 225-18 of the French Commercial Code, it is mandatory to appoint a second director to represent employees, according to the terms below. In accordance with Article L. 225-27-1 of the French Commercial Code, this second director shall be appointed as per the procedures set out in paragraph III-4° of said Article, namely through appointment by the Company's Committee, referred to as the "Group Committee".

The number of Board members to be taken into account when determining the number of employee directors required is assessed on the date of appointing the employee representatives to the Board. Neither the directors elected by employees under Article L. 225-27 of the French Commercial Code nor, as the case may be, the employee-shareholder directors appointed under Article L. 225-23 of the French Commercial Code are taken into account in this calculation.

The director representing employees is not taken into account when determining the maximum number of directors provided for in the French Commercial Code or for the purposes of the first paragraph of Article L. 225-18-1 of the French Commercial Code.

The term of office of the director representing employees shall end prematurely under the terms provided for by law and this Article, and in particular in the event of termination of their employment contract, except in the event of an intra-group transfer. If the terms of application of Article L. 225-27-1 of the French Commercial Code are no longer met at the end of the financial year, the mandate of the director representing employees shall terminate at the end of the meeting, during which the Board of Directors shall note the Company's lack of compliance with the law. In the event of a vacancy of a director representing the employees for any reason whatsoever, the vacancy shall be filled under the terms set out in Article L. 225-34 of the French Commercial Code. Until the replacement date, the Board of Directors is deemed quorate for all meetings and deliberations. In addition to the provisions of the second paragraph of Article L. 225-29 of the French Commercial Code, it is stipulated, where applicable, that the failure to appoint a director representing employees by the committee(s) designated herein, in accordance with the law and this Article, shall not affect the validity of the deliberations of the Board of Directors. Subject to the terms of this Article and the provisions of the law, directors representing employees have the same status, rights and responsibilities as other directors.

<u>Organisation of the Board of Directors (Article 11.2):</u>

The Board of Directors shall elect from among its members - with the exception of the director(s) representing employees, appointed in accordance with the provisions of this Article 11 - a Chairman, who must be a natural person. It determines the duration of his or her duties, which may not exceed their mandate as a director, and may revoke their position at any time. The board determines their remuneration.

The Chairman of the Board of Directors represents the Board of Directors. He/she organises and guides the latter's work and reports back to the general shareholders' meeting. He/she ensures the proper functioning of the corporate bodies and makes sure, in particular, that the directors are able to fulfil their duties.

The Chairman of the board cannot be more than seventy-five (75) years old. If the Chairman reaches this age limit during their term as Chairman of the board, they are deemed to have resigned from office. Their term of office continues, however, until the next meeting of the Board of Directors during which their successor will be appointed. Subject to this provision, the Chairman of the board is always eligible for re-election.

<u>Deliberations of the Board of Directors (Article 12):</u>

The Board of Directors meets as often as the interests of the company require.

Directors are called to Board meetings by the Chairman. The notice may be given by any means, verbally or in writing. The CEO may also ask the Chairman to convene the Board of Directors on a specific agenda.

In addition, directors representing at least one-third of the board members can legitimately convene the board. In this case, they must indicate the agenda of the meeting.

Where a Works Council has been set up, the representatives of this council, appointed in accordance with the provisions of the French Labour Code, must be invited to all meetings of the Board of Directors.

Board meetings are held either at head office or at any other location in France or outside France.

For the Board's deliberations to be valid, the number of members in attendance must be equal to at least half of all members.

The Board's decisions shall be ratified by a majority of votes; in the event of a tie, the Chairman's vote prevails. It is specified that in order to grant stock options or purchase rights to a director who has an employment contract, to the Chairman or the CEO of the company (if the latter is a director on the board), or to the deputy CEOs (if they are directors on the board), with the authorisation of the extraordinary shareholders' meeting, in accordance with the provisions of Articles L. 225177 et seq of the French Commercial Code, the decision will be made by majority vote of the directors present or represented, the director in question, and any other director likely to be granted share options or purchase rights, who cannot take part in the voting.

When calculating the quorum and the majority, the Board's rules of procedure may stipulate, *inter alia*, that directors who participate in a Board meeting via videoconference or telecommunications in accordance with applicable regulations, can be considered in attendance. This provision is not applicable for the adoption of the decisions referred to in Articles L. 232-1 and L. 232-16 of the French Commercial Code.

Each director shall receive all the information necessary for carrying out their duties and mandate, and can be sent any documents they deem useful.

All directors are allowed to give another director the authority to represent them at a Board meeting, even by letter, telegram, telex or facsimile, but there can only be one proxy per director at a meeting.

Copies or extracts of the deliberations of the Board of Directors can be officially certified by the Chairman of the Board, the Chief Executive Officer, if the latter is a director on the Board, the Deputy CEO(s), if they are also directors, the director temporarily carrying out the duties of Chairman or an officer authorised for this purpose.

Powers of the Board of Directors (Article 13):

The Board of Directors determines the strategic direction of the company's activity and ensures its implementation. With the exception of powers expressly assigned to general shareholders' meetings and within the limits of the company's purpose, it deals with all matters relating to the smooth running of the company and through its deliberations settles any matters that concern it.

In its dealings with third parties, the company is bound by the Board's actions even when these actions are not consistent with the company's purpose, unless it can prove that the third party was aware that the action went beyond this purpose, or could not have been unaware given the circumstances, mere publication of the Articles of Association being insufficient proof of this fact.

The Board of Directors carries out the checks and verifications that it considers useful, as well as exercising the special powers granted to it by law.

Each director must be provided with all the information necessary for carrying out his or her duties, and may obtain from general management any documents he or she deems useful.

The Chairman represents the Board of Directors. He/she organises and guides the latter's work, reports back to the general shareholders' meeting and implements its decisions. He/she ensures the proper functioning of the corporate bodies and makes sure that the directors are able to fulfil their duties.

The Board of Directors may decide to set up study committees to examine certain issues that the Board itself or its Chairman can submit to it for analysis. The Board determines the composition and powers of the committees, which shall conduct their activity under its responsibility. It shall also set the remuneration of the members of these committees.

<u>Non-voting members (Article 15):</u>

The ordinary general shareholders' meeting may, at the suggestion of the Board of Directors, appoint non-voting members to the Board. The Board of Directors may also appoint them directly, subject to ratification by the next general meeting.

The non-voting members, whose number cannot exceed six (6), form a panel. They are freely chosen on the grounds of their expertise.

They are appointed for a period of three (3) years expiring at the end of the ordinary shareholders' meeting called to rule on the financial statements of the previous financial year.

The panel of non-voting members shall examine the issues that the Board or its Chairman submits to it for analysis. The non-voting members shall attend Board meetings and take part in deliberations in a consultative capacity only; their absence does not affect the quorum.

They are invited to Board meetings on the same terms as Directors.

The Board of Directors may decide to remunerate the non-voting members from the directors' emoluments allocated by the general shareholders' meeting to the directors.

3.1.16.1.2. *General Management*

Article 14 of the Company's Articles of Association sets out the operating rules for the Company's senior management.

<u>CEO:</u>

The person responsible for the company's general management is either the Chairman of the Board of Directors or another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer.

The CEO has the broadest powers to act on behalf of the company in all circumstances. He or she shall exercise these powers within the limits of the company's purpose and notwithstanding the powers expressly granted by law to shareholders' meetings and to the Board.

He or she shall represent the company in its dealings with third parties. The company is bound by the CEO's actions even when these actions are not consistent with the company's purpose, unless it can prove that the third party was aware that the action went beyond this purpose, or could not have been unaware given the circumstances, mere publication of the Articles of Association being insufficient proof of this fact.

The CEO cannot be more than seventy-five (75) years old. If the Chief Executive Officer reaches this maximum age, he or she will be deemed to have resigned from office. Their term of office would continue, however, until the next meeting of the Board of Directors during which the new CEO will be appointed.

When the CEO is also a Director on the Board, the duration of their duties may not exceed that of their mandate as director.

The Board of Directors may dismiss the CEO at any time. However, if this decision to dismiss is taken without sufficient grounds, it may give rise to damages, except when the CEO is also Chairman of the Board.

Passed by a majority vote of the directors present or represented, the Board of Directors shall choose between the two methods of general management referred to in the first paragraph of section 14.1.1 of the Company's Articles of Association. Shareholders and third parties are informed of this choice in the legal and regulatory terms and conditions.

When the company's general management is run by the Chairman of the Board, the provisions applicable to the Chief Executive Officer also apply to the Chair.

In accordance with the provisions of Article 706-43 of the French Criminal Code, the CEO is permitted to delegate to any person of his/her choice the power to represent the company in any criminal proceedings that may be brought against the firm.

Deputy CEOs:

On the proposal of the CEO, the Board of Directors may appoint one or more individuals to assist the Chief Executive Officer in the role of Deputy Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers granted to the Deputy Chief Executive Officers. The Board of Directors sets their remuneration. When a Deputy CEO is also a Director on the Board, the duration of their duties may not exceed that of their mandate as director.

With respect to third parties, the Deputy Chief Executive Officers have the same powers as the Chief Executive Officer; in particular, the Deputy Chief Executive Officers have the power to participate in legal proceedings.

The number of Deputy Chief Executive Officers may not exceed five (5).

The Deputy Chief Executive Officer(s) may be dismissed at any time by the Board of Directors, at the suggestion of the Chief Executive Officer. If this decision to dismiss is taken without sufficient grounds, it may give rise to damages.

A Deputy CEO cannot be more than seventy-five (75) years old. If the Deputy CEO reaches this maximum age, he or she will be deemed to have resigned from office. Their term of office would continue, however, until the next meeting of the Board of Directors during which a new Deputy CEO may be appointed.

If the Chief Executive Officer ceases to or is prevented from performing his/her duties, the Deputy CEO(s) shall, unless otherwise decided by the Board, retain their duties and responsibilities until the appointment of the new Chief Executive Officer.

The Deputy Chief Executive Officers have the same powers with respect to third parties as the Chief Executive Officer.

3.1.16.2. Information on service contracts

A service contract was agreed on 15 June 1999 (along with its five amendments, the last of which was dated 25 July 2016) between Groupe SFPI and SPRING Management SAS (a company controlled and managed by Jean-Bertrand PROT) for an indefinite period (see section 3.1.19 of this Document E).

With the exception of this contract, at the date of this Document E, there are no other service agreements in force binding the members of the Board of Directors to Groupe SFPI.

The agreements entered into by the Company with an entity related to it, along with any other relevant agreements, are listed and summarised in Chapters 19 and 22.

3.1.16.3. Committees

In the Articles of Association (Article 13) and the by-laws of the Board of Directors, it is stipulated that the Board may set up a number of *ad hoc* committees, in particular an Audit Committee, an Appointments and Remuneration Committee and a Strategic Committee.

At the date of this Document E, the Company has an Audit Committee.

At the date of this Document, the Audit Committee is led by Mr Hervé HOUDART (independent director) and its other members consist of Jean-Bertrand PROT, Thierry WENDLING (representative of CM-CIC Investissement SCR), Sophie MOREL and Valentine LAUDE, who each have special accounting and financial skills that justify their participation in this Committee.

3.1.16.3.1. *Audit Committee*

Composition and Operation:

The audit committee must be made up of at least 28.5% of independent directors, one of whom shall act as Chairman, in accordance with the criteria for independence set out in this regulation. Its members are chosen for their financial and/or accounting and/or statutory auditing skills. Directors in senior management positions may not be members of the Audit Committee.

It meets as often as is considered necessary.

Functions:

Without prejudice to the powers of the Board of Directors, the Audit Committee is in charge of the following tasks:

1° It monitors the process of preparing financial information and, where appropriate, puts forward recommendations to ensure the integrity thereof;
2° It monitors the effectiveness of the company's internal control and risk management systems, as well as internal auditing, if necessary, to verify the procedures used in the preparation and processing of accounting and financial information, without prejudice to its independence;
3° It issues a recommendation regarding the statutory auditors suggested for appointment by the general shareholders' meeting. This recommendation to the Board is made in accordance with the regulations; it also issues a recommendation to the Board when the statutory auditor(s) mandate is due for renewal under the terms defined by the regulations;
4° It monitors the work of the statutory auditor and takes into account the findings and conclusions of the *Haut Conseil du Commissariat aux Comptes* (French Auditing Board) following inspections carried out pursuant to the regulations;
5° It ensures that the auditor acts in accordance with independence requirements and in line with the procedures provided for by the regulations;
6° It approves, for public interest entities, the provision of services other than the certification of accounts in compliance with the applicable regulations;
7° It reports back regularly to the Board on the performance of its duties. It also reports on the results of the certification process for the Company's financial statements, how this process contributes to the integrity of financial reporting, and the role it has played in this process. It informs the Board without delay of any difficulties encountered.

3.1.16.4. Compliance with the Corporate Governance Code

Groupe SFPI has decided to adopt the Middlenext Corporate Governance Code for listed companies, as published in September 2016:

Recommendations of the Middlenext Code	**Applied**	**Not applied**
I. The power of "oversight"		
R1 Board member ethics	**X**	
R2 Conflicts of interest	**X**	
R3 Composition of the Board - Presence of independent board members	**X**	
R4 Information of board members	**X**	
R5 Organisation of Board and Committee meetings	**X**	
R6 Establishment of committees	**X**	
R7 Implementation of Board rules of procedure	**X**	
R8 Choice of each director	**X**	
R9 Board members' term of office/mandates	**X**	
R10 Director compensation	**X**	
R11 Evaluation of the work of the Board		**X**
R12 Relationship with shareholders	**X**	

Recommendations of the Middlenext Code	Applied	Not applied
III. Executive power		
R13 Definition and transparency of the remuneration of corporate officers	X	
R14 Preparation of future "leaders"	X	
R15 Simultaneous employment contract and corporate office	X	
R16 Severance benefits		X
R17 Supplementary pension plans	X	
R18 Stock options and free allocation of shares		X
R19 Review of matters requiring vigilance	X	

Recommendation 11: the work of the Board of Directors is evaluated every year as part of discussions between the directors. The Company considers that the current method of evaluation is effective and does not require, to date, a written evaluation to be put in place.

The Company is not affected by recommendations 16 and 18 because it does not have (i) any specific severance pay for its directors, (ii) any distribution of stock options or free allocation of shares.

3.1.16.5. Internal control

3.1.16.5.1. Internal control, definition and objective

Internal control comprises all the control systems established by senior management, the management team, and other members of staff to provide reasonable assurance for:

- the reality and efficiency of operations,
- the reliability of reports,
- compliance with laws and regulations in force,
- asset safeguarding.

An internal control system designed to meet the various objectives described above does not, however, provide any certainty that the objectives will be achieved, due to the inherent limitations of any procedure.

3.1.16.5.2. General organisation of internal control

The Group's internal control is coordinated by Groupe SFPI's management and legal control departments.

In order to ensure (insofar as possible) rigorous financial management and risk control, and for the purposes of increasing the information given to shareholders on the financial situation and accounts, the management control department of Groupe SFPI audits each of the subsidiary's accounts prior to the intervention of the statutory auditors.

This department also controls and supervises the financial report sent every month by the subsidiaries. It manages the adaptation of accounting and budgeting procedures as well as the centralisation of financial information. It provides the division's consolidation and manages insurance.

The Management Control Director reports back to the CEO on the results of their department's work and, where necessary, provides recommendations.

A code of ethics for controlling financial and legal risk has been signed by all subsidiary directors and their key managers.

The accounting for the Group's treasury operations and bank reconciliations is also managed by Groupe SFPI's Finance and Management Control Department.

The cash management and financing department is organised around the treasury. Its main roles are:

- monitoring financial flows and fund distribution,
- monitoring financial investment and borrowing transactions,
- managing overdraft facilities and commitments.

As part of legal risk control, Groupe SFPI's Legal Management Team handle the drafting of deeds as well as assisting and advising subsidiaries with regard to legal matters. They also manage and monitor contentious cases in liaison with the Group's lawyers.

3.1.16.5.3. *Other internal control procedures*

For operational processes, the main checks below are carried out:

- in subsidiaries' sales departments, using the monthly dashboards, to monitor and control the sales invoiced, order placements, margins, etc. in order to compare the reality for each activity sector with the budgeted targets set,
- in subsidiaries' technical departments, to monitor and control the progression and volume of activity in terms of after-sales services, technical support, product testing and referencing and solutions research.

For the preparation and processing of financial and accounting information:

- The process falls within the remit of the Finance and Management Control Department.
- The accounting and management system relies on an integrated information system that helps to check the completeness, the correct valuation of transactions, and the drafting of accounting and financial information in accordance with the accounting methods and rules in force and applied by the Company for both corporate and consolidated accounts.
- The senior management team is responsible for the accuracy of the accounting and financial information produced by the Finance and Management Control Department. This information is checked by the statutory auditors who carry out verifications in accordance with the standards in force.

3.1.16.5.4. *Board of Directors Report on Corporate Governance*

In accordance with Article 28 of European Commission Regulation (EC) No. 809/2004, the Board of Directors report on corporate governance is included in Groupe SFPI's 2017 Annual Financial Report, which is incorporated by reference into this Document E and available on the Groupe SFPI website (www.sfpi-group.com).

3.1.16.5.5. *.Statutory Auditors' Report on the Board of Directors Report on Corporate Governance*

In accordance with Article 28 of European Commission Regulation (EC) No. 809/2004, the statutory auditors' report on the Board of Directors report on corporate governance is included in the statutory auditors' report on the financial statements in Groupe SFPI's 2017 Annual Financial Report, which is incorporated by reference into this Document E and available on the Groupe SFPI website (www.sfpi-group.com).

3.1.16.5.6. Information on the Company's social and environmental responsibility

In accordance with Article 28 of European Commission Regulation (EC) No. 809/2004, the information on the Company's social and environmental responsibility is included in the management report in Groupe SFPI's 2017 Annual Financial Report, which is incorporated by reference into this Document E and available on the Groupe SFPI website (www.sfpi-group.com).

3.1.16.5.7. The independent third party's report regarding the Company's information on social and environmental responsibility

In accordance with Article 28 of European Commission Regulation (EC) No. 809/2004, the report from the independent third part regarding the information on the Company's social and environmental responsibility is included in the management report in Groupe SFPI's 2017 Annual Financial Report, which is incorporated by reference into this Document E and available on the Groupe SFPI website (www.sfpi-group.com).

3.1.16.6. The Rules of Procedure of the Company's Board of Directors

ARTICLE 1
Purpose of the rules of procedure

The purpose of these rules of procedure is to define the operating rules and procedures of the Board and any related committees in addition to legal provisions and the Company's by-laws and with reference to the Middlenext Code.

It also describes the responsibilities and - where applicable - any limitations of the powers of senior management in order to clarify the roles of each governance body, as well as recapping on the obligations of each member of the Board/related committees, whether a natural person or a permanent representative of a legal entity.

ARTICLE 2
Responsibilities and skills of the Board of Directors

2.1. Powers of the Board of Directors

2.1.1 Representing all shareholders

As a collective decision-making body, the Board of Directors collectively represents all Company shareholders, with each of its members being required to act in the interests of the company in all circumstances.

The role of the Board is based on two key functions:

– *Decision-making and oversight. The decision-making function involves developing fundamental policies and strategic objectives, in consultation with the company's management, as well as approving key actions.*

  The oversight function involves reviewing management decisions, checking the compliance of systems and controls, and implementing policies.

– *The role of the Board of Directors is first and foremost to determine the direction of the Company's business, to choose its strategy, and to ensure follow-up of its implementation. The Board deals with any issues concerning the smooth running of the Company.*

  In particular:

  - *appointing executive officers,*
  - *closing the annual and quarterly accounts,*
  - *convening and setting the agenda of general shareholders' meetings,*
  - *carrying out the checks and verifications that it considers appropriate,*
  - *examining major operations/transactions envisaged by the Company,*
  - *keeping abreast of any significant events concerning the Company.*

Accordingly, it also ensures (where necessary with the assistance of its specialist committees) the proper functioning of any committees it may have created.

2.1.2 Taking charge of strategic decisions

The Board of Directors rules on any and all decisions relating to Groupe SFPI's major strategic, economic, social, financial and technological objectives, and ensures these strategies are implemented by senior management.

The Chairman and Chief Executive Officer also presents an annual budget proposal for Groupe SFPI companies within the framework of these objectives, then the budget is discussed, possibly amended, and approved by the Board of Directors.

The Chief Executive Officer is responsible for implementing the objectives of the strategic plan and the annual budget. He shall bring to the attention of the Board any problems or, more broadly speaking, any event/fact that calls into question their implementation

2.1.3 Reviewing proposals for inspections and audits

The Board of Directors may be called upon to review a proposal for an inspection or audit by the Chairman or the Audit Committee, if such exists. It shall, in any event, deliberate on the matter as soon as it can. If the Board of Directors decides that the check should be carried out, it shall carefully define the purpose and terms of the procedure in its deliberations, and either carry it out itself or entrust it to one of its committees (where applicable), to one of its members or to a third party. When the Board of Directors decides that the inspection or audit should be carried out by one of its members or by a third party, the task is defined in the terms laid out in the Article that follows.

The Chairman and Chief Executive Officer sets the terms for conducting the inspection or audit. In particular, measures are taken so that the process of inspection causes as little disturbance as possible to the daily operations of the company concerned. Interviews with staff of the company concerned are organised where necessary. The Chairman and Chief Executive Officer makes sure that any information relevant to the inspection or audit is provided to the person carrying it out. Whoever performs the inspection or audit, he or she is not allowed to interfere in the operation of the business. A report is presented to the Board of Directors once the inspection or audit is complete. The Board then decides on the next steps to be taken in response to the conclusions.

2.1.4 Reviewing "matters requiring vigilance" identified in the Middlenext Code

The Board of Directors reviews the matters identified as requiring vigilance in the code. It reports back on this in the Company's corporate governance report.

2.1.5 Assigning a task to a director

When the Board of Directors decides that one (or more) of its members should be entrusted with an assignment, it must decide on the key features of said task. The director concerned does not take part in the vote and this assignment is covered by a regulated agreement.

2.2 Terms of office of the Chairman of the Board and General Management

2.2.1 The Chairman of the Board

The Board of Directors shall appoint a Chairman from among its members, a natural person, who is elected for the duration of his/her term as director and who is eligible for re-election. No one may be appointed Chairman if they are age 75 or over.

The Chairman chairs the meetings of the Board of Directors. In the absence of the Chairman, the Board meeting is chaired according to the statutory rules or, failing that, by a member of the Board appointed by a majority vote of the members present or represented. He/she organises and guides the latter's work and reports back to the general shareholders' meeting.

He/she ensures the proper functioning of the corporate bodies and makes sure, in particular, that the directors are able to fulfil their duties.

He/she has the material means required for carrying out their duties.

2.2.2 Methods of General Management

The Board of Directors shall determine the methods of general management under the terms set out in the Articles of Association.

In accordance with legal provisions, the person responsible for general management is either the Chairman of the Board of Directors or another natural person appointed by the Board of Directors and bearing the title of Chief Executive Officer.

Shareholders and third parties are informed of this choice under the terms of the regulations in force.

The Board of Directors decides on the duration of the choice, and the Board's decision on this matter shall, in any event, remain valid until decided otherwise.

The Chief Executive Officer may be assisted by one or more Deputy Chief Executive Officers, appointed by the Board of Directors in accordance with legal and statutory requirements.

The Board of Directors shall continuously strive to ensure the implementation of the strategies that it has defined by the general management team.

2.2.3 Powers of the General Management

The Chief Executive Officer, whether appointed by the Chairman of the Board of Directors or by another person, is granted extensive powers to act on behalf of the Company in all circumstances. He or she shall exercise these powers within the limits of the company's purpose and notwithstanding the powers expressly granted by law to shareholders' meetings and to the Board.
The CEO shall represent the company in its dealings with third parties.

2.3 Civil Liability Insurance for Corporate Officers (French: RCMS)

On behalf of and for the benefit of the directors of all of its subsidiaries and sub-subsidiaries who also hold a corporate office, the Company has taken out a civil liability insurance for corporate officers (RCMS).

ARTICLE 3

Composition of the Board of Directors

The composition of the Board reflects, first and foremost, the Company's desire to draw on varied and complementary experiences, skills and profiles. Accordingly, the main asset of a Board of Directors is its members: honest and competent directors with a good grasp of the way the company works, mindful of the interests of all shareholders, and sufficiently involved in defining of company's strategy and in the board's deliberations to be able to participate effectively in its decisions.

3.1 Terms and conditions of appointment of the members of the Board

The Articles of Association stipulate the number of members on the Board of Directors.

Directors are appointed or reappointed by the general shareholders' meeting, except for employee directors, where these exist.

The duration of a director's term of office is also set by the Articles of Association. Mandate renewals are staggered.

The statutory rules set the maximum age for directors. By default, the number of directors over the age of 70 must not exceed one third of the directors in office.

When the legal limit is exceeded, the oldest director is automatically deemed to have resigned, subject to the statutory provisions.

3.2 Criteria for the independence of directors

The Board of Directors shall include at least two independent members. A director is deemed independent when he or she has no relationship of any sort either with the Company, its group or its management that could compromise the independence of his/her judgement.

Each year, the Board of Directors examines the situation of each of its members and, in accordance with the MiddleNext governance code, makes sure that they continue to satisfy the following criteria:

- *over the course of the past five (5) years, has not been, and currently is not, an employee or executive officer of the Company or of a company within its group;*
- *over the course of the past two (2) years, has not been, and currently is not, involved in significant business relations with the Company or its group (customer, supplier, competitor, service provider, debtor, banker, etc.) ;*
- *is not a reference shareholder of the Company and does not hold a significant percentage of voting rights;*

- *does not have a close relation or family tie with a corporate officer or a reference shareholder;*
- *has not, in the course of the past six years, been an official auditor of the Company.*

In this respect, the Board of Directors may deem a member to be independent even though he or she may not satisfy all the criteria of independence, and vice versa may consider that a member is not independent even though he or she fulfils all the criteria of independence. The Board must then justify its position.

When appointing a new member or renewing the term of office of one of its members, the Board of Directors shall examine the member's situation with respect to the criteria set out above.

Each member qualified as independent must inform the Chairman as soon as they become aware of any change in their personal situation with regard to these same criteria.

3.3 The employee director

Directors representing employees have exactly the same status, powers, duties and responsibilities, civil and criminal, as those of the other members.

They are not, however, required to own a number of shares of the Company, and they are not taken into account in determining the maximum or minimum number of directors.

The directors can, at their request, benefit from training adapted to the exercise of their mandate.

ARTICLE 4

Directors' duties and ethics

4.1. Duty of loyalty and respect for laws and statutes

In the exercise of their mandate, each director must position themselves in line with the Company's corporate interests.

Everyone must be aware of their rights and responsibilities; they should know and undertake to comply with the legal and regulatory provisions relating to their function, and follow the company's specific rules, pursuant to its Articles of Association and the rules of procedure of its Board.

If any members of the Board also hold an executive mandate, they must not accept more than two (2) other directors' mandates in listed companies, including foreign companies, outside their group.

4.2. Directors' ethics and compliance

In the exercise of their mandate, each director is advised to observe the following rules of professional conduct:

- *behaving in an exemplary way is about actions living up to our words, demonstrating credibility and trust;*
- *upon accepting their mandate, each Board member should know the resulting obligations and, in particular, those relating to the legal rules on exercising multiple mandates;*
- *at the start of their term of office, the Board member signs the rules of procedure of the Board of Directors, which stipulate, among other things, the minimum number of company shares that each Board member should own, in accordance with the statutory provisions;*
- *during their term of office, each director must inform the Board of any situations of a potential (customer, supplier, competitor, consultant, etc.) or proven (other mandates) conflict of interest concerning them;*
- *in the event of a conflict of interest, and depending on its nature, the director shall abstain from voting or even taking part in deliberations, and in extreme cases, may be asked to resign;*
- *each Board member should be diligent, and actively participate in the meetings of the Board and the committees of which they are a member;*
- *each Board member ensures that he or she has obtained all the necessary information and in sufficient time on the topics to be discussed during the meetings;*

- *each Board member commits to complete professional secrecy with respect to third parties;*
- *each Board member shall attend the general shareholders' meetings.*

It is recommended that directors, when they hold an "executive" office, do not accept more than two (2) other directors' mandates in listed companies, including foreign companies, outside his or her group.

4.3 Duty of disclosure / Conflicts of interest

If a Director identifies a potential conflict of interest between the company's interests and their own direct or indirect personal interests or the interests of the shareholder or group of shareholders they represent, the director concerned must:

- *notify the Board as soon as the potential conflict comes to his/her attention,*
- *and accept the consequences in terms of the exercise of his/her mandate. As such, depending on the case, he or she will have to:*
  - *either abstain from voting in the corresponding deliberation,*
  - *or not attend the Board meeting during which he or she would be affected by a conflict of interest,*
  - *or, in the extreme, resign from his/her duties as a director.*

Once a year, the Board reviews known conflicts of interest. Each director discloses, as and when applicable, the status of their situation.

4.4. Directors' duty of confidentiality

The members of the Board of Directors are bound by a duty of absolute confidentiality with regard to the content of the debates and deliberations of the Board and, where applicable, of its committees, as well as with regard to the information presented therein. Generally speaking, the members of the Board, with the exception of the Chairman and the Chief Executive Officer, are required not to communicate externally, in that capacity, particularly with the press.

In the event that one of the directors is found to have breached the duty of confidentiality, the Chairman of the Board, after consulting the participants of the Board meeting convened for this purpose, shall report back to the Board on the follow-up he or she intends to give to the breach.

4.5. Duty of care and diligence

By accepting the office entrusted to them, each director undertakes to assume it fully, including:

- *devoting any time necessary to the topics addressed by the Board or, where appropriate, the committees of which they are a member;*
- *asking for any additional information that they consider useful;*
- *ensuring that this Regulation is applied;*
- *freely and independently form his or her opinion before making any decision, with the sole interest of the Company in mind;*
- *actively participating in all Board meetings, unless otherwise prevented from doing so;*
- *attending the general shareholders' meeting;*
- *making any proposals to aid the constant improvement of the working conditions of the Board.*

4.6. Obligation and right to information

To participate effectively in the work and deliberations of the Board, the Company shall send all relevant documents to the Board members within a reasonable time frame. Requests to this effect are made to the Chairman.

Each Board member is authorised to meet with the Group's senior managers, provided that the Chairman is informed in advance.

The Board is regularly informed by the Chairman of the financial situation, cash position, financial commitments and significant events of the Company and the Group.

Finally, any new Board member may request training on the specific characteristics of the Company and its group, their business lines and their sectors of activity.

4.7 Non-compete obligation

Putting the Company's interests ahead of their own requires the director to comply with a non-compete obligation. For the duration of their term of office, Board members must refrain from taking on any role in a company that competes with the Company or the companies it controls,

and are required to notify the Company prior to accepting any new mandate.

4.8 Obligations relating to the ownership of Company shares

The Articles of Association stipulate the minimum number of shares to be held by each director.

Each member of the Board of Directors undertakes to put in registered form the securities of the Company, its parent company or its subsidiaries owned by them and their (minor) children or their separated spouse.

4.9 Duty to refrain from trading in the Company's securities during certain negative windows

Board members must refrain from trading in the Company's securities:

- *during the thirty (30) calendar days (30 calendar days = regulatory minimum) preceding the announcement of the half-yearly and annual financial results,*
- *during the fifteen (15) calendar days (= regulatory minimum) preceding the publication of each revenue (annual, half-yearly or quarterly).*

A timetable of these negative windows, based on the dates of the scheduled periodic publications, is given to each director.

It is important to consult it before trading in any shares. Trading in is only authorised after the publication of the information concerned, subject to the interested party not holding any insider information.

4.10. Obligations related to inside information / Prevention of misdemeanours and insider breaches

Generally speaking, and in the event of non-public information acquired in the course of their duties, all members of the Board of Directors must consider themselves subject to complete professional secrecy, which exceeds the standard obligation of discretion provided for in Article L. 225-37 of the French Commercial Code.

More specifically, in the course of their duties, Board members are required to regularly obtain accurate, non-public information about the company and the financial instruments that it issues, which, if made public, would be likely to significantly influence the price of its shares.

As such, every member of the Board of Directors appears on the list of insiders established by the

Company. Because they are party to such information, each Board member must refrain:

- *from carrying out or attempting to carry out any insider trading, in particular by buying or selling, or by attempting to buy or sell, on their own behalf or on behalf of someone else, whether directly or indirectly, the financial instruments to which this information relates or financial instruments with a connection to these instruments;*
- *from disclosing or attempting to disclose this information to another person outside the normal course of his or her work, profession or function;*
- *recommending or attempting to recommend, or encouraging or attempting to encourage another person to buy or sell or get someone else to buy or sell these financial instruments.*

4.11 Statement of Securities Transactions and statutory thresholds

Each director must be diligent in the timely reporting of their securities transactions and any thresholds crossed.

ARTICLE 5
Operation of the Board of Directors

5.1 Frequency of meetings

The Board of Directors meets as often as the corporate interests require and at least three (3) times a year.

5.2 Agenda and information to Board members

The Chairman sets the agenda of each Board meeting and shall communicate this to its members by any appropriate means.

Documents enabling the directors to make informed decisions on the items on the agenda shall be sent to the directors within a reasonable time frame before the meeting of the Board, except in the event of urgency or the need to ensure complete confidentiality.

In all cases, at each of its meetings, in the event of an emergency and at the suggestion of its Chairman, the Board of Directors may deliberate on matters not included on the agenda that was communicated to it.

Directors wishing to visit a company, to obtain the information they need to perform their duties, shall send a written request to the Chairman stating the purpose of the visit. In conjunction with the managing director of the company concerned, the Chairman defines the conditions of access and organises the terms of this visit.

5.3 Meeting locations

Meetings can be held in any of the places indicated in the Articles of Association or, failing that, at the location given in the invitation.

5.4 Use of videoconferencing and telecommunication facilities

Wherever possible, for reasons of efficiency, the Board of Directors prefers physical attendance. If this is not possible, videoconferencing is preferable to telephone discussions. Videoconferencing or telecommunication systems must meet technical specifications to ensure effective participation in the meeting of the Board of Directors, whose deliberations will be broadcast continuously and simultaneously.

The Board of Directors is therefore deemed quorate given that all or part of its members will be connected continuously and simultaneously, at least orally, by means of video streaming established by web cameras connected to the internet, or by conference call.

5.5 Technical incidents

In the event of a technical incident affecting the videoconferencing or telecommunication process during a meeting of the Board of Directors, the minutes of the meeting must mention it.

If this incident is such that the continuity of the streaming is affected, or if it deteriorates in such a way that the quality of the image or sound no longer enables the directors present to effectively participate in the meeting, the session will be suspended.

The suspension of the meeting will be lifted as soon as the technical conditions allow the directors to communicate and to deliberate under the terms stipulated above.

5.6 Prevention of certain decisions via videoconferencing and telecommunications

The provisions above do not apply to the adoption of decisions relating to the inspection and audit of the annual and consolidated financial statements and, where applicable, in cases excluded by the Articles of Association.

5.7 Attendance records

An attendance register is kept and signed by the directors who physically participated in the Board meeting and, where applicable, must mention the names of the directors who participated in the deliberations by videoconference or other means of telecommunications (for them and those they represent).

5.8 Quorum and majority

For the calculation of the quorum and the majority, the directors who participate via videoconference or telecommunication will be considered present.

All directors may simultaneously participate in a meeting via videoconference or telecommunication.

5.9 Mandate

Any director may be represented by another director at a particular meeting. This authority, which must be given in writing, can be granted in a simple email. There can only be one proxy per director at a meeting.

The stipulations above are also applicable to the permanent representative of a legal entity-director.

5.10 Deliberations

The deliberations of the Board of Directors are valid only if at least half of its members are present, unless otherwise stated in a specific statutory provision.

Decisions are made by a majority vote of the members present or represented, unless otherwise stated in a specific statutory provision.

Directors appointed by one of their peers to represent him/her has two (2) votes.

The Chairman of the Board of Directors or, in his/her absence, the person replacing him/her, directs the discussions.

5.11 Minutes of proceedings

The deliberations of the Board of Directors are recorded in minutes kept in a special register in accordance with the laws and regulations in force, signed by the Chairman of the meeting and at least one director. If the Chairman of the meeting is unable to attend, the minutes must be signed by at least two Directors.

The minutes are approved at the next meeting. To this end, they are sent to each director in advance.

The meeting minutes give the names of the directors present or deemed present, excused or absent. It states the presence or absence of other persons invited to attend the Board meeting and the presence of any other person who attended all or part of the meeting.

The minutes shall indicate any means of videoconferencing or telecommunication used, the name of each director who took part in the Board meeting using these means and, where applicable, any technical incident that may have disturbed the course of the meeting, including the interruption and re-establishment of remote participation.

Where applicable, the minutes shall record any divergent opinions expressed by directors.

Copies or extracts of minutes shall be officially certified by the Chairman of the Board, the Chief Executive Officer, the director temporarily carrying out the duties of Chairman or an officer authorised for this purpose.

ARTICLE 6
Creation of Board committees

In order to prepare its work, the Board of Directors may set up special committees and is responsible for dictating their areas of expertise. Equally, for the sake of the Board's efficiency, it can freely eliminate any committees that have since become redundant. The Board may decide to set up an ad hoc audit committee from among its members, or to form its own audit committee as a full board.

6.1 Common operating procedures for committees

The Board of Directors shall appoint the members of each committee. Committee members must personally participate in their meetings.

Committee members may be removed by the Board of Directors.

The term of office of committee members shall coincide with that of their term of office as a member of the Board of Directors. It can also be renewed at the same time as the latter.
The Chair of each committee is appointed by the Board.

Each committee establishes its own operating charter: in particular the audit committee.

Each committee shall decide on the annual calendar of its meetings. These are held at head office or at any other location decided by its Chair. The Chair of each committee sets the agenda for his or her meetings and communicates this to the Chairman of the Board of Directors. The Chair of each committee may decide to invite some or all of the members of the Board of Directors or any other person of their choice to certain meetings. He or she shall notify the Chairman of the Board of the members of management that he/she would like to attend a meeting.

The terms of referral to each of the committees are as follows:

- *It shall take up any issue that falls within its area of expertise as indicated in this regulation, and shall decide its annual programme;*
- *It may be called upon by the Chairman of the Board of Directors for any matter that appears on the Board's agenda;*
- *The Board of Directors and its Chairman may also call upon it at any time for other matters that fall within its remit.*

Each committee handles its own secretarial services.

The Chairman of the Board of Directors must ensure that the committees are given all the information they need to fulfil their duties. He or she must also ensure that each committee is kept regularly informed of any legislative and regulatory developments observed, relating to its area of expertise.

Proposals, recommendations and opinions issued by the committees are reported to the Board of Directors.

6.2 The Audit Committee

The role of the audit committee is intrinsically linked to that of the Board of Directors, which retains responsibility for approving the consolidated financial statements and accounts. The purpose of the audit committee is to advise the Board of Directors with respect to the preparation of the financial statements (schedule, principles, accounting options, etc.), as well as the choice of auditors, the organisation, the procedures and the Company management systems.

6.2.1 Composition and operation

The audit committee must be made up of at least 28.5% of independent directors, one of whom shall act as Chairman, in accordance with the criteria for independence set out in this regulation. Its members are chosen for their financial and/or accounting and/or statutory auditing skills. Directors in senior management positions may not be members of the Audit Committee. It meets as often as is considered necessary.

6.2.2 Functions

Without prejudice to the powers of the Board of Directors, the Audit Committee is in charge of the following tasks:

1° It monitors the process of preparing financial information and, where appropriate, puts forward recommendations to ensure the integrity thereof;

2° It monitors the effectiveness of the company's internal control and risk management systems, as well as, where applicable, the internal audit, as regards the procedures governing the preparation and processing of accounting and financial information, without prejudice to its independence;

3° It issues a recommendation regarding the statutory auditors suggested for appointment by the general shareholders' meeting. This recommendation to the Board is made in accordance with the regulations; it also issues a recommendation to the Board when the statutory auditor(s) mandate is due for renewal under the terms defined by the regulations;

4° It monitors the work of the statutory auditor and takes into account the findings and conclusions of the Haut *Conseil du Commissariat aux Comptes (French Auditing Board) following inspections carried out pursuant to the regulations;*

5° It ensures that the auditor acts in accordance with independence requirements and in line with the procedures provided for by the regulations;

6° It approves, for public interest entities, the provision of services other than the certification of accounts in compliance with the applicable regulations;

7° It reports back regularly to the Board on the performance of its duties. It also reports on the results of the certification process for the Company's financial statements, how this process contributes to the integrity of financial reporting, and the role it has played in this process. It informs the Board without delay of any difficulties encountered.

6.3 The Appointments and Remuneration Committee (if applicable)

6.3.1 Composition and operation

The Board of Directors may set up an Appointments and Remuneration committee made up of at least two (2) independent directors in accordance with the criteria for independence referred to in this regulation, possibly assisted by persons outside the Board, chosen for their specific skills. The Chief Executive Officer may not be a member of the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee shall meet at least once a year, and as many times as is necessary to carry out its duties.

6.3.2 Functions

The Appointments and Remuneration Committee makes recommendations to the Board with regard to the composition of the Board of Directors and the Board committees.

The committee is responsible for examining and issuing its opinion on the compensation of all corporate officers and key management personnel, as well as on the compensation and incentives policy for senior executives; particularly in the definition of the objective criteria taken into account for the calculation of the variable parts and the allocation of stock options. The committee examines the company's stock options and/or share purchase plans to be granted to employees and managers. The committee assesses the amount of directors' emoluments submitted to a vote by the general shareholders' meeting, as well as their terms of distribution among the directors.

The committee may be required to oversee the process of appointing a successor to the CEO and key management personnel.

6.4 The Strategic Committee (if applicable)

6.4.1 Composition and operation

The Board of Directors may set up a Strategic committee made up of at least two (2) independent directors in accordance with the criteria for independence set out in this regulation - possibly assisted by persons outside the Board, chosen for their specific skills. The Chairman of the Board and the CEO may be members of the Strategic Committee. The Strategic Committee meets as many times as is necessary to carry out its duties.

6.4.2 Functions

The role of the Strategic Committee is to advise the Board of Directors on the strategic objectives of Groupe SFPI , on its development policy, and on any other important strategic issues that come before the Board. It is also responsible for studying in detail and giving an opinion to the Board on matters relating to major investment, external growth, divestment and disposal transactions.

6.5 Ad hoc committees (if applicable)

In addition to the standing committees, the Board of Directors may, at any time, set up one or more temporary ad hoc committees, particularly in the event of conflicts of interest, and is responsible for determining their composition and operating procedures.

ARTICLE 7
Rules for determining the remuneration of members of the Board of Directors

A director may receive Directors' emoluments, the amount of which is voted by the ordinary shareholders' meeting, as long as he or she is a natural person, not a senior executive and not an employee of the Group. The distribution is decided by the Board of Directors.

Each director is entitled to reimbursement of any travel expenses incurred in the performance of their duties.

The Board of Directors determines the remuneration of the Chairman and the Chief Executive Officer. It also decides on the allocation of any share ownership plans to these corporate officers, such as the free allocation of shares or the granting of stock options and purchase rights.

ARTICLE 8
Panel of non-voting members

In accordance with the provisions of Article 15 of the Company's Articles of Association, the ordinary general shareholders' meeting may, at the suggestion of the Board of Directors, appoint non-voting members to the Board. The Board of Directors may also appoint them directly, subject to ratification by the next general meeting.

These non-voting members, whose number cannot exceed six (6), form a panel and are freely chosen on the grounds of their expertise. They are appointed for a period of three (3) years expiring at the end of the ordinary shareholders' meeting called to rule on the financial statements of the previous financial year.

The panel of non-voting members shall examine the issues that the Board or its Chairman submits to it for analysis. The non-voting members shall attend Board meetings and take part in deliberations in a consultative capacity only; their absence does not affect the quorum.

They are invited to Board meetings on the same terms as Directors.

The Board of Directors may decide to remunerate the non-voting members from the directors' emoluments allocated by the general shareholders' meeting to the directors.

ARTICLE 9
Entry into force - Binding effect

These rules of procedure may be amended by decision of the Board of Directors.

Any new member of the Board will be asked to sign them concurrently upon taking office.

All or part of these rules will be made public and accessible on the Company's website.

3.1.17. **Employees**

3.1.17.1. Human Resources

On 30 June 2018, the Group employed 3,734 people:

Workforce of the Consolidated SFPI Group on 30 June 2018	
NEU JKF Division	699
MMD Division	253
DOM Security Division	1,569
MAC Division	1,199
Groupe SFPI	14
TOTAL	**3,734**

Workforce of the Consolidated SFPI Group on 30 June 2018	
France	2,274
Outside France	1,460
TOTAL	**3,734**

On 31 December 2017, the Group employed 3,821 people. The average workforce in 2017 was 3,782 people.

Workforce of the Consolidated SFPI Group on 31 December 2017	
NEU JKF Division	672
MMD Division	356
DOM Security Division	1,579
MAC Division	1,202
Groupe SFPI	12
TOTAL	**3,821**

Workforce of the Consolidated SFPI Group on 31 December 2017	
France	2,303
Outside France	1,518
TOTAL	**3,821**

The following tables show the evolution of the workforce within the Group at the end of the last three financial years:

On 31 December 2016, the Group employed 3,870 people. The average workforce in 2016 was 3,804 people.

Workforce of the Consolidated SFPI Group on 31 December 2016	
NEU Division	375
MMD Division	352
DOM Security Division	1,588
MAC Division	1,255
ERYMA division	282
Groupe SFPI	18
TOTAL	**3,870**

Workforce of the Consolidated SFPI Group on 31 December 2016	
France	2,654
Outside France	1,216
TOTAL	3,870

On 31 December 2015, the Group employed 3,856 people. The average workforce in 2015 was 3,844 people.

Workforce of the Consolidated SFPI Group on 31 December 2015	
NEU Division	370
MMD Division	372
DOM Security Division	1,505
MAC Division	1,291
ERYMA division	301
Groupe SFPI	17
TOTAL	**3,856**

Workforce of the Consolidated SFPI Group on 31 December 2015	
France	2,681
Outside France	1,175
TOTAL	**3,856**

3.1.17.2. Profit-sharing and stock options or purchase rights

At the date of this Document, registered employees of the Company hold less than 0.01% of the capital of Groupe SFPI.

3.1.17.3. Employee shareholding and profit-sharing agreements

As of the date of this Document E, there is no shareholding or profit-sharing agreement for staff at the level of Groupe SFPI. It is planned to set up a profit-sharing scheme in the future for employees and corporate officers of Groupe SFPI, but the terms of this policy are yet to be defined. Such agreements already exist in certain subsidiaries of Groupe SFPI.

3.1.18. **Main shareholders**

3.1.18.1. Distribution of capital

At the date of this Document and to the best of Groupe SFPI's knowledge, Groupe SFPI's shareholding breaks down as follows:

Shareholders	**Shares**		**Voting rights**			
			Theoretical		**Exercisable in GSM**	
	Number	**%**	**Number**	**%**	**Number**	**%**
ARC Management SAS*	45,947,349	51.07%	91,882,532	57.7%	91,882,532	58.5%
Mr Henri Morel	4,576,240	5.09%	9,152,480	5.8%	9,152,480	5.8%
Sub-total Henri Morel	*50,523,589*	*56.16%*	*101,035,012*	*63.5%*	*101,035,012*	*64.3%*
SPRING Management SAS**	11,259,136	12.51%	22,518,272	14.1%	22,518,272	14.3%
Sub-total Founding Leaders	***61,782,725***	***68.67%***	***123,553,284***	***77.6%***	***123,553,884***	***78.7%***
CM-CIC Investissement SCR	7,159,143	7.96%	14,318,286	9.0%	14,318,286	9.1%
BNP PARIBAS Développement SA	1,960,409	2.18%	2,213,938	1.4%	2,213,938	1.4%
Float	16,969,332	18.86%	16,969,438	10.7%	16,969,438	10.8%
Treasury shares	2,098,253	2.33%	2,098,253	1.3%	0	0.0%
TOTAL	**89,969,862**	**100.0%**	**159,153,199**	**100.0%**	**157,054,946**	**100.0%**

**ARC Management SAS is a company managed and controlled by Mr Henri Morel.*

** SPRING Management SAS is a company managed and controlled by Mr Jean-Bertrand Prot.

Historical distribution of capital:

Shareholders	**31/12/2015**		**31/12/2016**		**31/12/2017**	
	% Shares	**% VR***	**% Shares**	**% VR***	**% Shares**	**% VR***
Founding leaders	71.2%	71.2%	70.5%	70.5%	68.7%	77.6%
CM-CIC Invest.	13.0%	13.0%	11.0%	11.0%	8.0%	9.0%
BNP Paribas	4.1%	4.1%	3.5%	3.5%	2.2%	1.4%
Float	9.0%	9.0%	12.3%	12.3%	18.9%	10.7%
Treasury stock	2.7%	2.7%	2.7%	2.7%	2.3%	1.3%
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

* *Theoretical voting rights*

3.1.18.2. Voting rights of major shareholders

The Company's Articles of Association include a clause on double voting rights in Article 9. This right has been introduced for any share owned for at least two years in registered form, fully paid up and registered in the name of a single shareholder.

This right also applies to registered shares allocated free of charge for old shares, for which it benefits from this right.

The resulting distribution of voting rights is shown in the tables in paragraph 3.1.18.1 above.

3.1.18.3. Control of the Company

At the date of this Document E, ARC Management SAS, a company controlled by Henri MOREL holds 51.07% of the capital of Groupe SFPI, and Henri MOREL directly holds 5.09% of the capital of Groupe SFPI.

Groupe SFPI considers that this control is not exercised in an abusive manner, and its board of directors includes two independent directors to ensure the proper governance of the Group.

3.1.18.4. Agreements that may result in a change of control, shareholders' agreement

To the best of the Company's knowledge, there is no agreement whose implementation could, at a date subsequent to the date of registration of this Document E, result in a change of control.

To the best of the Company's knowledge, there is no shareholders' agreement between the shareholders of Groupe SFPI nor any concerted action between the shareholders.

3.1.19. **Related-party transactions**

In addition to the regulated agreements and commitments presented in paragraphs 3.1.19.1 and 3.1.19.2 below, the reader is referred to Note 19 "*Related-party information"* in the consolidated financial statements for the year ending 31 December 2017, detailed in Groupe SFPI's 2017 annual financial report.

3.1.19.1. Related party transactions in effect at the date of Document E

3.1.19.1.1. *Service agreements between Groupe SFPI and its subsidiaries*

Groupe SFPI has entered into several service agreements (as modified by various amendments) for an indefinite period with its subsidiaries, under which Groupe SFPI undertakes to provide these subsidiaries with its assistance and advice in the following areas:

- management,
- finance,
- administrative, accounting and legal organisation,
- IT,
- marketing and sales, and
- research and development.

The remuneration is determined by applying a percentage to the annual net sales of each subsidiary (or the consolidated turnover of the signatory subsidiary and its sub-subsidiaries). For the 2017 tax year, for Groupe SFPI this represents a total amount of €3,548,789 invoiced to 27 of its subsidiaries.

3.1.19.1.2. *Tax consolidation agreement between Groupe SFPI and its subsidiaries*

On 30 September 1999, Groupe SPFI entered into a tax consolidation agreement (together with its various amendments) with its subsidiaries and sub-subsidiaries.

This agreement aims to:

- distribute among Group companies the tax payable by the parent company on the overall profit,
- to apply, where applicable, the tax savings or loss that may result from the consolidation,
- not to compensate the subsidiaries should they exit from the Group.

The main terms and conditions provided for in the application of the agreement are as follows:

- companies included in the tax consolidation scope pay Groupe SFPI the tax they would have paid had they been taxed separately, according to the schedule that each subsidiary must adhere to for payment to the Treasury of the Group's corporate tax and its payments on account,
- excess payments on account are reimbursed by Groupe SFPI to companies included in the tax consolidation scope,
- the tax savings or loss will be recorded by Groupe SFPI as a non-taxable loss or profit in its accounts,
- in the event of a subsidiary exiting the Group, or non-renewal of the option, or termination by the Group, the tax savings achieved by Groupe SFPI with regard to direct taxation shall not give rise to any refund or payment, so that the companies within the tax consolidation scope will not be entitled to any compensation.

3.1.19.3. DataGroupe SA's service agreement with Groupe SFPI

On 31 October 2000, Groupe SFPI entered into a service agreement (together with its various amendments, the latest dated 26 July 2016) for an indefinite period with DataGroupe SA (a company 95% owned by Groupe SFPI) under which DataGroupe SA is committed to providing Groupe SFPI with its assistance and advice in the following areas:

- finance and accounting,
- sales
- HR and management, and
- IT.

For the 2017 financial year, the amount invoiced by DataGroupe SA to Groupe SFPI under this agreement came to €1,151,679 excluding tax.

3.1.19.1.4. *Service agreement between SPRING Management SAS and Groupe SFPI*

On 15 June 1999, Groupe SFPI entered into a service agreement (together with its various amendments, the latest dated 27 July 2016), for an indefinite period, with SPRING Management SAS (a company controlled and managed by Jean-Bertrand Prot, Director and former COO of Groupe SFPI). This contract provides for the provision of specific services to Groupe SFPI, including the identification of external growth and investment opportunities, assistance with optimising industrial costs and the implementation of targeted marketing strategies.

For the 2017 financial year, the total amount invoiced by SPRING Management SAS to Groupe SFPI under this consultancy contract came to €360,000 excluding tax.

3.1.19.1.5. *Service agreement between SPRING Management SAS and MMD SAS*

On 15 January 2009, MMD SAS, a subsidiary of Groupe SFPI, entered into a service agreement (together with its various amendments, the latest dated 12 May 2011) with SPRING Management SAS (a company controlled and managed by Jean-Bertrand PROT, Director and former COO of Groupe SFPI). This contract provides for the provision of specific services to MMD SAS, including the identification of external growth and investment opportunities, assistance with optimising industrial costs and the implementation of targeted marketing strategies.

For the 2017 financial year, the total amount invoiced by SPRING Management SAS to Groupe SFPI under this consultancy contract came to €240,000 excluding tax.

3.1.19.1.6. *Service agreement between ARC Management SAS and NEU SAS*

On 13 July 1999, NEU SAS, a subsidiary of Groupe SFPI, entered into a service agreement (along with its various amendments, the latest dated 12 May 2011) with ARC Management SAS (a company controlled and managed by Henri MOREL, CEO of Groupe SFPI). This contract provides for the provision of specific services to NEU SAS, including the identification of external growth and investment opportunities, assistance with optimising industrial costs and the implementation of targeted marketing strategies.

For the 2017 financial year, the total amount invoiced by ARC Management SAS to Groupe SFPI under this consultancy contract came to €222,072 excluding tax.

3.1.19.1.7. *Sublease agreement between Groupe SFPI and DOM Security*

On 27 September 2016, Groupe SFPI entered into a sublease agreement with its subsidiary DOM Security, under which Groupe SFPI undertakes to sublet a 75m^2 office space to DOM Security, located at 20 Rue de l'Arc de Triomphe in Paris (75017).

For the 2017 financial year, the amount of rent invoiced by Groupe SFPI to DOM Security came to €62,500 excluding tax.

3.1.19.1.8. *Commercial lease agreement between SCI BGM and Groupe SFPI*

Groupe SFPI has entered into a commercial lease agreement with SCI BGM (a company controlled and managed by Henri MOREL, Chairman and Chief Executive Officer of Groupe SFPI) under which SCI BGM leases Groupe SFPI an office property complex located at 20 Rue de the Arc de Triomphe in Paris (75017).
For the 2017 financial year, the amount of rent invoiced by SCI BGM to Groupe SFPI came to €578,000 excluding tax.

3.1.19.2. Special statutory auditors' report on regulated agreements and commitments

SPECIAL STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

At the General Shareholders' Meeting of GROUPE SFPI,

In our capacity as statutory auditors of your company, please find hereafter our report on regulated agreements and commitments.

It is our responsibility, based on the information provided to us, to provide a report on the characteristics, the key provisions, and the reasons justifying the benefit for the company of the agreements and commitments of which we have been informed or which we have discovered in the course of our assignment, without having to rule on their advisability or their merits, or having to check the existence of other agreements and commitments. Pursuant to the terms of Article R. 225-31 of the French Commercial Code, it is your responsibility to assess the benefits of entering into these agreements and commitments with a view to their approval.

In addition, it is our responsibility, where applicable, to provide you with the information stipulated in Article R.225-31 of the French Commercial Code pertaining to the implementation of agreements and commitments during the past financial year that had already been approved by the General Shareholders' Meeting.

We have implemented the auditing procedures that we considered necessary, in accordance with the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* (French auditing body) relating to this assignment. These procedures consisted of checking the consistency of the information provided to us with the source documents from which it came.

Agreements and commitments submitted for the approval of the General Shareholders' Meeting

Agreements and commitments authorised and entered into in the past financial year

We hereby inform you that we have not been given notice of any agreement or commitment authorised and concluded during the past financial year to be submitted to the General Shareholders' Meeting for approval in accordance with the provisions of Article L. 225-38 of the French Commercial Code.

Agreements and commitments not previously authorised

Pursuant to Articles L. 225-42 and L. 823-12 of the French Commercial Code, we hereby inform you that the following agreements and commitments were not the subject of prior authorisation from your Board of Directors.

It is our responsibility to inform you of the circumstances in which the authorisation procedure was not followed.

Tax consolidation agreement between Groupe SFPI SA and its subsidiary Neu JKF International

Companies concerned:

GROUPE SFPI SA, its subsidiary NEU SA and its sub-subsidiary NEU JKF

INTERNATIONAL. Nature and purpose:

Tax consolidation agreement entered into on 22 December 2017 for the term covering the five-year tax consolidation period, with effect from 1st January 2018.

Conditions:

This agreement aims to:

- distribute among Group companies the tax payable by the parent company on the overall profit,
- to apply, where applicable, the tax savings or loss that may result from the consolidation,
- not to compensate the subsidiary should it exit from the Group.

The main terms and conditions provided for in the application of the agreement are as follows:

- the company NEU JKF INTERNATIONAL, which is part of the tax consolidation scope, shall pay your company the tax that it would have paid had it been taxed separately, according to the schedule that your company must adhere to for payment to the Treasury of the Group's income tax and its payments on account,

- excess payments on account are reimbursed by your company to NEU JKF INTERNATIONAL,
- the tax savings or loss will be recorded by your company as a non-taxable loss or profit in its accounts,
- in the event of an exit from the Group, non-renewal of the tax option, or termination by the Group, the tax savings realised by your company with regard to direct taxation shall not give rise to any refund or payment, so that the company NEU JKF INTERNATIONAL will not be entitled to any compensation.

Justification of its benefit for the company:

Your Board of Directors has specified that the agreement is motivated by the desire to provide assistance as a holding company, as well as corporate governance and sound management of subsidiaries.

We hereby inform you that the signing of this agreement was not submitted, by omission, for the prior authorisation of your Board of Directors, as provided for in Article L. 225-38 of the French Commercial Code.

We duly inform you that at its meeting on 24 April 2018, your Board of Directors decided to authorise this agreement after the fact.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

Agreements and commitments approved in previous years that continued to be performed during the past financial year

In accordance with Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, already approved by the General Shareholders' Meeting in previous financial years, have continued to be fulfilled during the past financial year.

GROUPE SFPI'S SERVICE AGREEMENTS WITH ITS SUBSIDIARIES

Individuals and companies involved:

Henri Morel, Chairman of DENY SECURITY SAS, Chairman of DOM-METALUX SAS, Chairman of PICARD-SERRURES SAS, Chairman of DOM RONIS SAS, Director and CEO of DOM SECURITY SA, Chairman of OMNITECH SECURITY SAS, Manager of SECU Beteiligungs-Gmbh, itself Manager of DOM SICHERHEITSTECHNIK GmbH & Co KG, Member of the Supervisory Board of DOM-TITAN D.D., Director of DOM-CR, Member of the Supervisory Board of EURO-ELZETT, Director of DOM-MCM, Managing Director of DOM-UK, Director of UCEM, Director and CEO of NEU SA, Advisor to MAC SAS, Chairman of ERYMA HOLDING, Chairman of ERYMA TELESURVEILLANCE, and Director and Chief Executive Officer of GROUPE SFPI SA.

Jean-Bertrand Prot, Director of DOM SECURITY SA, Chairman of MMD SAS, Director of NEU SA, Advisor and Chairman of the Supervisory Board of MAC SAS, Chairman of FRANCE FERMETURES SAS, Chairman of SIPA MENUISERIES SAS, Chairman of ERYMA SAS, Managing Director of ERYMA HOLDING, itself Manager of ERYMA-TELESURVEILLANCE, and Director and Chief Operating Officer of GROUPE SFPI SA. Sophie Morel and Valentine Laude, Directors of DOM SECURITY SA and GROUPE SFPI SA.
DOM SECURITY SA, itself a shareholder of DOM SUISSE, FABER FRANCE SAS; BAIE OUEST SA; SMVO SAS; BOFLEX SA; POINT EST.

Nature and purpose:

Service agreement in which GROUPE SFPI SA undertakes to provide its subsidiaries with its assistance and advice in the following areas: management, finance, administrative, accounting and legal organisation, IT, marketing/sales, research and development.

The amendments signed on 25 July, 26 July and 30 August 2016 for the subsidiaries DENY SECURITY SAS, DOM-METALUX SAS, PICARD SERRURES SAS, DOM RONIS SAS, DOM SECURITY SA, OMNITECH SECURITY SAS, DOM SICHERHEITSTECHNIK Gmbh & Co KG, DOM-TITAN D.D, DOM-CR, EURO-ELZETT, DOM-MCM, DOM SUISSE, DOM-UK, UCEM, DOM-NEDERLAND, MMD SAS, NEU SA, MAC SAS, FRANCE FERMETURES SAS, FABER FRANCE SAS, BAIE OUEST SA, SMVO SAS, BOFLEX SA, ERYMA SAS, ERYMA TELESURVEILLANCE SAS, POINT EST SAS, have changed the duration of the agreement, which is now indefinite.
Concerning the subsidiary SIPA MENUISERIES, the agreement was entered into on 25 August 2016, for an indefinite period, with effect from 1st October 2016.

Terms and Conditions:

The remuneration is determined by applying a percentage to the annual net sales of each company or the consolidated turnover of the company and its subsidiaries:

- 1% for the subsidiaries DENY SECURITY SAS, DOM-METALUX SAS, PICARD SERRURES SAS, DOM RONIS SAS, OMNITECH SECURITY SAS, FRANCE FERMETURES SAS, SIPA MENUISERIES SAS,
- 1% for the subsidiary DOM SECURITY SA up to €75 million in turnover, 0.50% of turnover for the share of turnover between €75 million and €150 million and 0.25% of turnover for the share of turnover above €150 million,
- 0.6% for the subsidiary NEU SA,
- 0.7% for the subsidiaries DOM SICHERHEITSTECHNIK Gmbh & Co KG, DOM-TITAN D.D, DOM-CR, EURO-ELZETT, DOM- MCM, DOM SUISSE, DOM-UK, UCEM, DOM-NEDERLAND, MAC SAS, FABER FRANCE SAS, BAIE OUEST SA, SMVO SAS, BOFLEX SA, ERYMA SAS, ERYMA TELESURVEILLANCE SAS,
- 0.35% for the subsidiary MMD SAS.

For the subsidiary POINT EST SAS, the remuneration corresponds to a monthly fee of €1,524.

The revenue related to this agreement recognised for the year ended 31 December 2017 breaks down as follows:

Subsidiary	**Amount (in €)**
DENY SECURITY SAS	229,410
DOM-METALUX SAS	130,530
PICARD-SERRURES SAS	175,960
DOM RONIS SAS	145,650
DOM SECURITY SA	28,009
OMNITECH SECURITY SAS	95,140
DOM SICHERHEITSTECHNIK Gmbh & Co KG	287,554
DOM-TITAN D.D	69,447
DOM-CR	34,909
EURO-ELZETT	38,780
DOM-MCM	73,416
DOM SUISSE	24,934
DOM UK	26,922
UCEM	25,641
DOM NEDERLAND	89,740
MMD SAS	138,257
NEU SA	179,356
MAC SAS	685,690
FRANCE FERMETURES SAS	642,690
FABER FRANCE SAS	49,385
BAIE OUEST SA	25,557
SMVO SAS	16,156
BOFLEX SA	38,395
ERYMA SAS (1/01/2017 to 30/09/2017)	116,830
ERYMA TELESURVEILLANCE SAS (1/01/2017 to 30/09/2017)	33,509
POINT EST SAS	18,292
SIPA MENUISERIES	128,630
TOTAL	**3,548,789**

Justification of its benefit for the company:

Your Board of Directors has specified that the agreement is motivated by the desire to provide assistance as a holding company, as well as corporate governance and sound management of subsidiaries.

SERVICE AGREEMENT between DATAGROUPE AND GROUPE SFPI SA

Individual concerned:

GROUPE SFPI SA, majority shareholder of DATAGROUPE.

Nature and purpose:

Service Agreement dated 31 October 2000 and its Amendments No. 1 of 4 April 2001, No. 2 of 12 March 2002, No. 3 of 26 June 2005, No. 4 of 4 July 2007, No. 5 of 15 February 2008 and No. 6 of 26 July 2016, in which DATAGROUPE SA undertakes to provide GROUPE SFPI SA with its assistance and advice in the following areas: finance and accounting, sales, HR, management and IT.

Amendment No. 6 signed on 26 July 2016 modified the duration of the agreement, which is now indefinite.

Terms and Conditions:

The expense recognised for the financial year ended 31 December 2017 and relating to this agreement is €1,151,679 excluding taxes.

Justification of its benefit for the company:

Your Board of Directors has specified that the agreement is motivated by the desire to provide assistance as a holding company, as well as corporate governance and sound management of subsidiaries.

CONSULTANT CONTRACT BETWEEN GROUPE SFPI SA AND THE COMPANY SPRING MANAGEMENT SAS

Individual concerned:

Jean-Bertrand Prot, Chairman of SPRING MANAGEMENT SAS and Director and Chief Operating Officer of GROUPE SFPI SA.

Nature and purpose:

Consultant Agreement dated 15 June 1999 and its Amendments No. 1 of 20 May 2003, No. 2 of 11 February 2005, No. 3 of 13 May 2008, No. 4 of 12 May 2011 and No. 5 of 27 July 2016, in which SPRING MANAGEMENT SAS undertakes to provide GROUPE SFPI SA with advice and assistance in the areas of general management, company organisation, sales strategy, marketing and general policy, industrial investment, optimisation of industrial costs, financial policy and preparation of annual budgets.

Amendment No. 5 signed on 27 July 2016 amended the duration of the agreement, which is now indefinite.

Terms and Conditions:

The expense recognised for the financial year ended 31 December 2017 and relating to this agreement is €360,000 excluding taxes.

Justification of its benefit for the company:

Your Board of Directors has specified that the agreement is motivated by the desire to provide assistance as a holding company, as well as corporate governance and sound management of subsidiaries.

SUBLEASE AGREEMENT WITH THE COMPANY DOM SECURITY SA

Individuals concerned:

Henri Morel, Director and Chief Executive Officer of DOM SECURITY SA and GROUPE SFPI SA.

Jean-Bertrand Prot, Director of DOM SECURITY SA and GROUPE SFPI SA and Chief Operating Officer of GROUPE SFPI SA.

Sophie Morel and Valentine Laude, Directors of DOM SECURITY SA and GROUPE SFPI SA.

Nature and purpose:

A sub-lease agreement dated 27 September 2016 in which GROUPE SFPI SA undertakes to lease DOM SECURITY SA a 75 m^2 office space located in Paris (75017) at 20, Rue de l'Arc de Triomphe.

Terms and Conditions:

Annual fixed-rate rent of €62,500 excluding taxes, including charges, payable in advance in quarterly instalments of €15,625 excluding taxes, including charges.

The revenue related to this agreement, recognised for the financial year ending 31 December 2017, amounts to €62,500 excluding taxes.

Justification of its benefit for the company:

Your Board of Directors has specified that the agreement is motivated by the desire to provide assistance as a holding company, as well as corporate governance and sound management of subsidiaries.

Tax Consolidation Agreement between Groupe SFPI SA and its subsidiaries

Companies concerned:

GROUPE SFPI SA, its subsidiaries and sub-subsidiaries (DATAGROUPE, NEU SA, DELTA NEU, NEU RAILWAYS, NEU PROCESS, NEU AUTOMATION, NEU RLS, LA FONCIERE NEU, MMD, BARRIQUAND, FINANCIERE BARRIQUAND, BARRIQUAND ECHANGEURS, ASET, STERIFLOW, BATT.

Nature and purpose:

Tax consolidation agreement dated 30 September and 30 December 1999 and its amendments No. 1 of 16 May 2011 and No. 2 of 19 and 20 September 2016, 27 and 28 October 2016.

Amendment No. 2 documented the substitution of GROUPE SFPI SA for the company

SFPI. Terms and Conditions:

This agreement aims to:

- distribute among Group companies the tax payable by the parent company on the overall profit,
- to apply, where applicable, the tax savings or loss that may result from the consolidation,
- not to compensate the subsidiaries should they exit from the Group.

The main terms and conditions provided for in the application of the agreement are as follows:

- companies included in the tax consolidation scope shall pay your company the tax they would have paid had they been taxed separately, according to the schedule that your company must adhere to for payment to the Treasury of the Group's corporate tax and its payments on account,
- excess payments on account are reimbursed by your company to the companies included in the tax consolidation scope,
- the tax savings or loss will be recorded by your company as a non-taxable loss or profit in its accounts,
- in the event of an exit from the Group, non-renewal of the tax option, or termination by the Group, the tax savings realised by your company with regard to direct taxation shall not give rise to any refund or payment, so that the companies within the tax consolidation scope will not be entitled to any compensation.

Justification of its benefit for the company:

Your Board of Directors has specified that the agreement is motivated by the desire to provide assistance as a holding company, as well as corporate governance and sound management of subsidiaries.

Commercial lease between Groupe SFPI SA and the company SCI BGM

Individual concerned:

Henri Morel, Manager of SCI BGM and Director and Chief Executive Officer of GROUPE SFPI SA.

Nature and purpose:

Rental of real estate for office use located in Paris (75017) - 20, Rue de l'Arc de Triomphe.

Terms and Conditions:

The expense recognised for the financial year ended 31 December 2017 and relating to this agreement is €578,000 excluding taxes.

Justification of its benefit for the company:

Your Board of Directors has specified that the agreement is motivated by the desire to provide assistance as a holding company, as well as corporate governance and sound management of subsidiaries.

Paris La Défense and Neuilly-sur-Seine, 23 May 2018

The Statutory Auditors

KPMG SA	Deloitte & Associés
Nahid Sheikhalishahi	Philippe Soumah

3.1.20. **Financial information concerning the Company's assets, financial position and results**

3.1.20.1. Historical financial information

In accordance with Article 28 of the European Commission Regulation (EC) No. 809/2004, the following information is incorporated by reference into this Document E:

- Groupe SFPI's consolidated financial statements for the 2017 financial year and the corresponding statutory auditors' report included in the 2017 annual financial report, available on the Groupe SFPI website (www.sfpi-group.com);
- Groupe SFPI's consolidated financial statements for the 2016 financial year and the corresponding statutory auditors' report included in the 2016 annual financial report, available on the Groupe SFPI website (www.sfpi-group.com); and
- Groupe SFPI's consolidated financial statements for the 2015 financial year and the corresponding statutory auditors' report included in the 2015 annual financial report, available on the Groupe SFPI website (www.sfpi-group.com).

3.1.20.2. Interim financial information

Also incorporated by reference into this Document E are the consolidated financial statements of Groupe SFPI relating to the first half of the 2018 financial year and the corresponding statutory auditors' report included in the 2018 half-year report, available on the Groupe SFPI website (www.sfpi-group.com).

3.1.20.3Pro forma financial information

None.

3.1.20.4Dividend distribution policy

It is recalled that over the past three years, the following dividends have been paid to shareholders:

Dividend distribution for the year	**2017**	**2016**	**2015**
Number of shares	89,969,862	89,969,862	89,969,862
Overall net amount	€5,398 K	€4,498 K	€2,699 K
Dividend per share	€0.06	€0.05	€0.03
Consolidated net income	€29,391 K	€20,658 K	8.781€K

3.1.20.5Legal and arbitration proceedings

To the best of Groupe SFPI's knowledge, at the date of this Document E, no governmental, legal or arbitration proceedings have taken place in the last twelve months, that could have, or have had in the past, a significant impact on the financial position, activity and profitability of the Consolidated SFPI Group.

3.1.20.6. Significant change in the Group's financial or trading position since the last interim financial statements

There have been no significant changes to Groupe SFPI's financial or commercial position since the interim financial statements for the first half of 2018.

3.1.21. **Further information**

3.1.21.1. Share capital

3.1.21.1.1. *Subscribed capital*

At the date of this Document, the Company's share capital amounts to 80,972,875.8 euros, representing 89,969,862 ordinary shares with a par value of ninety cents (€0.90), all of the same class and all fully paid up.

3.1.21.1.2. *Non-equity shares*

At the date of this Document, the Company has not issued any non-equity shares.

3.1.21.1.3. *Treasury shares held by the Company - Share repurchase programme*

The Company holds 2,098,253 treasury shares, representing 2.33% of the capital. The book value of treasury shares held by Groupe SFPI is €6,377,310.6.

On 14 June 2018, the General Shareholders' Meeting authorised the Board of Directors, with the option to further sub-delegate, for a period of eighteen months from the date of this meeting, to purchase or encourage the purchase of Company shares in accordance with the provisions of Article L. 225-209 of the French Commercial Code and in accordance with the General Regulation of the Autorité des Marchés Financiers (AMF) and with Regulation No. 596/2014 of the European Parliament dated 16 April 2004 on market abuse, for the purposes of:

(i) ensuring the market liquidity of the Company's stock through an investment service provider acting independently under a liquidity agreement in accordance with the AMAFI Code of Ethics and the market practice recognised by the Autorité des Marchés Financiers; or
(ii) keeping them with a view to using them in the future as payment or in exchange for any external growth transactions, in accordance with the market practice permitted by the Autorité des Marchés Financiers; or
(iii) allocating them or selling them to the employees and/or executive officers of the Company and/or the companies that are either related to it or will be related to it under the terms and in the manner provided for by law, in particular through the granting of stock options or in the context of an employee profit-sharing scheme; or
(iv) offering them free of charge to the employees and/or executive officers of the Company and/or companies that are either related to it or will be related to it, in accordance with the provisions of Articles L. 225197-1 et seq. of the French Commercial Code, it being specified that the shares could be allocated to an employee savings plan in accordance with the provisions of Article L. 3332-14 of the French Labour Code; or
(v) cancelling the shares acquired by means of a capital reduction, in particular for the purpose of optimising the earnings per share or improving the return on equity; or
(vi) implementing any market practice that has been approved by the Autorité des Marchés Financiers, and more generally for any other purpose that may be authorised by the applicable legal and regulatory provisions.

The programme would also be designed to allow the Company to trade in the Company's shares for any other purpose authorised or that may be authorised by applicable law or regulation.

The maximum number of shares acquired may not exceed 10% of the share capital comprising the share capital at the date of the Board of Directors' decision to implement the repurchase programme, and the maximum purchase price per share shall not be exceed 5 euros.

Furthermore, by making use of this authorisation, and in consideration of the objective relating to the liquidity of Groupe SFPI's share market, on 1st July 2017, the latter entered into a liquidity agreement with the brokerage firm GILBERT DUPONT, in accordance with the AMAFI Code of Ethics for a period of one year, renewable by tacit agreement. The resources allocated to the liquidity account were 200,000 euros.

Under the liquidity contract entrusted by Groupe SFPI to Gilbert Dupont brokerage firm on 29 June 2018, the following assets were included in the liquidity account:

- Number of shares: 31,708
- Cash balance of the liquidity account: €90,902.53

In the half-yearly balance sheet of 29 December 2017, the following resources were included in the liquidity account:

- Number of shares: 27,571
- Cash balance of the liquidity account: €104,795.49

3.1.21.1.4. Securities giving access to capital

None.

3.1.21.1.5. Unissued authorised share capital, capital increase commitments

Financial authorisations adopted at previous meetings and still in force				
Type of authorisation	**GM (Resolution number)**	**Duration (Expiration date)**	**Maximum amount allowed[1]**	**Amount used at the date of this Document**
1. <u>Issuance of shares or securities giving access to the capital or to debt securities</u>				
Free allocation of shares	17th resolution (GM of 14/06/18)	38 months	10% of the share capital of Groupe SFPI*	-
Option to purchase existing shares or shares to be issued	18th resolution (GM of 14/06/18)	38 months	10% of the share capital of Groupe SFPI*	-
Reserved for employees signed up to the savings plan	16th resolution (GM of 14/06/18)	26 months	€2,429,186.27	-
2. <u>Share repurchase authorisation</u>	12th resolution (GM of 14/06/18)	18 months	10% of the shares comprising the capital of Groupe SFPI	-
3. <u>Cancellation of shares</u>	13th resolution (GM of 14/06/18)	26 months	10% of the shares comprising the capital of Groupe SFPI	-

** The two authorisations combined may not represent more than 10% of the share capital of Groupe SFPI (19th resolution of the GM on 14/06/18).*

3.1.21.1.6. *Information on any capital of the Company that is either under option or is subject to a conditional or unconditional agreement to place it under option*

None.

3.1.21.1.7. Other financial securities issued by the Company.

None.

3.1.21.1.8. Changes to the share capital over the last three years

The only changes to the share capital over the past three years occurred following the approval, by the shareholders' meetings of EMME and SFPI on 10 November 2015, of the merger-absorption of SFPI by EMME. After a capital reduction and this merger, EMME's share capital, which had previously amounted to €2,516,900 (2,516,990 shares with a par value of €1), became €80,972,875.8, consisting of 89,969,862 shares with a par value of €0.90.

3.1.21.1.9. *Information on the pledging of Company shares*

To the best of the Company's knowledge, and at the date of this Document E, the shares in its share capital held by its shareholders are not pledged.

3.1.21.2. Incorporation and Articles of Association

3.1.21.2.1. *Corporate purpose (Article 3 of the Articles of Association)*

The purpose of the Company is:

- the promotion, organisation and management of all trading and non-trading companies,
- the analysis, development and implementation of all financial, industrial, commercial, agricultural, mining and real estate projects, service providers of all kinds, including tourist and hotel industries,
- the study, research, acquisition, purchase, filing, leasing (whether as lessee or lessor) and use of all patents, trademarks, formulas, models and processes, and the acquisition, again in all its forms, use, concession and provision of any patent licensing,
- the purchase, sale, brokerage, management and governance of all movable and immovable property,
- any purchase, sale or trading of any listed or unlisted cash or investment securities, whether in registered or bearer form, any shares, bonds, rights and interests and any other securities in any railway companies, canals, mines, banks, finances, industries or enterprises for which, in a word, such transferable securities are deemed suitable,
- any subscription of securities to these French or foreign companies, whether financial, real estate, industrial, mining, agricultural, stocks and shares, or service providers of any kind. All contributions to French or foreign companies or contributions by these third parties, whether natural persons or legal entities and, in general, any transactions in transferable securities,
- any subscription of securities, annuities, bonds, government bonds, regions, *départements*, communes, public institutions,
- the acquisition and management of all transferable securities, for itself or on behalf of third parties or in partnership, and investment of the company's capital in securities of any kind,
- the acquisition of a stake or interest in any financial, industrial, commercial, agricultural, mining or real estate company or business, or service providers of any kind, issuing any new requests for shares, bonds and interests in all companies created or planned,
- the creation and control, in all its forms, of any financial, industrial, commercial, agricultural, mining or real estate companies, or service providers of any kind, the tourist and hotel industry,
- all of which directly or indirectly, on its behalf or on behalf of a third party, either alone or with third parties, through the creation of new companies, contributions, limited partnerships, subscription, purchase of securities or share rights, amalgamation, alliance, joint-venture or the provision or use of any property or rights under a lease or management agreement, or otherwise,
- and generally, any financial, commercial, industrial, civil, real estate or transferable property transactions that may be directly or indirectly related to one of the specified purposes or to any corporate assets.

3.1.21.2.2. *Administrative and management bodies*

See section 3.1.16 "Operating procedures of the administrative and management bodies" in this Document E.

3.1.21.2.3. Rights, privileges and restrictions related to each class of existing shares (Articles 7, 8 and 9 of the Articles of Association)

Fully paid-up shares are in registered or bearer form, at the option of the shareholder, subject, however, to the application of legal provisions relating to the form of shares held by certain natural or legal persons.

Ownership of the share entails, *ipso facto*, approval by the shareholder of the Company's Articles of Association as well as of the decisions of general shareholders' meetings.

As well as the voting right legally attached to the shares, each one gives the right, through the ownership of company assets, through profit-sharing, and through the liquidation bonus, to shares proportionate to the number and par value of existing shares.

Whenever it is necessary to own several shares or securities to exercise a given right, the shareholders or holders of securities shall be responsible for grouping shares, and possibly for the purchase or sale of the number of shares or necessary securities.

Voting rights (Article 9 of the Articles of Association):

The voting rights attached to shares are proportional to the capital they represent. At par value, each capital share or bond entitles the holder to one vote.

However, a voting right equivalent to twice that attributed to other shares, depending on the proportion of the share capital that they represent, may be attributed to fully paid shares which can be proved to have been registered in the name of the same shareholder for at least two (2) years.

Furthermore, in the event of a capital increase by capitalisation of reserves, profits or issue premiums, this double right may also be granted from the date of issue on registered shares allocated to a shareholder free of charge on the basis of old shares for which he has the benefit of that right.

3.1.21.2.4. Amending shareholders' rights

Amendments to the Company's Articles of Association are the responsibility of the Extraordinary General Meeting of the Company's Shareholders, which deliberates under the terms provided for by law (see section 3.1.21.2.5 below).

3.1.21.2.5. Shareholders' meetings

Article 19 of the Articles of Association:

General shareholders' meetings are convened in the manner and within the time frame set out by the legal and regulatory provisions in force.

If the Company wishes to send electronic notice of the meeting in lieu of a postal letter, it must first obtain the agreement of the shareholders concerned, who will provide their email address.

Meetings are held at the registered head office or at any other location specified in the notice of

meeting.

The right to attend meetings is governed by the legal and regulatory provisions in force.

Shareholder identification (Article 8 of the Articles of Association):

The company may at any time, in accordance with the legal and regulatory provisions in force, ask the body responsible for clearing the securities, the name (or, in the case of a legal entity, the title), nationality and address of the holders of securities conferring, either immediately or in the future, the right to vote in its own shareholders' meetings, as well as the number of securities held by each of them, and, where applicable, any restrictions affecting said securities.

3.1.21.2.6. *Provisions that could delay, defer or prevent a change of control*

None.

3.1.21.2.7. Statutory thresholds

Incidentally, any natural or legal person, acting alone or in concert, who should come to hold or cease to hold a portion equivalent to 2% of the share capital or the voting rights or any multiple of this percentage, is required to notify the Company, within fifteen days of exceeding the equity threshold, by registered letter with acknowledgement of receipt sent to the registered head office, specifying the number of shares and voting rights held.

If this declaration is not made in the above conditions, the shares exceeding the portion that should have been declared, are stripped of their voting rights under the conditions provided for by law, as long as one or more shareholders holding 5% of the share capital make the request, recorded in the minutes of the general meeting.

3.1.21.2.8. *Changes in capital*

None.

3.1.22. Special contracts

At the date of this Document E, and with the exception of the contracts referred to in section 3.1.19 of this Document E, Groupe SFPI does not consider, to the best of its knowledge, that it has entered into any contracts outside the normal course of business either directly or via one of the Group's entities.

3.1.23. Information from third parties, expert statements and declarations of interest

None.

3.1.24. Documents available to the public

All legal and financial documents relating to the Company and which must be made available to shareholders in accordance with the regulations in force may be consulted at the Company's registered office (20 Rue de l'Arc de Triomphe - 75017 Paris) and on the Groupe SFPI website (www.finance.groupe-sfpi.com).

As such, the following documents (or copies of these documents) may, if necessary, be consulted at the Company's registered office or on its website:

- the Company's Articles of Association;
- any reports, letters and other documents, historical financial information, valuations and statements prepared by an expert at the request of the issuer, some of which are included or referred to in this Document E;
- the issuer's historical financial information for each of the two financial years preceding the publication of this Document E;
- the above documents can be consulted on physical media at the Company's registered office.

3.1.25. Shareholding information

The reader is referred to section 3.1.7 of this Document E.

3.2. FURTHER INFORMATION

3.2.1. Risk factors related to the Transaction

The number of new Groupe SFPI shares issued as consideration for the Merger will not be affected by fluctuations in the price of Groupe SFPI and DOM Security shares.

At the date of the Merger Agreement, the exchange ratio was set at 20 new Groupe SFPI ordinary shares for one DOM Security ordinary share. Since no adjustment mechanism is planned, the exchange ratio will remain unchanged and the Merger will be carried out even if the price of the DOM Security and/or Groupe SFPI shares changes after signing the Merger Agreement. However, the market price of Groupe SFPI and/or DOM Security's shares may fluctuate or have fluctuated significantly either up or down on the Completion Date compared to 25 September 2018, the date of the meeting of the Groupe SFPI Board of Directors during which the merger's exchange ratio was decided.

The Groupe SFPI share price is subject to market volatility.

In recent years, stock markets have experienced significant fluctuations, in some cases unrelated to the results of companies whose shares are listed. Market fluctuations and general economic conditions could increase the volatility of the Groupe SFPI shares. The share price of the Group SFPI shares could fluctuate significantly in response to various factors, events and perceptions related to its activities, including the risk factors described in section 3.1.4 of this document, as well as the liquidity on the stock market of Groupe SFPI shares.

The completion of the Merger may have a favourable or unfavourable impact on the Groupe SFPI share price.

The number of Groupe SFPI shares admitted to trading on the regulated market of Euronext Paris will increase as a result of the completion of the Merger. Although the increase is limited by the waiver of consideration for the DOM Security shares already held by Groupe SFPI, this capital increase, or the perception of such a capital increase, could have an indeterminable impact (favourable or unfavourable) on the Groupe SFPI share price.

3.2.2. Statement on net working capital

Groupe SFPI attests that, in its view, the net working capital of Groupe SFPI is sufficient to meet the current obligations of Groupe SFPI for a period of 12 months from the date of the Document and that, after taking into account the completion of the merger, the working capital available to the new Group will be sufficient to meet its current obligations for a period of 12 months from the date of the Document.

3.2.3. Shareholders' equity and indebtedness

In accordance with ESMA recommendations *(the European Securities and Markets Authority)* (ESMA/2013/319/paragraph 127), the tables below present the unaudited figures for Groupe SFPI's consolidated net financial debt and consolidated shareholders' equity at 31 July 2018, established according to the IFRS standard:

Shareholders' equity and indebtedness (unaudited)	As at 31 July 2018
(In €k)	
Pledged debt	4,377
Debt subject to guarantee	-
Debt not pledged or guaranteed	12,683
Current debt	**17,060**
Pledged debt	28,919
Debt subject to guarantee	-
Debt not pledged or guaranteed	46,577
Non-current debt	**75,496**

Share capital	80,973
Issuance premiums	-
Other reserves and retained earnings	100,718
Results from 1st January to 30 June 2018	9,635
Shareholders' equity, Group share*	**191,326**

**Excluding earnings and other items of comprehensive income for the period (from 1st to 31 July 2018).*

Analysis of net financial debt (unaudited)	**As at 31 July 2018**
(In €k)	
A. Cash	74,728
B. Cash equivalents	64,638
C. Investment securities	-
D. Liquidity (A + B + C)	**139,366**
E. Short-term financial debts	**-**
F. Current bank lending	3,681
G. Bank loans - Maturing within one year	13,233
H. Other short-term financial debts	146
I. Current financial debt (F + G + H)	**17,060**
J. Current net financial debt (I - E - D)	**-122,306**
K. Bank loans maturing in over a year	74,221
L. Bonds issued	-
M. Other financial debts maturing in over a year	1,275
N. Non-current financial debt (K +L + M)	**75,496**
O. Net financial debt (J + N)	**-46,810**

The Company has no indirect or unconditional debt.

3.2.4. Interests of natural and legal persons participating in the Transaction

None.

3.2.5. Expenses related to the Transaction

Expenses related to the Merger (fees for legal and financial advisers, and the merger auditors) are estimated at €1.3 million and will be borne by Groupe SFPI (including €895,000 provisioned on 30 June 2018).

3.2.6. Dilution

3.2.6.1. Impact of the Merger on the share of consolidated equity

As an indication, the theoretical impact of the issue of New Shares as consideration for the Contributions on the share of consolidated shareholders 'equity, Group share, per share (calculated on the basis of the consolidated shareholders' equity, Group share on 30 June 2018 and the number of 89,969,862 shares comprising Groupe SFPI's share capital at the date of this Document E) would be as follows:

	Share of consolidated shareholders' equity
Consolidated equity on 30/06/18	€191,326 K
Before the Merger	€2.13
After the Merger	€1.93

3.2.6.2. Impact of the Merger on the capital interest of a shareholder holding 1% of Groupe SFPI's capital prior to this merger

As an indication, the theoretical impact of the issue of the New Shares as consideration for the Contributions on the capital interest of a shareholder holding 1% of Groupe SFPI's share capital prior to the issue and not receiving any shares (calculated on the basis of the 89,969,862 shares making up Groupe SFPI's share capital at the date of this Document E) would be as follows:

	Shareholder's interest (in % of capital)
Before the Merger	1.00%
After the Merger	0.91%

3.2.6.3. Impact of the Merger on the capital interest of a shareholder holding 1% of Groupe SFPI voting rights prior to this merger

As an indication, the theoretical impact of the issue of the New Shares as consideration for the Contributions on the capital interest of a shareholder holding 1% of Groupe SFPI voting rights prior to the issue and not receiving any shares (calculated on the basis of the 159,153,199 voting rights making up Groupe SFPI's share capital at the date of this Document E) would be as follows:

	Shareholder's interest (in % of voting rights)
Before the Merger	1.00%
After the Merger	0.94%

3.2.7. Additional information (relating to the experts)

By order dated 23 July 2018, as part of the Merger, the President of the Paris Commercial Court appointed Maurice Nussenbaum, of the firm SORGEM Evaluation, located at 11 Rue Leroux in Paris (75116) and Didier Kling, located at 28 Avenue Hoche in Paris (75008) as independent appraisers of the merger.

The merger auditors' reports regarding the value of the contributions and the terms of the Merger were prepared on 26 September 2018 and were the subject of an *addendum* dated 2 October 2018.

The merger auditors' reports are provided in **Appendix 1** and **Appendix 2** and the *addendum* in **Appendix 3** of this Document E.

4. PRO FORMA FINANCIAL INFORMATION

Pursuant to AMF instruction no. 2016-04 updated on 15 January 2018, since the proposed transaction does not involve a variation of more than 25% in the key size indicators of the Consolidated SFPI Group, no pro forma financial information is presented in this Document E.

5. PRESENTATION OF DOM SECURITY, THE COMPANY BEING ABSORBED

5.1. GENERAL INFORMATION REGARDING DOM SECURITY

Detailed information on DOM Security's operating activities, its legal situation, DOM Security's consolidated financial statements and related statutory auditors' reports, recent changes and future prospects, are all presented in the annual financial reports for the financial years 2017, 2016 and 2015, which are incorporated by reference in this Document E. The half-yearly financial statements for the period 1st January to 30 June 2018 are presented in the half-yearly financial report which is incorporated by reference into this Document E.

The aforementioned documents and other documents and information from DOM Security are available on its website at www.dom-security.com.

5.1.1. Company name and registered office

The name of the Absorbed Company and its trading name is "DOM Security".

The Absorbed Company's registered office is located at 20 Rue de l'Arc de Triomphe in Paris (75017).

5.1.2. Date of incorporation and duration of the Absorbed Company

The Absorbed Company was incorporated as a limited company on 12 July 1990.

The Absorbed Company was incorporated for a period of 50 years from the date of its registration in the Trade and Companies Register, unless extended or prematurely dissolved.

The Company's financial year end is 31 December of each year.

5.1.3. Legislation relating to the Absorbed Company and legal status

The Absorbed Company is a public limited company under French law with a Board of Directors.

It is governed by the laws and regulations in force in French law, in particular by the French Commercial Code and its by-laws.

5.1.4. Summary of its corporate purpose

The purpose of the Absorbed Company is:

- the acquisition of shares in all companies, the acquisition of all securities, patents, trademarks and models, the collection of interest, dividend or royalty payments, the provision of any subscription rights or other benefits that may result from these, the creation of new companies, the purchase, contribution or subscription of securities or corporate rights, all portfolio transactions and the exercise of all rights deriving from the ownership of the securities;
- directly or indirectly, the manufacture and sale of all locksmith and hardware items;
- all of which directly or indirectly, on its behalf or on behalf of a third party, either alone or with third parties, through the creation of new companies, contributions, limited partnerships, subscription, purchase of securities or share rights, amalgamation, alliance, joint-venture or the provision or use of any property or rights under a lease or management agreement, or otherwise;
- and generally, any financial, commercial, industrial, civil, real estate or transferable property transactions that may be directly or indirectly related to one of the specified purposes or to any corporate assets.

5.1.5. Registration number in the Trade and Companies Register - NAF Code

The Absorbed Company is registered with the Paris Trade and Companies Register under number 378 557 474.

The Absorbed Company's activity code is 7010Z. This corresponds to the activities of its headquarters.

5.1.6. Management

At the date of this Document E, the person responsible for DOM Security's management is Henri MOREL, Chairman and Chief Executive Officer.

The current members of DOM Security's Board of Directors are:

Surname, First Name, Age, Business Address	Mandates and positions held within the Company	Mandate duration and start and end dates
Mr Henri MOREL 61 years old 20 rue de l'Arc de Triomphe - 75017 Paris, France	Chairman of the Board of Directors CEO Director	Duration of mandate: 3 years Renewal date: 18 May 2017 End of mandate: 2020 (general shareholders' meeting approving the financial statements for the year ended 31 December 2019)
Mr Jean-Bertrand PROT 73 years old 20 rue de l'Arc de Triomphe - 75017 Paris, France	Director Member of the Audit Committee	Duration of mandate: 3 years Renewal date: 18 May 2017 End of mandate: 2020 (general shareholders' meeting approving the financial statements for the year ended 31 December 2019)
Mrs Sophie MOREL 33 years old 20 rue de l'Arc de Triomphe - 75017 Paris, France	Director Member of the Audit Committee	Duration of mandate: 3 years Renewal date: 18 May 2017 End of mandate: 2020 (general shareholders' meeting approving the financial statements for the year ended 31 December 2019)
Mrs Valentine LAUDE 40 years old 20 rue de l'Arc de Triomphe - 75017 Paris, France	Director Member of the Audit Committee	Duration of mandate: 3 years Renewal date: 18 May 2017 End of mandate: 2020 (general shareholders' meeting approving the financial statements for the year ended 31 December 2019)
Groupe SFPI SA, represented by **Sarina DESFONTAINE** 43 years old 20 rue de l'Arc de Triomphe - 75017 Paris, France	Director	Duration of mandate: 3 years Renewal date: 17 May 2018 End of mandate: 2020 (general shareholders' meeting approving the financial statements for the year ended 31 December 2019)

Mr Hermann ROSER 67 years old 16a Konigstrasse 52929 Wermelskirchen (Germany)	Independent Director Member of the Audit Committee	Duration of mandate: 3 years Renewal date: 19 May 2016 End of mandate: 2019 (general shareholders' meeting approving the financial statements for the year ended 31 December 2018)
Mr Thierry CHEVALLIER 60 years old 115 rue Lauriston - 75116 Paris	Independent Director Chairman of the Audit Committee	Duration of mandate: 3 years Renewal date: 17 May 2018 End of mandate: 2021 (general shareholders' meeting approving the financial statements for the year ended 31 December 2020)

The Board of Directors has set up an audit committee to perform the duties assigned to it by law, including: monitoring the process of preparing financial information, and monitoring the effectiveness of the company's internal control and risk management systems, as well as internal auditing, if necessary, to verify the procedures used in the preparation and processing of accounting and financial information.

5.1.7. Compensation and non-cash benefits granted to executive officers and directors

For the most recent full financial year, the Company paid the following amounts to its directors:

Executive Officers Directors	Amounts paid during the financial year ended 31/12/2017	Amounts paid during the financial year ended 31/12/2016
Mr Henri MOREL		
Directors' emoluments Other compensation	- -	- -
Mr Jean-Bertrand PROT		
Directors' emoluments Other compensation	- -	- -
Mrs Sophie MOREL		
Directors' emoluments Other compensation	- -	- -
Mrs Valentine LAUDE		
Directors' emoluments Other compensation	€7,000 -	€6,650 -
Groupe SFPI SA, represented by **Sarina DESFONTAINE**		
Directors' emoluments Other compensation	- -	- -
Mr Hermann RÖSER		
Directors' emoluments Other compensation	€7,000 -	€6,650 -
Mr Thierry CHEVALLIER		
Directors' emoluments Other compensation	€7,000 -	€6,700 -

5.1.8. **Statutory Auditors**

See Section 1.2.3 of this Document E.

5.1.9. **Regulated agreements and commitments**

(i) Service Agreements

(a) Service agreements between DOM Security and its subsidiaries

DOM Security has entered into service agreements with its subsidiaries, as modified by their various amendments, in which DOM Security undertakes to provide its subsidiaries with assistance and consultancy services, in particular in the following areas: insurance, export, accounting and legal, sales and marketing/communication.

The total amount invoiced by DOM Security to its subsidiaries under these agreements during the year ended 31 December 2017 came to €2,742,812 excluding tax.

(a) Service agreements between DOM Security and Groupe SFPI

A service agreement was concluded between Groupe SFPI and DOM Security on 30 September 1991, as amended on 25 July 2016, relating to Groupe SFPI's provision to DOM Security of assistance and advice in the following areas: management, finance, administrative, accounting and legal organisation, IT, marketing/sales, as well as research and development.

The remuneration for services rendered by Groupe SFPI is determined by applying a percentage to DOM Security's annual tax-free turnover as follows:

- 1% up to €75 million of turnover;
- 0.50% for the share of the turnover between €75 million and €150 million; and
- 0.25% for the share of turnover above €150 million.

The total amount invoiced by Groupe SFPI to DOM Security under this agreement during the year ended 31 December 2017 is €28,009 excluding tax.

ii) Sublease agreement

A sub-lease agreement was concluded between Groupe SFPI and DOM Security on 27 September 2016, under which Groupe SFPI undertakes to provide DOM Security with a 75m^2 office space located in Paris (75017) at 20, Rue de l'Arc de Triomphe.

The rent owed by DOM Security is an annual fixed-rate rent of €62,500 (excluding taxes) payable in advance in quarterly instalments of €15,625 excluding taxes.

iii) Tax Consolidation Agreement

A tax consolidation agreement was entered into between DOM Security and its subsidiaries on 20 December 1996, together with its various amendments whereby, in particular, the tax payable by DOM Security is allocated to the overall profit (with tax savings or loss being recorded in its accounts).

The companies included in the tax consolidation scope are the following:

- DOM SECURITY S.A.
- DENY SECURITY S.A.S.
- DOM-METALUX SECURITY S.A.S.
- DOM RONIS S.A.S.
- PICARD-SERRURES SECURITY S.A.S.
- DOM PARTICIPATIONS S.A.S. S.

- DOM TSS S.A.S.U.
- OMNITECH SECURITY S.A.S.

In accordance with Article 28 of the European Commission Regulation (EC) No. 809/2004, the Statutory Auditors' special reports on regulated agreements and commitments (for financial years ending 31 December 2017, 2016 and 2015) included in the sections "*Statutory Auditors' Reports*", VI "*Statutory Auditors' Reports*", and V "*Statutory Auditors' Reports*" of DOM Security's 2017, 2016 and 2015 financial reports, are incorporated by reference into this Document E and are available on the DOM Security website (www.dom-security.com).

5.1.10. **Availability of documents and information about DOM Security**

The documents and information are available free of charge at DOM Security's head office (20 Rue de l'Arc de Triomphe - 75017 Paris) and on the websites of DOM Security (www.dom-security.com) and the Autorité des Marchés Financiers (www.amf-france.org).

5.2. GENERAL INFORMATION RELATING TO DOM SECURITY'S CAPITAL

5.2.1. Amount of the subscribed capital, number and classes of the financial securities comprising it, with details of their key characteristics

At the date of this Document E, following the cancellation of 197,835 shares held by DOM Security as part of its takeover bid (see section 2.1.2 of this Document E), the share capital of DOM Security amounts to € 33,059,280, fully paid up and divided into 2,203,952 ordinary shares with a par value of €15 each.

The table below shows the evolution of DOM Security's share capital over the last five years:

Date	Type of transaction	Number of cancelled shares	Number of shares	Par value	Share capital
31/12/2012	-	-	2,443,952	€15	€36,659,280
31/12/2013	-	-	2,443,952	€15	€36,659,280
31/12/2014	-	-	2,443,952	€15	€36,659,280
31/12/2015	-	-	2,443,952	€15	€36,659,280
31/12/2016	-	-	2,443,952	€15	€36,659,280
31/12/2017	-	-	2,443,952	€15	€36,659,280
17/05/2018	Cancellation of treasury shares	42,165	2,401,787	€15	€36,026,805
05/09/2018	Cancellation of treasury shares	197,835	2,203,952	15	€33,059,280

5.2.2. Characteristics of the financial instruments giving access to the share capital

At the date of this Document E, the Company has not issued any securities other than the 2,203,952 ordinary shares comprising its share capital.

5.2.3. Double voting rights and treasury shares

The voting rights attached to shares are proportional to the capital they represent. At par value, each capital share or bond entitles the holder to one vote.

However, a voting right equivalent to twice that attributed to other shares, depending on the proportion of the share capital that they represent, may be attributed to fully paid shares which can be proved to have been registered in the name of the same shareholder for at least three years.

It is also important to note that the seniority acquired by the registered shareholders in the company DOM Security will be taken into account for the calculation of the seniority used in the company Groupe SFPI post-Merger.

At the date of this Document E, DOM Security holds 42,165 treasury shares.

5.2.4. **Distribution of share capital and voting rights**

The table below shows the distribution of the capital and voting rights of DOM Security as of the date of this Document E:

	Shares		Voting rights			
			Theoretical		Exercisable in GSM	
Share ownership	**Number**	**%**	**Number**	**%**	**Number**	**%**
Groupe SFPI	1,694,385	76.88%	3,388,770	86.87%	3,388,770	87.82%
Public	467,402	21.21%	469,837	12.05%	469,837	12.18%
Treasury shares	42,165	1.91%	42,165	1.08%	0	0.00%
TOTAL	**2,203,952**	**100.00%**	**3,900,772**	**100.00%**	**3,858,607**	**100.00%**

5.3. INFORMATION ABOUT DOM SECURITY'S BUSINESS

5.3.1. **Overview of DOM Security**

DOM Security is the holding company of the DOM Security Group, an independent industrial group specialising in locks and security systems ("**DOM Security Group**").

DOM Security Group is structured around 29 companies based in Europe, including 12 companies in France, as well as companies based in Germany, Slovenia, Hungary, England and Spain, in particular

5.3.2. **History**

Since its creation, DOM Security Group has added to its ranks with the acquisition of companies in Spain, Italy, Slovenia, Poland, Hungary and, more recently, in Germany with the acquisition of the company DOM in 2005. In 1994, the DOM Security Group went public on the secondary market.

In 2014, a reorganisation took place with the SECURIDEV 200 project. This restructuring, mainly affecting sales and marketing, aimed to expand the product range, as well as improving customer service and increasing the division's business. One of the most significant measures was to rename the DOM Security Group in June 2015 and consolidate the brands under a single retail chain: DOM, to which the historical brand name was added.

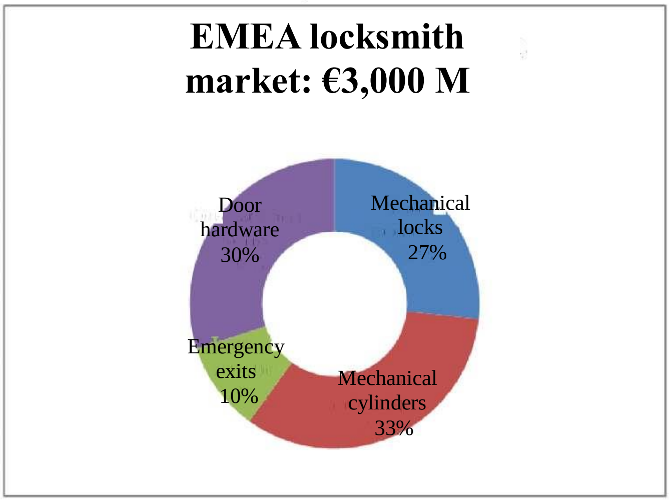
Since then, the DOM Security Group has continued in its acquisition and development policy.

DOM Security Group is structured around 29 companies based in Europe, including 12 companies in France, as well as companies based in Germany, Slovenia, Hungary, England and Spain, in particular.

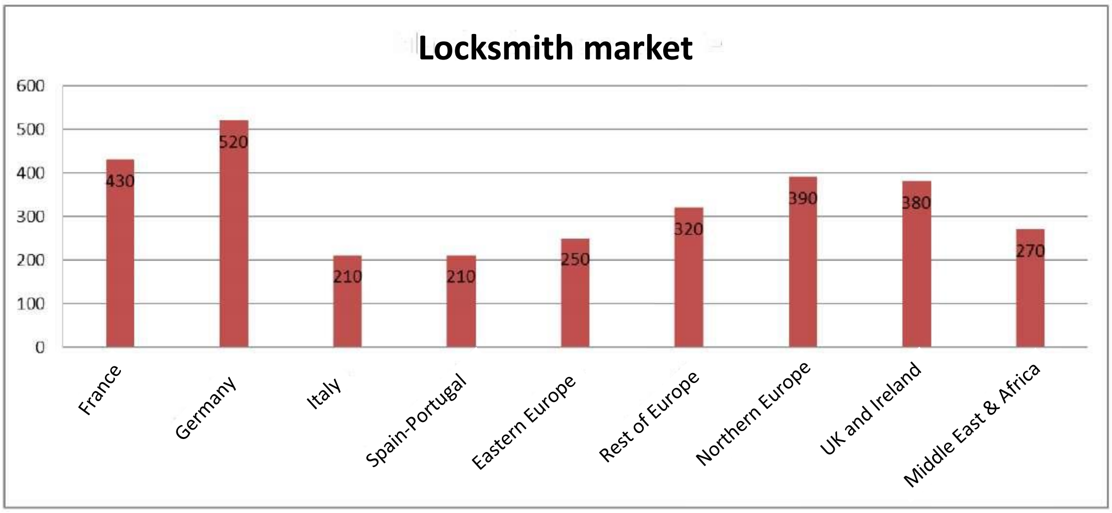
5.3.3. **Economic environment**

Today, the Europe/Middle East market for mechanical security devices in which the DOM Security Group operates is estimated at 3 billion euros.

In the specific market for mechanical and electronic cylinders, DOM Security Group accounts for around 10% of the market and is the fourth largest player in this market. DOM Security Group has a commercial presence in all professional distribution channels.



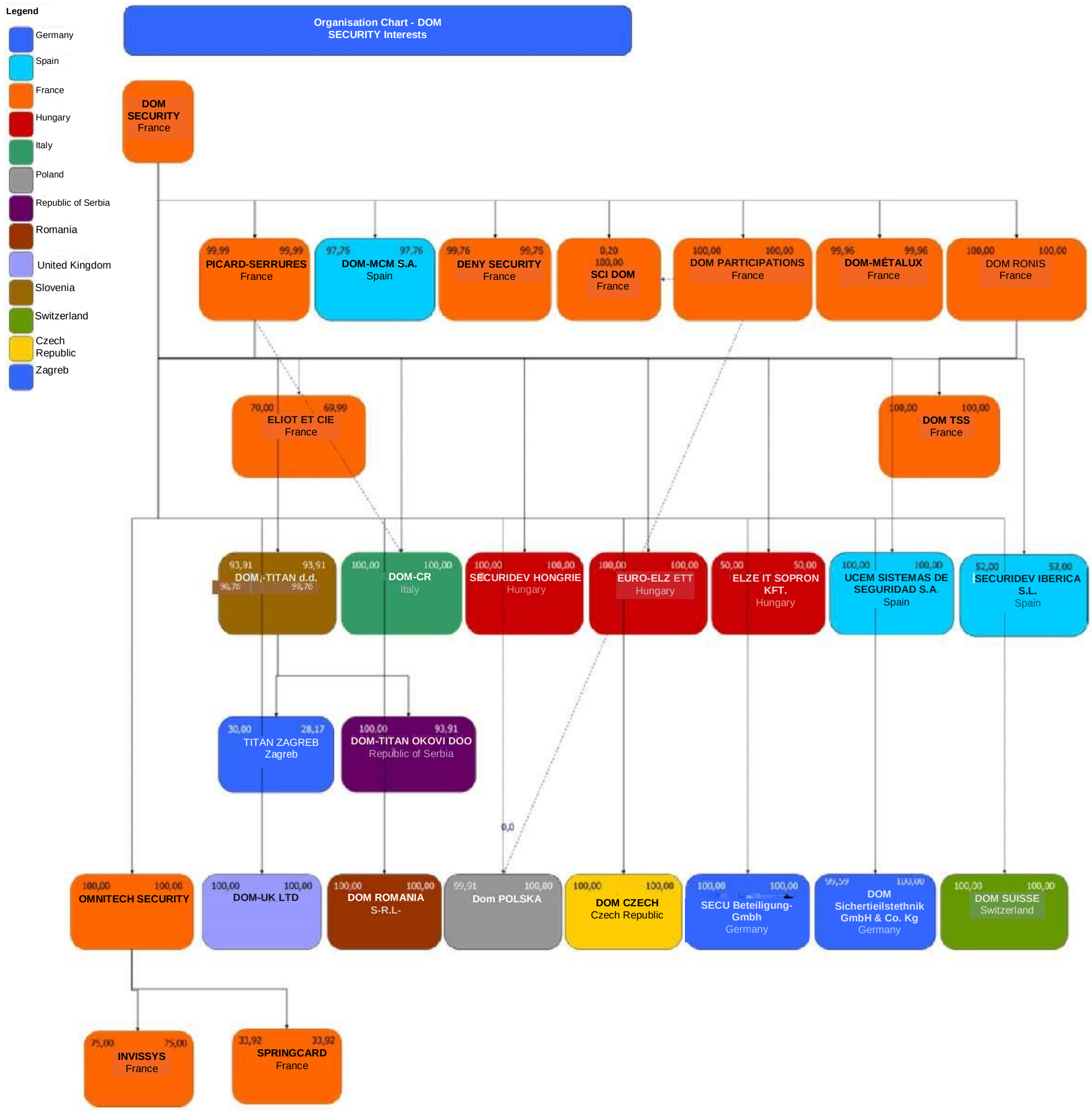
Source: Mechanical and Peripherical Locking Devices Report-2015 de HIS Technology



Source: Mechanical and Peripherical Locking Devices Report-2015 de HIS Technology

5.3.4. **Organisational chart**

At the date of this Document E, DOM Security Group's organisation chart is as follows:



** With the exception of Antipanic, acquired in September 2018 by DOM-CR, the Italian subsidiary of DOM Security*

5.3.5. **Description of DOM Security's main activities**

DOM Security specialises in security systems for buildings and equipment. DOM Security's expertise lies in the design, manufacture and sale of:

i) Dedicated building security systems with a broad and recognised range of equipment for retail professionals *(Building Trade BU).* This Business Unit is organised around the following main companies:

- DOM METALUX (France) - 8,000 product references - 102 employees - sales of €12 million.
  On its Saint-Dizier site in France, DOM-Metalux manufactures recessed locks for narrow profiles, surface locks, locks for glass doors, anti-panic systems and electric locks. It also has a workshop for fitting various cylinders and master key systems.

- DOM MCM - 94 employees - sales of €11 million.
  DOM MCM manufactures and distributes locking devices adapted to the Spanish market. After the merger with the company UCEM, the company becomes one of the largest suppliers of locking solutions in Spain. The UCEM brand offers mortise locks with one or more locking points for entrance and interior doors. It also develops mechanical access control systems and electromechanical locks specially designed for the hospitality industry. It has a strong presence in the export market, particularly in Latin America, the Middle East and Asia.

- Euro ELZETT - 133 employees - sales of €8M.
  Euro-Elzett is currently the leader in the Hungarian market for locks used in buildings, security systems and access control. Thanks to its dynamic network of manufacturers and sales representatives, Euro-Elzett's business is booming across several European countries and 50% of its turnover is achieved beyond its national borders. It continues to innovate year on year with several series of locks. Euro-Elzett has its own quality control and testing centre that works in accordance with European testing standards such as SKG, EN, etc.

ii) Locking systems for industrial equipment, working alongside its design offices to provide turnkey solutions (Industry BU). This Business Unit is organised around the following main companies:

- DOM RONIS 20,000 product references - 132 employees - sales of €13 million.
  DOM RONIS provides European manufacturers with turnkey security solutions by working with their own engineering and design departments. The RONIS brand is known worldwide for locks specifically designed for metal furniture, office furniture, electrical equipment, letter boxes, coin deposit devices and automotive accessories.

- DOM KG - 10,000 product references - 407 employees - sales of €58 million.
  DOM Sicherheitstechnik has the Group's largest and most sophisticated manufacturing facility, located in Germany. The company produces a very wide product range using automated, robotic machinery and CNC machines. The company can therefore quickly adapt to the changing needs of its customers. The sales department and training facilities are located near the factory. The sales organisation for Germany and Northern Europe includes an after-sales department, a sales unit and an industrial unit. DOM Sicherheitstechnik joined the DOM Security group in 2005.

- PICARD SERRURES - 3,000 product references - 124 employees - sales of €17 million.
  Founded in 1720, Picard Serrures designs and manufactures high security systems in France: multipoint locks, armoured doors and "vandal-proof" lobby doors. With its experience and expertise, the company is now developing products distributed to individuals through its network of professionals.

Picard Serrures has always stood out by offering innovative and high security products (A2P certification, *Origine France Garantie* label, *Palmes d'Or* for home improvement, PMR standard, and more).
Picard Serrures benefits from a network of over 200 licensed installers throughout France for the sale and installation of its products.

- DOM POLSKA - 5,000 product references - 106 employees - sales of €5 million.
  With more than a hundred years in the industry, DOM Polska is the official Polish mortise locks specialist. Today, it also makes rim locks for windows and doors. The company covers the entire country, providing locking systems to Poland's leading window and door manufacturers, as well as distributors dedicated to industry. It also has a large number of authorised retailers.

- DOM TITAN - 5,000 product references - 196 employees - sales of €15 million.
  DOM Titan is a modern production facility offering a wide range of security solutions. DOM Titan is a leading company that manufactures mechanical protection devices for doors and locks for the furniture industry. A considerable number of products are sold to professional partners throughout Europe.

- DOM CR - sales of €5 million
  DOM CR Serrature offers a wide range of security products for metal and wooden doors as well as other locking solutions. Its professional approach and high quality service have given it an excellent reputation among renowned locksmith firms, wood and metal door manufacturers and specialist distributors. DOM CR Serrature is renowned in particular for its range of high security locks for Italian armoured doors.

iii) Mechanical, electronic and access control systems for large organisations and at-risk sites (Project BU). This Business Unit is organised around the following main companies:

- DENY SECURITY - 9,000 product references - 145 employees - sales of €23 million.
  Resulting from the merger of the companies DÉNY, an innovator in the field of mechanical, electrical and electromagnetic locks, and FONTAINE, a prestigious designer of luxury locks, DÉNY SECURITY specialises in access control in public access buildings. It provides its customers with its potential experience in all areas and all access control technologies to provide a solution to all their needs.
  DÉNY SECURITY has an extensive technological portfolio on the market with a wide range of patented cylinders, powerful master key systems, certified emergency exit management systems, hotel management systems, electronic and mechanical locks, and more.
  DÉNY SECURITY provides a comprehensive turnkey service that includes the fitting and maintenance of products, thus ensuring complete security of access.

- OMNITECH SECURITY - 45 employees - sales of €9 million.
  Omnitech Security is a French company founded in 2005, specialising in electronic access control systems for large-scale projects. It creates solutions for hypervisors, access control, video surveillance, identification of people and vehicles, and multi-service card management systems that help provide managers with a true integrated security information system. Its solutions cover everything from the simplest to the most complex, protecting its customers against malware while controlling the flow of people, vehicles and goods.

As at 31/12/2017, the aforementioned companies in the Group represented 1,484 employees (almost 93% of the workforce) and nearly €170 million in cumulative revenue, excluding intercompany reprocessing (out of a consolidated turnover of €175 million in 2017).

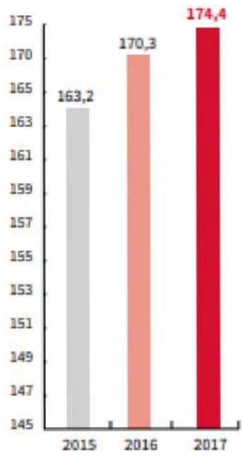
In addition, the DOM Security Group has acquired two companies since the end of the financial year on 31 December 2017:

ELIOT et Cie in France and Antipanic in Italy (see section 5.5 below).

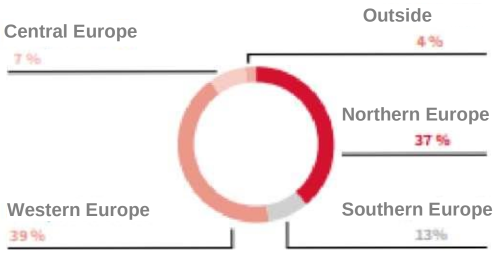
The other DOM Security Group companies are DOM Security (parent company), DOM Participations, SCI DOM, DOM TSS, Securidev Hongrie, Elzett sopron, DOM-Titan Zagreb, Titan Okovi, Ucem, Securidev Iberica, Invisys, Springcard, DOM UK, DOM Romania, DOM Czech, Secu Beteiligungs or DOM Switzerland, are mainly holding companies, non-trading real estate companies or sales subsidiaries, with significant staff and turnover.

5.3.6. **Key figures of DOM Security and its subsidiaries**

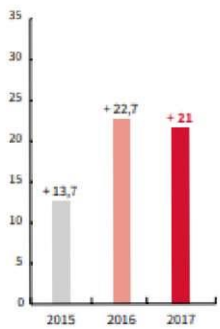
Sales performance
in millions of euros



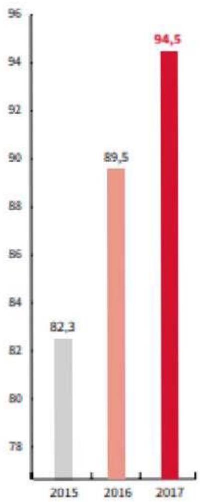
Breakdown of sales in 2017



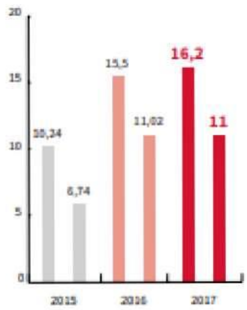
Net cash flow developments
in millions of euros



Shareholders' equity developments
in millions of euros



Changes to the operating income and net income Group share
in millions of euros



The table below gives a breakdown of the DOM Security Group's revenue by production origin:

Geographical area	2015 turnover (€K)	2016 turnover (€K)	2017 turnover (€K)	2018 S1 turnover (€K)
Western Europe	70,378	67,453	72,941	40,282
Northern Europe	60,155	62,705	60,823	32,265
Southern Europe	22,035	28,956	28,920	16,431
Central Europe	10,664	11,142	11,752	5,864
Consolidated total	**163,232**	**170,256**	**174,436**	**94,842**

The table below gives a breakdown of the DOM Security Group's revenue by destination:

Geographical area	2015 turnover (€K)	2016 turnover (€K)	2017 turnover (€K)	2018 S1 turnover (€K)
Western Europe	63,082	62,711	67,905	37,138
Northern Europe	62,125	65,698	63,791	34,520
Southern Europe	19,181	23,820	23,579	13,321
Central Europe	11,061	11,481	12,188	5,943
Export	7,783	6546	6973	3920
Consolidated total	**163,232**	**170,256**	**174,436**	**94,842**

In addition, the DOM Security Group announced consolidated sales of €94.8 million at 30 June 2018 and €6.3 million in operating income. Net income of the consolidated companies therefore amounted to €4.5 million.

The shareholders' equity at 30 June 2018 was €94.0 million and the net financial cash position was €17.7 million.

5.3.7. Strategy

Following the merger, DOM Security intends to pursue its organic growth strategy and policy of targeted external growth in Europe on its core business lines.

Once the merger is complete, the plan is to reorganise DOM Security Group's capital structure, which should make DOM Participations an umbrella company of the DOM Security Group. As such, all the securities of the French and foreign operating companies in the DOM Security group, and - where applicable - other assets and liabilities, would be transferred, post-Merger, from Groupe SFPI to DOM Participations, which would change its name to "DOM Security", thereby recreating the functional organisation of the DOM Security Group.

This capital-based restructuring is consistent with the holding structure of each of the Group's current divisions by Groupe SFPI and is part of a strategy to consolidate products under a common "DOM Security" brand.

Moreover, it is recalled that the Merger should have no impact on the Group's industrial and commercial policy or on the development of its workforce.

5.3.8. DOM Security workforce

At 31 December 2017, DOM Security Group employed 1,579 employees (vs. 1,554 on 31 December 2016). The average workforce in 2017 was 1,576 people.

As of 31 December 2017, more than 90% of the DOM Security Group workforce is employed on a permanent contract (vs. 94% on 31 December 2016):

	FIXED-TERM CONTRACT	PERMANENT CONTRACT
DOM Security Group Workforce	156	1,423
% of the workforce	9.8%	90.2%

2/3 of the DOM SECURITY workforce are based outside France:

	France	Outside France
DOM Security Group Workforce	548	1,051
% of the workforce	34.7%	65.3%

The changes to DOM Security Group's workforce over the past three years are as follows:

	31/12/2015	31/12/2016	31/12/2017
DOM Security Group Workforce	1,506	1,588	1,579

On 30 June 2018, the Group employed 1,569 people.

5.3.9. Litigation or exceptional events

5.3.9.1. <u>Significant litigation</u>

To the best of DOM Security's knowledge, there is no significant litigation underway that could have an impact on DOM Security's activity, financial situation or results.

5.3.9.2. <u>Risk factors specific to DOM Security and its business</u>

To the best of DOM Security's knowledge, all the risk factors detailed in section 3.1.4 of this Document E are transferable, making any necessary adjustments, to the DOM Security Group and its business, with the exception of the risk factors referred to in section 3.1.4.1 and section 3.1.4.2 of this Document E.

5.4. FINANCIAL INFORMATION

DOM Security's consolidated financial position is presented in the annual financial reports for the years ending 31 December 2017, 31 December 2016 and 31 December 2015, which are incorporated by reference into this Document E and available on the DOM Security website.

DOM Security's consolidated operating income is presented in the annual financial reports for the years ending 31 December 2017, 31 December 2016 and 31 December 2015, which are incorporated by reference into this Document E and available on the DOM Security website.

Dom Security's interim consolidated results for the first half of 2018 are presented in the 2018 half-year financial report, which is incorporated by reference into this Document E, and available on the DOM Security website.

5.5. INFORMATION ABOUT DOM SECURITY'S BUSINESS

On 31 May 2018, DOM Security announced the acquisition, by its subsidiary PICARD-SERRURES, of a 70% stake in the capital of the company ELIOT et Cie. The company, based in Torcy in the Paris region, specialises in the manufacture of metal and sheet metal products related to locking systems and armoured doors. At the end of its last financial year, on 30 September 2017, ELIOT et Cie had a turnover of €2.5 million and employed 20 people. The balance of the securities will remain the property of the seller.

On 20 September 2018, DOM Security announced the acquisition, by its Italian subsidiary DOM CR, of a 73.87% stake in the capital of the family company ANTIPANIC. The company, based in the north of Italy, next to Bologna, specialises in the manufacture of anti-panic locks for the European market. At the end of its last financial year, on 31 December 2017, ELIOT et Cie had a turnover of €6.8 million and employed 14 people. The balance of the securities remain the property of the seller.

Appendix 1

The Merger Auditors' Report on the Value of Contributions

Maurice Nussenbaum
11, rue LEROUX
75016 PARIS, France

Didier Kling
28, avenue Hoche
75008 PARIS, France

MERGER-ABSORPTION

OF THE COMPANY DOM SECURITY

BY THE COMPANY GROUPE SFPI

The Merger Auditors' Report on the Value of Contributions

The Merger Auditors' Report on the Value of Contributions

Ladies and gentlemen, shareholders,

Pursuant to the terms of our appointment by Order of the President of the Commercial Court of Paris dated 23 July 2018, relating to the merger by absorption of DOM SECURITY, by the company GROUPE SFPI, we have prepared this report as provided for by Articles L. 236-10 and L. 225-147 of the French Commercial Code. We give our opinion on the consideration for contributions in a separate report.

The net assets contributed were determined in the draft merger agreement signed by the representatives of the companies concerned on 26 September 2018. It is our responsibility to give a conclusion on whether or not the contributions have been overvalued. To this end, we carried out our analysis in accordance with the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* (French auditing body) applicable to this assignment. These professional standards require the implementation of procedures designed to assess the value of the contributions, to ensure that they are not overvalued and to verify that they correspond at least to the par value of the shares being issued by the acquiring company, increased by the merger premium.

Our assignment ends with the filing of the report; it is not our responsibility to update this report to reflect events and circumstances occurring after the date of its signature.

The layout of the report presented to you is as follows:

1. **Presentation of the transaction and description of the contributions**
2. **Analysis and assessment of the value of contributions**
3. **Conclusion**

1 PRESENTATION OF THE TRANSACTION AND DESCRIPTION OF THE CONTRIBUTIONS

1.1 Context of the transaction

The merger is part of a simplification of the group structure.

Furthermore, the transaction follows the simplified takeover bid for DOM SECURITY shares, filed on 21 June 2018, as part of the repurchase of its own shares.

1.2 Presentation of the companies concerned and ties between them

1.2.1 GROUPE SFPI, acquiring company

GROUPE SFPI is a public limited company public limited company under French law with a Board of Directors and a capital of €80,972,875.80 divided into 89,969,862 shares, with a par value of 0.90 euro each, all of the same class, fully paid up and not amortised.

GROUPE SFPI is listed on Euronext Paris under ISIN code FR0004155000.

Its registered office is located at 20 rue de l'Arc de Triomphe 75008 in Paris. It is registered with the Paris Trade and Companies Register under number 393 588 595.

Its purpose, as follows from Article 3 of its Articles of Association:

- the promotion, organisation and management of all trading and non-trading companies,
- the analysis, development and implementation of all financial, industrial, commercial, agricultural, mining and real estate projects, service providers of all kinds, including tourist and hotel industries,
- the study, research, acquisition, purchase, filing, leasing (whether as lessee or lessor) and use of all patents, trademarks, formulas, models and processes, and the acquisition, again in all its forms, use, concession and provision of any patent licensing,
- the purchase, sale, brokerage, management and governance of all movable and immovable property,
- any purchase, sale or trading of any listed or unlisted cash or investment securities, whether in registered or bearer form, any shares, bonds, rights and interests and any

other securities in any railway companies, canals, mines, banks, finances, industries or enterprises for which, in a word, such transferable securities are deemed suitable,

- any subscription of securities to these French or foreign companies, whether financial, real estate, industrial, mining, agricultural, stocks and shares, or service providers of any kind. All contributions to French or foreign companies or contributions by these third parties, whether natural persons or legal entities and, in general, any transactions in transferable securities,
- any subscription of securities, annuities, bonds, government bonds, regions, départements, communes, public institutions,
- the acquisition and management of all transferable securities, for itself or on behalf of third parties or in partnership, and investment of the company's capital in securities of any kind,
- the acquisition of a stake or interest in any financial, industrial, commercial, agricultural, mining or real estate company or business, or service providers of any kind, issuing any new requests for shares, bonds and interests in all companies created or planned,
- the creation and control, in all its forms, of any financial, industrial, commercial, agricultural, mining or real estate companies, or service providers of any kind, the tourist and hotel industry,
- all of which directly or indirectly, on its behalf or on behalf of a third party, either alone or with third parties, through the creation of new companies, contributions, limited partnerships, subscription, purchase of securities or share rights, amalgamation, alliance, joint-venture or the provision or use of any property or rights under a lease or management agreement, or otherwise,
- and generally, any financial, commercial, industrial, civil, real estate or transferable property transactions that may be directly or indirectly related to one of the specified purposes or to any corporate assets.

The closing date of GROUPE SFPI's financial year is set at 31 December of each year.

1.2.2 DOM SECURITY, absorbed company

DOM SECURITY is a public limited company under French law with a Board of Directors. By decision dated 5 September 2018, following the July 2018 takeover bid, the Board of Directors approved the principle of a capital reduction by cancelling a portion of the Company's treasury shares. As a result, the capital currently stands at €33,059,280 divided into 2,203,952 shares, with a par value of €15 each, all of the same class, fully paid up and not amortised.

DOM SECURITY is listed on Euronext Paris under ISIN code FR0000052839.

Its registered office is located at 20 rue de l'Arc de Triomphe 75008 in Paris. It is registered with the Paris Trade and Companies Register under number 378 557 474.

Its purpose, as follows from Article 2 of its Articles of Association:

- the acquisition of shares in all companies, the acquisition of all securities, patents, trademarks and models, the collection of interest, dividend or royalty payments, the provision of any subscription rights or other benefits that may result from these, the creation of new companies, the purchase, contribution or subscription of securities or corporate rights, all portfolio transactions and the exercise of all rights deriving from the ownership of the securities;
- directly or indirectly, the manufacture and sale of all locksmith and hardware items;
- all of which directly or indirectly, on its behalf or on behalf of a third party, either alone or with third parties, through the creation of new companies, contributions, limited partnerships, subscription, purchase of securities or share rights, amalgamation, alliance, joint-venture or the provision or use of any property or rights under a lease or management agreement, or otherwise;
- and generally, any financial, commercial, industrial, civil, real estate or transferable property transactions that may be directly or indirectly related to one of the specified purposes or to any corporate assets.

DOM SECURITY closes its financial year on 31 December of each year.

*1.2.3. **Ties between the companies concerned***

1.2.3.1. Capital ties

At the date of signing the draft Merger Agreement, GROUPE SFPI holds 1,694,385 DOM SECURITY shares, i.e. 76.9% of the share capital and 86.9% of the theoretical voting rights of the absorbed company.

1.2.3.2. Executives and directors in common

GROUPE SFPI and DOM SECURITY have the following directors and/or senior managers in common:

	GROUPE SFPI	**DOM SECURITY**
Mr Henri MOREL	Chief Executive Officer - Director	Chief Executive Officer - Director
Mr Jean-Bertrand PROT	Director	Director
Ms Valentine LAUDE	Director	Director
Mrs Sophie MOREL	Director	Director
GROUPE SFPI		Director

1.3 <u>Description of the transaction</u>

*1.3.1 **Key characteristics of the contribution***

The terms of the transaction, which are given in detail in the draft merger agreement of 26 September 2018, can be summarised as follows:

Effective Date

The acquiring company will be the owner of the property and rights contributed by the absorbed company from the final completion date of the merger decided by the Board of Directors of the companies concerned, i.e. after approval of the merger by the general meeting of GROUPE SFPI and DOM SECURITY shareholders.

From an accounting and tax perspective, the merger will be backdated to 1st January 2018.

As a result, the amount of the net assets contributed by the company DOM SECURITY was determined based on its assets and liabilities as they are identified in the company accounts for the period ending 31 December 2017, it being specified that the absorbed company shall transfer all its assets and liabilities to the acquiring company in their present condition on the final completion date of the merger described in this report.

Taxation applicable to the transaction

The merger transaction will take place under the preferential treatment of mergers and will benefit from the provisions of Article 210 A of the French General Tax Code relating to corporation tax, and Article 816 of the same Code relating to registration fees.

Conditions precedent

This merger will be finalised subject to the fulfilment of all of the following conditions precedent:

- registration of this Document E by the AMF;
- approval by DOM SECURITY's general shareholders' meeting of the merger-absorption of said company by GROUPE SFPI under the conditions provided for by the draft merger agreement;
- approval by GROUPE SFPI's general shareholders' meeting of the absorption of DOM SECURITY, and the associated capital increase;
- confirmation of exemption from the obligation to file a takeover bid, requested from the Autorité des Marchés Financiers under Article 236-6 of its General Regulation as part of the proposed merger.

If these conditions have not all been fulfilled by 31 December 2018 at the latest, and unless extended by mutual agreement between the parties, the proposed merger would be considered null and void, without any compensation being paid by the parties.

1.3.2 *Consideration for the contribution*

The consideration for DOM SECURITY's contributions was agreed by the parties on the basis of the actual values of GROUPE SFPI and DOM SECURITY. The exchange ratio was set at 20 shares of the acquiring company for 1 share of the absorbed company (ex-2017 dividend).

As the parties opted for a merger-waiver, there will be no consideration for treasury shares or the DOM SECURITY shares held by GROUPE SFPI. As a result, taking into account the net assets contributed by DOM SECURITY, GROUPE SFPI will issue 9,348,040 new shares for a par value of €0.90 to the shareholders of DOM SECURITY.

The difference between the value of the net assets contributed by DOM SECURITY, i.e. €61,432,262.40, the €8,413,263 nominal increase in the capital of GROUPE SFPI, and the share of net assets that will not be remunerated, will generate a net merger premium of €4,614,979.82.

Furthermore, on the day of the merger, DOM SECURITY will own 42,165 of treasury shares resulting from the takeover bid. The cancellation of these shares will be deducted from the amount of the merger premium, bringing it to 1,452,604.82 euros.

No special benefits are granted as part of the contribution. **1.4**

Presentation of the contributions

1.4.1 *Valuation method selected*

In accordance with the provisions of Articles 710-1 et seq of the French accounting standards relating to accounting for mergers and similar transactions, in the event of a merger between companies under common control, the assets transferred and liabilities assumed have been included in the proposed merger at their net book value as it appears in DOM SECURITY's financial statements for the period ending 31 December 2017.

1.4.2 *Description of contributions*

Under the terms of the draft merger agreement, the assets contributed and the liabilities assumed, including the off-balance sheet, shall, without exception or reserve, consist of all the rights, property and obligations of the absorbed company as they stand on the day of final completion of the merger.

The value of the net assets of the company DOM SECURITY as identified in the company accounts of 31 December 2017, which have been certified by the statutory auditors, is made up of the following:

The assets contributed are as follows:

In euros	NBV
Intangible assets	74,111
Tangible assets	229,286
Financial assets	77,534,677
Liabilities	13,225,501
Cash	12,670,671
TOTAL	**103,734,908**

The liabilities assumed are as follows:

In euros	NBV
Convertible bonds	4,298
Loans from credit institutions	5,150,166
Advances and down payments received	2,236
Supplier debts & related accounts	378,938
Corporate and tax liabilities	4,954,720
Other debts	11,591,337
TOTAL	**22,081,695**

DOM SECURITY's ordinary annual shareholders' meeting, held on 17 May 2018, before the date of completion of this merger, decided to distribute a dividend of €1.75 per share, for a total amount of €4,203,127.25. Dividends paid during the interim period must be taken as a reduction of the net assets, determined on the basis of DOM SECURITY's annual financial statements for the period ending 31 December 2017.

In addition, with the authorisation of the general shareholders' meetings, since 1st January 2018, DOM SECURITY's Board of Directors has proceeded with two capital reductions through the cancellation of treasury shares:

- On 17 May 2018, reduction of an overall amount of 1,180,198.35 euros by the cancellation of 42,165 shares at a price of 27.99 euros each;
- On 5 September 2018, reduction of an aggregate amount of €14,837,625 by the cancellation of 197,835 shares acquired at a price of €75 under the takeover bid.

After taking all this information into account, the 61,432,262.40 euros of net assets contributed can be detailed as follows:

In euros	NBV
Contributed assets	103,734,908.00
Assumed liabilities	-22,081,695.00
Capital reductions	-16,017,823.35
Dividends paid during the interim period	-4,203,127.25
	61,432,262.40

2 ANALYSIS AND ASSESSMENT OF THE VALUE OF CONTRIBUTIONS

2.1 Procedures implemented by the merger auditors

Our job is to advise the shareholders of Groupe SFPI on the potential overvaluation of the contributions made by the company absorbed. It is therefore not part of a company audit or review engagement. It does not involve validation of the tax regime applicable to the transaction.

It cannot be assimilated to a due diligence assignment carried out for a lender or a buyer and does not include all the work necessary for this type of intervention. Our report cannot be used in this context.

Our opinion is expressed as of the date of this report, which marks the end of our assignment. It is not our responsibility to monitor subsequent events that may have occurred between the date of the report and the date of the meetings called to decide on the merger transaction.

We have undertaken the auditing procedures that we considered necessary, in accordance with the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* (French auditing body) applicable to this assignment.

In particular, the following specific procedures were carried out:

- familiarisation with the proposed transaction and the legal, economic and financial context in which it is taking place;

- examination of the draft merger agreement and its appendices;
- examination of transactions involving DOM SECURITY's share capital since 1st January 2018;
- review of the carrying amounts attributed to the contributions based on the annual accounts and the consolidated financial statements of the company DOM SECURITY for the period ending 31 December 2017, and certified by the statutory auditors, and of the company's position on 30 June 2018 having been subject to limited review by the auditors;
- acknowledgement of a provisional account balance for DOM SECURITY at 31 August 2018;
- review of the minutes of general shareholders' meetings and boards of directors;
- verification of the reality and ownership of the assets contributed by DOM SECURITY;
- review of the valuation methods used by the DOM SECURITY Group based on the valuation work prepared by the consulting bank Degroof Petercam Finance;
- verification of the individual values proposed in the draft merger agreement;
- verification that the actual value of the contributions is at least equal to the value of the contributions proposed in the draft merger agreement.
- obtaining a letter of affirmation signed by the Chief Executive Officer of DOM SECURITY confirming the key information and figures used to conduct our assignment, and in particular the absence of (i) any significant information, of any kind, likely to affect the free transfer of DOM SECURITY's assets and liabilities and (ii) any significant event likely to call into question, to the best of its knowledge, the valuations carried out by the advisory bank in respect of the evaluated financial assets or, more generally, the value assigned to the net assets contributed.

2.2 Assessment of the valuation method used for contributions and its compliance with accounting regulations

In accordance with the provisions of Articles 710-1 et seq of the French accounting standards relating to accounting for mergers and similar transactions, in the event of a merger between companies under common control, the assets transferred and liabilities assumed have been included in the proposed merger at their net book value as it appears in DOM SECURITY's financial statements for the period ending 31 December 2017.

This method of valuation, required by the accounting regulations in force, does not call for any particular observation on our part.

2.3 Assessment of the value of contributions

2.3.1 *Valuation method used by the parties*

To estimate the true value of the contributions, the two parties decided on a value based on a multi-criteria valuation approach.

In this context, SFPI mandated Degroof Petercam Finance to establish a valuation of DOM Security.

For the purposes of the valuation, the following hypothetical elements were taken into account:

- DOM Security's 2018-2022 Business Plan provided by the General Management of SFPI;

- Information on the transition from enterprise value to equity value, calculated on 31 December 2017 as the sum of consolidated net cash and the value of investments in associates, less the value of minority interests, the amount of provisions for pensions after normative tax, dividend payments made in the first half of 2018 and the amount of shares repurchased under the July 2018 takeover bid.

The valuation methods used are:

a) The Discounted Cash Flow (DCF) method:

The main assumptions made by Degroof Petercam Finance under this method are as follows:

- average annual sales growth of 3.6% for the duration of the business plan, a normative EBITDA margin of 14.2% and annual investments of between 10 and 16 million euros;

- a weighted average cost of capital of 8.0%;

- an infinite growth rate of 1.5%;

- a normative tax rate of 30.2%.

b) Stock market peer comparison in the field of security systems (lock hardware, access systems), giving EV/EBIT multiples for 2018 and 2019 of 12.4x and 11.6x.

c) Comparable transactions method with an average EV/EBIT multiple of 11.8x.

d) Listed prices: stock market price analysis (closing price on 19 June 2018, volume-weighted average closing price at 1, 3, 6 and 12 months).

The valuation methods used show a value of DOM Security's equity of between €128 million and €169 million.

2.3.2 *Assessment of the individual value of contributions*

The assets and liabilities transferred have been identified in DOM SECURITY's company accounts for the period ending 31 December 2017, which were certified by the statutory auditors.

The assets transferred by DOM SECURITY mainly consist of equity securities.

We familiarised ourselves with the impairment tests carried out by the Company on 31 December 2017 on these equity securities, and the analyses of the statutory auditors as part of their work on the consolidated DOM SECURITY financial statements for the period ending 31 December 2017, which focused in particular on these aspects, seen as a key point of their audit. None of work carried out revealed any additional need for impairment of equity securities.

We also reviewed the situation as at 30 June 2018, which was subject to limited review by the Statutory Auditors. At that date, a provision for additional depreciation was allocated to equity investments. However, it is not such as to call into question the latent gain that arises from the difference between the overall value of DOM SECURITY and its net book value.

In addition, neither the legal review nor the analyses indicated in §2.1 revealed anything that might call into question the individual value of the other assets contributed and the liabilities transferred by DOM SECURITY.

In addition, we were able to confirm, by letter of representation:

- the absence of any restrictions in the transfer of assets and liabilities, with the exception of the pledge of OMNITECH SECURITY SAS securities cited in the draft merger agreement and its appendices and for which GROUPE SFPI agrees to assume all expenses or obligations,
- the absence of any significant event that may have occurred since 30 June and until the date of this report.

As a result, we have no specific observations to make on the individual value of these assets and liabilities.

2.3.3 ***Assessment of the overall value of contributions***

As indicated above, the net assets contributed by the company DOM Security correspond to the assets and liabilities determined from the financial statements for the period ending 31 December 2017.

In order to assess the overall value of the contribution, we made sure that this value was less than or equal to the actual value of the absorbed company DOM Security.

We examined the valuation of the absorbed company, carried out by Degroof Petercam Finance, used to calculate the merger exchange ratio in the context of this transaction, using a multi-criteria approach and described in § 2.3.1 above. We believe that the valuation methods selected are relevant to the nature of DOM Security's business.

As part of our assessment of the overall value, we performed additional alternative checks consisting of:

Regarding the discounted cash flow method (DCF)

The expected cash flows are derived from DOM Security's 2018 - 2022 business plan, whose consistency we were able to analyse.

We made sure of the consistency of the assumptions used (discount rate, margin and growth rate, particularly in the long term).

We implemented sensitivity tests on the values obtained, by modifying the discount rates and growth rates to infinity.

We were therefore able to assess the impact on the value of DOM Security of taking into account economic cycles on its normative margin. This alternative approach led to a lower long-term margin than that used by Degroof Petercam Finance.

Finally, in calculating the adjustment between the enterprise value and the equity value of the two companies, we took into account consolidated net cash, investments in associates, minority interests and pension provisions after taking into account deferred tax assets recorded in the balance sheet, deferred tax on carryforwards, dividend payments made in the first half of 2018 and the amount of shares repurchased under the July 2018 takeover bid.

This method shows an overall value of the company absorbed that is greater than the value of the net assets contributed.

This method does not call for any further observations on our part.

Regarding the peer group comparison method

In this approach, the absorbed company has been valued through the application of median EV/EBIT multiples for 2018 and 2019.

We conducted additional research into comparable companies other than those selected by Degroof Petercam Finance and were therefore able to verify that the values resulting from the application of median EV/EBIT multiples for 2018 and 2019 corroborate the value of the contributions agreed.

This method also shows an overall value of the company absorbed that is greater than the value of the net assets contributed.

This method does not call for any further observations on our part.

Regarding the transaction multiples method

In this approach, the absorbed company is valued by applying EV/EBIT multiples recorded in transactions involving comparable companies. We searched for additional comparable transactions and verified that the multiples found applied to the EBIT gave values that do not call into question the value of the contributions agreed.

This method also shows an overall value of the company absorbed that is greater than the value of the net assets contributed.

This method does not call for any further observations on our

part. *Regarding reference to stock market prices*

In this approach, the equity of the absorbed company is valued on the basis of the stock market prices observed.

In our analysis, we focused on spot market price benchmarks at 19 June 2018 as well as the three-month average prices on this date, i.e. before the announcement of the proposed merger and the takeover bid.

This method also shows an overall value of the company absorbed that is greater than the value of the net assets contributed.

This method does not call for any further observations on our part.

Therefore, on the basis of our work regarding the valuation of the company DOM Security using the four methods and the benchmarks presented above, we have not found any information likely to call into question the overall value of the contributions.

Equally, as of the date of this report, no significant facts or events that could affect the value of the contributions during the interim period have been disclosed to us.

3 CONCLUSION

Based on our work and as of the date of this report, it is our view that the value of the contributions, amounting to **€61,432,262.40**, has not been overvalued and, as a result, the net assets contributed are at least equal to the amount of the capital increase of the acquiring company, plus the merger premium.

Paris, 26 September 2018
The Merger Auditors

Maurice NUSSENBAUM **Didier KLING**

Appendix 2

The Merger Auditors' Report on the consideration for Contributions

Didier KLING
28, avenue Hoche
75008 PARIS, France

Maurice NUSSENBAUM
11, rue LEROUX
75016 PARIS, France

MERGER-ABSORPTION OF DOM SECURITY SA ("DOM SECURITY") BY GROUPE SFPI SA ("GROUPE SFPI")

The Merger Auditors' Report on the consideration for Contributions

The Merger Auditors' Report on the consideration for Contributions

Ladies and gentlemen, shareholders,

Pursuant to the terms of our appointment by Order of the President of the Commercial Court of Paris dated 23 July 2018, relating to the merger by absorption of DOM SECURITY, by the company GROUPE SFPI, we have prepared this report on the compensation of contributions provided for in Article L 236-10-1 of the French Commercial Code, it being specified that our assessment of the value of the contributions is the subject of a separate report.

Consideration for the contributions is derived from the exchange ratio that was agreed in the draft merger agreement signed by the representatives of the companies concerned on 26 September 2018. It is our responsibility to express an opinion on the fairness of said exchange ratio. To this end, we carried out our analysis in accordance with the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* (French auditing body) applicable to this assignment. These professional standards require the implementation of procedures designed, firstly, to verify that the values attributed to the shares of the companies participating in the transaction are relevant and, secondly, to analyse the positioning of the exchange ratio in view of the values considered relevant.

Our assignment ends with the filing of the report; it is not our responsibility to update this report to reflect events and circumstances occurring after the date of its signature.

Our findings and conclusions are presented below, based on the following layout:

1. Presentation of the transaction
2. Verification of the relevance of the values attributed to the shares of the companies participating in the transaction
3. Assessment of the fairness of the proposed exchange ratio
4. Conclusion

I. PRESENTATION OF THE TRANSACTION

1. Context of the transaction

The merger is part of a simplification of the structure of Groupe SFPI.

Furthermore, the transaction follows the simplified takeover bid for DOM SECURITY shares, filed on 21 June 2018, as part of the repurchase of its own shares.

2. Presentation of the companies concerned and ties between them

2.1 GROUPE SFPI, acquiring company

GROUPE SFPI is a public limited company public limited company under French law with a Board of Directors and a capital of €80,972,875.80 divided into 89,969,862 shares, with a par value of 0.90 euro each, all of the same class, fully paid up and not amortised.

GROUPE SFPI is listed on Euronext Paris under ISIN code FR0004155000.

Its registered office is located at 20 rue de l'Arc de Triomphe 75008 in Paris. It is registered with the Paris Trade and Companies Register under number 393 588 595.

Its purpose, as follows from Article 3 of its Articles of Association:

- the promotion, organisation and management of all trading and non-trading companies,
- the analysis, development and implementation of all financial, industrial, commercial, agricultural, mining and real estate projects, service providers of all kinds, including tourist and hotel industries,
- the study, research, acquisition, purchase, filing, leasing (whether as lessee or lessor) and use of all patents, trademarks, formulas, models and processes, and the acquisition, again in all its forms, use, concession and provision of any patent licensing,
- the purchase, sale, brokerage, management and governance of all movable and immovable property,

- any purchase, sale or trading of any listed or unlisted cash or investment securities, whether in registered or bearer form, any shares, bonds, rights and interests and any other securities in any railway companies, canals, mines, banks, finances, industries or enterprises for which, in a word, such transferable securities are deemed suitable,
- any subscription of securities to these French or foreign companies, whether financial, real estate, industrial, mining, agricultural, stocks and shares, or service providers of any kind. All contributions to French or foreign companies or contributions by these third parties, whether natural persons or legal entities and, in general, any transactions in transferable securities,
- any subscription of securities, annuities, bonds, government bonds, regions, départements, communes, public institutions,
- the acquisition and management of all transferable securities, for itself or on behalf of third parties or in partnership, and investment of the company's capital in securities of any kind,
- the acquisition of a stake or interest in any financial, industrial, commercial, agricultural, mining or real estate company or business, or service providers of any kind, issuing any new requests for shares, bonds and interests in all companies created or planned,
- the creation and control, in all its forms, of any financial, industrial, commercial, agricultural, mining or real estate companies, or service providers of any kind, the tourist and hotel industry,
- all of which directly or indirectly, on its behalf or on behalf of a third party, either alone or with third parties, through the creation of new companies, contributions, limited partnerships, subscription, purchase of securities or share rights, amalgamation, alliance, joint-venture or the provision or use of any property or rights under a lease or management agreement, or otherwise,
- and generally, any financial, commercial, industrial, civil, real estate or transferable property transactions that may be directly or indirectly related to one of the specified purposes or to any corporate assets.

The closing date of Groupe SFPI's financial year is set at 31 December of each year.

2.2 DOM SECURITY, absorbed company

DOM SECURITY is a public limited company under French law with a Board of Directors. By decision dated 5 September 2018, following the July 2018 takeover bid, the Board of Directors approved the principle of a capital reduction by cancelling a portion of the Company's treasury shares. As a result, the capital currently stands at €33,059,280 divided into 2,203,952 shares, with a par value of €15 each, all of the same class, fully paid up and not amortised.

DOM SECURITY is listed on Euronext Paris under ISIN code FR0000052839.

Its registered office is located at 20 rue de l'Arc de Triomphe 75008 in Paris. It is registered with the Paris Trade and Companies Register under number 378 557 474.

Its purpose, as follows from Article 2 of its Articles of Association:

- the acquisition of shares in all companies, the acquisition of all securities, patents, trademarks and models, the collection of interest, dividend or royalty payments, the provision of any subscription rights or other benefits that may result from these, the creation of new companies, the purchase, contribution or subscription of securities or corporate rights, all portfolio transactions and the exercise of all rights deriving from the ownership of the securities;
- directly or indirectly, the manufacture and sale of all locksmith and hardware items;
- all of which directly or indirectly, on its behalf or on behalf of a third party, either alone or with third parties, through the creation of new companies, contributions, limited partnerships, subscription, purchase of securities or share rights, amalgamation, alliance, joint-venture or the provision or use of any property or rights under a lease or management agreement, or otherwise;
- and generally, any financial, commercial, industrial, civil, real estate or transferable property transactions that may be directly or indirectly related to one of the specified purposes or to any corporate assets.

DOM SECURITY closes its financial year on 31 December of each year.

2.3 Ties between the companies concerned

2.3.1. Capital ties

At the date of signing the draft Merger Agreement, GROUPE SFPI holds 1,694,385 DOM SECURITY shares, i.e. 76.9% of the share capital and 86.9% of the theoretical voting rights of the absorbed company.

2.3.2. Executives and directors in common

GROUPE SFPI and DOM SECURITY have the following directors and/or senior managers in common:

	GROUPE SFPI	**DOM SECURITY**
Mr Henri MOREL	Chief Executive Officer - Director	Chief Executive Officer - Director
Mr Jean-Bertrand PROT	Director	Director
Ms Valentine LAUDE	Director	Director
Mrs Sophie MOREL	Director	Director
GROUPE SFPI		Director

3. Description of the transaction

3.1 Key characteristics of the contribution

The terms of the transaction, which are given in detail in the draft merger agreement of 26 September 2018, can be summarised as follows:

Effective Date

The acquiring company will be the owner of the property and rights contributed by the absorbed company from the final completion date of the merger decided by the Board of Directors of the companies concerned, i.e. after approval of the merger by the general meeting of GROUPE SFPI and DOM SECURITY shareholders.

From an accounting and tax perspective, the merger will be backdated to 1st January 2018.

As a result, the amount of the net assets contributed by the company DOM SECURITY was determined based on its assets and liabilities as they are identified in the company accounts for the period ending 31 December 2017, it being specified that the absorbed company shall transfer all its assets and liabilities to the acquiring company in their present condition on the final completion date of the merger described in this report.

Taxation applicable to the transaction

The merger transaction will take place under the preferential treatment of mergers and will benefit from the provisions of Article 210 A of the French General Tax Code relating to corporation tax, and Article 816 of the same Code relating to registration fees.

Conditions precedent

This merger will be finalised subject to the fulfilment of all of the following conditions precedent:

- registration of this Document E by the AMF;

- approval by DOM SECURITY's general shareholders' meeting of the merger-absorption of said company by GROUPE SFPI under the conditions provided for by the draft merger agreement;

- approval by GROUPE SFPI's general shareholders' meeting of the absorption of DOM SECURITY, and the associated capital increase;

- confirmation of exemption from the obligation to file a takeover bid, requested from the Autorité des Marchés Financiers under Article 236-6 of its General Regulation as part of the proposed merger.

If these conditions have not all been fulfilled by 31 December 2018 at the latest, and unless extended by mutual agreement between the parties, the proposed merger would be considered null and void, without any compensation being paid by the parties.

3.2 Description and valuation of the contributions

The parties have chosen the date of 31 December 2017, the closing date of the DOM Security's financial year, as the reference date for establishing the conditions of the transaction.

In accordance with the provisions of Articles 710-1 et seq of the French accounting standards relating to accounting for mergers and similar transactions, in the event of a merger between companies under common control, the assets transferred and liabilities assumed have been included in the proposed merger at their net book value as it appears in DOM SECURITY's financial statements for the period ending 31 December 2017.

Incidentally, DOM Security's ordinary annual shareholders' meeting, held on 17 May 2018, before the date of completion of this merger, decided to distribute a dividend of €1.75 per share, for a total amount of €4,203,127.25.

In addition, with the authorisation of the general shareholders' meetings, since 1st January 2018, DOM SECURITY's Board of Directors has proceeded with two capital reductions through the cancellation of treasury shares:

- On 17 May 2018, reduction of an overall amount of 1,180,198.35 euros by the cancellation of 42,165 shares at a price of 27.99 euros each;
- On 5 September 2018, reduction of an aggregate amount of €14,837,625 by the cancellation of 197,835 shares acquired at a price of €75 under the takeover bid.

After taking all this information into account, the 61,432,262.40 euros of net assets contributed can be detailed as follows:

In euros	NBV
Contributed assets	103,734,908.00
Assumed liabilities	-22,081,695.00
Capital reductions	-16,017,823.35
Dividends paid during the interim period	-4,203,127.25
	61,432,262.40

3.3 Consideration for the Contributions

The consideration for DOM Security's contributions was agreed by the parties on the basis of the actual values of Groupe SFPI and DOM Security. The exchange ratio was set at 20 shares of the acquiring company for 1 share of the absorbed company (ex-2017 dividend).

As the parties opted for a merger-waiver, there will be no consideration for treasury shares or the DOM Security shares held by Groupe SFPI. As a result, taking into account the net assets contributed by DOM Security, Groupe SFPI will issue 9,348,040 new shares for a par value of €0.90 to the shareholders of DOM SECURITY.

The difference between the value of the net assets contributed by DOM Security, i.e. €61.432.262,40, the €8.413.236 nominal increase in the capital of Groupe SFPI, and the share of net assets that will not be remunerated, will generate a net merger premium of €4.614.979,82.

Furthermore, on the day of the merger, DOM Security will own 42,165 of treasury shares resulting from the takeover bid. The cancellation of these shares will be deducted from the amount of the merger premium, bringing it to 1,452,604.82 euros.

II. VERIFICATION OF THE RELEVANCE OF THE VALUES ATTRIBUTED TO THE SHARES OF THE COMPANIES PARTICIPATING IN THE TRANSACTIONS

1. Valuation methods and relative values attributed to the shares of the companies party to the draft merger agreement

For the purposes of determining the consideration for the merger, a valuation of Groupe SFPI and DOM Security was carried out using a multi-criteria approach, which is presented in detail in Appendix 3 to the merger agreement.

1.1 Valuation of Groupe SFPI and DOM Security

The parties contracted Degroof Petercam Finance to establish the value of Groupe SFPI and DOM Security.

For the purpose of the valuation, the following information was used:

- Groupe SFPI's 2018-2022 business plan, broken down into the four divisions (DOM Security, MAC, MMD and NEU), provided by Groupe SFPI's senior management;

- Information on the transition from enterprise value to equity value for both companies, calculated on 31 December 2017 as the sum of consolidated net cash and the value of investments in associates, less the value of minority interests, the amount of provisions for pensions after normative tax, dividend payments made in the first half of 2018 and the amount of shares repurchased under the July 2018 takeover bid.

The valuation of Groupe SFPI was carried out on a consolidated basis, that is to say without distinguishing between the aggregates of its building business line, made up of DOM Security and MAC, and its industry business line, which includes MMD and NEU.

The valuation methods and benchmarks used were:

- the discounted cash flow (DCF) method;
- the peer group comparison method;
- the transaction comparables method;
- reference to stock market prices.

1.1.1. The discounted cash flow (DCF) method

For Groupe SFPI, the main assumptions used for this method were as follows:

- average annual sales growth of 3.1% for the duration of the business plan, a normative EBITDA margin of 10.6% and annual investments of between 19 and 25 million euros;
- a weighted average cost of capital of 8.3%;
- an infinite growth rate of 1.5%;
- a normative tax rate of 31.2%.

This method resulted in a Groupe SFPI share value of 4.16 euros.

For DOM Security, the main assumptions used for this method were as follows:

- average annual sales growth of 3.6% for the duration of the business plan, a normative EBITDA margin of 14.2% and annual investments of between 10 and 16 million euros;
- a weighted average cost of capital of 8.0%;
- an infinite growth rate of 1.5%;
- a normative tax rate of 30.2%.

This method resulted in a DOM Security share value of 70.6 euros.

1.1.2 Peer group comparison method

For Groupe SFPI, the peer group selected gives median EV/EBIT multiples of 13.1 in 2018 and 11.4 in 2019. For DOM Security, these multiples are 12.4 in 2018 and 11.6 in 2019.

These multiples were calculated based on market capitalisations and brokers' consensus as at 19 June 2018.

This method results in a Groupe SFPI share value of between 4.32 euros and 4.45 euros, and a DOM Security share value between 73.3 and 75.2 euros.

1.1.3. The transaction comparables method

The sample of comparable transactions used for Groupe SFPI gives an average EV/EBIT multiple of 12.9. For DOM Security, the sample of comparable transactions used gives an average multiple of 11.8.

This method results in a share value of 4.54 euros for Groupe SFPI and 78.3 euros for DOM Security.

1.1.4. Reference to stock market prices

Groupe SFPI's share price was €3.30 at the end of 19 June 2018, i.e. before the announcement of the proposed merger and the takeover bid.

Weighted by trading volumes, it came to 3.33 euros over the 20 trading days preceding 19 June 2018, and to 3.26 euros over the 250 days preceding this date.

The DOM Security share price was 59.0 euros at the end of 19 June 2018.

Weighted by trading volumes, it came to 59.9 euros over the 20 trading days preceding 19 June 2018, and to 60.4 euros over the 250 days preceding this date.

1.1.5. Summary

The valuation methods and benchmarks used by the parties give a Groupe SFPI share value of between €3.26 and €4.54, and a DOM Security share value of between €59.0 and €78.3 euros.

1.2 Summary of the approaches implemented by the parties

The table below summarises the exchange ratio derived from the approaches implemented by the parties.

It should be noted that in addition to the application of the valuation methods and benchmarks outlined above, the parties have also chosen, in order to determine the exchange ratio for the merger, to rely on the following performance criteria:

- dividends paid per share;
- net book value per share;
- earnings per share.

	Value per share		Exchange ratio
	SFPI	DOM Security	(1)
Discounted cash flow (DCF) method	€4.16	€70.6	17.0
Peer group comparison method			
Exchange ratio - Lower end of the range	€4.45	€75.2	16.9
Exchange ratio - Upper end of the range	€4.32	€73.3	17.0
Transaction comparable method	€4.54	€78.3	17.2
Reference to stock market prices			
Price on 19/06/2018	€3.30	€59.0	17.9
Volume-weighted average price - 20 days	€3.33	€59.9	18.0
Volume-weighted average price - 60 days	€3.28	€60.2	18.4
Volume-weighted average price - 120 days	€3.28	€60.2	18.4
Volume-weighted average price - 250 days	€3.26	€60.4	18.5
Dividends paid per share			
June 18			29.2
June 17			35.0
Net book value per share			
NBV as at 31 December 2017			16.4
NBV as at 31 December 2016			19.2
Earnings per share			
Dec. 17			18.1
Dec. 16			24.1

(1) number of SFPI shares for 1 DOM Security share

In this range, the parties have decided on an exchange ratio of 20 Groupe SFPI shares in consideration for 1 DOM Security share, i.e. an exchange ratio of 20.

2. Procedures implemented by the merger auditors

Our job is to advise the shareholders of Groupe SFPI and DOM Security on the share values used to determine the exchange ratio, and to assess the fairness of the latter. It is one of various interventions defined by law and provided for in the professional standards of *Compagnie Nationale des Commissaires aux Comptes* (French auditing body).

As a result, our assignment is not part of a full company audit or a limited review engagement. It is therefore not intended to enable us to form an opinion on the financial statements, nor to carry out specific operations concerning compliance with corporate law. Nor does it involve validation of the tax regime applicable to the transaction.

It cannot be assimilated to a due diligence assignment carried out for a lender or a buyer and does not include all the work necessary for this type of intervention. Our report cannot be used in this context. Equally, our work is not comparable to that of an independent expert appointed by the administrative or controlling body of one of the parties.

We have undertaken the auditing procedures that we considered necessary, in accordance with the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* (French auditing body) applicable to this assignment.

In particular, we carried out the following work:

- We took note of the planned merger transaction and held meetings with the representatives of the companies involved, both to understand the context in which the merger is taking place, and to analyse the accounting, legal and tax methods planned.
- We reviewed the merger proposal and its appendices signed on 26 September 2018.
- We analysed the legal documentation relating to the companies participating in this merger.
- We examined all transactions involving DOM SECURITY's share capital since 1st January 2018.
- We took note of the annual accounts and the consolidated financial statements for the year ended 31 December 2017 of both Groupe SFPI and DOM Security, which have been certified without reservation or observation by the Statutory Auditors.

- We took note of the financial statements for the period from 1st January to 30 June 2018 of Groupe SFPI and DOM Security, which have been subject to a limited review by its auditors.
- We analysed the available forecast data (business plans, budget data).
- We examined the valuation methods implemented as part of the merger and ensured that they were appropriate to the companies in the presence and context of the proposed transaction.
- We carried out additional valuations based in particular on alternative assumptions made by us.
- We obtained a letter of affirmation signed by the Chairman and Chief Executive Officer of Groupe SFPI and DOM Security confirming the key information and figures used to conduct our assignment and checked, in particular, the absence of any significant event likely to call into question the valuations made.

3. Comments and observations of the merger auditors on the valuations given in the draft merger agreement

The assessment of the values attributed by the parties to the shares of the companies involved in the transaction calls for the following comments:

- the valuation methods and benchmarks used by the parties, as listed in paragraph 1.1, for the purposes of determining the actual value of shares are customary and appropriate for the business activities of the companies concerned, their size and their financial structure, including in the context of this merger;
- we considered that SFPI's building and industry business divisions had different characteristics and that it would therefore be appropriate to value each of these business lines separately, while the parties valued them in a consolidated manner;
- our analysis of the performance criteria considered by the parties led us to reject them.

3.1 Performance criteria rejected

We felt that the performance criteria considered by the parties were not relevant, for the following reasons.

3.1.1 Net book value per share criterion

The net book value per share only partially takes into account the market value of the intangible assets held by the companies: it reflects more the intangible assets acquired by a company than those it has developed internally.

The criterion of net book value per share is unlikely to lead to a homogeneous valuation of the companies involved, so we have rejected this criterion.

3.1.2. Earnings per share criterion

Earnings per share do not take into account differences in growth prospects, shareholders' rate of return and financial structure. In addition, it is likely to be biased by non-recurring items affecting the earnings.

We have therefore rejected this criterion.

3.1.3. Dividend per share criterion

The relevance of the dividend per share criterion is limited both by the aspects described in the previous paragraph concerning earnings per share, as well as by the fact that it reflects differences in the choice of dividend distribution policy that do not fully correlate with differences in distributive capacity.

We have therefore rejected this criterion.

3.2 Valuation methods and benchmarks used

3.2.1. The discounted cash flow (DCF) method

The discounted cash flow method consists of determining a company's value based on the discounting of future cash flows that it is likely to generate, net of tax, after investments and working capital requirements.

It is therefore a relevant method of valuing SFPI and DOM Security in order to determine relative values, as it allows explicit recognition of growth potential and future profitability.

3.2.2 Peer group comparison method

This method consists of determining the value of a company by applying multiples, observed on a peer group of other listed companies in the same sector of activity, to the aggregates deemed relevant.

It is therefore a relevant method of valuing SFPI and DOM Security in order to determine relative values, as the multiples derived implicitly reflect the growth potential and future profitability of the companies in the peer group considered comparable to the companies being valued.

3.2.3 The transaction comparables method

This similar method calls for the same comments as above, and is as relevant as the peer group method, except that its implementation is based on comparable transactions.

3.2.4. Reference to stock market prices

The stock market price corresponds to the equilibrium price derived from the comparison between supply and demand on the part of investors, at a given moment.

The stock market price is relevant if it reflects all the information available concerning a company and its economic environment, which supposes, in particular, that the stock is liquid, that is to say that it can be exchanged quickly and at a low cost.

We considered that this benchmark was relevant because the SFPI and DOM Security shares are sufficiently liquid.

3.3 Comments and observations on the implementation of the selected methods and benchmarks

3.3.1. The discounted cash flow (DCF) method

Our work was based on the company's business plan, whose consistency we were able to assess.

In addition, we recalculated discount rates based on the following parameters:
- a risk-free rate of 0.8% (3 month average of 10-year treasury bond rate, source: Bloomberg);
- a market risk premium of 5.0% (source: work by Dimson, Marsh and Staunton);
- a size premium of 2.68% (source: Duff & Phelps);
- an unlevered beta of 0.90 for the Building activity and 0.97 for the Industry business (the beta selected for Groupe SFPI is calculated as the weighted average according to these two activities' respective contributions to earnings, and the beta used for DOM Security is that of the Building activity);
- a weighted average cost of capital equal to the unlevered cost of capital.

These parameters show a discount rate of 7.9% for DOM Security and 8.1% for Groupe SFPI, which confirms the rates retained by the parties (8.0% for DOM Security and 8.3% for Groupe SFPI).

We used an infinite growth rate of 1.5%.

We also assessed the impact on the value of Groupe SFPI and DOM Security of taking into account economic cycles on their normative margins. This led to normative margin levels lower than those retained by the parties.

Finally, in calculating the adjustment between the enterprise value and the equity value of the two companies, we took into account consolidated net cash, investments in associates, minority interests and pension provisions after taking into account deferred tax assets recorded in the balance sheet, deferred tax on carryforwards, dividend payments made in the first half of 2018 and the amount of shares repurchased under the July 2018 takeover bid.

All of these analyses lead to a share value of between 3.86 and 4.08 euros for Groupe SFPI and between 66.1 and 69.7 euros for DOM Security.

3.3.2. The peer group comparison method

We selected a peer group based on the companies considered by the parties and conducting additional research. We selected the companies that appeared to us to be the most comparable to each division on the basis of their activity, their growth prospects and their margin. As a result, the peer groups we established were slightly different from those of the parties.

In addition, our analyses confirmed that it was relevant to use:
- EBIT aggregates;
- reference to the years 2018 and 2019.

We thus retained the following multiples:

- for the Building activity:
    - ✓ a median EV/EBIT multiple of 13.2 for 2018 and 11.6 for 2019.

- for the Industry activity:
    - ✓ a median EV/EBIT multiple of 13.5 for 2018 and 12.1 for 2019.

We estimated the EV/EBIT multiples applicable to Groupe SFPI by weighting the multiples derived from the peer group for each division (building and industry) according to its respective contribution to the Group's result. The EV/EBIT multiples applied to DOM Security are those obtained using the Building division peer group.

Based on our analysis of the implementation of the stock market comparables (peer group comparison) method, we established a range of values between €4.54 and €4.60 for Groupe SFPI and a range of values between €73.3 and €81.2 euros for DOM Security.

3.3.3. The transaction comparables method

For each of the two activities, we established our own sample of comparable transactions.

Our analysis resulted in the following multiples:

- for the Building division: a median EV/EBIT multiple of 13.0;
- for the Industry division: a median EV/EBIT multiple of 10.1.

As a result of our analyses relating to the implementation of the transaction comparables method, we established a share value of €4.29 and €84.9 for SFPI and DOM Security respectively.

3.3.4. Reference to stock market prices

In our analysis, we focused on spot market price benchmarks at 19 June 2018, as well as the three-month average prices at this date.

Our analysis therefore takes into account the stock prices preceding the announcement of the merger project and the takeover bid.

3.4 Summary

The valuation methods and benchmarks used by the parties appear to be appropriate to the transaction in question and to the objectives sought.

In addition to the analyses carried out by the parties, we considered alternative assumptions for the implementation of the DCM method and the establishment of peer groups. We also decided to distinguish between the building and industry divisions of SFPI.

The following table summarises the results of our analyses:

Table summarising the share value of SFPI and DOM Security and the exchange ratio resulting from the analyses carried out by the merger auditors

	Value per share		Exchange ratio (1)
	SFPI	DOM Security	
Discounted cash flow (DCF) method			
Exchange ratio - Lower end of the range	€4.08	€66.1	16.2
Exchange ratio - Middle of the range	€3.97	€67.9	17.1
Exchange ratio - Upper end of the range	€3.86	€69.7	18.1
Peer group comparison method			
Exchange ratio - Lower end of the range	€4.54	€73.3	16.1
Exchange ratio - Upper end of the range	€4.60	€81.2	17.6
Transaction comparable method	€4.29	€84.9	19.8
Reference to stock market prices			
Price on 19/06/2019	€3.30	€59.0	17.9
Average price (3 months)	€3.21	€60.2	18.8

(1) number of SFPI shares for 1 DOM Security share

III. ASSESSMENT OF THE FAIRNESS OF THE PROPOSED EXCHANGE RATIO

1. Exchange ratio proposed by the parties

On the basis of the analysis carried out by the parties (see § II-1), they have decided on an exchange ratio of 1 DOM Security share for 20 Groupe SFPI shares.

2. Procedures used to verify the fairness of the exchange ratio

We implemented the auditing procedures that we considered necessary, in accordance with the professional standards of the *Compagnie Nationale des Commissaires aux Comptes* (French auditing body) to assess the fairness of the exchange ratio proposed.

In this context, we:

- analysed the positioning of the exchange ratio in relation to the share values deemed relevant, determined on the basis of a multi-criteria approach;
- assessed the impact of the exchange ratio on the future situation of the shareholders of both companies.

3. Assessment and positioning of the proposed exchange ratio

On the basis of our analyses and assessments, as well as the results of the most relevant methods described in section II above, the exchange ratio is as follows:

	Exchange ratio
Discounted cash flow (DCF) method	16.2-18.1
Peer group comparison method	16.1 -17.6
Comparable transaction method	19.8
Reference to stock market prices	17.9-18.8

We find that the exchange ratio of 1 share in the absorbed company for 20 shares of the acquiring company, corresponding to a ratio of 20, is at the upper end of the relative values deemed most relevant.

4. Impact of the proposed consideration on the shareholders' position

4.1 Regarding the minority shareholders of Dom Security

From the point of view of DOM Security's minority shareholders, the proposed exchange ratio is respectively 10.5% and 13.6% higher than the upper bound derived from the implementation of the DCF method and the peer group comparison method. It is in line with the exchange ratio resulting from the comparable transactions method.

However, these results should be considered in light of the fact that DOM Security shareholders, currently shareholders of a single-activity group, will be shareholders of a group with diversified activities, likely to undergo a slight reduction in diversification, not taken into account in the methods implemented.

In addition, we can see that the minority shareholders of DOM Security will record a decrease in the amount of their dividend, based on the dividend paid in 2018. Nevertheless, this decrease results from a difference in the distribution policy adopted between SFPI and DOM Security and not from a difference in the distribution capacity of these companies, which is also implicitly taken into account in the DCF method, resulting in a premium, as indicated previously. This does not imply any loss for the minority shareholders of DOM Security on the basis of the exchange ratio envisaged.

4.2 Regarding the shareholders of SFPI

From the point of view of SFPI's shareholders, the merger is part of a process of simplification of its organisational structure and operational management, generating cost savings.

In addition, this merger will contribute to the development of the free float of the SFPI security, providing better liquidity and lower transaction costs on the markets for its shareholders.

These advantages are enough to justify the fact that the exchange ratio is at the top of the range of relative values.

IV. CONCLUSION

Based on our work and as of the date of this report, it is our view that the exchange ratio of 1 DOM Security share for 20 Groupe SFPI shares, decided by the parties, is fair.

Paris, 26 September 2018
The Merger Auditors

Didier KLING   Maurice NUSSENBAUM

Appendix 3

Addendum to the Merger Auditors' Report on the consideration for Contributions

SORGEM EVALUATION	**DK EXPERTISES & CONSEIL**
Maurice Nussenbaum	Didier Kling
11 , rue LEROUX	28, avenue Hoche
75016 PARIS, France	75008 PARIS, France

Merger-absorption of DOM Security SA by Groupe SFPI SA

Addendum to the Merger Auditors' Report on the consideration for Contributions

We were appointed, by Order of the President of the Commercial Court of Paris dated 23 July 2018, merger auditors in the context of the merger by absorption of DOM Security SA ("DOM Security") by Groupe SFPI SA ("Groupe SFPI").

Our reports, on the consideration for contributions and the value of the contributions, were filed on 26 September 2018.

Our assignment ends with the filing of the reports; it is not our responsibility to update this report to reflect events and circumstances occurring after the date of its signature.

The purpose of this addendum is to provide four clarifications regarding the analyses developed in our report on compensation, the purpose of which, in accordance with the standards of the French auditing body, is firstly to verify that the relative values attributed to the shares of the companies participating in the transaction are relevant and, secondly, to analyse the positioning of the exchange ratio in relation to the share values considered relevant.

1- The valuation of DOM Security as a stand-alone company

Please note that DOM Security's stand-alone valuations are shown on page 21 of our report on consideration for contributions.

Regarding the comparison methods (peer group comparison and transaction comparables), it is important for us to specify that the EBIT aggregates and the value of Enterprise Value/EBIT multiples used were exactly the same both for valuing the company DOM Security as a stand-alone company and for valuing DOM Security as part of the Groupe SFPI Building division. It is therefore also specified that the adjustment between the enterprise value and the equity value was calculated homogeneously between the two companies, and the valuations of DOM Security as a stand-alone and within Groupe SFPI are identical.

Regarding the discounted cash method (DCF) method, it is specified that:

- the cash flow used to value DOM Security as a stand-alone company is identical to that used to value DOM Security as part of the Groupe SFPI building division;
- Groupe SFPI's discount rate includes, through its contribution to earnings, the discount rate used for DOM Security as a stand-alone,
- The normative margin of Groupe SFPI was determined according to the same methodology as that of DOM Security as a stand-alone company,
- The long-term growth rate used was the same between Groupe SFPI and DOM Security as a stand-alone company.

The valuations of DOM Security as a stand-alone and within Groupe SFPI are therefore also the same, under the implementation of the DCF method.

2- The peer group of comparable listed companies and transaction comparables

In the appendix to this letter, we present the peer groups of comparable companies and transactions selected for each activity (Building and Industry).

3- Reference to the price of DOM Security shares as part of the simplified takeover bid

The company DOM Security carried out a simplified takeover bid on its own shares at a price of 75 euros, prior to the proposed merger.

This reference was not used in the context of assessing the exchange ratio because there was no way of using it in a homogeneous manner for the company Groupe SFPI.

We also did not identify any recent transactions involving Groupe SFPI's share capital carried out under the same conditions as the takeover bid on DOM Security securities.

SORGEM EVALUATION
Maurice Nussenbaum
11 , rue LEROUX
75016 PARIS, France

DK EXPERTISES & CONSEIL
Didier Kling
28, avenue Hoche
75008 PARIS, France

4- The dividend per share criterion

The dividend per share criterion is relevant for assessing an exchange ratio as long as it reflects - in a homogeneous manner - the distribution capacity of each of the companies that are the subject of the merger proposal.

In this case, we observed that the companies DOM Security and Groupe SFPI have different profit distribution policies, which do not completely correlate with their distributive capacity (based on the dividends paid in 2018, Groupe SFPI and DOM Security have a distribution rate of 27%[1] and 38%[2]).

This criterion could not therefore be used to assess the exchange ratio.

As part of the analysis of the impact of the proposed consideration on the shareholders' positions, we have noted that the merger will result in a decrease in the amount of the dividend received by the shareholders of DOM Security. This will not, however, result in any loss, because the decrease is a reflection of a difference in their distribution policy and not of their distribution capacity, bearing in mind that the dividends not distributed by Groupe SFPI increase its cash flow and therefore the value of its equity.

We remain at your disposal for any further information you may require.

Paris, 2 October 2018

Maurice NUSSENBAUM

Didier KLING

[1] Basic and diluted net earnings per share (excluding treasury shares) of continuing operations 2017

[2] Basic and diluted net earnings per share (excluding treasury shares) 2017

Appendix: Peer groups of trading comparables and transaction comparables used

Trading comparables - Building

Comparable Company	Country	2017 sales (€M)	Activity
Assa Abloy Ab-B	Sweden	7,283	ASSA ABLOY AB operates in the field of locking systems, access control and security.
Allegion Plc	Ireland	2,062	Allegion PLC produces mechanical and electronic solutions for securing access and goods.
Somfy Sa	France	1,247	Somfy SA manufactures and sells security systems (alarms, access control) for the management of domestic equipment (blinds, shutters, etc.).
Dormakaba Holding Ag	Switzerland	2315	Dormakaba Holding AG provides mechanical and electronic security systems (locks, electronic access, master keys, etc.).
Jeld-Wen Holding Inc	USA	3,223	JELD-WEN Holding specialises in the manufacture and distribution of interior and exterior doors.
Masonite International Corp	USA	1,741	Masonite International Corporation specialises in the manufacture of interior and exterior doors.
Arbonia Ag	Switzerland	1,075	Arbonia AG specialises in the manufacture of equipment (doors, windows and various other equipment).
Tyman Plc	United Kingdom	591	Tyman PLC supplies products and materials for the construction of doors and windows.
Inwido Ab	Sweden	609	Inwido AB specialises in the manufacture of wooden doors and windows.
Deceuninck Nv	Belgium	687	Deceuninck NV supplies PVC products for building and construction professionals. Products include door and window frames.
Eurocell plc	United Kingdom	254	Eurocell PLC manufactures PVC-U windows, as well as doors and roof components.

SORGEM EVALUATION
Maurice NUSSENBAUM
11 , rue LEROUX
75016 PARIS, France

DK EXPERTISES & CONSEIL
Didier KLING
28, avenue Hoche
75008 PARIS, France

Trading comparables - Industry

Comparable Company	Country	2017 sales (€M)	Activity
Atlas Copco Ab-A Shs	Sweden	11,137	Atlas Copco AB develops, manufactures and markets equipment (compressed air and treatment, suction solutions, mining equipment, generators, pneumatic and electric tools and hybrid assembly technologies)
Johnson Controls Intl	United States	26,082	Johnson Controls International PLC supplies building products and technological solutions (ventilation, HVAC control tools, building management solutions, security and fire protection).
Ingersoll-Rand Plc	United States	12,159	Ingersoll-Rand Pic manufactures and markets industrial equipment (central heating systems, air conditioning, air filters and fluid handling products)
Alfa Laval Ab	Sweden	3,378	Alfa Laval AB supplies technical solutions as well as heating, cooling, separation and transportation systems and equipment.
Belimo Holding Ag-Reg	Switzerland	501	Belimo Holding AG develops, manufactures and markets heating, ventilation and air conditioning (HVAC) equipment. It also provides consulting services.
Ahlsell Ab	Sweden	2,629	Ahlsell AB distributes tools, machines and installation products (plumbing, heating, wastewater, ventilation, insulation and refrigeration systems).
Lindab International Ab	Sweden	788	Lindab International AB specialises in the production of components and solutions for ventilation and construction professionals.
Volution Group Plc	United Kingdom	218	Volution Group PLC produces and distributes ventilation equipment (fans, energy recovery systems, blowers, etc.).
Systemair Ab	Sweden	684	Systemair Ab manufactures air treatment equipment (air handling units, heating systems, convectors, dehumidifying systems, etc.).
Nederman Holding Ab	Sweden	301	Nederman Holding AB manufactures smoke extraction and dust removal systems for professionals.

SORGEM EVALUATION
Maurice NUSSENBAUM
11 , rue LEROUX
75016 PARIS, France

DK EXPERTISES & CONSEIL
Didier KLING
28, avenue Hoche
75008 PARIS, France

Transaction Comparables - Building

Purchaser	Target	Country	Activity	Sales (latest available data, € million)
Masonite Int. Corporation	DW3 Product Group Limited	United Kingdom	Equipment manufacturing (doors, windows)	48
Inwido AB	CWG Choices Limited	United Kingdom	Equipment manufacturing (doors, windows)	31
Tyman Plc	The Bilco Company	USA	Equipment manufacturing (roof hatches, automatic firewalls, entrance doors, alarm systems, etc.)	50
Eurocell plc	Vista Panels Limited	United Kingdom	Equipment manufacturing (PVC panels, doors, fire doors)	19
Tyman Plc	Giesse Group	Italy	Manufacture of components for aluminium windows	57
Assa Abloy	Nergeco	France	Manufacture of sliding doors	32
Assa Abloy	Flexim Security	Finland	Design of security and protection systems	34
Kaba Holding AG	DORMA Holding GmbH + Co. KGaA	Germany	Manufacture of equipment for securing doors (locks, bolts, access systems, etc.)	1,010
Business Growth Fund plc	Livingston Kitchens Limited	United Kingdom	Manufacture of PVC and aluminium equipment (doors and windows)	14

SORGEM EVALUATION
Maurice NUSSENBAUM
11 , rue LEROUX
75016 PARIS, France

DK EXPERTISES & CONSEIL
Didier KLING
28, avenue Hoche
75008 PARIS, France

Transaction Comparables - Industry

Date	Purchaser	Target	Country	Activity	Sales (latest available data, € million)
16/02/2018	Christian Berner Tech Trade AB	Zander & Ingestrom AB	Sweden	Heat pumps and equipment manufacturer.	13
06/09/2017	FFP S.A,	SPIE S.A.	France	Technical service provider, particularly HVAC	5,156
30/05/2017	Volution Group Plc	Volt Air System AB	Sweden	Manufacturer of ventilation and heat recovery systems.	8
26/05/2017	Spirax-Sarco Engineering Plc	Chromalox, Inc.	USA	Manufacturer and supplier of industrial heating and climate control equipment	179
24/05/2017	Axcel Management A/S	Nissens A/S	Denmark	Climate control and heating solutions supplier	209
09/01/2017	Park-Ohio Holdings Corp	GH Induction Group	Spain	Manufacturer of induction heating and air treatment equipment	41
29/09/2016	Alcedo SGR S.p.A	Aeromeccanica Stranich S.p.A.	Italy	Manufacturer of fans and dampers	25
07/07/2016	Danfoss A/S	Sondex A/S	Denmark	Manufacturer of heat exchangers and heat pumps	129
24/06/2016	Midea Group Co., Ltd.	Clivet S.p.A.	Italy	Manufacturer of heating, air conditioning and air purification systems	114
23/05/2016	Babcock & Wilcox Enterprises, Inc.	Spig SpA	Italy	Closed cooling systems manufacturer	168
12/05/2016	NIBE Industrier AB	LSB Industries (climate control business)	USA	Climate control solutions provider	251
15/02/2016	Ratos AB	airteam A/S	Denmark	Ventilation Solutions Provider	60

SORGEM EVALUATION
Maurice NUSSENBAUM
11 , rue LEROUX
75016 PARIS, France

DK EXPERTISES & CONSEIL
Didier KLING
28, avenue Hoche
75008 PARIS, France

Date	Purchaser	Target	Country	Activity	Sales (latest available data, € million)
01/02/2016	Hengst SE & Co. KG	Nordic Air Filtration A/S	Denmark	Air Filter Manufacturer	15
11/11/2015	Volution Group Plc	Energy Technique plc	United Kingdom	Heating and Air Conditioning Solutions Provider	15
25/08/2015	Mitsubishi Electric Corporation	MELCO Hydronics & IT Cooling S.p.A	Italy	Heating and Air Conditioning Solutions Provider	348
05/08/2015	Poly Pipe Group Plc	Nuaire Group	United Kingdom	Ventilation Solutions Provider	72
26/05/2015	OTEAC Limited	HVAC & Refrigeration Engineering Limited	United Kingdom	Heating, Ventilation and Air Conditioning Solutions Provider	17
26/01/2015	Industrial Stars of Italy S.p.A.	LU-VE S.p.A.	Italy	Manufacturer of heat exchangers and refrigeration/air conditioning products	212