

Annual Financial Statements of  
Sartorius Stedim Biotech S.A. and Notes

05

## Annual Financial Statements

### Parent Company Balance Sheet: Assets (in thousands of €)

	Gross at Dec. 31, 2018	Depreciation, amortization and provisions Dec. 31, 2018	Net at Dec. 31, 2018	Net at Dec. 31, 2017
Intangible assets	552	-117	435	463
Property, plant and equipment	19,176	-12,022	7,155	12,384
Financial investments	128,749	0	128,749	128,138
<b>Total non-current assets</b>	<b>148,478</b>	<b>-12,139</b>	<b>136,339</b>	<b>140,985</b>
Inventories and work in progress	0	0	0	0
Trade receivables to third parties	0	0	0	0
Other receivables	66,066	0	66,066	23,812
Deposits and cash equivalents	62		62	96
<b>Total current assets</b>	<b>66,128</b>	<b>0</b>	<b>66,128</b>	<b>23,908</b>
Prepaid expenses	231		231	49
Currency translation adjustment	482		482	0
<b>Total assets</b>	<b>215,319</b>	<b>-12,139</b>	<b>203,180</b>	<b>164,942</b>

### Parent Company Balance Sheet: Equity and Liabilities (in thousands of €)

	At Dec. 31, 2018	At Dec. 31, 2017
Share capital	18,436	18,436
Share premium	12,609	12,609
Reserves	2,434	2,434
Retained earnings carried forward	34,346	27,286
Profit for the period	49,521	49,463
Regulated provisions	4,088	4,088
<b>Total equity</b>	<b>121,434</b>	<b>114,316</b>
Provisions for liabilities and charges	482	0
<b>Total provisions for liabilities and charges</b>	<b>482</b>	<b>0</b>
Loans and borrowings	0	0
Trade payables	881	455
Tax and social charges payable	63	96
Liabilities for non-current assets	313	0
Other liabilities	79,705	50,075
<b>Total liabilities</b>	<b>80,962</b>	<b>50,626</b>
Currency translation adjustment	301	0
<b>Total equity and liabilities</b>	<b>203,180</b>	<b>164,942</b>

**Parent Company: Income Statement (in thousands of €)**

	At Dec. 31, 2018	At Dec. 31, 2017
Sales revenue	1,999	2,198
Inventory movements	0	0
Capitalized production costs	0	0
Depreciation or amortization reversals	0	0
Other operating income and expense reallocation	1,490	130
Purchases consumed	0	0
External charges for services	-3,775	-3,453
Tax and duties	-411	-830
Personnel costs	0	0
Additions to amortization, depreciation and provision	-816	-825
Other operating expenses	-857	-417
<b>Operating profit (EBIT)</b>	<b>(2,371)</b>	<b>(3,197)</b>
Net financing income   (expense)	48,576	47,108
<b>Profit   (loss) from ordinary activities</b>	<b>46,205</b>	<b>43,911</b>
Exceptional income   (expense)	0	0
Income tax	3,316	5,552
<b>Net profit   (loss)</b>	<b>49,521</b>	<b>49,463</b>

**1. Materiel Events during the Year**

None

**2. Materiel Events after the Reporting date**

None

**3. Accounting Principles and Methods**

The parent company's financial statements for the year ended December 31, 2018, were prepared and presented in accordance with French accounting rules in compliance with the principles of prudence, reporting on distinct financial years and the presumption of going concern.

The annual financial statements have been prepared in accordance with the clauses of the CRC Regulation 2014-03 of September 8, 2014 on the French chart of accounts.

Sartorius Stedim Biotech S.A. is listed in Compartment A of the Euronext Paris Stock Exchange (ISIN FR code 0000053266) and also prepares consolidated financial statements in accordance with IFRS standards, as adopted by the European Union on December 31, 2018. Sartorius Stedim Biotech S.A. is consolidated by Sartorius A.G.

**3.1. Non-current Assets**

Non-current intangible and tangible assets are valued at their acquisition costs, excluding costs incurred for their acquisition.

For intangible assets and property, plant and equipment, the Company applied the French Regulation CRC No. 2002-10, recodified by Article 2-4 of Regulation CRC No. 2004-06 relative to the amortization, depreciation and impairment of assets according to the "Component approach."

**3.1.1. Intangible Assets**

The following is thus valued under this heading: incorporation costs, patents and software.

All these assets are amortized on a straight-line basis using the following indicative useful lives:

- Incorporation costs: One to five years
- Software: One to three years
- Patents: Twenty years
- Leasehold: Eighteen years (Based on the period of use).

As part of the implementation of integrated software, the direct labor costs concerned are included in the

amount capitalized as cost, as a function of the time elapsed.

Intangible assets are valued at acquisition cost less amortization and impairments reported, on an ongoing basis.

### 3.1.2. Property, Plant and Equipment

Property, plant and equipment (PPE) are recognized at their acquisition value, including the installation cost of these assets.

Depreciation is calculated over the standard and economic life of the assets using the straight-line method.

All these non-current assets are depreciated on a straight-line basis using the following indicative periods of use:

- Buildings: Twenty to forty years
- Improvements, fixtures and fittings: Ten to fifteen years
- Plant and equipment: Four to ten years
- Office and IT equipment: Three to five years
- Motor vehicles: Four to five years

Property, plant and equipment are valued at acquisition cost less depreciation and impairments reported, on an ongoing basis.

### 3.1.3. Financial Investments

Investments relate mainly to shareholdings in subsidiaries and other treasury shares held within the scope of the share buyback program; they are recorded at their acquisition cost, including fees linked to their acquisition.

An impairment provision may be recorded to take into account, in particular, either the stock exchange price or the underlying assets of these subsidiaries, their financial position and their prospects.

Shareholdings in subsidiaries are subject to impairment tests.

### 3.2. Receivables and Payables

Receivables and payables are recorded at their nominal value.

Receivables whose collection is doubtful are subject to a provision for doubtful debts.

#### 4. Non-Current Assets (in thousands of €)

##### 4.1. Intangible Assets

Gross values	At Dec. 31, 2017	Increase in 2018	Decrease in 2018	At Dec. 31, 2018
Incorporation costs	4	0	0	4
Patents	0	0	0	0
Software, licenses	0	0	0	0
Business goodwill	548	0	0	548
Intangible assets in progress	0	0	0	0
<b>Total</b>	<b>552</b>	<b>0</b>	<b>0</b>	<b>552</b>
Amortization and depreciation	89	28	0	117
<b>Net amount</b>	<b>463</b>	<b>-28</b>	<b>0</b>	<b>435</b>

##### 4.2. Property, Plant and Equipment

Gross values	At Dec. 31, 2017	Increase in 2018	Decrease in 2018	At Dec. 31, 2018
Land	496	0	0	496
Buildings	15,561	154	0	15,715
Plant and equipment	0	0	0	0
Other	2,127	145	0	2,272
Property, plant and equipment in progress	5,434	559	-5,300	693
<b>Total</b>	<b>23,618</b>	<b>858</b>	<b>-5,300</b>	<b>19,176</b>
Amortization and depreciation	At Dec. 31, 2017	<b>Addition</b>	<b>Release</b>	<b>At Dec. 31, 2018</b>
Buildings	10,388	516	0	10,904
Plant and equipment	0	0	0	0
Other	846	271	0	1,117
<b>Total</b>	<b>11,234</b>	<b>788</b>	<b>0</b>	<b>12,022</b>
<b>Property, plant and equipment, net</b>	<b>12,384</b>	<b>70</b>	<b>-5,300</b>	<b>7,154</b>

The increase in tangible assets includes fixtures and fittings for a net amount of €299K and assets under construction for an amount of €559K.

### 4.3. Financial Investments

Investments	At Dec. 31, 2017	Increase in 2018	Decrease in 2018	At Dec. 31, 2018
Shareholdings	127,977	0	0	127,977
Write-down of shareholdings	0	0	0	0
Deposits and guarantees	160	0	-25	135
Treasury shares	0	637	0	637
Write-down of treasury shares	0	0	0	0
Other non-current assets	0	0	0	0
<b>Total</b>	<b>128,137</b>	<b>637</b>	<b>-25</b>	<b>128,749</b>

The following is included under "Financial investments":

- 99.99% of the share capital of Sartorius Stedim Bioprocess SARL, a Tunisian company;
- 100% of the share capital of Sartorius Stedim Biotech GmbH, a company governed by German law, following the merger of the Sartorius and the Stedim Groups in June 2007;
- 100% of the share capital of Sartorius Stedim Aseptics S.A., a French company acquired in 2004;

- 100% of the share capital of Sartorius Stedim FMT S.A.S., a French company created in connection with the Contribution Assets transfer in 2013;

- Other investments: €1.0 K.

The amount now corresponds to the share of Sartorius Stedim Biotech in the Russian company Sartorius Stedim RUS.

A new liquidity contract between the entity Sartorius Stedim Biotech S.A. and the brokerage company Gilbert Dupont began the 20<sup>th</sup> of April 2018. Therefore, Sartorius Stedim Biotech holds 3,416 shares of SSB S.A. in portfolio at the closing.

## 5. Trade Receivables (in thousands of €)

Maturity of Receivables at Year-end (in thousands of €)

Type of receivable	Net amount	Less than 1 year	More than 1 year
Deposits and guarantees	772	772	
<b>Non-current assets</b>	<b>772</b>	<b>772</b>	<b>0</b>
Advance payments on account	0	0	0
Trade receivables	0	0	0
Personnel	0	0	0
Social security	0	0	0
Taxes and duties	1,784	1,784	0
Group	64,282	64,282	0
Other receivables	0	0	0
<b>Current assets</b>	<b>66,066</b>	<b>66,066</b>	<b>0</b>
Prepaid expenses	231	231	0
<b>Total receivables</b>	<b>67,069</b>	<b>67,069</b>	<b>0</b>

The "Group" item for receivables from Group subsidiaries (€64,282 K) relates to current account cash advances provided to Sartorius Stedim France, Sartorius Stedim Aseptics, Sartorius Stedim FMT SAS and Sartorius Stedim Bioprocess Tunisia.

The "Taxes and duties" (€1,784 K) captures primarily includes the net tax receivable relating to the tax grouping system.

## 6. Maturity of Liabilities at Year-end (in thousands of €)

Type of liability	Net amount	Less than 1 year	Between 1 and 5 years	More than 5 years
Loans and borrowings from credit institutions				
Originally less than 2 years	0	0	0	0
Originally more than 2 years	0	0	0	0
Current bank overdrafts and accrued interest	0	0	0	0
Trade payables	881	881	0	0
- including bills of exchange	0	0	0	0
Advances and payments on account for orders	0	0	0	0
Tax and social security payable	63	63	0	0
Liabilities for non-current assets	313	313	0	0
Group and associates	79,322	79,322	0	0
Other	384	384	0	0
<b>Total liabilities</b>	<b>80,962</b>	<b>80,962</b>	<b>0</b>	<b>0</b>

The "Group" item for liabilities from Group subsidiaries (€79,322 K) relates to cash-pooling liabilities and current account cash advances provided by Sartorius AG, Sartorius Stedim Biotech GmbH, Sartorius Stedim France SAS, Sartorius Stedim FMT SAS and Sartorius Stedim Aseptics SA.

Accrued expenses included in these accounts represented €411 K and concerned the following items:

Type of expense	At Dec. 31, 2018
Accrued banking charges	0
Suppliers' invoices to be received	411
Paid vacation including social charges	0
Bonuses, including social charges and profit sharing	0
Social security payable	0
Taxes payable	0
Employee profit sharing	0
<b>Total charges payable</b>	<b>411</b>

## 7. Parent Company Statement of Changes in Equity (in thousands of €)

### 7.1. Equity

At December 31, 2017, the share capital was €18,436 K, comprising 92,180,190 shares of a €0.20 par value.

At December 31, 2018, the share capital is €18,436 K, comprising 92,180,190 shares of a €0.20 par value.

The Annual General Shareholders' Meeting on April 3, 2018, approved the appropriation of the net profit for the year of €49,463 K, as follows:

- Allocation to the retained earnings carried forward: -€7,060 K
- Paid into the legal reserves: None

A dividend total of €42,403 K, or a net dividend per share of €0.46, was paid.

	Appropriation of profit in 2017			Movements 2018		Equity before appropriation of profit in 2018
	Before	Changes	After	Increases	Decreases	Total
Number of shares:	92,180,190		92,180,190			92,180,190
Share capital	18,436		18,436			18,436
Share premium	0		0			0
Merger premium	12,609		12,609			12,609
Legal reserve	1,844		1,844			1,844
Other reserves	591		591			591
Balance carried forward	27,286	7,060	34,346			34,346
Dividends paid	0	42,403	42,403		(42,403)	0
Net profit to be appropriated	49,463	(49,463)	0			0
Profit for the reporting year			0	49,521		49,521
Regulated provisions	4,088		4,088			4,088
<b>Total</b>	<b>114,317</b>	<b>0</b>	<b>114,317</b>	<b>49,521</b>	<b>-42,403</b>	<b>121,435</b>

## 7.2. Stock Options

None

## 8. Risks and Provisions (in thousands of €)

### 8.1. Provisions

Type of provision	Provisions at Dec. 31, 2017	Additions 2018	Releases 2018	Provisions at Dec. 31, 2018
<b>Regulated provisions</b>				
Accelerated amortization and depreciation	4,088	0	0	4,088
<b>Subtotal (1)</b>	<b>4,088</b>	<b>0</b>	<b>0</b>	<b>4,088</b>
<b>Provisions for liabilities and charges</b>				
Exchange risk	0	482	0	482
Other costs	0	0	0	0
Taxation	0	0	0	0
<b>Subtotal (2)</b>	<b>0</b>	<b>482</b>	<b>0</b>	<b>482</b>
<b>Grand total</b>	<b>4,088</b>	<b>482</b>	<b>0</b>	<b>4,570</b>

### 8.2. Market Risk Exposure

#### Operating Cash Flow risks

At December 31, 2018, the impacts on net amount in foreign currency in current assets and liabilities are respectively of €482 K and €301 K.

#### Current and Future Tax Position (in thousands of €)

As of January 1, 2008, the company chose to adopt the French tax integration regime within the framework of a tax group. The lead company of this group is Sartorius Stedim Biotech S.A. The other member companies of this tax integration group for

tax relief are Sartorius Stedim Aseptics S.A., Sartorius Stedim France S.A.S. and Sartorius Stedim FMT S.A.S.

The member companies report income tax as if there were no integration tax regime. The parent corporation benefits from tax relief related to consolidating the gains and losses of the other members companies.

For 2018, the net impact according to the consolidation rules of the French tax integration regime for tax relief is an income of €3,316 K. Taking into account the tax credits not yet compensated, the company SSB holds a receivable from the State of €1,633 K.



## 9. Operating Income (in thousands of €)

### 9.1. Sales Revenue by Operating Segment

Operating segment	At Dec. 31, 2018		At Dec. 31, 2017	
Services	1,999	100%	2,198	100%
<b>Total</b>	<b>1,999</b>	<b>100%</b>	<b>2,198</b>	<b>100%</b>

### 9.2. Sales Revenue by Geographical Region

Geographical region	At Dec. 31, 2018		At Dec. 31, 2017	
<b>France</b>	<b>1,999</b>	<b>100%</b>	<b>2,198</b>	<b>100%</b>
<b>Export</b>	<b>0</b>		<b>0</b>	<b>0%</b>
EU and other countries	0		0	
North American continent	0		0	
<b>Total</b>	<b>1,999</b>	<b>100%</b>	<b>2,198</b>	<b>100%</b>

The Sale revenue corresponds to the rent invoiced to the entity Sartorius Stedim FMT S.A.S. for the use of premises located in Aubagne within its operational activity.

## 10. Breakdown of Income Tax (in thousands of €)

	At Dec. 31, 2018			At Dec. 31, 2017		
	Profit before tax	Income tax charge	Profit after tax	Profit before tax	Income tax charge	Profit after tax
Gross taxable income	46,205	0	46,205	43,911	2,206	46,117
Exceptional income   (expense)	0	0	0	0	0	0
French tax integration relief	0	3,316	3,316	0	3,346	3,346
<b>Net taxable income</b>	<b>46,205</b>	<b>3,316</b>	<b>49,521</b>	<b>43,911</b>	<b>5,552</b>	<b>49,463</b>

## 11. Information on Directors' Remuneration

Remuneration allocated and paid to members of the Board of Directors as directors' meeting attendance fees amounted to €313.0K. These fees related to the 2017 fiscal year and were paid in 2018.

No meeting attendance fees were paid by Sartorius Stedim Biotech S.A. to the general management of the company in fiscal 2018. A Part of the Executive Board's remuneration has been recharged by Sartorius AG to Sartorius Stedim Biotech S.A. for an amount of €1,312K.

## 12. Off-Balance Sheet Commitments (in thousands of €)

Type of commitment	Comment	At Dec. 31, 2018	At Dec. 31, 2017
<b>Commitments given</b>			
Guarantees for bilateral credit lines		0	0
Guarantees for currency hedging contracts		0	0
Commitments from renting / leasing		0	0
<b>Commitments received</b>			
Contractual loan capacity from credit institutions		0	0

The commitments in connection with the lease are summarized in the following table:

Leasing	< 1 year € in K	1 - 5 years € in K	> 5 years € in K	Total	Buy-back value
<b>Tangible Assets</b>					
Buildings and Improvements	267	770	0	1,037	0
<b>Total</b>	<b>267</b>	<b>770</b>	<b>0</b>	<b>1,037</b>	
Leasing	Historical value	Payments for the Year	Cumulatives Payments	Depreciation for the Year	Cumulative Depreciation
Buildings and Improvements	2,391	272	1,500	245	679
<b>Total</b>	<b>2,391</b>	<b>272</b>	<b>1,500</b>	<b>245</b>	<b>679</b>

The building will be operational from the 1<sup>st</sup> of January 2015.

## 13. Information on Related Parties (in thousands of €)

Affiliates are its parent company, Sartorius AG, and the companies owned by Sartorius Stedim Biotech S.A., and are Sartorius Stedim FMT S.A.S., Sartorius Stedim Bioprocess SARL, Sartorius Stedim Aseptics S.A. and Sartorius Stedim Biotech GmbH.

The company Sartorius Stedim Biotech S.A. is consolidated in the financial statements of Sartorius AG, Otto-Brenner-Strasse 20, 37079 Goettingen (Germany).

In the following, you will find the table of the main amounts with the related parties:

Items	At Dec. 31, 2018	At Dec. 31, 2017
Investments	127,977	127,977
Trade receivables	0	896
Other receivables	64,282	14,372
Trade payables	0	0
Other liabilities	79,322	49,960
Income from investments	49,007	48,409
Other financial income	336	15
Finance expense	939	1,727

In the following, you will find the table of subsidiaries and shareholdings:

At Dec. 31, 2018	Share capital	Reserves, share premium and retained earnings before appropriation	Ownership in %	Book value of shares held		Loans outstanding and advances granted	Changes in deposits and pledges	Sales (ex-VAT) for the financial year	Net profit	Dividends received
				Gross	Net					
<b>Sartorius Stedim Biotech GmbH</b>			<b>100.00%</b>							
(Euros)	6,000	370,416		79,949	79,949	-46,029	0	559,070	121,563	45,000
<b>Sartorius Stedim FMT S.A.S.</b>			<b>100.00%</b>							
(Euros)	42,940	-7,597		42,940	42,940	-2,885	0	173,918	859	0
<b>Sartorius Stedim Bioprocess SARL</b>			<b>99.99%</b>							
(Dinars)	5,950	779						78,366	2,534	3,462
(Euros)				3,132	3,132	5,832	0	25,173	814	1,007
<b>Sartorius Stedim RUS</b>			<b>100.00%</b>							
(Rubles)	8,000	38,292						321,051	32,738	0
(Euros)	100	480		109	109	0	0	4,027	411	0
<b>Sartorius Stedim Aseptics S.A.</b>			<b>100.00%</b>							
(Euros)	448	5,145		1,848	1,848	-6,999	0	13,515	3,971	3,000
<b>Sartorius Stedim Biotech GmbH</b>			<b>100.00%</b>							
(Euros)	6,000	299,853		79,949	79,949	-9,806	0	496,937	82,637	45,000
<b>Sartorius Stedim FMT S.A.S.</b>			<b>100.00%</b>							
(Euros)	42,940	-7,597		42,940	42,940	-2,885	0	148,938	-7,061	0
<b>Sartorius Stedim Bioprocess SARL</b>			<b>99.99%</b>							
(Dinars)	5,950	779						66,983	3,342	0
(Euros)				3,132	3,132	5,832	0	22,493	1,198	0
<b>Sartorius Stedim RUS</b>			<b>100.00%</b>							
(Rubles)	8,000	5,554						154,151	-5,851	0
(Euros)	115	80		109	109	0	0	2,221	-84	0
<b>Sartorius Stedim Aseptics S.A.</b>			<b>100.00%</b>							
(Euros)	448	5,145		1,848	1,848	-6,999	0	10,181	2,852	2,200

The previous list contains only information on transactions in Company shares received in accordance with the Article 19 MAR (Operations realized by

Executive Directors). Therefore, we are not aware of all transactions whose cumulative trade volumes have remained below the notification threshold of €20,000 per calendar year.

# Statutory Auditors' Report on the Financial Statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the 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.

For the year ended 31 December 2018

To the Shareholders of SARTORIUS STEDIM BIOTECH S.A.,

## Opinion

In compliance with the assignment entrusted to us by your shareholders' meetings, we have audited the accompanying financial statements of SARTORIUS STEDIM BIOTECH S.A. for the year ended 31 December 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 31 December 2018 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

## 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 independence rules applicable to us, for the period from 1 January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors

## Justification of Assessments - Key Audit Matters

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 key audit matters relating to risks of material misstatement that, in our professional judgment, concerned the appropriateness of the accounting principles applied, the reasonableness of the significant estimates used and the overall presentation of the accounts.

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.

## Specific verifications

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

## Information given in the management report and in 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 Board of Directors and in the other documents with respect to the financial position and the financial statements provided to Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating 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 Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

### Other informations

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

### Report on Other Legal and Regulatory Requirements

#### Appointment of the Statutory Auditors

We were appointed as statutory auditors of Sartorus Stedim Biotech S.A. by the annual general meeting held on 7 April 2015 for KPMG S.A. and on 19 May 2006 for Deloitte & Associés.

As at 31 December 2018, KPMG S.A. was in its 4<sup>th</sup> year of the audit mandate without interruption and Deloitte & Associés was in its 13<sup>th</sup> year.

### 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 Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

### Statutory Auditors' Responsibilities for the Audit of the Financial Statements

#### Objectives and audit approach

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.

### Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any,

significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822 - 10 to L.822 - 14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee [ou autre terminologie retenue par la société pour désigner le comité spécialisé visé à l'article L.823 - 19 du code de commerce] the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Marseille, 8 February 2019

The Statutory Auditors

French original signed by

John Evans

Vincent Gros