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Bellon S.A.
**Statutory Auditors' report on the financial
statements**

For the year ended 31 December 2017

Bellon S.A.

17/19, place de la Résistance – 92130 Issy-les-Moulineaux, France

This report contains 15 pages

Bellon S.A.

Registered office: 17/19, place de la Résistance – 92130 Issy-les-Moulineaux, France
Share capital: €388,080

Statutory Auditors' report on the financial statements

For the year ended 31 December 2017

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.

To the Shareholders of Bellon S.A.,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Bellon S.A. for the year ended 31 December 2017.

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 2017 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 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 1 January 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by 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 bring to your attention the following matters:

- The Company measures its equity investments using the methods described in Note 2.2 "Financial assets" to the annual financial statements. Our work consisted in examining, on a sample basis, the data and assumptions used for determining value in use and reviewing the calculations performed by the Company.

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.

Verification of the management report and of the other documents provided to the shareholders

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

Information given in the management report 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 report of the Management Board, and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

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 preparing financial statements presenting 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 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 financial statements were approved by the Management Board.

Responsibilities of the Statutory Auditors relating to 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 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 of users taken 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 management of the company.

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

They also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 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.
- 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.

Paris-La Défense and Neuilly-sur-Seine, Month xx, 20xx

The Statutory Auditors

KPMG Audit
A department of KPMG S.A.

PricewaterhouseCoopers Audit

Jean-Claude Reydel
Partner

Agnès Hussherr
Partner

Financial statements BELLON SA as of December 31, 2017

I INCOME STATEMENT

In thousands of euro	Year ended December 31	
	2017	2016
REVENUES	3 632	4 004
Other income	65	22
Employee costs	(6 341)	(4 096)
Other external charges	(3 729)	(3 539)
Taxes other than income taxes	(249)	(371)
Depreciation and amortization	(38)	(12)
OPERATING PROFIT	(6 660)	(3 992)
Financial income	146 362	130 663
Financial expense	(16 904)	(17 270)
FINANCIAL RESULT	129 458	113 393
Employee Profit- sharing		(9)
Income taxes	605	(324)
NET INCOME	123 403	109 068

II BALANCE SHEET

ASSETS (in thousands of euro)	As of Dec. 31, 2017	As of Dec. 31, 2016
NON-CURRENT ASSETS, NET		
Property, plant and equipment	273	290
Financial investments	1 721 674	1 721 674
Rental Security deposit	31	31
• Total non-current assets	1 721 978	1 721 995
CURRENT ASSETS		
Accounts receivable	157	26
Other receivables	989	90
Marketable securities	-	-
Cash	6 881	9 119
• Total current assets	8 027	9 235
TOTAL ASSETS	1 730 005	1 731 230
LIABILITIES AND EQUITY (in thousands of euro)		
SHAREHOLDERS' EQUITY		
Share capital	388	388
Additional paid in capital	284 734	284 734
Reserves and retained earnings	887 488	775 620
• Total Shareholders' equity	1 172 610	1 060 742
• Provisions for contingencies and	-	-
LIABILITIES		
Borrowings	554 870	668 351
Accounts payable	475	164
Other liabilities	2 050	1 973
Total liabilities	557 395	670 488
TOTAL LIABILITIES AND EQUITY	1 730 005	1 731 230

NOTES TO THE FINANCIAL STATEMENTS

I SIGNIFICANT EVENTS

In April 2017, Bellon SA bought back the shares held by Raphaël Dubrule, Patrice Douce and Bernard Carton.

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 2017 Bellon SA reimbursed its second amortization for an amount of 22 Million euros.

On September 2017, Bellon SA reimbursed 80 Million euros 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 2017 are the same as those used for 2016. 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, 2017	Increase	Decrease	Amounts as of December 31, 2017
Property, plant and equipment	301	21	-	322
Financial investments				
Sodexo	1 721 674	-	-	1 721 674
Other investments	-		-	-
Total financial investments	1 721 674	-	-	1 721 674
Total non-current assets (gross amount)	1 721 975	21	-	1 721 996
Depreciation	(12)	-	(38)	(50)
Total non-current assets (net)	1 721 963	21	(38)	1 721 946
Rental security deposit	32			32
Total non-current assets (net)	1 721 995	21	(38)	1 721 978

Sodexo shares are valued at historical cost. Market price as of the end of the year would have been 6 824 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, 2015	25 710	411	396 706	41	631 218	9 066	80 471	1 117 913
Capital reduction	(1 455)	(23)	(111 972)		(43 446)			(155 441)
Dividends paid					69 000	673	(80 471)	(10 798)
Net income for the year							109 068	109 068
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)			
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

V BORROWINGS

	Amounts as of January 1, 2017	Increase	Decrease	Amounts as of December 31, 2017
Bank borrowings	668 351	49	113 530	554 870
Overdraft	-	-	-	-
Total borrowings	668 351	49	113 530	554 870

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 and Société Générale 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, 2017, 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	157	157	
Other receivables	989	989	
TOTAL RECEIVABLES (NET)	1 146	1 146	

LIABILITIES	Amounts	Less than 1 year	1 to 5 years	More than 5 years
Bank borrowings	554 870	99 261	455 609	
Total Borrowings	554 870	99 261	455 609	
Accounts payable	475	475		
Employee related liabilities	1 812	1 812		
Social and tax liabilities	204	204		
Other	34	34		
Total other liabilities	2 050	2 050		
TOTAL LIABILITIES	557 395	101 786	455 609	

VII RELATED PARTY INFORMATION

	Amount	Related companies and associates	Companies with related investments
ASSETS			
Financial investments (gross)	1 721 674	1 721 674	
LIABILITIES			
Accounts payable	11	11	
INCOME STATEMENT			
Operating revenues	3 632	3 632	
Operating expenses	86	86	
Financial income	146 345	146 345	

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 3 632 thousand euro excluding taxes for the year ended December 31, 2017

VIII ACCRUED EXPENSES

Accounts payable	415
Employee related liabilities	999
Social and fiscal liabilities	373
	<hr/>
Total	1 787

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 3 632 thousand euro.

XI AUDIT FEES

The statutory auditors' fee for the year ended December 31, 2017 amounts to 61 thousand euro for the statutory audit of the financial statements.

XII FINANCIAL RESULT

The financial result of 129 458 thousand euro comprises the following:

- Dividends from Sodexo for 146 345 thousand euro.
- Gains on sale of marketable securities and interest income on financial investments for 17 thousand euro.
- Interest expense amounting to 16 904 thousand euro related to the interest on the company's debt.

XIII INCOME TAXES

The company recognized a tax loss of 10 519 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 Sodexho, 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 Sodexho Financiere, 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, 2008, total Sodexo shares resulting from the merger were 46 726 226 with a tax value of 168 588 thousand euro.

As of December 31, 2017, Bellon SA has accumulated tax losses of 513 012 thousand euro which can be carried forward indefinitely, representing a decrease in future taxes payable of 170 987 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, 2017
Less than 1 year	126
1 to 5 years	508
More than 5 years	416
Total	1 050

XVI PLEDGED SHARES

3 549 403 Sodexo shares are pledged to the benefit of Natixis.

2 157 239 Sodexo shares are pledged to the benefit of Cacib.

1 274 002 Sodexo shares are pledged to the benefit of Société Générale.

For the US private placement:

1 852 079 Sodexo shares are pledged to the benefit of US investors (USD Notes).

532 778 Sodexo shares are pledged to the benefit of US investors (Euro Notes).

A total of 9 365 501 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 1 321 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, 2015
Natixis	July 15, 2015	July 15, 2020	€200 million	-€6.3 million
Natixis	June 29, 2012	February 14, 2022	\$ 49.5 million	-€0.4 million
Société Générale	June 29, 2012	February 14, 2022	\$ 33 million	-€0.7 million
Société Générale	September 10, 2015	July 16, 2018	€150 million	-€0,4 million
CACIB	June 29, 2012	February 14, 2022	\$ 82.5 million	-€1.6 million
CACIB	August 4, 2016	June 21, 2019	€150 million	-€1.3 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, 2017, 8 executives and 2 employees were employed by the company.

XXI LIST OF SUBSIDIARIES

	% interest in Capital	Capital	Shareholders' equity	Book value of investment	Revenues	Net income for recent fiscal year	Date	Dividends
Sodexo SA	40.38 %	603 322	2 899 252	1 721 674	119 319	395 907	8/31/2017	146 346

XXII CONSOLIDATION

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