



GSE

A RECORD YEAR, A PIVOTAL YEAR

ANNUAL REPORT 2019

EDITORIAL

This digital annual report shows what a momentous year 2019 has been for us:

- A growing, universal awareness: the planet is being mistreated and we have to do something about it. We are doing something about it. And we enjoy it.
- A client satisfaction strategy rewarded by a record: trust at its maximum. We can measure it by the orders taken.
- A growth ambition strongly supported by many recruitments.
- Creativity designed into our buildings – and innovation on a daily basis.

- The successful choice of a new shareholder – Goldbeck – that fully supports our strategy and brings very clear synergies.

And above all our ever-increasing energy. At GSE, we're more driven than ever.

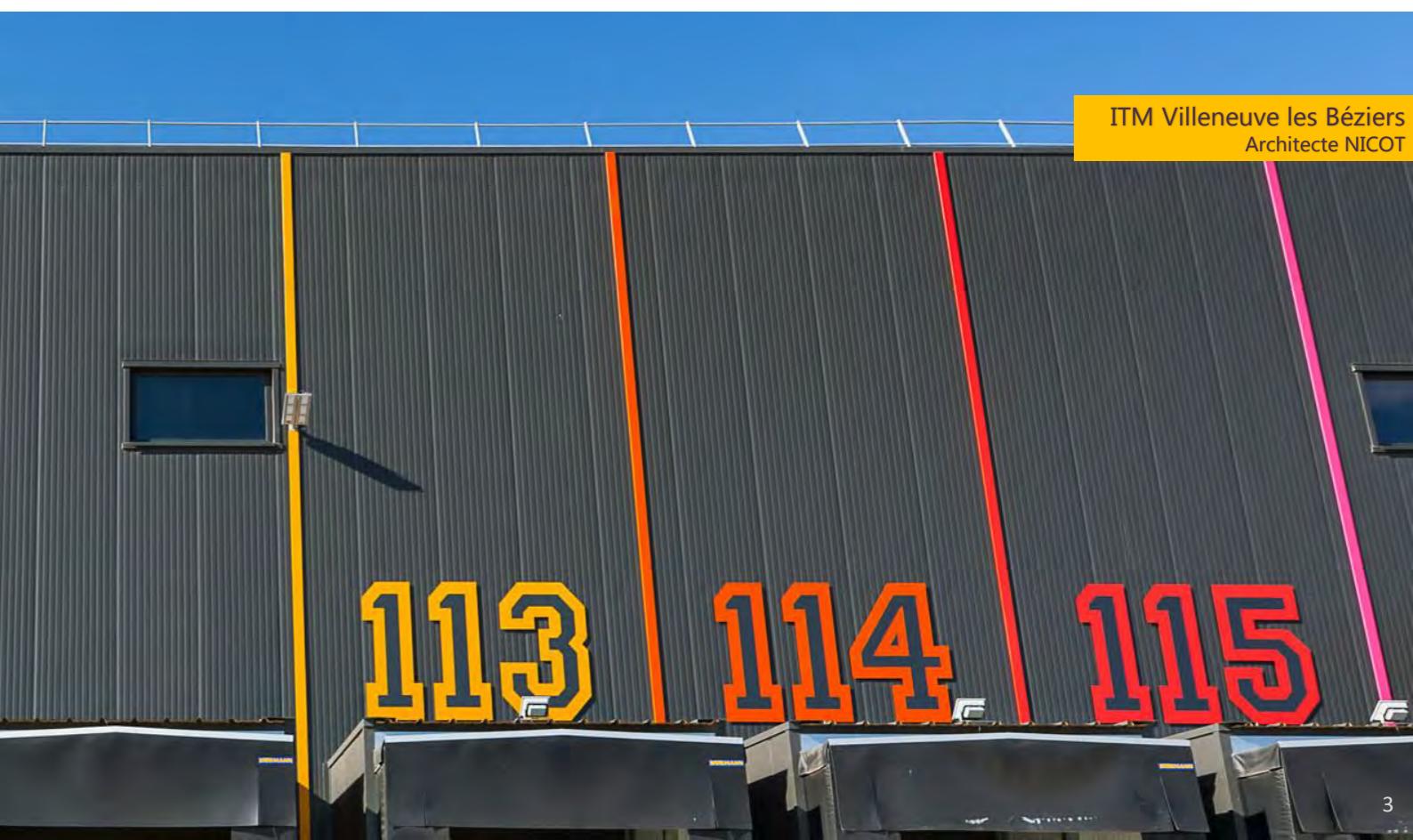
The world changes every day; we help it change.

Roland PAUL
GSE's Chairman



PS.: Since I wrote this editorial in early 2020, the COVID-19 pandemic significantly changed the situation. However, our projects are up and running and we are all hard at (tele)work. Of course, as a responsible employer, our priority is to protect our people and construction site workers.

The impact on our budgets is difficult to quantify, but one thing I know for sure: GSE is a resilient group and the measures we have taken should make us emerge from this crisis stronger and more agile.



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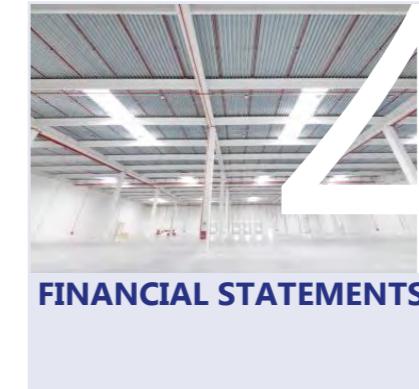
GLOBAL SOLUTIONS & ENGINEERING



INNOVATION IN OUR DNA



2019 HIGHLIGHTS



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GLOBAL SOLUTIONS &
ENGINEERING

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WHAT WE DO

Our job is to design and carry out our clients' real estate projects by supporting them at every stage: search for land; architectural, technical and environmental studies; legal and financial arrangements; turnkey construction; handover and commissioning.

THE LEADER

Logistics, retail, industry, SME real estate... These are the four markets where GSE's expertise is recognized and our brand is the benchmark. We are often involved from the projects' earliest stages. At GSE, we apply very high standards throughout each operation's lifecycle in terms of processes, quality and environmental commitments, and support before and after the occupants move in. GSE is the leader of turnkey construction and delivery of buildings in the logistics, services and manufacturing sectors.

THE CLIENT EXPERIENCE

Building a trusting relationship with our clients is our top priority. It is the key to a lasting and informed dialogue on each project.

Our goal is to provide a client experience that makes the difference. To do this, we aim to be – rather than mere service providers – actual partners to our clients. Maintaining this unique position and deserving our clients' trust is what keeps us going day after day at GSE.

THE FIRST "GLOBAL PLAYER" IN COMMERCIAL REAL ESTATE

With 43 years of experience and an international footprint built over the years, GSE is today the only global contractor in commercial real estate. And GSE always thinks in terms of value creation: we are committed to excellence in both our business and social results – in areas such as environmental performance, wellbeing in the workplace and risk mitigation.

HERE TO SERVE

We are dedicated to the project. Acting as a real interface between all professionals involved, we ensure consistency and regulate the decision-making and operational stages – so everyone can work with complete peace of mind.

We take a hands-on approach. Our local teams are available, agile and responsive, providing our clients a quality service throughout the project's value chain.

MEN, WOMEN, ONE VISION

The men and women on our Executive Committee have adopted a motto: strengthen our fundamentals to move ahead.



THE SUPERVISORY BOARD

The Supervisory Board is the Group's steering body for all decisions relating to strategy, changes to our business model and financial matters. Its members are Jan-Hendrick Goldbeck, Jörg Strohmeier and Johannes Brunn.

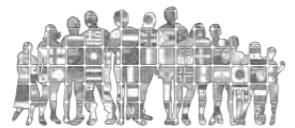
KEY FIGURES

Our people

 **454**
EMPLOYEES

 **284**
ENGINEERS

19 NATIONALITIES



Our locations

 **12**

OFFICES IN
FRANCE

 **7**
OFFICES IN EUROPE
(excl. France)

 **23**
YEARS OPERATING
IN CHINA

Our balance

 **€554**

MILLION IN REVENUES

 **€626**

MILLION IN BACKLOG

 **€19,3**

MILLION IN EBITDA

 **€150**

MILLION IN CASH

 **43**

YEARS' EXPERIENCE

Our operations

 **70**
PROJECTS PER
YEAR

 **18**
MILLION M² OF
CORPORATE REAL
ESTATE BUILT

OUR 4 AREAS OF EXPERTISE

Logistics, industry, retail & services, SME real estate...

At GSE, we manage all types of commercial real estate projects, with a keen understanding of each market's specific constraints and aspirations.

LOGISTICS

Whether it's construction, renovation or a complete overhaul of a logistics setup, GSE offers solutions that meet the specific characteristics and requirements of each line of business. Dry, refrigerated, frozen, climate-controlled storage: needs vary and buildings must adapt. GSE relies on its R&D department to develop innovative technical solutions that can respond to constant change in the market, regulations and environmental constraints. We optimize costs in the short term, during construction, but also in the medium and long term, during operation – by factoring in energy consumption and the sustainability of materials.

INDUSTRY

In industrial real estate, process integration must be the cornerstone of the project's design – to maximize productivity and performance. GSE does this by working on the factory of the future. This is a cost-effective, environmentally responsible factory with controlled consumption levels. It's a smart building connected to its ecosystem. It's a flexible and scalable factory that adapts to changes in processes and in our clients' activities. It enables simplified and professional building maintenance. And it's a factory where people are given their rightful place: where employee wellbeing and social issues have been "designed in".

RETAIL & SERVICES

At GSE, this area of expertise covers offices, shops and special buildings such as multiplex cinemas. For each type of project, we provide clients a comprehensive service at all stages of the building's construction, right through to occupation – often including the preservation, renovation or extension of existing structures. Our know-how applies in particular to interior design and remodeling for better space management and special functionalities such as access security or acoustic comfort. Our teams are flexible and efficient; they can minimize their footprint when working in occupied buildings without interrupting or disrupting activity.

SME REAL ESTATE

A real estate project is a highly strategic enterprise for a company. The building serves both as a showcase for customers and suppliers and as a working environment for employees. Increasingly, it must fulfil a number of functions – and be flexible, scalable and smart. To meet these needs, GSE puts all its experience and know-how at the service of its clients to devise tailor-made solutions.



OUR COMMITMENTS

- Client satisfaction
- CSR
- Employee wellbeing
- Methods

OUR CLIENTS' SATISFACTION

Our clients' satisfaction is the cornerstone of our strategy. And the feedback from our surveys proves it's successful: our clients' perception has been steadily improving for years.

In 2019, we shifted into higher gear by deciding to make the client experience a signature feature of GSE buildings. To this end, we introduced an ambitious internal program to improve all key aspects of the client experience.

- Client Relationship Guidelines covering all stages of our projects,
- The satisfaction logbook: a process to monitor client relations from the signing of the contract to the end of the one-year defects liability period,
- A dedicated team to strengthen post-handover client support.

OUR ROADMAP

- Involve our subcontractors in our Client First strategy,
- Improve our reception of clients and make it more consistent at all our sites (head office, branches, portacabins),
- And – regardless of the communication channel used (email, telephone, post) – deepen our insights into our clients and share them better internally.

ALL GSE EMPLOYEES across all functions – technical, sales and administrative – are required to contribute to our clients' full satisfaction.

OUR VALUES IN OUR DAY-TO-DAY CLIENT RELATIONSHIPS



CSR

Corporate Social Responsibility

A COMMITTED AND RESPONSIBLE PLAYER

- GSE's focus on Corporate Social Responsibility is the centerpiece of a long-term strategic vision. Our commitment to sustainable development and ethics is reflected in all our organizational practices.
- Using a structured approach, we established principles that guide us in our relations with clients, employees and partners, as well as in our interactions with the communities and the environment where we operate.

ALWAYS A STEP AHEAD

GSE's commitment to the principles of sustainable development is deepening year after year – as evidenced by the external audits carried out in 2019. EcoVadis once again awarded our CSR performance their Gold label and improved our overall rating. Part of the Global Compact France since the beginning, GSE joined in 2019 its GC Advanced members, a select club of companies with France's best CSR track records.

Reasserting the company's commitment to climate change mitigation, GSE also renewed its endorsement of the French Business Climate Pledge, alongside some one hundred French companies.

In 2019, GSE drew up its roadmap to 2025 in terms of CSR and the company's contribution to the UN Sustainable Development Goals (SDGs). This roadmap is based on a thorough analysis of the Group's social and environmental impacts, its levers for action, the expectations of its stakeholders and the major challenges of sustainable development. Our priorities are as follows:

- Worker safety and wellbeing (GSE employees and construction site workers),
- Responsible buildings (design, purchasing, construction sites),
- Sustainable mobility (business travel and commuting).



GSE'S PRIORITY SDGs

For more on our CSR policy: GSE sends its annual "Communication on Progress" to the U.N. Global Compact and publishes a sustainable development report. These track the actions taken and the achievements in all relevant areas: HR, social and environmental.



ENSURING PROJECTS' SOCIAL & ENVIRONMENTAL RESPONSIBILITY

GSE is committed to applying the principles of social responsibility in relations with clients, suppliers, investors and local communities. In particular, we apply a strict Code of Ethics and an Anti-Bribery Policy, backed up by audits and employee training.

In 2019, we rolled out a Sustainable Purchasing Charter to involve our suppliers in our commitment to sustainable development. In the same vein, new processes guarantee transparent communication with our clients and foster a dialogue on these issues – while we offer expertise and advice for their projects.

In the coming years, we will strengthen GSE's expertise in responsible real estate. We will also have in-depth discussions on the subject with our suppliers and subcontractors – so we move together in the right direction.

WITH AND FOR EMPLOYEES

Employees are the starting point of our CSR strategy, which – on the one hand – focuses on their health & wellbeing and – on the other – requires their engagement. Employee safety and wellbeing are our top priorities. GSE takes a variety of measures to improve the quality of employees' working conditions (management and support, facilities, services). On construction sites, we apply an uncompromising safety policy to protect all workers.

While GSE's executives are the committed standard-bearers of the company's CSR strategy, it can only succeed with the full participation of all employees and their ownership of its principles. To ensure the strategy's relevance and applicability across the company, all departments took part in its formulation. And every employee is invited to share his or her observations, ideas and aspirations regarding CSR. Participative processes include a network of CSR officers, meetings, events, a suggestion box, and more.

Regular training and awareness-raising campaigns enable employees to better grasp the issues and contribute to the development and deployment of a strategy that addresses the stakes of their day-to-day work. GSE's goal is to keep raising employees' awareness and involving them in this strategy, to further increase its effectiveness.



Since 2003, GSE has been committed to the UN Global Compact and its 10 principles focused on human rights, labor standards, the environment and the fight against corruption.



EMPLOYEE WELLBEING



GSE AIMS TO CONSTANTLY IMPROVE EMPLOYEES' WORKING CONDITIONS and to provide everyone the means for their professional development and fulfilment. Every year, we conduct a survey of employees to assess the relevance of our actions and to measure the level of employees' wellbeing. The survey has shown – among other things – that we share strong values across the company.

EMPLOYEE DEVELOPMENT

For more than 12 years, GSE has offered various in-house courses designed to help young business engineers or future salespeople get on board and familiar with the company, its resources and their duties, with two full days of training per month for one year. In 2019, GSE launched the fourth edition of PROMO MANAGER, a support program for people starting out in management. In addition, GSE has strengthened its commitment to employee development through a major plan to train some 50 department heads in the good management practices required at GSE.



QUALITY WORKING CONDITIONS

This commitment is exemplified by the extension of our head office. The upgrade is part GSE's quality workplace policy, which calls for outstanding facilities designed to ensure employee wellbeing: a sports center, lounges, a landscaped park, an organic restaurant and a car park with photovoltaic shades.



METHODS

MAXIMUM SAFETY & QUALITY

Regardless of the project's type and location, our clients expect us to provide a consistently high standard of service. To guarantee the same level of quality worldwide, GSE developed its own Quality, Safety and Environmental policy, with procedures spelled out in handbooks: Safety (VMC), Quality (QAP) and the Good Practices Guide for project processes.

ASSURED QUALITY

The Good Practices Guide leads to the definition of tasks for the entire duration of a project, with clearly assigned responsibilities. The Quality Assurance Plan (QAP) developed by GSE has no less than 70 checkpoints and focuses on a list of standard details. It's a flexible tool that is constantly updated to adapt to new construction techniques.

FULL CONTROL

GSE's objective is clear: to further increase quality in the design and construction phases. For each project, the Quality Safety Methods (QSM) department plans a series of actions to eliminate risks. Two to three meetings are held to prepare and launch the site and the higher-risk construction phase. Three to five audits are carried out to ensure that the worksite is running smoothly. The project management team is trained to take into account risk points. The QSM department works with the design, purchasing and after-sales departments and supports the technical teams.



"Three to five audits ensure that the construction site is running smoothly."



TOTAL SAFETY: Follow the guide

GSE believes that health and safety is everyone's responsibility: absolutely everybody involved, at all levels of seniority, needs to be fully committed. Because worksites can produce potentially dangerous situations, GSE does not skimp on controls, making no compromises. Our aim is to reduce the risk of accident to zero and to protect the interests of project stakeholders and clients.

GSE's safety manual, the "Vademecum" first published in 2008, has continued to evolve based on a detailed code of Health & Safety. Its procedures and good practices are applied at all GSE sites to guarantee maximum safety.

TOTAL SAFETY: Risk calls for anticipation

Risks are managed by applying processes, methods and tools to address the key hazards facing the company. GSE has implemented this policy for many years to tackle the various internal and external risk factors that can harm employees or affect the company's performance. It includes actions carried out in the execution of a contract (quality, safety, technical and financial monitoring plans), preceded by due diligence to rule out – or anticipate – any hazard before committing to a project. GSE's Risk Management department regularly assesses exposure to risks. Indeed, our in-house professional expertise enables us to understand the various types of risk involved in our activities.

Applying reliable procedures to operational, financial, legal, environmental and technological matters strengthens GSE's ability to adapt easily to changing market conditions. Meanwhile, we pay close attention to the security of our information and communication systems, which benefit from strong protection measures. Our users are trained to apply best practices for data security.



INNOVATION IN OUR
DNA

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INNOVATION IN OUR DNA



WHAT DRIVES US FORWARD

GSE has special characteristics that set us apart from other players in our line of business. In 2016, we created Le Lab, a department that brings together experts from various backgrounds. Their objective is to challenge conventional thinking and imagine new ways forward. In short, to act as a driving force that accelerates GSE's progress.

LE LAB: ANTICIPATE AND BUILD THE FUTURE

We always think of our profession in terms of its capacity to constantly reinvent the world of real estate. In this spirit, we created GSE's innovation center, Le Lab, to think up the buildings of tomorrow, to anticipate future challenges and stay ahead of societal change and the new needs of our infrastructures.

Bringing together skills in architecture, digital innovation and environmental management, Le Lab by GSE fosters new ideas and develops innovative solutions to meet the 4 major challenges facing the construction industry:

- The energy and environmental transition,
- The digital transition in construction,
- The integration of digital technology in smart buildings,
- Productivity-enhancing comfort and user-friendliness.

TAKING ACTION TODAY – WITH TOMORROW IN MIND

These 4 areas of development are grounded in the imperative of sustainable development. Our aim is to offer operational solutions that are sustainable over the long term, in line with the considerations of environmental and social responsibility that are deeply rooted in GSE's values and philosophy.



NEW APPROACHES TO DESIGN & BUILD

The evolution of digital technology and its applications has made "smart" the new normal. Today, we consume and work smart. A few years ago, GSE embarked on a far-reaching digital transformation through BIM (Building Information Modeling), creating 3D digital models to produce plans and input data, optimize design and strengthen the collaboration of all stakeholders at all stages of a project. All with one objective: to put digital innovation at the service of our clients.

Now with a team of 6 BIM Managers, 3 BIM Modelers and a network of qualified partners trained by GSE, Le Lab provides support to nearly 60% of our BIM projects. And with the creation of 4 BIM services – ranging from a simple architectural 3D model to an as-built BIM model of the building ready to be used for operations and maintenance, Le Lab adapts to clients' needs...

In 2019, we delivered the first BIM models used in operation. To guarantee the models' flawless quality, we now use 360° camera digitization technologies, photogrammetry by drone-mounted cameras and augmented reality on site. We obtained one of the very first BIM "as-built" certificates from SOCOTEC for one of our flagship projects.

KEY TRENDS

BUILDINGS' ENVIRONMENTAL QUALITY: A SPECIALIST'S JOB

Le Lab's dedicated team continues to support a growing number of environmentally certified projects. With help from our five environmental certification engineers, nearly 40% of GSE's projects (accounting for 60% of revenues) receive one of the widely recognized environmental certificates, such as BREEAM, HQE or LEED. Indeed, we are setting a high standard in our core business with France's first BREEAM EXCELLENT-certified warehouse – the highest distinction ever received by a logistics building in the country.

2019 is also the year of the first BEPOS EFFINERGIE 2017 label obtained for our CECODIA wood-frame office concept. This label recognizes the exceptional energy efficiency of a frugal building that also produces renewable power. It highlights the efforts made to reduce this building's carbon footprint, a subject that is increasingly in the spotlight, anticipating future environmental regulations for buildings.

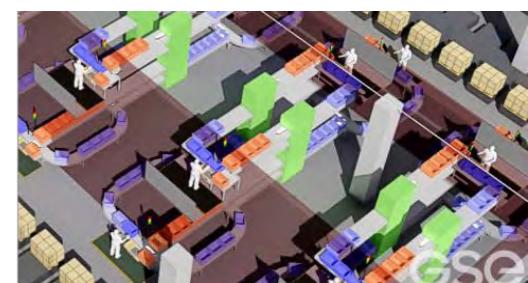
WORKPLACE WELLBEING, A CRITERION IN ITS OWN RIGHT

Workplaces should provide an ideal environment for maximizing the company's productivity. Wellbeing and performance at work now go hand in hand. Indeed, GSE's mission is to reconcile these two expectations – both within the company and for our clients. We use BIM technology to explore interior design options with our clients, enabling them to immerse themselves in their future buildings and choose their fittings and finishes – while keeping full control over the impact on comfort (temperatures, light, acoustics) and costs.

SMART BUILDINGS

Buildings are smarter than ever. The main trends in 2019 included:

- The generalization of BMS (Building Management Systems) that are as open and scalable as possible, so they are ready for future service applications and IoT (Internet of Things) & AI (Artificial Intelligence) technologies,
- The development and testing on several buildings of our EnerGiSE application, an intelligent service developed by GSE to easily monitor a building's energy and comfort performance,
- Building management through connected objects : a permanent demonstration of this feature is available in the new meeting rooms of GSE's head office in Avignon.



IN FOCUS

HOW TO DO IT: OPEN INNOVATION GOES FASTER AND FARTHER

Le Lab reorganized in 2019 to better identify start-ups and new technologies that are set to radically change the world of construction and logistics. We established partnerships with incubators and software developers to include new solutions in our activities and test them on our sites, alongside leading players.



2019 HIGHLIGHTS

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LOGISTICS SOLUTIONS

€224M
in revenues

LOGISTICS FRANCE

Logistics is our largest market. In 2019, the emerging trends were confirmed: super-large platforms for unified logistics, high-bay and multi-level verticalization, digitalized warehouses, small facilities for last-mile urban logistics. The business is undergoing an unprecedented period of innovation.

The share of "XXL" buildings in our overall revenues continued to increase. Our command of large and complex logistics projects has become a differentiating factor that strengthens GSE's positioning as a leader in the high value-added warehouse category.

Our projects are evenly divided among contracts with developers, major retailers & e-commerce brands, and international manufacturers.

In addition, GSE remains highly dedicated to environmental issues through various trade bodies: AFILOG's risk commission, GT Entrepôt, CIBI technical committee and the chairmanship of the FLUMILOG steering committee.



In 2019, we handed over 11 logistics projects in France, including automated platforms for supermarket chains such as INTERMARCHÉ near Lens (70,000 m²), E. LECLERC in Oise, Paris Region (30,000 m²) and EASYDIS (CASINO) in Montbartier, near Toulouse (80,000 m²), as well as for e-commerce pure players such as OCADO in Fleury Mérogis, Paris Region (40,000 m²) and the LAPEYRE DIY chain near Orléans (74,000 m²).

Also noteworthy are the production unit for Japanese manufacturer IRIS OHYAMA and the art conservation center (24,000 m²) at Paris-Le Bourget Airport.

BACKLOG: A RECORD YEAR

2019 was once again a record year for GSE Logistics France, with orders for 13 new projects totaling 85,000 m². These contracts amount to €283 million and ensure a comfortable level of business for 2020-2021.

€283M
in order intakes



SEGRO Gennevilliers
Archi-Factory



EUROPACORP Marseille
MP&A / MAP - Renaud TARAZZI

TII : SERVICES & INDUSTRY

2019 was a strong year for GSE in the services and industrial sectors, with €90 million in revenues on a percentage-of-completion basis. Over the period, we handed over 9 operations in which GSE had been involved very early on – from the phases of programming, preliminary design, building permit and environmental impact surveys. These included:

5 PROJECTS FOR THE SERVICES SECTOR, the XENOCS labs in Grenoble, the EUROPACORP Pathé Gaumont multiplex cinema in Marseille, the TOLED CHATEAUFORM' CITY training & conference center in Saint-Ouen (Paris Region), the KERNEOS labs in Vaulx-Milieu (near Lyon) and the EUROGENTEC labs in Liège, Belgium.

€92M
in revenues

The largest orders taken are for the future SNCF Campus training center in Bègles (Greater Bordeaux), which aims for the HPE energy efficiency label, and the project for an aeronautics parts factory for LISI AEROSPACE in Chaumont (east of Paris): 2 major project owners who are repeat clients of GSE TII thanks to our teams' perseverance and commitment to quality. The contracts with DDTL in Merpins (Cognac distillery) and Charles & Alice in Monteux, near Avignon (compotes, desserts and fruit juices) point to further growth in the Food Industry.

4 INDUSTRIAL PROJECTS, including two specialized technical centers for French national rail operator SNCF in Vénissieux (Greater Lyon) and Romilly (east of Paris), a production unit for LEDGER in Vierzon (south of Orléans) and the conversion of a BILS DEROO industrial brownfield in Douvrin (near Lille).

SME REAL ESTATE

Local support and professionalism from a leading group serving smaller organizations across France.

Dedicated to small and medium organizations, GSE's regional branches across France combine all the benefits of a local partner with the expertise and guarantees of a recognized international group specialized in turnkey commercial real estate.

Each branch is a competent, independent and responsible global contractor. It carries out the design, construction, even the entire project development & management for all types of buildings: head offices, production buildings, manufacturing facilities, warehouses, shops, service and leisure centers.

As stakeholders committed to local development, GSE's regional branches support business owners like true partners in growth, working with them to build their companies' future.

GREATER GEOGRAPHIC COVERAGE

GSE continues to expand and strengthen its presence in France's regions – in two ways:

- Opening new branches in the large metropolitan areas: Beauvais and Orléans in 2019, Nancy and Rouen in 2020.
- Creating a complementary network of affiliates, GSE PARTNERS, an original approach to be even closer to clients.

GSE PARTNERS offers qualified entrepreneurs an exceptional opportunity to work alongside the GSE Group – a partner that provides guarantees, references and professionalism.

GSE Auvergne, the first affiliate based on this model, opened for business in January 2018 and generated revenues of nearly €2 million in 2019.

Three new partners have begun their onboarding process and are preparing to open their offices in the Vendée, Northern PACA and Franche-Comté regions.

€100M in revenues
€110M in order intakes



GPA Livron sur Drôme
APSIDE Architecture

OPENNESS SPIRIT

LOGISTICS EUROPE

CLEAR HORIZONS

With a strong local presence and engineering capabilities pooled at the Group level, GSE is consolidating its position as a leader in the market for high value added, highly innovative buildings across all our European countries.

A striking illustration of this performance is provided by the construction of large multi-level logistics platforms, including one in Spain to distribute pharmaceutical products and another in Hamburg, Germany.

Other large-scale projects are underway in Italy, including a glass packaging manufacturing unit to be built for VETROPACK, still in the survey phase in 2019, and in Romania where we began work on a second 35,000 m² warehouse for ALTEX.

PROFESSIONAL SUPPORT TO OUR CLIENTS ACROSS GEOGRAPHIES

GSE's network of subsidiaries in Europe is now completed by the locations of our shareholder Goldbeck, enabling us to provide high-performance solutions across most of the continent.

Through our local offices, we're able to provide clients with adapted real estate solutions in each country, including land identification, administrative authorizations, design, build and often financing solutions.

€219M

in order intakes for EUROPE
(Excl. France)



NEOVIA SCHAEFFLER Leipzig
Ropertz & Partner



GERMANY

2019: THE TRANSITIONAL YEAR

Starting off with a strong order book from 2018, GSE achieved all its objectives in 2019 in terms of construction, development and strategic positioning on the German market.

GSE Germany's revenues were up by more than 10% in 2019 to €77 million.

GSE – GOLDBECK

Within the Goldbeck Group, GSE Deutschland is positioned as the specialist in multi-level logistics platforms – thanks to the technological lead acquired in this field on the Gennevilliers site in France and furthered on the German market with the FOUR PARX / AEW project in Hamburg.

Leveraging Goldbeck's sales network throughout Germany, GSE can meet the growing demand for this type of facility, suited for the increasingly frequent situations of land scarcity and for brownfield developments.

BOCHUM

SAARBRUCKEN

The NEOVIA project in Halle, near Leipzig, was handed over as planned in late 2019 – with an extremely satisfied SCHAEFFLER user. This design & build project for a largely automated warehouse with a high-bay section once again demonstrated GSE's expertise and know-how in the field of complex logistics platforms.

Another major contributor to the year's business was the 123,000 m² multi-level logistics platform project for FOUR PARX in Hamburg, for which work began in 2019: a contract of about €100 million in itself. This major operation, for which GSE submitted the building permit application in late 2018, is the largest project ever signed by GSE in Germany and includes the management and execution of all phases of the project, from applying for the building permit and clearing wartime explosives to the turnkey delivery scheduled for the second half of 2021.

€77M

in revenues

Another highlight of 2019 was the beginning of works on a 30,000 m² warehouse in Hanover for BAYTREE, on the basis of a building permit application prepared by GSE. Two further building permits were also filed by GSE in 2019 for logistics platform projects of around 30,000 m² in Mainz and Weiterstadt, on behalf of two regular clients, developers HILLWOOD and FOUR PARX. These projects, currently in the survey phase, contribute to an excellent order intake in 2019 and provide good prospects for construction work in 2020.

ITALY

€22M
in revenues



A SUBSIDIARY THAT DOUBLED ITS BUSINESS

GSE is enjoying rapid growth in Italy, driven by both logistics and manufacturing. In addition, activity is picking up in the pre-development of real estate operations: an independent line of business operated with our partner CONFLUENCE that efficiently navigates the complex stages from finding land to obtaining building permits.

Thanks to this diversified activity, GSE has become a key partner for investment funds such as CARLYLE and GREENOAK, as well as international groups such as KRAMP and VETROPACK and local companies such as SUSA TRASPORTI and TRANSMEC.



SPAIN PORTUGAL



GSE's activity in Spain is back to cruising speed thanks to the signature of two major operations: a large 100,000 m² logistics platform near Madrid for developer MERLIN and a multi-level automated building for FEDEFARMA in Barcelona for the distribution of pharmaceutical products.

We also signed an agreement with AQUILA CAPITAL for the detail design phase then the construction of a 115,000 m² logistics building in Azambuja, Portugal, where GSE will open its subsidiary in 2020.

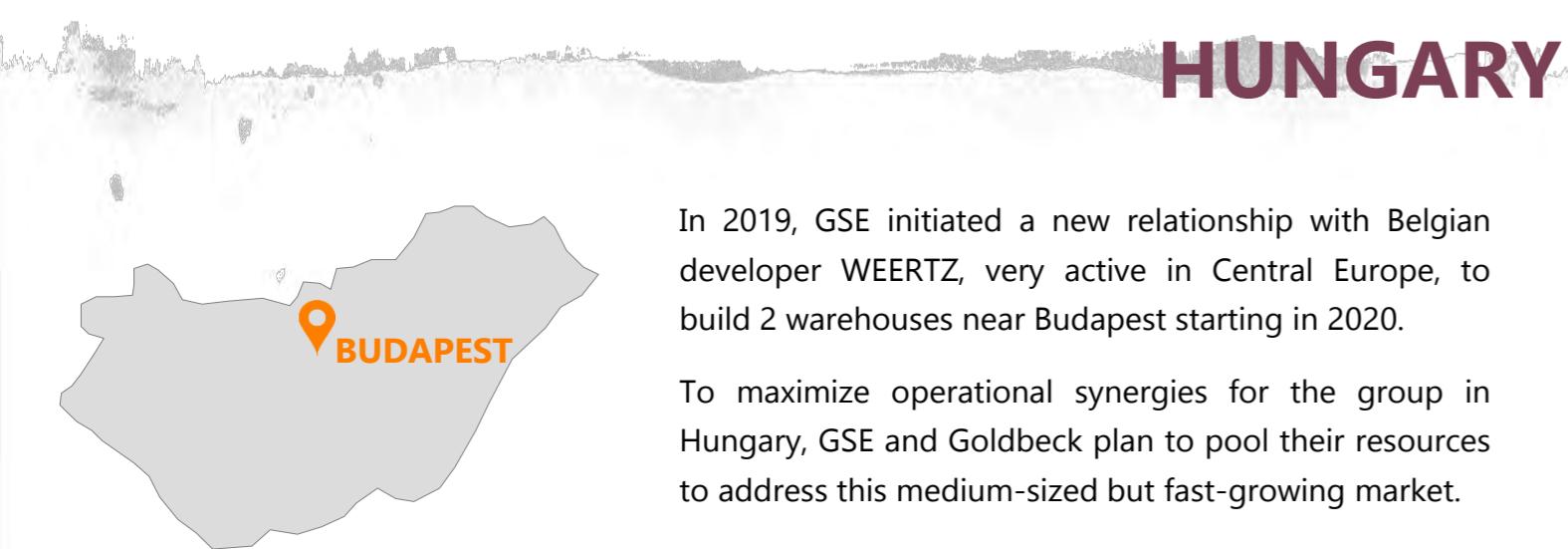
In addition, we are continuing to grow our activity in real estate operations management, leveraging our expertise in project development and securing land.

€18M
in revenues



UNITED KINGDOM

GSE provided support to its clients in the UK, in particular by carrying out development work for GEODIS and KRAMP.



ROMANIA

A PROMISING MARKET

GSE handed over to ALTEX, Romania's leading retailer of consumer electronics and home appliances, a first 47,000 m² warehouse in Bucharest.

Building on this successful experience, ALTEX ordered a second 35,000 m² warehouse, which is scheduled for handover in the autumn of 2020.

We established a partnership with this client and we're discussing other projects.

The logistics market remains strong, and Goldbeck's acquisition of the GSE Group should enable us to gain ground in the market of German investors in Romania.

€10M
in revenues



CHINA

GSE's level of activity in China has been relatively low. It is negatively impacted by the difficult context – since 2018 – of tense trade relations between China and the United States, which has led some foreign clients to postpone their investment decisions. The coronavirus outbreak at the end of 2019 has – of course – compounded these difficulties.

However, the expertise acquired in carrying out complex manufacturing projects has enabled GSE's teams to strengthen their position in the food industry with the signing of a new plant for NEWLY WEDS FOOD and in animal health with the new vaccine production plant currently under construction for CEVA SANTÉ ANIMALE.

€7M
in revenues

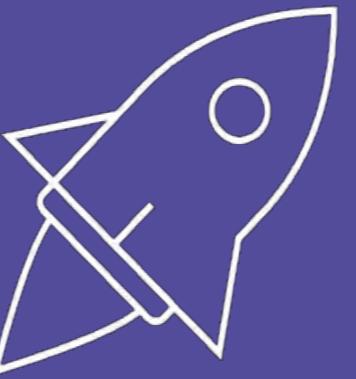


Looking ahead, development agreements signed on a number of properties on the outskirts of Shanghai, mainly intended for industrial investment, make us confident about future project opportunities in a global service offering combining land and construction. GSE's expertise in multi-level logistics buildings, combined with Goldbeck's expertise in the development of prefabricated modular products, will be key factors in consolidating GSE's long-standing presence in China.





PROSPECTS FOR 2020



AN EXCEPTIONAL CONTEXT

The onset of the Covid-19 pandemic - exceptional by its rapid global spread, the challenges it creates for health systems and the scale of the impact on the global economy - clearly is the major source of uncertainty regarding the prospects for GSE's business in 2020. However, this crisis is also a demonstration of the GSE teams' ability to step up to a challenge, adapt and overcome it and to identify opportunities for the future.

A STRONG FOUNDATION FOR THE FUTURE

With a strong order book at the beginning of the year, a proven business model and the backing of a shareholder that is a leader in the industry, GSE can face challenges, adapt and continue to develop. As part of the Goldbeck Group, with its complementarities in terms of geographies, lines of business and clients, with our own capacity for innovation and adaptation, GSE is looking ahead to 2020 with a view to maintaining a sustained level of activity, despite a difficult international economic environment and the emergence of unprecedented risks.

CARE FOR OUR CLIENTS

Continued efforts to innovate, improve methods, enhance safety, design new products, support the automation of logistics processes, develop modeling, forge partnerships, strengthen internal organization and control operational risks: this is how, beyond the pandemic, GSE aims to combine growth, profitability and social & environmental responsibility. Always focusing on a key priority, the backbone of our strategy: the trust and satisfaction of our clients.





FINANCIAL STATEMENTS | 4



BATIMMO LA POSTE

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS

In €K	Dec 31, 2019		Dec 31, 2018	
	Gross	Deprec/Prov	Net	Net
Goodwill	147,678	71,183	76,495	76,952
Intangible fixed assets	5,209	4,672	537	677
Tangible fixed assets	15,053	7,555	7,498	4,842
Financial assets	1,275	116	1,159	1,334
Fixed assets	169,215	83,525	85,689	83,805
Stocks and work in progress	11,459	2,587	8,871	5,699
Advances and down payments on account	4		4	17
Accounts receivable	96,902	3,844	93,058	92,661
Other receivables	27,000	2,856	24,145	19,808
Cash and cash equivalent	149,717		149,717	138,349
Current assets	285,082	9,287	275,796	256,534
Deferred tax assets	13,336		13,336	8,279
TOTAL ASSETS	467,633	92,812	374,821	348,618

SHAREHOLDERS' EQUITY AND LIABILITIES

In €K	Dec 31, 2019	Dec 31, 2018
Capital	88,443	88,443
Share premium	6	6
Legal reserves	769	485
Retained earnings and other reserves	-39,500	-50,245
Net income - group share	15,279	10,888
Group shareholders' equity	64,997	49,577
Minority interest	247	70
Consolidated shareholders' equity	65,244	49,647
Provisions for liabilities and charges	25,703	26,986
Provisions	25,703	26,986
Leasing loans	1,427	2,037
Financial debts	1,427	2,037
Accounts payable	164,322	165,006
Tax and social security liabilities	34,439	32,317
Other liabilities	418	416
Deferred income	83,269	72,209
Other liabilities and deferred income	282,447	269,948
TOTAL EQUITY AND LIABILITIES	374,821	348,618

INCOME STATEMENT

	2019		2018	
	€K	% Rev	€K	% Rev
Revenues	554,218		569,653	
Purchases and sub-contracting costs	-471,897		-491,299	
Gross margin	82,320	14.9%	78,354	13.8%
Labour costs	-45,360	8.2%	-41,943	7.4%
Other operating expenses	-17,634	3.2%	-17,882	3.1%
EBITDA	19,326	3.5%	18,530	3.3%
Depreciation	-1,312		-1,022	
Operating result	18,014		17,508	
Financial result	448		914	
Current result of the integrated companies	18,462		18,422	
Extraordinary result	-5,717		-1,963	
Corporate tax and deferred tax	2,711		-5,563	
NET INCOME of the consolidated companies	15,456	2.8%	10,896	1.9%
Minority interests	-177		-8	
NET INCOME - group share	15,279		10,888	

GENERAL PRINCIPLES

The Group's financial statements are established in accordance with the provisions of regulation 99-02 issued by the French Accounting Regulations Committee.

1-CONSOLIDATION PRINCIPLES

All companies which are directly or indirectly under the exclusive control of GSE are fully consolidated.

Jointly controlled companies are proportionally consolidated.

The financial statements of the subsidiaries with a functional currency different from Euro are translated into Euros as follows:

- assets and liabilities are translated at the closing rates on December 31, 2019,
- shareholders' equity is translated at historical exchange rates,
- income statement items are translated at the average exchange rate for the period they are recognized.

Translation adjustments stemming from the application of the various rates are recognized as an equity component.

2-VALUATION METHODS

LONG-TERM CONTRACTS

Long-term contracts, which are defined as contracts covering a period of at least two years, are accounted according to the stage of completion method.

Revenues and profit margin are recognized as and when the contract costs are incurred.

Expected losses on contracts in progress are fully recognized as soon as they are identified, a loss-at-completion provision is recorded. Such provision is accounted as "Provisions for liabilities".

The company reviews, and where necessary revises, for each contract, the estimates of revenue and costs as the contract progresses.

Therefore:

- Works in progress on long-term contracts are valued at production costs plus the accrued profit margin by reference to the stage of completion.
On the balance sheet, each construction contract is presented either as a receivable or a liability.
If costs incurred plus recognized margin exceed progress billings, the excess is presented as "Accounts receivable".
If progress billings exceed cost incurred plus recognized margin, the excess is presented as "Deferred income".
Expected losses upon completion are recorded as "Provision for liabilities" in the balance sheet.
- All remaining costs not yet recorded at construction delivery date are booked in "Invoices to be received", "Other provision for charges" and "Provision for time to be spent" (provision for charges).
- Contract costs that relate to a construction contract for which the signature is quite certain are recognized as an asset. Advances received that relate to this contract are recorded as "Deferred income".

UNREALIZED FINANCIAL INCOME

Both unrealized income on financial deposit and unrealized exchange gains as of December 31, 2019 are recorded as revenues in the Consolidated Income Statement.

GOODWILL

The difference between the acquisition value of the shares, increased by the acquisition costs if any, and the share of the net situation on the day of the acquisition is posted in goodwill.

The evaluation methods in effect at the time of the acquisition of the shares of the GSE, GSE Régions and GAM International Companies allow us to confirm the valuation of the goodwill on the closing day.

As the period during which the goodwill will provide economic advantages to the group is not limited, it is no longer amortized.

INTANGIBLE FIXED ASSETS

Intangible fixed assets correspond to software recognized at their acquisition cost and amortized on a linear basis over 3 years.

GENERAL PRINCIPLES

TANGIBLE FIXED ASSETS

Tangible fixed assets are measured at their acquisition cost.

Depreciation is calculated on a linear basis over the following estimated useful lives:

- Buildings: 20 years
- Fixtures and fittings: 10 years
- Office furniture: 10 years
- Equipment: 5 years
- Office equipment: 3 to 5 years
- Vehicles: 4 years

Excess depreciation recorded in statutory accounts to secure a tax advantage is written-off in consolidated accounts.

LEASING

Assets financed by leasing agreements with an option of property transfer are finance lease contracts.

Other contracts are operating lease contracts.

For finance lease contracts, the asset market value is capitalized and amortized over the appropriate period as shown above. The related charge is recognized as a liability and is amortized over the period of the lease.

LOANS, OTHER FINANCIAL ASSETS AND MARKETABLE SECURITIES

Loans, other financial assets and marketable securities are stated at cost.

When there is objective evidence of impairment, the difference between the carrying amount and the estimated recoverable amount is recorded as provision.

STOCKS

Stocks are stated at their acquisition cost. An impairment loss is recognized if the market value at the year end is lower than its acquisition cost.

RECEIVABLES

Trade receivables are recognized at nominal value.

An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired.

PREPAID EXPENSES

Expenses paid for subsequent services are registered as prepaid expenses.

DEFERRED TAX

Deferred tax on all timing differences between the carrying and tax value of assets and liabilities are recognized on the consolidated balance sheet. Under the liability method, deferred tax is calculated by applying the latest official tax rate at the balance sheet date and applicable to the period in which the timing differences are reversed. Deferred tax assets on timing differences, on losses and tax credits carried forward are not recognized when their recovery is uncertain.

PENSION COMMITMENTS

A provision is recorded for retirement benefits. Provision calculation is based on length of service, life expectancy and employee turnover considering revaluation and actuarial assumptions (0.90% without inflation), a salary increase rate of 2.5% per year and the hypothesis of a retirement age at 67. Turnover rate is based only on departure for resignation reason. No turnover rate is applied for employees above the age of 54.

COMPARABILITY OF THE FINANCIAL STATEMENTS

CONSOLIDATION PERIMETER

1-CHANGE OF METHOD

The accounting rules and methods are the same as those applied in the consolidated financial statements for the financial year ended December 31, 2018.

2-PERIMETER VARIATION

During the 2019 financial year:

- VECOM Company was absorbed on November 2019 by GSE Company. This operation was carried out under the preferential tax scheme with a retroactive accounting and tax effect as of January 1st, 2019,
- GSE Company liquidated its Romanian branch on June 2019.
- GSE NORWAY was liquidated on December 10th, 2019.

	Country of activity	Integration method	% of interest	% of control
GSE SAS (1)	France	Parent		
VEMARQ SAS (2)	France	Global	100%	100%
GSE Régions SAS (3)	France + Switzerland	Global	100%	100%
GSE Auvergne SAS (4)	France	Proportional	50%	50%
GSE Belgique SPRL	Belgium	Global	100%	100%
GSE Deustchland GmbH	Germany	Global	100%	100%
GSE Italia SRL	Italy	Global	100%	100%
CONFLUENCE SRL	Italy	Global	65%	65%
GSE Polska SP Zoo	Poland	Global	100%	100%
GSE Inmuble Llaves en Mano SL	Spain	Global	100%	100%
UK GSE Ltd	United Kingdom	Global	100%	100%
GSE Hungaria Kft	Hungary	Global	100%	100%
GSE China Ltd	China	Global	100%	100%
GSE Romania SRL	Romania	Global	100%	100%
GSEM SARL	Morocco	Global	100%	100%

(1) GSE SAS :	Parc d'activités de l'Aéroport 310 allée de la Chartreuse 84005 Avignon SIREN : 488862368	(3) GSE Régions SAS :	Parc d'activités de l'Aéroport 310 allée de la Chartreuse 84005 Avignon SIREN : 450810221
(2) VEMARQ SAS :	Parc d'activités de l'Aéroport 310 allée de la Chartreuse 84005 Avignon SIREN : 523879682	(4) GSE Auvergne SAS :	21 rue Newton 63000 Clermont-Ferrand SIREN : 839533783

NOTES ON THE BALANCE SHEET AND THE PROFIT AND LOSS STATEMENT (in thousands of euros)

1-GOODWILL

	Dec 31, 2019	Increase	Decrease	Dec 31, 2018
GSE goodwill	127,344		458	127,801
GSE Régions goodwill	14,259			14,259
GSE Ingénierie goodwill	5,630			5,630
GAM International goodwill	445			445
Gross value	147,678	0	458	148,135
Depreciation of GSE goodwill	61,664			61,664
Depreciation of GSE Régions goodwill	6,880			6,880
Depreciation of GSE Ingénierie goodwill	2,528			2,528
Depreciation of GAM International goodwill	111			111
Depreciation	71,183	0	0	71,183
Net value	76,495			76,952

An impairment test was carried out according to the discounted cash flow method (2020 Budget, 3-year Business Plan, a perpetual growth rate of 1% and a discount rate of 10.5%). There is no depreciation to recognize on Dec 31, 2019.

2-INTANGIBLE ASSETS

	Dec 31, 2019	Increase	Decrease	Translation adjustment	Dec 31, 2018
Business goodwill	2,188				2,188
Software licenses	3,022	204	37	1	2,853
Gross value	5,209	204	37	1	5,041
Amortization of goodwill	2,188				2,188
Amortization of software licenses	2,484	344	37	1	2,176
Amortization	4,672	344	37	1	4,364
Net value	537				677

The increase in the "Software licenses" category corresponds mainly to the continuation of the implementation of a CRM software for €41K, the development of GTB connectors for €14K, the further development of SWAP (GED tool) for €37K, the development of the QR BTP application which permits to control the construction site access for €26K and the invoices dematerialization software implementation for €29K.

The decrease in the "Software licenses" category corresponds to the disposal of obsolete software.

3-TANGIBLE FIXED ASSETS

	Dec 31, 2019	Increase	Decrease	Reclass.	Translation adjustment	Dec 31, 2018
Land in leasing		523				523
Buildings	4,451	2,928	5			1,528
Leased buildings	4,905					4,905
Technical facilities	92	6				86
Other tangible fixed assets	5,082	692	95		-2	4,486
Gross value	15,053	3,626	100	0	-2	11,529
Deprec. of buildings	431	153	5	30		253
Deprec. of leased buildings	4,092	216				3,875
Deprec. of technical facilities	73	7				67
Deprec. of other tangible fixed assets	2,958	592	95	-30	-1	2,492
Depreciation	7,555	968	100	0	-1	6,687
Net value	7,498					4,842

The increase in the "Buildings" category corresponds mainly to the delivery of a phase 2 of GSE's head office expansion project in Avignon for €2,845K.

The increases in the "Other tangible fixed assets" category correspond mainly to:

- €156K for development of agencies of GSE,
- €52K for development of agencies of GSE Régions,
- €34K for offices layout of our subsidiary in UK,
- €353K for renewal of the computer park and computer equipment in the meeting rooms of GSE.

Other acquisitions are corresponding to computer equipment.

The decrease in the "Other tangible fixed assets" category corresponds mainly to disposals of computer equipment and office furniture following their renewal.

NOTES ON THE BALANCE SHEET AND THE PROFIT AND LOSS STATEMENT (in thousands of euros)

4-FINANCIAL ASSETS

	Dec 31, 2019	Increase	Decrease	Dec 31, 2018
Equity securities	678	2		676
Other financial assets	481	54	231	658
Net value	1,159	56	231	1,334

The category "Advances and sundry debtors" includes an advance of €1,918K to the Sprink'R Company. This receivable is written down up to 100%.

Other receivables have a term of less than one year.

The equity securities break down as follows:

- shares of the GSE Management Company for a value of €388K, or holdings of 33.1%. This company is not consolidated,
- shares of the GSE Actionnariat Salaries (GAS) Company for a value of €289K, or holdings of 35.7%. This company is not consolidated.

Other financial assets are exclusively composed of deposits and guarantees.

5-STOCKS AND WORK IN PROGRESS

	Dec 31, 2019	Dec 31, 2018
Work in progress on long-term contracts	380	400
Stock of goods	11,079	7,887
Gross value	11,459	8,287
Provisions stock of goods	2,587	2,587
Provision	2,587	2,587
Net value	8,871	5,699

6-RECEIVABLES

	Dec 31, 2019	Dec 31, 2018
Accounts receivable	76,049	69,245
Invoices to be issued	17,010	23,416
Staff-related receivables	47	150
Tax receivables	20,042	16,746
Advances and sundry debtors	2,280	1,983
Charges to be spread out	1,780	945
Net value	117,207	112,486

7-CASH AND CASH EQUIVALENT

	Dec 31, 2019	Dec 31, 2018
Investments	83,342	65,781
Interest-bearing bank accounts	54,350	57,184
Ordinary bank accounts	12,025	15,384
Total	149,717	138,349

The book value of the various components is equal to the liquidation value.

The part of these liquidities denominated in currencies from outside of the Euro zone is €12,253K and is broken down as follows:

	Dec 31, 2019	Dec 31, 2018
Yuan	9,400	10,010
Swiss Franc	2,264	1,552
Romanian Lei	5	1,201
Hungarian Forint	35	184
Norwegian Kroner	160	177
Pound sterling	368	432
US Dollar	14	32
Polish Zloty	5	12
Moroccan Dirham	3	
Total	12,253	13,599

NOTES ON THE BALANCE SHEET AND THE PROFIT AND LOSS STATEMENT (in thousands of euros)

8-EQUITY

GROUP SHAREHOLDERS' EQUITY

	Capital	Premiums linked to capital	Other reserves and retained earnings	Result	Total
Equity as of Dec 31, 2018	88,443	6	-49,760	10 888	49 577
Allocation of the 2018 result			10,888	-10,888	0
2019 result				15,279	15,279
Other movements including translation adjust. of foreign currency			141		141
Equity as of Dec 31, 2019	88,443	6	-38,731	15,279	64,997

As of December 31, 2019, the Company capital was composed of 88,443,292 new shares with par value of €1.

The capital is divided in the following manner:

	Dec 31, 2019	
	Number of shares	% holding
Goldbeck GmbH	86,520,366	97.82%
GSE Management	1,128,000	1.28%
GSE Actionnariat Salariés	794,926	0.90%
Total	88,443,292	100%

The net income – group share is €0.17 per share.

MINORITY INTERESTS IN EQUITY

	Minority interests
Minority interests as of Dec 31, 2018	70
2019 Result	177
Minority interests as of Dec 31, 2019	247

9-PROVISIONS FOR RISKS AND CHARGES

	Dec 31, 2019	Allowance	Reversal	Translation adjustment	Dec 31, 2018
Provision for losses on long-term contracts	122	122	93		93
Provision for disputes and litigation	7,924	3,051	4,381	1	9,252
Provision for risks	8,046	3,173	4,474	1	9,345
Provision for time remaining to be spent on completed contracts	3,744	3,745	3,778	-2	3,779
Provision for pensions and retirement	3,848	788			3,060
Other provisions for charges	10,066	7,288	8,023	-1	10,802
Provision for charges	17,658	11,820	11,801	-3	17,641
Total	25,703	14,993	16,275	-2	26,986

The allowance for provisions for disputes and litigation is composed of:

- an allowance for deductibles and insurance withholding of €163K linked to claims filed but not yet closed,
- an allowance for provision related to projects for €2 834K,
- an allowance for various provisions for €54K.

The reversal of provision for disputes and litigation is composed of:

- a reversal of provision for deductibles and insurance withholding of €239K linked to closed claims,
- a reversal of provision related to projects of €3,334K,
- a reversal of various provisions for €808K.

The allowances and reversals to other provisions for charges corresponds to provisions for various charges linked to projects.

NOTES ON THE BALANCE SHEET AND THE PROFIT AND LOSS STATEMENT (in thousands of euros)

10-DEFERRED TAX

The net deferred tax position can be analyzed as follows:

	Assets	Liabilities
Deferred tax on losses that can be carried forward	10,702	
Temporary differences	2,634	
Total	13,336	0

11-FINANCIAL DEBTS

	Dec 31, 2019	Dec 31, 2018
Leasing loan	1,427	2,037
Total	1,427	2,037

LEASING LOAN

	Leasing
Nominal	5,394
Repayment	
<i>Current year</i>	609
<i>Previous years</i>	3,357
Net value	1,427
Capital repayment schedule	
<i>1 year or less</i>	1,427
Total	1,427

12-OFF BALANCE SHEET COMMITMENTS

	Dec 31, 2019	Dec 31, 2018
Guarantees given	128,838	101,890
Completion guarantees	237,423	132,738
Total commitments given	366,261	234,628
Guarantees received	72,696	64,924
Total commitments received	72,696	64,924

Guarantees given correspond to the commitment of the Group's companies towards the financial organizations that provided guarantees to these Companies:

- to the benefit of clients as performance bonds for work contracts and in exchange for guarantee withholding,
- to the benefit of sub-contractors for payment of the sums due within the framework of works contracts.

The amount of given guarantees is a percentage of price of the contract to which they are attached.

The amount of completion guarantees given corresponds to the construction price including VAT or the cost of sales price including VAT of the contract of which the completion guarantees is the accessory, at the guarantee issuance date, and is no subject to amortization nor weighting regarding to works performed.

The completion guarantees ("GFA", specific French guarantee) as of December 31, 2019 are divided in the following manner:

Activation month of performance bond	Amount of performance bond	% of completion of the project at Dec 31, 2019
November 2018	25,604	81%
February 2019	16,380	86%
June 2019	15,909	66%
August 2019	21,124	41%
October 2019	8,890	16%
November 2019	141,133	46%
December 2019	8,383	6%
TOTAL	237,423	

The guarantees received correspond to the commitments received from financial organizations that acted as guarantors for sub-contractors to guarantee their commitment during the year of the perfect completion guarantee.

NOTES ON THE BALANCE SHEET AND THE PROFIT AND LOSS STATEMENT (in thousands of euros)

13-REVENUES

Revenues are broken down as follows:

	Dec 31, 2019	Dec 31, 2018
General Contractor revenues	542,420	560,270
Variation of stock on long-term contracts	-20	-26
Project management revenues	148	1,993
Revenues from other services	8,352	6,486
Other income	3,318	931
Total	554,218	569,653

14-ALLOWANCES AND REVERSALS

	Dec 31, 2019	Dec 31, 2018
Net variation of provisions on projects	-1,947	-1,011
Depreciation	1,312	1,022
Total	-635	11

Net variation of provisions on projects includes:

- a €34K net reversal for remaining time to be spent on delivered projects,
- a €29K allowance for losses upon completion,
- a €1,943K net reversal for risks and charges on projects.

Depreciation is composed of:

- €216K of leasing depreciation,
- €1,096K of other depreciation.

EBITDA includes changes in provisions on projects and provisions for impairment of trade receivables.

15-FINANCIAL RESULTS

	Dec 31, 2019	Dec 31, 2018
Net result of financial investments	504	758
Shares depreciation	-116	
Interests on late payment received following dispute resolution	57	
Interests on late payment paid following dispute resolution	-43	
Foreign exchange gains and losses	98	214
Interests on leasing	-36	-49
Other	-16	-9
Total	448	914

16-EXTRAORDINARY RESULT

	Dec 31, 2019	Dec 31, 2018
Fees on extraordinary transaction	-5,718	-1,976
Extraordinary allowance for penalties and fines on project		-550
Extraordinary income on dispute settlement	1	64
Extraordinary allowance related to redundancy plan		499
Total	-5,717	-1,963

17-TAX ON PROFITS

TAX CONSOLIDATION AGREEMENT

GSE opted for the tax consolidation system for a five-year period as of May 12, 2006, tacitly renewable.

The amendment to the tax consolidation agreement signed on December 30, 2013 provides that as of the financial year opened on January 1, 2013, the beneficiary subsidiaries pay to the Parent Company the amount that they would have had to pay to the Tax Authorities if they were not members of the Integrated Group and the tax savings made by the group are kept by the Parent Company.

The fiscally integrated group recorded a loss of €2,640K for the financial year 2019.

Losses that can be carried forward as of Dec 31, 2019 was €37,727K.

The tax due by the others group member without the tax integration is zero. The corporate income tax savings on GSE is zero.

NOTES ON THE BALANCE SHEET AND THE PROFIT AND LOSS STATEMENT (in thousands of euros)

SECTOR INFORMATION

ANALYSIS OF THE TAX EXPENSE

	Dec 31, 2019	Dec 31, 2018
Tax due	2,177	3,173
Deferred tax	-4,888	2,390
Total	-2,711	5,563

Differences between the corporate tax recorded and the theoretical tax obtained by applying the French tax rate are as follows:

	Dec 31, 2019	Dec 31, 2018
Earnings before taxes	12,568	16,451
Tax rate applicable to the parent company	33.33%	33.33%
Theoretical tax	4,189	5,484
Tax recorded	-2,711	5,563
Total	-6,900	80
Tax rate differences on foreign earnings	108	-229
Change in the tax rate in France (25%)	805	216
Permanent differences	303	318
Tax credits	-279	-352
Other	-7,838	126
Total	-6,900	80

1-REVENUES

BY GEOGRAPHICAL ZONE

	Dec 31, 2019	Dec 31, 2018
France	408,439	73.7%
Germany	76,580	13.8%
Southern Europe	39,217	7.1%
Eastern & Northern Europe	23,288	4.2%
Asia	6,692	1.2%
Total	554,218	100%
	569,653	100%

BY LINE OF BUSINESS

	Dec 31, 2019	Dec 31, 2018
Logistics	353,015	63.7%
GSE Regions SME buildings	99,714	18.0%
Industry	51,365	9.3%
Service Sector	42,599	7.7%
Retail	5,345	1.0%
Real Estate	2,180	0.4%
Total	554,218	100%
	569,653	100%

2-OPERATING RESULT BY GEOGRAPHICAL ZONE

	Dec 31, 2019	Dec 31, 2018
France	12,771	14,421
Germany	4,693	2,376
Southern Europe	1,364	-1,175
Eastern & Northern Europe	567	1,728
North Africa	323	-34
Asia	-1,704	192
Total	18,014	17,508

3-STAFF BY GEOGRAPHICAL ZONE

	Dec 31, 2019	Dec 31, 2018
France	364	327
Asia	28	26
Germany	25	27
Southern Europe	24	17
Eastern & Northern Europe	13	16
Total	454	413

OTHER INFORMATION

1-TAX AUDIT

GSE has been subject to a tax audit and has received in November 2017 a rectification proposal which concludes that the bond interests deducted from 2007 to 2012 are non-deductible (for a basis value of €27,5M).

The arguments presented by the Company during the departmental interlocution of February 24, 2020 allowed the departmental interlocutor to reconsider the analysis and the conclusions of the tax audit and to confirm that the rectification is abandoned (letter dated February 25, 2020).

2-SUBSEQUENT EVENTS

The entity's financial statements have been prepared on a continuity of activity basis. Activities started to be affected by Covid-19 in the first quarter of 2020 and the GSE Group expects a negative impact on its 2020/2021 financial statements (15-month financial year). The Group, given the recent nature of the epidemic and the constant evolution of the measures announced by the Government (containment and State aids), is not able to accurately assess the impact.

A plan for the resumption of activity on the construction sites, when health conditions allow it, has been put in place in consultation with clients and subcontractors.

At the date of the financial statements, the Management is not aware of any significant uncertainties that call into question the company's ability to continue operating.

3-STAFF

The group's staff was 454 people at the end of 2019, compared with 413 people at the end of 2018.

4-FIXED ASSETS

Most of the group's fixed assets are located in France.

5-AUDITORS' FEES

As of December 31, 2019, the fees of the French auditors were €336K for legal verification of the financial statements.

6-DIRECTORS

For reasons of confidentiality, the amount of the remuneration paid to the members of the management bodies is not announced.

No advances or loans were granted to them.

7-OTHER INFORMATION

The countries in which the Group operates do not provide specific comments on country risks.

CASH FLOW STATEMENT

(in thousands of euros)

	Dec 31, 2019	Dec 31, 2018
Operating Cash Flow		
Net result of the integrated companies	15,456	10,896
Elimination of expenses and income with no impact on the cash balance	-4,521	3,074
Variation of the WCR linked to the activity	4,439	29,549
Net cash flows from operations (I)	15,374	43,520
Investment Cash Flow		
Acquisitions of tangible and intangible assets	-3,830	-1,863
Net cash balance from acquisitions and sales of financial assets	60	-99
Changes in consolidation scope	(*) 458	23
Net cash flows from investment (II)	-3,313	-1,939
Financial Cash Flow		
Repayment of share purchase warrants	-44	
Repayment of leasing loan	-609	-594
Net cash flows from financing (III)	-609	-638
Change in cash position of the financial year (I + II + III)	11,452	40,943
Opening cash balance (IV)	138,349	97,546
Closing cash balance (V)	149,717	138,349
Impact of variations of foreign currency exchange rates (VI)	84	140
Change in cash position (V + VI - IV)	11,452	40,943

(*) Amount received as a result of a call under liability guarantee

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

EY Ernst & Young Audit - Marseille

To the Shareholders of GSE

Year ended December 31, 2019

OPINION

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of GSE for the year ended December 31, 2019. These consolidated financial statements were approved by the President on May 15, 2020 on the basis of the elements available at that date, in the evolving context of the health crisis related to Covid-19.

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

BASIS FOR OPINION

Audit framework

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

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

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the assessments that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

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

As stated in Note I.2 to the consolidated financial statements regarding the method used for the valuation of long-term contracts, your Company recognizes the turnover and the margin according to the percentage of completion method. This method involves the use by management of estimates, in particular to determine the percentage of completion and the result at completion of each contract. Our work consisted in obtaining an understanding of the processes implemented by your Company and assessing the data and assumptions on which these estimates are based. We verified the reasonableness of these estimates, on the basis of the information available for the year ended December 31, 2019.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the President's management report as approved on May 15, 2020. Regarding the events that occurred and the elements known after the date of approval of the consolidated financial statements relating to the effects of the Covid-19 crisis, Management has informed us that such events and elements will be communicated to the shareholders meeting called to decide on these financial statements.

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

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

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

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

The consolidated financial statements were approved by the President.

STATUTORY AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Marseille, May 19, 2020

The Statutory Auditor
French original signed by
ERNST & YOUNG Audit

Xavier Senent



CORPORATE FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS

In €K	Dec 31, 2019		Dec 31, 2018	
	Gross	Depr/Prov	Net	Net
Intangible fixed assets	119,881	2,298	117,584	118,183
Tangible fixed assets	7,307	2,001	5,306	2,432
Financial assets	31,570	7,195	24,375	24,267
Fixed assets	158,758	11,494	147,264	144,882
Stocks and work in progress	3,514		3,514	196
Accounts receivable	68,516	2,506	66,010	69,799
Other receivables	26,504	3,816	22,688	22,417
Cash and cash equivalents	120,542		120,542	110,905
Prepaid charges	1,604		1,604	827
Current assets	220,681	6,322	214,358	204,143
Exchange rate differences - assets	9		9	4,866
TOTAL ASSETS	379,448	17,816	361,631	353,892

INCOME STATEMENT

In €K	2019	2018
Revenues	319,983	350,676
Purchases and external expenses	-286,167	-311,035
Labour costs	-30,105	-24,264
Taxes	-1,687	-1,800
Net changes in provisions and others	4,349	-1,259
Operating result	6,372	12,318
Dividends received	2,381	2,613
Net changes in financial provisions	31,069	-308
Other financial expenses and incomes	-28,951	564
Financial result	4,498	2,868
Extraordinary result	297	349
Employee profit sharing	-1	-475
Income Tax on profits	278	-1,362
NET INCOME	11,444	13,698

SHAREHOLDERS' EQUITY AND LIABILITIES

In €K	Dec 31, 2019	Dec 31, 2018
Capital	88,443	88,443
Share premium	6	6
Legal reserves	769	485
Retained earnings and other reserves	5,397	-8,018
Net income	11,444	13,698
Regulated provisions	2	
Shareholders' equity	106,059	94,617
Provisions	10,659	16,365
Financial debts		1,950
Accounts payable	103,017	115,206
Tax and social security liabilities	24,169	22,595
Other liabilities	74,024	59,020
Deferred income	43,691	43,905
Liabilities and deferred income	244,901	242,676
Exchange rate differences - liabilities	12	235
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	361,631	353,892

SIGNIFICANT EVENTS

The GSE shareholders change process initiated in 2018 was completed in May 22, 2019.

Since then, the German company Goldbeck held 100% of GSE's share capital.

Goldbeck is an active construction company in Germany and Eastern Europe. The association between GSE and Goldbeck, are both complementary with the geographic aspect and with the constructions offers provided to customers. This new group, thus formed, will permit to develop new synergies.

In November 2019, GSE Company absorbed the company VECOM, this operation was carried out under the preferential tax regime with retroactive accounting impact on tax effect in January 1, 2019. This generate a loss of €552K recognized in financial expenses.

The company GSE Norway, 100% owned by GSE, has been liquidated on December 10, 2019. The accounting consequences at GSE level of this liquidation are presented in the paragraph on the financial result.

GENERAL PRINCIPLES

GSE is specialized in turnkey design and construction of real estate development projects for professional use, and has its headquarters in 310 allée de la Chartreuse, Avignon (84000).

The annual financial statements were prepared in compliance with the provisions of the Code of Commerce (accounting decree of November 29, 1983) and those of the Authority of Accounting Standards' regulations N° 2014-03 updated by regulations N°2015-06 of November 23, 2015 and N°2016-07 of November 4, 2016.

The accounting conventions were applied in observance of the principle of prudence, in accordance with the basic assumptions:

- Continuity of operations,
- Constancy of the accounting methods from one financial year to another,
- Independence of the financial years.

And in compliance with the general rules for the establishment and presentation of annual financial statements.

1-EVALUATION METHODS

LONG-TERM CONTRACTS

Long-term contracts, which are defined as contracts covering a period of at least two years, are accounted according to the stage of completion method.

Revenues and profit margin are recognized as and when the contract costs are incurred.

Moreover, expected losses on contracts in progress are fully recognized as soon as they are identified, and a loss-at-completion provision is recorded. Such provision is accounted as "Provisions for liabilities".

The Company reviews, and where necessary revises, for each contract, the estimates of revenue and costs as the contract progresses.

Therefore:

- Works in progress on long-term contracts are valued at production costs plus the accrued profit margin by reference to the stage of completion.

On the balance sheet, each construction contract is presented either as a receivable or a liability.

If costs incurred plus recognized margin exceed progress billings, the excess is presented as "Accounts receivable".

If progress billings exceed cost incurred plus recognized margin, the excess is presented as "Deferred income".

Expected losses upon completion are recorded as "Provision for liabilities" in the balance sheet.

GENERAL PRINCIPLES

- All remaining costs not yet recorded at construction delivery date are booked in "Invoices to be received", "Other provision for charges" and "Provision for time to be spent" (provision for charges).
- Contract costs that relate to a construction contract for which the signature is quite certain are recognized as an asset. Advances received that relate to this contract are recorded as "Deferred income".

STOCKS AND WORK IN PROGRESS

Stocks are stated at their acquisition cost. An impairment loss is recognized when the market value falls below acquisition cost.

GOODWILL

Goodwill is not amortized. An impairment test is performed at the year-end and if necessary a provision is recorded. The impairment test was carried out according to the discounted cash flow method.

INTANGIBLE FIXED ASSETS

Intangible fixed assets correspond to software recognized at their acquisition cost.

The straight-line depreciation period is 3 years.

TANGIBLE FIXED ASSETS

Tangible fixed assets are measured at their acquisition cost.

The straight-line depreciation periods are as follows:

• Buildings:	20 years
• Fixtures, facilities:	10 years
• Furniture:	10 years
• Equipment and tools:	5 years
• Office equipment:	3 to 5 years
• Transport vehicles:	4 years

The difference between the depreciation according to tax rules and the accounting depreciation is recorded in "Excess depreciation".

LOANS AND OTHER FINANCIAL ASSETS

They are recorded at their acquisition cost.

However, provisions are posted when their estimated value in use is lower than the acquisition value.

RECEIVABLES

Receivables are recognized at nominal value.

An allowance for doubtful debts is made when there is objective evidence that a receivable is impaired.

RETIREMENT BENEFITS

No provision is allocated for retirement gratuities granted to employees, but rather covered during the financial years in which they are paid.

The evaluation of the retirement benefit obligations considers a discount rate with deduction of inflation of 0.9 %.

An average rate of salaries increases of 2.5 % is applied.

The hypothesis used for the retirement age is 67.

Turnover rate is based on departure for resignation reason.

No turnover rate is applied for employees above the age of 54.

2-CHANGES IN ACCOUNTING METHOD

The accounting rules and methods are the same as those applied in financial year ended December 31, 2018.

NOTES ON THE BALANCE SHEET AND THE INCOME STATEMENT (in thousands of euros)

1-INTANGIBLE FIXED ASSETS

	Dec 31, 2019	Increase	Decrease	Dec 31, 2018
Goodwill	117,055		458	117,512
Establishment costs	0		8	8
Software licenses	2,827	198	37	2,666
Gross value	119,881	198	502	120,185
Depreciation of establishment costs	0		8	8
Depreciation of software licenses	2,298	340	37	1,995
Depreciation	2,298	340	45	2,002
Net value	117,584			118,183

The goodwill arises from:

- GSE, a merger loss with a gross value of €108,639K was posted following the absorption of this Company in 2015, this amount has been reduced by €458K in 2019 following a call for a guarantee of liabilities, the merger loss amounts to €108,181K at the end of 2019,
- GSE Ingénierie merger loss, posted following the absorption of this Company in 2018, with a gross value of €5,207K.
- Michel Ferrier Engineering acquisition, goodwill of a gross value of €1,355K,
- KIC Ingénierie acquisition, goodwill of a gross value of €183K,
- IGSE acquisition, goodwill of a gross value of €650K,
- NOMA SA acquisition, goodwill of a gross value of €1,479K,

The increase in the "Software licenses" category corresponds mainly to the continuation of the implementation of a CRM software for €41K, the development of GTB connectors for €14K, the further development of SWAP (GED tool) for €37K, the development of the QR BTP application which permits to control the construction site access for €26K and the invoices dematerialization software implementation for €29K.

The decrease in the "Software licenses" category corresponds to the disposal of obsolete software.

2-TANGIBLE FIXED ASSETS

	Dec 31, 2019	Increase	Decrease	Dec 31, 2018
Buildings	4,263	2,845		1,418
Fixtures and equipment	81	6		75
Other tangible fixed assets	2,962	534	34	2,462
Gross value	7,307	3,385	34	3,955
Depreciation of buildings	312	140		172
Depreciation of fixtures and equipment	62	6		56
Depreciation of other tangible fixed assets	1,627	365	34	1,295
Depreciation	2,001	511	34	1,523
Net value	5,306			2,432

The increase in the "Buildings" category corresponds to the delivery of phase 2 of GSE's head office expansion project in Avignon.

The increase in the item "Other tangible fixed assets" category corresponds essentially to the various works and fittings at our offices in Bron for €135K, the renewal of the computer park up to €282K and meeting rooms IT equipment for €43K.

The decrease in the "Other tangible fixed assets" category corresponds mainly to disposals of computer equipment following their renewal.

NOTES ON THE BALANCE SHEET AND THE INCOME STATEMENT (in thousands of euros)

3-FINANCIAL ASSETS

	Dec 31, 2019	Increase	Decrease	Dec 31, 2018
Shares	28,613	118	314	28,809
Loans to affiliated entities	2,732	162		2,569
Deposits and guarantees	225	9	50	266
Gross value	31,570	289	364	31,645
Shares depreciation	4,533	116	474	4,891
Depreciation of loans to affiliated entities	2,662	176		2,487
Provisions	7,195	291	474	7,378
Net value	24,375			24,267

Details of shares' variation:

	Dec 31, 2019	2019 variation	Dec 31, 2018
GSE POLSKA SP Z.O.O.	13		13
GSE INMUEBLE LLAVES EN MANO SL	2,484		2,484
GSE DEUTSCHLAND GMBH	1,000		1,000
GSE ITALIA SRL	15		15
UK GSE LTD	2		2
GSE HUNGARIA KFT	11		11
GSE CHINA LTD	4,195		4,195
GSE BELGIQUE SPRL	19		19
GSE REGIONS SAS	15,330		15,330
GSE NORWAY AS	0	-14	14
GSE ROMANIA S.R.L.	0.05		0.05
GSEM SARL (MOROCCO)	9		9
CONFLUENCE SRL	137		137
VECOM SARL	0	-300	300
VEMARQ SAS	4,555		4,555
GSE MANAGEMENT SAS	388		388
GAS SAS	289	2	287
GSE AUVERGNE SAS	50		50
GSE AVIGNA PVT LTD	116	116	0
Total	28,613	-197	28,809

During the year ended December 31, 2019, GSE Company:

- Absorbed the Company VECOM. The shares of this Company amounted to €300K,
- Liquidated its subsidiary GSE Norway. The shares amounted to €14K,
- Bought €1,4K of shares of the Company GSE AVIGNA and took part in the capital increase of this Company up to €114,2K,
- Bought €2K of GAS Company shares.

Loans granted to its Polish subsidiary amount to €2,693K and the accrued interest not yet due amounts to €39K at the end of the financial year. Change in total outstanding loans over the financial year breaks down as follow: €47K of new loans (200KPLN), €89K of interest and €27K of exchange rate variation.

A provision for depreciation in the amount of €2,662K was recorded at closing date and corresponds to the difference between receivables and debts on the closing balance sheet.

"Shares depreciation" breakdown:

	Dec 31, 2019	2019 variation	Dec 31, 2018
GSE NORWAY AS	0	-14	14
GSEM SARL (MOROCCO)	9		9
GSE POLSKA SP Z.O.O	13		13
VECOM SARL	0	-300	300
VEMARQ SAS	4,395	-160	4,555
GSE AVIGNA PVT LTD	116	116	0
Total	4,533	-358	4,891

4-STOCKS AND WORK IN PROGRESS

	Dec 31, 2019	Dec 31, 2018
Lands under development	3,192	
Work in progress on long-term contracts	322	196
Net value	3,514	196

NOTES ON THE BALANCE SHEET AND THE INCOME STATEMENT (in thousands of euros)

5-RECEIVABLES

	Dec 31, 2019	Dec 31, 2018
Accounts receivable – non group	46,928	46,111
Bad debt	2,371	2,142
Bad debt depreciation	-1,896	-1,706
Accounts receivable – group	8,800	6,643
Provisions of group accounts receivable	-610	-687
Accounts receivable: retentions		263
Invoices to be established	10,417	17,031
Staff-related receivables	10	3
Social welfare bodies	128	87
State: taxes and VAT	13,992	12,428
Current account	9,007	32,391
Depreciation of current accounts	-1,844	-26,283
Other accrued income		2,600
Various advances and debtors	3,367	3,189
Depreciation of various advances and debtors	-1,973	-1,997
Prepaid charges	1,604	827
Exchange rate differences - assets	9	4,866
Net value	90,311	97,908

The category "State: taxes and VAT" includes mainly, as of the closing date:

- Unrealized VAT and VAT on inventory entries in the amount of €12,034K,
- An income tax credit in France of €1,851K,
- An income tax credit in Portugal of €55K,
- A "CVAE" tax credit of €52K.

On May 17, 2014, the GSE Company signed with other group Companies a cash centralization agreement for which it is the managing Company.

The "Provision of group accounts receivable" category - €610K - and the "Depreciation of current accounts" category - €1,844K - correspond of the receivables provision of the Moroccan subsidiary.

The "Various advances and debtors" category includes an advance to Sprink'R Company for €1,918K, 100% depreciated. An additional provision of €22K has been recorded in 2019.

All receivables have a maturity of less than one year.

6-CASH AND CASH EQUIVALENTS

	Dec 31, 2019	Dec 31, 2018
Investment securities	65,084	45,523
Interest-bearing bank accounts	54,350	57,184
Cash	1,109	8,199
Total	120,542	110,905

The book value of investment securities and cash is equal to the liquidation value.

7-EQUITY

As of Dec 31, 2019, the Company capital was €88,443,292 with a nominal value of €1 and was broken down as follows:

	Dec 31, 2019	
	Number of shares	% of holding
Goldbeck GmbH	86,520,366	97.82%
GSE Management SAS	1,128,000	1.28%
GSE Actionnariat salariés SAS	794,926	0.90%
Total	88,443,292	100%

Equity as of Dec 31, 2018	94,617
2019 Result	11,444
Variation of regulated provisions	-2
Equity as of Dec 31, 2019	106,059

The variation of regulated provisions corresponds to the variation of excess depreciation.

NOTES ON THE BALANCE SHEET AND THE INCOME STATEMENT (in thousands of euros)

8-PROVISIONS FOR RISKS AND CHARGES

	Dec 31, 2019 Allowance Reversal		Dec 31, 2018
Provision for losses at completion	122	122	0
Provision for disputes and litigation	3,348	698	633
Provision for foreign exchange losses	9	9	4,666
Other provisions for risks	22	1,618	1,640
Provisions for risks	3,500	828	6,918
Provision for time to be spent on completed contracts	2,358	2,358	2,096
Other provisions for charges	4,801	2,423	2,302
Provisions for charges	7,158	4,781	4,398
Total	10,659	5,609	11,315
			16,365

The allowance for provisions for disputes and litigation is composed of:

- an allowance for risks on projects of €557K,
- an allowance for deductibles and insurance withholding of €141K, linked to claims filed but not yet closed,

The reversal of provision for disputes and litigation is composed of:

- a reversal of provision related to projects of €285K,
- a reversal of provision for severance pay and employee disputes, for €143K,
- a reversal of provision for deductibles and insurance withholding of €205K, linked to closed claims.

Other provisions for risks, corresponding to the share of negative equity of our Polish subsidiaries not covered by provisions for depreciation of receivables, €22K

Allowances and reversals of other provisions for charges correspond to provisions for various expenses relating to construction projects.

9-FINANCIAL DEBTS

	Dec 31, 2019	Dec 31, 2018
Group borrowing		1,905
Accrued interest on group borrowing		45
Total	0	1,950

The "Group borrowing" and "Accrued interest on group borrowing" categories correspond to a loan granted by our Chinese subsidiary on March 31, 2018. It was reimbursed at due date on March 31, 2019.

This loan was arranged to centralize the management of the Group's cash surplus and was not renewed to take advantage of attractive investments rates in China.

10-OPERATING LIABILITIES

	Dec 31, 2019	Dec 31, 2018
Suppliers	41,314	64,549
Invoices to be received	61,702	50,657
Staff-related liabilities	6,316	5,737
Social welfare bodies	4,069	4,288
State: VAT and charges to be paid	13,785	12,570
Current accounts	73,656	58,731
Other credit accounts	154	10
Accrued liabilities	214	279
Deferred income on general contracting activity	43,308	43,133
Other deferred income	383	772
Exchange rate differences - liabilities	12	235
Total	244,913	240,960

NOTES ON THE BALANCE SHEET AND THE INCOME STATEMENT (in thousands of euros)

All debts have a term of less than 1 year.

The supplier balance includes:

• non-group suppliers:	€17,469K
• group suppliers:	€896K
• guarantee withholding:	€3,212K
• end of work withholding:	€19,736K

The category "Current account" is linked to the centralization of the management of cash surpluses at GSE level for all subsidiaries in the euro zone up to €73,271K and to the management of tax consolidation up to €385K.

The category "Other deferred income" corresponds to the spreading out over the duration of the leasing contract of the capital gains made within the framework of the lease transfer operation carried out during the 2012 financial year.

The amount of completion guarantees given corresponds to the construction price including VAT or the cost of sales price including VAT of the contract of which the completion guarantees is the accessory, at the guarantee issuance date, and is no subject to amortization nor weighting regarding to works performed.

The completion guarantees ("GFA" specific French guarantee) as of December 31, 2019 are divided in the following manner:

Activation month of performance bond	Amount of performance bond	% of completion of the project at Dec 31, 2019
November 2018	25,604	81%
February 2019	16,380	86%
June 2019	15,909	66%
August 2019	21,124	41%
November 2019	141,133	46%
TOTAL	220,150	

11-OFF BALANCE SHEET COMMITMENTS

	Dec 31, 2019	Dec 31, 2018
Guarantees given	66,565	55,346
Completion guarantees	220,149	132,738
Commitments given on leasing	640	1,286
Pension commitments	3,545	2,868
Total commitments given	290,899	192,238
Guarantees received	36,245	31,389
Total commitments received	36,245	31,389

Guarantees given correspond to the commitment of the Group's companies towards the financial organizations that provided guarantees to these Companies:

- to the benefit of clients as performance bonds for work contracts and in exchange for guarantee withholding,
- to the benefit of sub-contractors for payment of the sums due within the framework of works contracts.

The amount of given guarantees is a percentage of price of the contract to which they are attached.

The guarantees received correspond to the commitments received from financial organizations that acted as guarantors for sub-contractors to guarantee their commitment during the year of the perfect completion guarantee.

12-LEASING

	Land	Constructions	Total
Original value	980	4,350	5,330
Depreciation			
Current year	216	216	
Previous years	1,643	1,643	
Net value	980	2,491	3,471
Fees paid			
Current year	119	527	646
Previous years	716	3,178	3,894
Fees to be paid			
1 year or less	118	523	640
Fees	952	4,228	5,180
Amount covered during the financial year	119	527	646
Residual purchase value			811

The property acquired in leasing corresponds to the real estate complex of the main office of our Company in Avignon.

The lease was granted for a period of eight years, starting on December 27, 2012 and maturing in 2020.

NOTES ON THE BALANCE SHEET AND THE INCOME STATEMENT (in thousands of euros)

13-REVENUES

Revenues are broken down as follows:

	Dec 31, 2019	France	Export	Dec 31, 2018
General contractor contracts	307,889	307,811	78	336,979
Services related revenues	11,929	6,781	5,148	13,624
Other revenues	165	165		73
Total	319,983	314,757	5,226	350,676

14-FINANCIAL RESULT

	Dec 31, 2019	Dec 31, 2018
Investment interest	224	230
Dividends	2,381	2,613
Vecom merger loss	-552	
Vecom, reversal of provision for negative equity	552	
GSE Norway, loss on receivables	-23,723	
GSE Norway, reversal of provision for negative equity	25,034	
Variation in provisions for net negative equity of subsidiaries	732	1
Interest paid on current accounts	-101	-135
Interest received on current accounts	390	448
Net foreign exchange result	-457	-308
Other interest paid and received	19	19
Total	4,498	2,868

15-EXTRAORDINARY RESULT

	Dec 31, 2019	Dec 31, 2018
Compensation paid following disputes	-81	-400
Tax fines	-23	-9
Compensation received following disputes	10	529
Spreading out of lease back capital gains	388	388
Provision for risks on projects		-250
Other extraordinary incomes	3	91
Total	297	349

OTHER INFORMATION

1-TAX AUDIT

GSE has been subject to a tax audit and has received in November 2017 a rectification proposal which concludes that the bond interests deducted from 2007 to 2012 are non-deductible (for a basis value of €27,5M).

The arguments presented by the Company during the departmental interlocution of February 24, 2020 allowed the departmental interlocutor to reconsider the analysis and the conclusions of the tax audit and to confirm that the rectification is abandoned (letter dated February 25, 2020).

2-SUBSEQUENT EVENTS

The entity's financial statements have been prepared on a continuity of activity basis. Activities started to be affected by Covid-19 in the first quarter of 2020 and the GSE Group expects a negative impact on its 2020/2021 financial statements (15-month financial year). The Group, given the recent nature of the epidemic and the constant evolution of the measures announced by the Government (containment and State aids), is not able to accurately assess the impact.

A plan for the resumption of activity on the construction sites, when health conditions allow it, has been put in place in consultation with clients and subcontractors.

At the date of the financial statements, the Management is not aware of any significant uncertainties that call into question the company's ability to continue operating.

3-STAFF

The average staff for the 2019 financial year was 243 employees, compared with 228 people on average for the 2018 financial year.

OTHER INFORMATION

TABLE OF SUBSIDIARIES AND HOLDINGS

4-TAX ON PROFITS

GSE opted for the tax consolidation scheme for a period of five years as of May 12, 2006, tacitly renewable.

The amendment to the tax consolidation agreement signed on December 30, 2013 provides that as of the financial year opened on 1st January 2013, the beneficiary subsidiaries pay the Parent Company the amount that they would have had to pay to the State Tax Authorities if they were not members of the Integrated Group and the tax savings made by the group are kept by the Parent Company.

The Tax result of the consolidated tax group is a loss of €2,640K.

The loss amount that could be carried forward as of December 31, 2019 is €37,727K.

The tax due from the other members of the group in the absence of tax integration is zero.

The future tax receivables, linked to timing differences between tax and accounting rules, are €221K.

5-CONSOLIDATION

GSE produces consolidated financial statements as the Parent Company.

6-DIRECTORS

For reasons of confidentiality, the amounts of the remuneration paid to the members of the management bodies are not communicated.

No advances or loans were granted to them.

7-INFORMATION CONCERNING THE LINKED COMPANIES

These appendices were not established according to the simplified model. All the transactions between the linked companies are concluded in normal market conditions.

Subsidiaries	Share of capital held in %	Capital	Other equity capital	Book value of the shares held		Loans and advances	Net result*	Dividends attributed	Endorsements and guarantees
				Gross	Net				
GSE Régions SAS	100%	157 080	2 223 946	15 330 000	15 330 000		305 986	680 680	
GSE Belgique SPRL	100%	18 550	895 887	18 531	18 531		438 241		
GSE China Ltd	100%	5 207 028	1 819 644	4 195 000	4 195 000		-1 866 937		
GSE Deutschland GmbH	100%	1 000 000	138 407	1 000 046	1 000 046		2 859 737	1 700 000	
GSE Hungaria Kft	93%	9 076	458 505	11 048	11 048	1 028 135	-1 494 125		
GSE Inmueble Llaves en Mano SL	100%	12 020	401 958	2 484 404	2 484 404	921 977	186 518		
GSE Italia SRL	100%	100 000	310 217	15 339	15 339		229 659		
GSE Polska SP Zoo	100%	11 746	-2 890 115	12 680	0	2 731 501	194 838		
GSE Romania SRL	100%	104 537	1 583 157	47	47		-276 752		
GSEM SARL	100%	9 317	-2 815 784	9 107	0	1 843 572	344 525		
UK GSE Ltd	100%	1 175	-974 791	1 661	1 661	154 174	-65 771		
VEMARQ SAS	100%	90 000	-185 924	4 555 172	159 678		255 602		
GSE Auvergne SAS	50%	100 000	24 265	50 002	50 002		148 140		
CONFLUENCE SRL	65%	210 000	-23 306	136 500	136 500		522 487		
GSE Management SAS	33%	1 128 000	-79 823	388 100	388 100	123	-642		
GAS SAS	36%	765 500	123 884	289 430	289 430	69	-615		
GSE AVIGNA PVT LTD	50%	224 475	**	115 560	0		**		
TOTAL				28 612 628	24 079 787	6 679 552	2 380 680	0	

*Corporate data with estimation of the tax charges

** Data not available

STATUTORY AUDITOR'S REPORT ON THE CORPORATE FINANCIAL STATEMENTS

EY Ernst & Young Audit - Marseille

To the Shareholders of GSE

Year ended December 31, 2019

OPINION

In compliance with the engagement entrusted to us by your annual general Meeting, we have audited the accompanying financial statements of GSE for the year ended December 31, 2019. These financial statements were approved by the President on May 15, 2020, on the basis of the elements available at that date, in the evolving context of the health crisis related to Covid-19.

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

BASIS FOR OPINION

Audit framework

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

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

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the assessments that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

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

As stated in Note II.1 to the financial statements regarding the method used for the valuation of long-term contracts, your Company recognizes the turnover and the margin according to the percentage of completion method. This method involves the use by management of estimates, in particular to determine the percentage of completion and the result at completion of each contract. Our work consisted in obtaining an understanding of the processes implemented by your Company and assessing the data and assumptions on which these estimates are based. We verified the reasonableness of these estimates, on the basis of the information available for the year ended December 31, 2019.

SPECIFIC VERIFICATIONS

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

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the President as approved on May 15, 2020 and in the other documents with respect to the financial position and the financial statements provided to the shareholders. Regarding the events that occurred, and the elements known after the date of approval of the financial statements relating to the effects of the Covid-19 crisis, Management has informed us that such events and elements will be communicated to the shareholders meeting called to decide on these financial statements.

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

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

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

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

The financial statements were approved by the President.

STATUTORY AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

Marseille, May 19, 2020

The Statutory Auditor
French original signed by
ERNST & YOUNG Audit

Xavier Senent



GSE