

**Elis**

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

**For the year ended December 31, 2019**

**PricewaterhouseCoopers Audit**  
63, rue de Villiers  
92208 Neuilly-sur-Seine Cedex

**Mazars**  
61, rue Henri Regnault  
92400 Courbevoie

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

**For the year ended December 31, 2019**

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

### **Elis**

5, boulevard Louis Loucheur  
92210 Saint-Cloud

To the Shareholders,

### **Opinion**

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Elis for the year ended December 31, 2019.

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 at December 31, 2019 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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to 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, 2019 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or 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 the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

### **Measurement of equity investments, related receivables and merger losses on financial assets**

*Notes 3.1 “Financial assets” and 4.2 “Financial assets” to the financial statements*

#### **Description of risk**

Equity investments at December 31, 2019 represented €3,911 million, the largest balance sheet item. They are carried at cost and may be impaired based on their value in use. Related receivables stood at €795 million.

The Company's balance sheet at December 31, 2019 also included merger losses on financial assets for a net amount of €1,365 million, recorded within other financial assets.

As described in Note 3.1 to the financial statements, the value in use of equity investments is determined for a given investment on the basis of its contribution to consolidated net assets, profitability and future prospects. Merger losses on financial assets are grouped with equity investments for the purposes of impairment testing.

The economic climate within which the Group operates is changing. Its subsidiaries may experience variations in their level of activity, which may in turn lead to a deterioration in their levels of operating income. Accordingly, and given their amounts in the Company's balance sheet, we deemed the measurement of equity investments, related receivables and merger losses on financial assets to be a key audit matter.

#### **How our audit addressed this risk**

To assess the reasonableness of the estimated value in use of the equity investments and merger losses on financial assets, on the basis of the information provided to us, our work consisted mainly in verifying that the estimated values determined by management were based on an appropriate measurement method and data, and more specifically:

- for valuations based on historical data: verifying that the equity and net debt amounts used were consistent with the financial statements of entities that have been audited or subject to analytical procedures, and that any adjustments to equity were based on documentary evidence;
- for valuations based on forecast data:
  - o obtaining forecasts of economic indicators for the investments concerned, and assessing their consistency with the business plans drawn up by management,
  - o assessing the reasonableness of the comparable trading multiples used.

Our work also consisted in assessing the recoverability of receivables from equity investments.

### **Specific verifications**

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

#### ***Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements***

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 Board's management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in article D.441-4 of the French Commercial Code.

#### ***Report on corporate governance***

We attest that the Supervisory Board's 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 relating to compensation and benefits paid or awarded to the corporate officers and any other commitments made in their favor, 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 the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of article L.225-37-5 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

#### ***Other information***

In accordance with French law, we have verified that the required information concerning the purchase of equity 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 Statutory Auditors of Elis by the Annual General Meeting held on June 29, 2011 for Mazars and by the bylaws at the time of the Company's incorporation in 2007 for PricewaterhouseCoopers Audit.

At December 31, 2019, Mazars and PricewaterhouseCoopers Audit were in the ninth and thirteenth consecutive year of their engagement, respectively, and the fifth year since the Company's securities were admitted to trading on a regulated market.

## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of 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 expects 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 risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Management Board.

## **Responsibilities of the Statutory Auditors relating to the audit of the financial statements**

### *Objective 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 of 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 taken by users on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;
- obtain an understanding of the internal control procedures 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;

- assess 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 the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess 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 any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute 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) No. 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Courbevoie, March 3, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit

Mazars

Bruno Tesniere

Isabelle Massa