

BELLON S.A.

**Statutory Auditors' report
on the financial statements**

For the year ended December 31, 2018

PricewaterhouseCoopers Audit
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This is a free translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and is provided solely for the convenience of English speaking users. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' report on the financial statements

For the year ended December 31, 2018

Bellon S.A.
17-19, place de la Résistance
92130 Issy-les-Moulineaux

To the General Meeting of Bellon S.A.,

OPINION

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of Bellon S.A. for the year ended December 31, 2018.

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, 2018 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 Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us for the period from January 1, 2018 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 following matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

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

- The company's investment in Sodexo, whose net balance sheet amounted to € 1,832,502 thousand as at December 31, 2018, is assessed at acquisition cost and impaired based on their value in use at each balance sheet date as described in note 2.2 "Immobilisations financières" to the financial statements. Our work consisted in reviewing the data and assumptions used in the determination of this value in use and checking the calculations made by your company.

SPECIFIC VERIFICATIONS

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

Information given in the management report and the other documents with respect to the financial position and the financial statements provided to the shareholders

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 Executive Board, and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest to the fair presentation and the consistency with the financial statements of the information given with respect to payment terms required under Article D.441-4 of the French Commercial Code (*Code de commerce*).

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by article L.225-37-4 of the French Commercial Code.

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 Executive Board.

STATUTORY AUDITORS' 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.

Bellon S.A.

Statutory Auditors' report on the financial statements

For the year ended December 31, 2018 - Page 4

- 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.

Paris La Défense and Neuilly-sur-Seine, April 24, 2019

The Statutory Auditors

KPMG Audit
Département of KPMG S.A.

PricewaterhouseCoopers Audit

Hervé Chopin
Partner

Agnès Hussherr
Partner

Financial statements BELLON SA as of December 31, 2018

I INCOME STATEMENT

In thousands of euro	Year ended December 31	
	2018	2017
REVENUES	3 666	3 632
Other income	65	65
Employee costs	(4 804)	(6 341)
Other external charges	(4 1110)	(3 729)
Taxes other than income taxes	(233)	(249)
Depreciation and amortization	(37)	(38)
OPERATING PROFIT	(5 453)	(6 660)
Financial income	167 774	146 362
Financial expense	(14 154)	(16 904)
FINANCIAL RESULT	153 620	129 458
Employee Profit- sharing	(5)	
Income taxes		605
NET INCOME	148 162	123 403

II BALANCE SHEET

ASSETS (in thousands of euro)	As of Dec. 31, 2018	As of Dec. 31, 2017
NON-CURRENT ASSETS, NET		
Property, plant and equipment	236	273
Financial investments	1 832 502	1 721 674
Rental Security deposit	32	31
• Total non-current assets	1 832 770	1 721 978
CURRENT ASSETS		
Accounts receivable	0	157
Other receivables	43	989
Cash	8 061	6 881
• Total current assets	8 104	8 027
TOTAL ASSETS	1 840 874	1 730 005
LIABILITIES AND EQUITY (in thousands of euro)		
	As of Dec. 31, 2018	As of Dec. 31, 2017
SHAREHOLDERS' EQUITY		
Share capital	388	388
Additional paid in capital	284 734	284 734
Reserves and retained earnings	1 022 789	887 488
• Total Shareholders' equity	1 307 911	1 172 610
• Provisions for contingencies and losses	-	-
LIABILITIES		
Borrowings	530 940	554 870
Accounts payable	487	475
Other liabilities	1 536	2 050
Total liabilities	532 963	557 395
TOTAL LIABILITIES AND EQUITY	1 840 874	1 730 005

NOTES TO THE FINANCIAL STATEMENTS

I SIGNIFICANT EVENTS

In April 2018, Bellon SA bought 1 350 000 Sodexo shares for a 111 m€ amount, involving a 82 €/share average purchase price.

1.1 Borrowings

On June 2012 Bellon SA borrowed 172 million euros in a U.S. Private Placement transaction for a 10 years period. This financing is amortized on 6 years starting the 4th year.

On February 2018 Bellon SA reimbursed its third amortization for an amount of 23 Million euros.

On July 10, 2018, Bellon SA reimbursed the 70 m€ outstanding amount of the ELS (Equity Linked Swap) signed with Société Générale on July 2015 for an initial amount of 150 Million euros.

II ACCOUNTING PRINCIPLES, RULES AND METHODS

The annual financial statements were prepared and presented in conformity with the principles, standards and accounting methods required by the general accounting plan of 1999 in compliance with Rule 2014-3 of the Accounting Regulatory Committee.

The accounting principles used in the preparation of the statutory financial statements for 2018 are the same as those used for 2017. The historical cost method was used in the preparation of these financial statements.

Unless otherwise mentioned, amounts included in tables in the footnotes are expressed in thousands of euro.

The amounts reported as exceptional income/expense represent those items which do not relate to current activities, as well as certain items considered exceptional by their nature but which concern ordinary activities.

2.1 Property, plant and equipment

Fixed assets are valued at acquisition cost less depreciation. Cost includes expenditures directly incurred to acquire the asset. All other repair and maintenance costs are recognized as expenses during the period in which they are incurred.

Fixed assets are depreciated over the useful life of the asset and taking account of their residual value.

The principal depreciation rates used are the following:

General fixtures and fittings	9 years
Office equipment	9 years
Computer equipment	4 years

2.2 Financial assets

Shares in companies and other financial investments are carried at historical cost or contribution value. At each balance sheet date, an impairment write-down may be recognized if the value in use is less than the carrying amount.

2.3 Marketable securities

Marketable securities are recognized at their acquisition cost and are written down for unrealized losses.

2.4 Borrowings

Transaction costs on borrowings are expensed in « Commissions and expenses on loan issuance » in the period in which they are incurred.

III NON-CURRENT ASSETS

	Amounts as of January 1, 2018	Increase	Decrease	Amounts as of December 31, 2018
Property, plant and equipment	322			322
Financial investments				
Sodexo	1 721 674	110 828		1 832 502
Other investments	-		-	-
Total financial investments	1 721 674	110 828		1 832 502
Total non-current assets (gross amount)	1 721 996	110 828		1 832 824
Depreciation	(50)	(36)		(86)
Total non-current assets (net)	1 721 946	110 792		1 832 738
Rental security deposit	32			32
Total non-current assets (net)	1 721 978	110 792		1 832 770

Sodexo shares are valued at historical cost. Market price as of the end of the year would have been 5 571 million euro.

IV CHANGES IN SHAREHOLDERS' EQUITY

	Number of shares	Capital	Additional paid in capital	Legal reserve	Ordinary reserve	Retained earnings	Net income for the fiscal year	Shareholders equity
Shareholders' equity as of December 31, 2016	24 255	388	284 734	41	656 772	9 739	109 068	1 060 742
Share redemption					(231)			(231)
Dividends paid					96 000	1 764	(109 068)	(11 304)
Net income for the year							123 403	123 403
Shareholders' equity as of December 31, 2017	24 255	388	284 734	41	752 541	11 503	123 403	1 172 610
Share redemption					(77)			(77)
Dividends paid					110 000	619	(123 403)	(12 784)
Net income for the year							148 162	148 162
Shareholders' equity as of December 31, 2017	24 255	388	284 734	41	862 464	12 122	148 162	1 307 911

V BORROWINGS

	Amounts as of January 1, 2018	Increase	Decrease	Amounts as of December 31, 2018
Bank borrowings	554 870	70 044	93 974	530 940
Overdraft	-	-	-	-
Total borrowings	554 870	70 044	93 974	530 940

The following agreements contain terms that are customary for loans of this nature made to a holding company: the Equity Linked Swap agreements signed with CACIB in June 2015, Natixis in July 2015, the agreements signed with the U.S. investors and the swap agreements. These conditions mainly include the following:

- the level of Bellon SA's investment in Sodexo should not be less than 33.33% of capital and voting rights
- the ratio of revaluated assets to revaluated net financial debt must be higher than 2.5 as of August 31 and December 31 of each year
- the ratio "dividends to net financial expenses" should be higher than 1.1 each year
- total borrowings should be lower than 1.1 billion euro at any point in time
- Sodexo's rating should not be lower than BBB-

As of December 31, 2018, Bellon SA met its commitments.

VI MATURITIES OF RECEIVABLES AND PAYABLES

RECEIVABLES	Amounts	Less than 1 year	More than 1 year
Clients and account attached			
Other receivables	43	43	
TOTAL RECEIVABLES (NET)	43	43	

LIABILITIES	Amounts	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	530 940	214 721	316 219	
Total Borrowings	530 940	214 721	316 219	
Accounts payable	487	487		
Employee related liabilities	1 298	1 298		
Social and tax liabilities	204	204		
Other	35	35		
Total other liabilities	1 536	1 536		
TOTAL LIABILITIES	532 963	216 744	316 219	

VII RELATED PARTY INFORMATION

	Amount	Related companies and associates	Companies with related investments
ASSETS			
Financial investments (gross)	1 832 502	1 832 502	
LIABILITIES			
Accounts payable	10	10	
INCOME STATEMENT			
Operating revenues	3 666	3 666	
Operating expenses	112	112	
Financial income	167 684	167 684	

Transactions as stipulated by the regulation "ANC 2010-02" are presented below:

Related parties	Nature of transaction	Amount of transaction
Sodexo S.A.	Assistance and advisory services agreement between Bellon S.A. and Sodexo S.A.	The invoice issued by Bellon S.A. amounts to 3 666 thousand euro excluding taxes for the year ended December 31, 2018

VIII ACCRUED EXPENSES

Accounts payable	159
Employee related liabilities	608
Social and fiscal liabilities	298
Total	1 065

IX ISSUED CAPITAL

Total capital is 388 080 euro divided into 24 255 shares of 16 euro each, all fully paid.

X ANALYSIS OF REVENUES

Revenues are related to services rendered in France and amount to 3 666 thousand euro.

XI AUDIT FEES

The statutory auditors' fee for the year ended December 31, 2018 amounts to 61 thousand euro for the statutory audit of the financial statements.

XII FINANCIAL RESULT

The financial result of 153 620 thousand euro comprises the following:

- Dividends from Sodexo for 167 684 thousand euro.
- Interest income on financial investments for 90 thousand euro.
- Interest expense amounting to 14 154 thousand euro related to the interest on the company's debt.

XIII INCOME TAXES

The company recognized a tax loss of 7 460 thousand euro for the year.
Consequently, the disclosures regarding income taxes are not applicable.

XIV UNREALISED TAX GAINS AND LOSSES

Following the September 1997 merger with Financière Sodexo, Bellon SA committed to calculating, in the future, any unrealized gains on the 3 306 684 Sodexo contributed shares as compared to the tax value recognized by Sodexo Financière, which was 201 271 thousand euro.

Following the April 1998 grant of three new shares for each previously held share and the 4 for 1 stock split in March 2001, the number of Sodexo shares held through the merger was multiplied by 16.

As of December 31, 2018, total Sodexo shares resulting from the merger were 46 726 226 with a tax value of 168 588 thousand euro.

As of December 31, 2018, Bellon SA has accumulated tax losses of 520 472 thousand euro which can be carried forward indefinitely, representing a decrease in future taxes payable of 173 491 thousand euro, based on the current rate of 33.33%.

XV OPERATING LEASE COMMITMENTS

Outstanding commitments arising in respect of operating leases relating to the rental of offices are as follows:
(in thousands of euro)

	As of December 31, 2018
Less than 1 year	155
1 to 5 years	620
More than 5 years	257
Total	1 032

XVI PLEDGED SHARES

4 543 183 Sodexo shares are pledged to the benefit of Natixis.
2 717 932 Sodexo shares are pledged to the benefit of Cacib.

For the US private placement:

2 021 508 Sodexo shares are pledged to the benefit of US investors (USD Notes).
555 739 Sodexo shares are pledged to the benefit of US investors (Euro Notes).

A total of 9 837 822 Sodexo shares have been pledged.

XVII RETIREMENT BENEFIT COMMITMENTS

Bellon SA is required to pay benefits to retiring employees under the terms stipulated in the Sodexo collective agreement.

The commitment, which is not recognized as a liability in the balance sheet, is estimated at 1 127 thousand euro.

XVIII FINANCIAL INSTRUMENT COMMITMENTS

The company uses derivative financial instruments in order to manage its exposure to volatility in interest and currency exchange rates.

During the year, the company contracted six financial instrument commitments.

Bank	Inception date	Expiry date	Notional amount	Market value of swaps December 31, 2018
Natixis	July 15, 2015	July 15, 2020	€200 million	-€4.2 million
Natixis	June 29, 2012	February 14, 2022	\$ 49.5 million	€1.2 million
Société Générale	June 29, 2012	February 14, 2022	\$ 33 million	€0.4 million
CACIB	June 29, 2012	February 14, 2022	\$ 82.5 million	€0.9 million
CACIB	August 4, 2016	June 21, 2019	€150 million	-€0.5 million

XIX COMPENSATION, ADVANCES AND COMMITMENTS WITH RESPECT TO PENSIONS AND INDEMNITIES PAID TO THE MEMBERS OF THE SUPERVISORY BOARD AND NON-EXECUTIVE DIRECTORS

• Total compensation paid to the members of the Board and non executive directors	1 280 thousand euro
• Advances and loans	None
• Amount paid to a defined benefit pension plan during the financial year	None

XX NUMBER OF EMPLOYEES

As of December 31, 2018, 8 executives and 2 employees were employed by the company.

XXI LIST OF SUBSIDIARIES

	% interest in Capital	Capital (m€)	Shareholders' equity (m€)	Book value of investment (m€)	Revenues (m€)	Net income for recent fiscal year (m€)	Date	Dividends (m€)
Sodexo SA	42.22 %	590	2 671	1 832	114	481	8/31/2018	168

XXII CONSOLIDATION

The annual financial statements of Bellon SA are fully consolidated into the consolidated financial statements of Bellon SA.