THE EXECUTIVE BOARD'S REPORT
OUTLINING THE DRAFT RESOLUTIONS
SUBMITTED TO THE COMBINED GENERAL MEETING ON AUGUST 22, 2019

ORDINARY RESOLUTIONS:

1. **Approval of the Company annual and consolidated financial statements for the fiscal year ended February 28, 2019 – Approval of the expenses and charges that are not deductible** (first and second resolutions)

We ask you to approve the Company annual and consolidated financial statements, for the fiscal year ended February 28, 2019 showing a profit of € 34,574,795.60 as well as the Company consolidated financial statements, for the fiscal year ended February 28, 2019, showing a Group share of net earnings of € 148,669,501.

We also ask you to approve the total amount of costs and expenses covered by Article 39-4 of the French General Tax Code, amounting to € 28,922 and the corresponding tax of € 9,641.

2. **Allocation of earnings and setting of dividend** (third resolution)

The allocation of earnings proposed for our Company complies with the law and our Articles of Association.

We propose to allocate the net earnings of € 34,574,795.60 for fiscal year ended February 28, 2019, which is as follows:

Origin of income available:

▪ Earnings for fiscal year	€ 34,574,795.60

Allocation:

▪ Legal reserve	€ 6,873.28
▪ Dividend	€ 27,415,153.6
▪ Other Reserves	€ 7,152,768.72

The global gross dividend is set at € 1.60 for each share.

When it is paid to natural persons who are tax residents in France, the dividend is subject to a flat-rate income tax (IR) of 12.8% (article 200 A of the French General Tax Code), unless the taxpayer has expressly and irrevocably opted for the progressive income tax scale. In this case, the taxpayer will benefit from a 40% deduction of the gross amount of the dividends (article 200 A, 13 and 158 of the French General Tax Code). The dividend is subject to social security contributions at the overall rate of 17.2%.

The payment of dividend will be made on August 29, 2019. Ex-date shall be on August 27, 2019.

It is specified that if, at the ex-date, the Company would hold some of its own shares, the amounts corresponding to the dividends not paid out on the basis of those shares would be allocated to the account “other reserves”.

In accordance with the provisions of Article 243 bis of the French General Tax Code, the dividend distributions made with respect to the last three years are as follows:

FISCAL YEAR	DISTRIBUTIONS WITH ALLOWANCE		WITHOUT ALLOWANCE
	DIVIDENDS	OTHER DISTRIBUTIONS	
2015/2016	20,771,115.00 * € 2.50 per share		
2016/2017	23,398,538.80 * € 1.40 per share		
2017/2018	25,443,958.50 * € 1.50 per share		

*Including the amount of dividends corresponding to treasury shares, not paid and allocated to « retained earnings »

3. **Statutory Auditors' Special Report on regulated agreement** (fourth resolution)

We inform you that no new regulated agreement, as set forth in Articles L.225-86 and seq of the French Commercial Code, has been approved or concluded during the fiscal year ended February 28, 2019 and we ask you to duly record it unconditionally.

It is specified that no regulated agreement has been concluded or approved in previous fiscal years which the execution was continued during the fiscal year ended February 28, 2019.

4. **Members of the Supervisory Board's terms of office** (from fifth to seventh resolutions)

We hereby inform you that the terms of office of Chairman and as member of the Supervisory Board of M. Gérard CHANCEREUL, and the terms of office of members of M. Patrice CHANCEREUL and M. André DELION expire at the end of the present General Meeting.

We propose you:

- To decide on a renewal, for a period of four years until the end of the 2023 General Meeting called to approve the financial statements of the fiscal year ended February 28, 2023, the terms of office as members of the Supervisory Board of:

    - M. Patrice CHANCEREUL
    - M. André DELION

  upon condition precedent of the adoption of the seventeenth resolution. In the event of refusal of this resolution, the terms of office would be approved for a period of six years until the end of the 2025 General Meeting called to approve the financial statements of the fiscal year ended February 28, 2025.

- To duly record the end of the term of office of member of the Supervisory Board of M. Gérard CHANCEREUL at the end of the present General Meeting, as M. Gérard CHANCEREUL has not requested his renewal and the Executive Board has not wished to propose to you to provide for his replacement. The Board will thus be reduced from 13 to 12 members.

Independence

We inform you that the Supervisory Board considers that M. André DELION is qualified as independent on the basis of independence criteria exposed in the Middlenext Code of Corporate Governance for listed companies, recognised by the Company as a reference code for corporate governance.

In this regard, it is namely specified that M. André DELION performs duties of Supervisory Board members in some of the foreign subsidiaries of the Group, but executive responsibilities.

The Supervisory Board considered that M. Patrice CHANCEREUL cannot be qualified as independent on the basis of independence criteria exposed in the Middlenext Code of Corporate Governance.

<u>Expertise, experience, competence</u>

M. André DELION, a French citizen, was born the 8 of July in 1951. Certified public accountant, he started to work for some fifteen years in an accounting firm before joining the LDC Group in 1985 as Chief Financial Officer until the 28 of February 2013.

M. Patrice CHANCEREUL, a French citizen, was born the 31 of October in 1961. General practitioner, installed since 25 years in PLAINTEL (22940) Porte Jean ROUAULT.

If you approve all of these nomination or renewal proposals:

- The Board will be composed of 12 members including 5 independent members on the basis of independence criteria exposed in the Middlenext Code, and one member as employee representative.

- The feminization rate of the Supervisory Board would be 45, 45%, in accordance with the law (without counting the employee representative).

5. **Say on Pay** (from eighth to twelfth resolutions)

5.1 Approval on the elements of remuneration due, for the fiscal year just ended, to the Chairman of the Executive Board M. Denis LAMBERT, the other members of the Executive Board and to the Chairman of the Supervisory Board M. Gérard CHANCEREUL, in relation to their corporate appointment (from eighth to tenth resolutions)

We ask you to approve the fixed, variable and exceptional components of the total compensation and benefits allocated, for the fiscal year just ended and in relation to their corporate appointment, to the Chairman of the Executive Board M. Denis LAMBERT, the other members of the Executive Board and to the Chairman of the Supervisory Board M. Gérard CHANCEREUL, determined in accordance with the remuneration principles and criteria approved by the General Meeting of August 23, 2018 in its 12th and 14th Ordinary Resolutions. These components are presented in the report on corporate governance (cf. § V).

5.2 Approval of the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the total compensation and benefits to the members of the Executive Board and to the members of the Supervisory Board (eleventh and twelfth resolutions)

We ask you to approve the principles and criteria for determining, allocating and distributing the fixed, variable and exceptional components of the total remuneration and other benefits to the members of the Executive Board and to the members of the Supervisory Board, in relation to their corporate appointment as set out in the report on corporate governance (§ V).

6. **Proposal to renew the authorization for the implementation of the stock repurchase program** (thirteenth resolution)

We propose you, under the terms of the thirteenth resolution, to grant to the Executive Board, for a period of eighteen months, the authority to purchase, in one or several times and when it deems appropriate, a number of ordinary shares of the Company that may not exceed 5% of the share capital. This amount may be adjusted, where appropriate, in order to take into account possible transactions that may affect the share capital during the stock repurchase program.

This authorisation would replace the authorisation granted to the Executive Board by the General Meeting of August 23, 2018, under the fifteenth ordinary resolution.

These ordinary shares could be acquired for the following purposes:

- supporting the secondary market or the liquidity of the Company share through a liquidity contract entered into with an investment service provider that would comply with the practice recognized by the regulations, it being precised that the number of shares taken into account to determine the above-mentioned limit, is based on the number of shares purchased less the number of shares sold during the term of the buyback program,

- holding the repurchased shares for subsequent use in exchange or as payment in the context of potential external growth transactions,

- ensuring the coverage of stock option plans and/or allocations of free shares to employees or executive officers of LDC Group, allocation of shares in respect with a company or group saving plan, or in respect with a profit sharing plan, and/or any other form of allocation of shares to employees and/or executive officers of LDC Group,

- ensuring the coverage of securities giving access to the share capital of the Company, under the legislation in force,

- cancelling some or all the acquired shares, provided the authorisation granted or being granted by the present extraordinary General Meeting.

These shares may be purchased by any mean, including the acquisition of a bloc of shares, and when the Executive Board deems it appropriate.

The company does not intend to use options and derivative instruments.

We propose you to set the maximum purchase price at € 200 per share and, consequently, the maximum amount of the operation at € 171,344,600.

Therefore, the Executive Board would have the necessary powers to do what is necessary in such matters.

EXTRAORDINARY RESOLUTIONS:

7. Delegations and financial authorisations

The Executive Board wishes to have the tools which allow to have an incentive policy for employee ownership and capable of reinforcing the development of the company.

You are asked to renew the authorization to cancel shares bought back within the frame of a share buyback program as well as the authorization to grant to stock options and/or share-purchase that are now closed. On the status of delegations in progress, you will find in the report on corporate governance, chapter 8, the chart of delegations and authorisations granted by the General Meeting to the Executive Board and the state of their use.

In addition, considering the delegations likely to generate a cash capital increase in the future, you are asked to decide on a delegation of authority to increase the capital for the benefit of members of a group saving plan, according to the regulations in force.

7.1. Authorization granted to the Executive Board to cancel shares bought back by the Company pursuant to the terms of Article L.225-209 of the French Commercial Code (fourteenth resolution)

As a result of the purpose to cancel shares bought back by the Company pursuant to the terms of Article L.225-209 of the French Commercial Code, we ask you to grant all powers to the Executive Board, for a period of twenty-four months, to cancel, in its sole discretion, in one or several times, within the limit of 10% of the capital, calculated on the date of the cancellation decision, less any shares cancelled during the last twenty-four months, the shares that the Company holds or could hold following the purchases accomplished under its share repurchase program and to reduce the share capital by the same amount, pursuant to the legal and regulatory provisions in force.

7.2. Delegation of authority granted to the Executive Board to increase the share capital in favor of members of a company savings plan (fifteenth resolution)

We submit this resolution to your vote, in order to be in compliance with the provisions of Article L. 225-129-6 of the French Commercial Code, under which the Extraordinary General Meeting must also approve a resolution to the completion of a capital increase as provided by Articles L. 3332-18 *et seq.* of the French Labour Code, when it delegates its authority to carry out a cash capital increase. As the next General Meeting will be asked to approve several delegations of power that could generate future cash capital increases, it will also have to decide on a delegation in favour of members of a company savings plan (PEE), being observed that the inclusion in the agenda of this delegation in favour of members of a company savings plan (PEE) allows the Company to meet the three-year obligation under the above provisions.

As part of this delegation, we propose you to authorise the Executive Board, to increase the share capital in one or more transactions by issuing common shares or securities giving access to shares to be issued by the Company in favour of participants in one or more Company or group saving plans set up by the Company and/or affiliated French or foreign companies as provided by Article L.225-180 of the French Commercial Code and Article L.3344-1 of the French Labour Code.

According to the law, the General Meeting would cancel the preemptive subscription right of the shareholders.

This delegation would have a twenty-six months duration.

The maximum nominal amount of increases that could be achieved with the delegation would be 1% of the share capital reached on the date the Executive Board decides to proceed with such capital increase(s), this amount being independent of all other ceilings provided for under authorisations to increase the share capital of the Company. This amount will be supplemented, if necessary, by the nominal amount of increases required to preserve the interests of holders of securities giving access to Company equity, in accordance with the law or any contractual provisions stipulating other adjustment events.

It is specified that, in accordance with Article L. 3332-19 of the French Labour Code, the price of shares to be issued, may not be lesser than 20% (or 30% when the vesting period provided for by the plan in accordance with Articles L.3332-25 and 3332-26 of the French Labour Code is greater than or equal to ten years) of the average quoted opening price of the share on the 20 trading days preceding the decision of the Executive Board concerning the share capital increase and the corresponding issue, nor greater than this average.

By virtue of Article L.3332-21 of the French Labour Code, the Executive Board could decide to allocate to the beneficiaries, free of charge, existing or yet to be issued shares or other securities, existing or yet to be issued, giving access to the Company's share capital, by way of (i) the contribution that may be paid under the regulations applicable to company or group saving plans, and/or (ii) where applicable, the discount.

This delegation would cancel any unused portion of any prior delegation having the same purpose.

The Executive Board may or may not implement this delegation, take all necessary measures and carry out all necessary formalities.

7.3. Authorization to grant stock options to employees and/or some of such executive officers of the company (Sixteenth resolution)

We propose you to authorize the Executive Board, for a period of thirty-eight months, to grant stocks options or share-purchase to employees or some of them, of related companies or economic interest groups in accordance with the terms of Article L.225-180 of the French Commercial Code or to executive Officers as defined by Article L.225-185 of the French Commercial Code.

The total number of options that may be granted by the Executive Board, under this authorization, may not entitle the holders to subscribe or purchase a number of shares greater than 120,000.

The exercise price of the stock options would be set on the date on which the options are granted by the Executive Board and may not be less than the minimum price provided by the applicable laws.

The term of the options set by the Executive Board may not exceed a period of seven years from their award date.

Thus, the Executive Board would have the power necessary, within the limits here above defined, to set all other conditions and procedures for the allocation and exercise of stock options and notably to set the conditions under which the options will be granted and determine the list and categories of beneficiaries such as provided for above; Set, where appropriate, the seniority and performance requirements that must be met by the beneficiaries; decide the conditions under which the price and number of shares may be adjusted in accordance with articles R. 225-137 to R. 225-142 of the French Commercial Code; Set the exercise period (s) of options granted; provide the ability to suspend temporarily the option exercises for a maximum period of three months in the event of financial transactions involving the exercise of a right attached to the shares; where appropriate, purchase the requisite number of shares under the share buyback program and allocate them to the free share plan(s); carry out or have another party carry out all the procedures and formalities required to finalize the capital increases which may be made under this authorization provided in this resolution; amend the Articles of Association accordingly, and, more generally, do whatever it is required to do; on its only decision and if it deems appropriate, charge the expenses of share capital increases against the amount of the premiums generated by these capital increases and to draw on this amount the sums necessary to raise the legal reserve to one tenth of the new share capital following each increase.

8. Amendment of the Articles of Association

8.1 Amendment of Article 23 of the Articles of Association relating to the term of office of members of the Supervisory Board *(Seventeenth resolution)*

We propose you to amend article 23 of the Articles of Association in order to reduce the term of office of member of the Supervisory Board from six years to four years and to authorize a reduced term of office for the only purpose of establishing or maintaining staggered terms for members of the Supervisory Board;

This proposal would not affect the current terms of the members of the Supervisory Board which would continue to their initially fixed term;

8.2 Amendment of Article 22 of the Articles of Association relating to the number of members of the Supervisory Board representing employees to be appointed *(eighteenth resolution)*

We propose you to amend article 22 of the Articles of Association in order to reduce from 12 to 8 the number of members of the Supervisory Board, causing the obligation to designate a second member of the Supervisory Board representing the employees.

8.3 Amendment of Article 22 of the Articles of Association relating to the term of office of members of the Supervisory Board representing employees *(nineteenth resolution)*

We propose you to amend article 22 of the Articles of Association in order to extend the term of office of the members of the Supervisory Board representing the employees from two years to four years;

This proposal does not affect the current term of the member of the Supervisory Board representing the employees which will continue to its initially fixed term.

9 – Powers for formalities *(twentieth resolution)*

Finally, we propose you to grant full authority to the bearer of an original, a copy or an excerpt of the minutes of this General Meeting in order to carry out all publication and filing formalities, and generally do all that is necessary.

A summary of the events related to the business of the Company since the start of the financial year 2019/2020 is included in the Management report (See "Group business activities Point I").

Your Executive Board invites you to approve by your vote, the text of resolutions it offers.

THE EXECUTIVE BOARD