

*This is an unofficial translation into English of the statutory auditors' report on the financial statements of the association RESEAU CONTENTIEUX PENITENTIAIRE (EPLN) 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.*

## RESEAU CONTENTIEUX PENITENTIAIRE STATUTORY AUDITORS'<sup>1</sup> REPORT ON THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

To Mrs. And Ms. Members of the association,

### **Opinion**

In compliance with the engagement entrusted to us by your General Assembly, we have audited the accompanying financial statements of RESEAU CONTENTIEUX PENITENTIAIRE for the year ended 31.12.2019.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Association as at 31 December 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

We would like to point out that your Association not being previously required to designate an auditor, the financial statements for the financial year 2018 have not been audited.

### **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 1.01.2019 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.

### **Observation**

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<sup>1</sup> À adapter lorsqu'il n'y a qu'un seul commissaire aux comptes : « STATUTORY AUDITOR'S REPORT ».

<sup>2</sup> À adapter lorsqu'il n'y a qu'un seul commissaire aux comptes : « Statutory Auditor's Responsibilities ».

Without calling into question the opinion expressed above, we draw your attention to the next point set out in the notes to the accounts :

- The note concerning post-balance sheet events and the context evolution of the health crisis linked to Covid-19.

### **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, [*le cas échéant* : and in addition to the matter described in the *Material Uncertainty Related to Going Concern* section], we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters 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.

### **Verification of the Management Report and of the Other Documents Provided to Members**

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

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 in the other documents provided to Members with respect to the financial position and the financial statements.

### **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 Board of Directors.

### **Statutory Auditor's 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 Association or the quality of management of the affairs of the Association.

A more detailed description of our responsibilities as statutory auditors in relation to the audit of the annual accounts is set out in the notes to this report and forms an integral part thereof.

*Paris, 10 December 2020*

<i>AUDISOL</i>
<i>Delphine Lubrani</i>
<i>Signature</i>

**BALANCE SHEET - ASSETS 1**

To 01/01/2019 in 31/12/2019

ASSETS	Net amount 31/12/19	Net amount 31/12/18	Variation	
			in Value	in %
<b>Uncalled subscribed capital</b>				
<b>FIXED ASSETS</b>				
<b>Intangible assets</b>				
Preliminary expenses				
Research and development costs				
Concessions-patents & similar assets				
Goodwill (1)				
Other intangible assets				
Intangible fixed assets in progress				
Payments on account in advance				
<b>Tangible fixed assets</b>				
Land				
Buildings				
Indus.fit. machines equipmt, tooling				
Other tangible fixed assets	4 156		4 156	
Tangible fixed assets in progress				
Payments on account in advance				
<b>Long term loans &amp; trade investments (2)</b>				
Investment in related companies or subsidiaries				
Loans to group and related companies				
Investment in securities				
Other investment	153		153	
Loans				
Other financial assets	1 110		1 110	
<b>TOTAL (I)</b>	<b>5 418</b>		<b>5 418</b>	
<b>CURRENT ASSETS</b>				
<b>Inventories</b>				
Raw materials and supplies				
Work in progress (goods and services)				
Finished goods and by - products				
Merchandise				
<b>Payments on account in advance</b>				
<b>Receivables (3)</b>				
Trade accounts receivable (3)				
Other (3)	411 557	6 638	404 919	
Shares of the company				
Other securities		153	-153	-100,00
<b>Available funds</b>				
<b>AVAILABILITY</b>	19 606	24 820	-5 214	-21,01
<b>Charges recorded in advance (3)</b>				
<b>TOTAL (II)</b>	<b>431 163</b>	<b>31 610</b>	<b>399 553</b>	
<b>Expenses to spread/several years (III)</b>				
<b>Premiums on redemption (IV)</b>				
<b>Exchange rate differences - Assets (V)</b>				
<b>GENERAL TOTAL (I+II+III+IV+V)</b>	<b>436 581</b>	<b>31 610</b>	<b>404 971</b>	
(1) Including leasehold premium				
(2) Including amounts due within 1 year				
(3) Including amounts due over a year				

**BALANCE SHEET - LIABILITIES 1**

To 01/01/2019 in 31/12/2019

LIABILITIES	Net amount 31/12/19	Net amount 31/12/18	Variation	
			in Value	in %
<b>SHAREHOLDERS' FUNDS</b>				
Share capital	2 435	2 041	394	19,28
paid amount :				
Share premium account (issue-merger...)				
Revaluation variance				
Equity method evaluation difference				
Reserves				
Required by law				
Statutory or contractual reserves				
Restricted reserves				
Other reserves				
P&L carried forward				
Result for the financ. period. Profit or Loss	12 897	-298	13 195	
<b>NET EQUITY</b>	<b>15 332</b>	<b>1 744</b>	<b>13 589</b>	<b>779,56</b>
Investment grants				
Special provisions for tax purposes				
<b>TOTAL (I)</b>	<b>15 332</b>	<b>1 743</b>	<b>13 589</b>	<b>779,56</b>
<b>OTHER EQUITY</b>				
Product od issues of equity securities				
Special advances				
<b>TOTAL (I) Bis</b>				
<b>PROVISIONS</b>				
Provision for contingencies				
Provision for probable liabilities				
<b>TOTAL (II)</b>				
<b>LIABILITIES (1)</b>				
Convertible debenture loans				
Other debenture loans				
Borrowings / credit institution (2)				
Other borrowings (3)		29 297	-29 297	-100,00
Advances and deposit received on orders in hand				
Trade accounts payable	19 171		19 171	
Taxes and social debts	206	570	-365	-63,92
Fixed assets and related liabilities				
Other liabilities	735		735	
Financial instruments				
Income recorded in advance	401 138		401 138	
<b>TOTAL (III)</b>	<b>421 250</b>	<b>29 867</b>	<b>391 382</b>	
Exchange rate diff. Liabilities (IV)				
<b>TOTAL GENERAL (I+II+III+IV)</b>	<b>436 581</b>	<b>31 610</b>	<b>404 971</b>	
(1) Amounts due over a year				
(1) Amounts due within 1 year	421 250			
(2) Including common bank facilities and credit bank balances				
(3) Including participating borrowing				

**PROFIT AND LOSS ACCOUNT 2**

To 01/01/2019 in 31/12/2019

	01/01/19 to 31/12/19	01/01/18 to 31/12/18	Variation	
			in Value	in %
<b>OPERATING INCOME (1)</b>				
Sales of purchased goods <i>export :</i>				
Sales of manufactured goods and services <i>export :</i>				
<b>Net sales</b>				
Charges in stock of manufactured goods				
Production of fixed assets capitalised				
Trading incentive grants	79 234	83 749	-4 515	-5,39
Write-back of provisions and transferred charges				
Other income	206 669	11 520	195 149	
<b>TOTAL OPERATING INCOME ( I )</b>	<b>285 904</b>	<b>95 269</b>	<b>190 635</b>	<b>200,10</b>
<b>Operating expenses (2)</b>				
Purchase of goods				
Variation in stocks of purchased goods				
Purchases of raw materials and other supplies				
Variation in inventory of raw materials and supplies				
Other purchases and expenses	162 474	63 962	98 511	154,01
Taxes				
Wages and salaries	2 404	2 310	94	4,07
Social security charges	16		16	
Depreciation and provisions				
On fixed assets : depreciation	307		307	
On fixed assets : provisions				
On current assets : provisions				
For possible and probable liabilities : provisions				
Other expenses	131 280		131 280	
<b>TOTAL OPERATING EXPENSES ( II )</b>	<b>296 480</b>	<b>66 272</b>	<b>230 208</b>	<b>347,37</b>
<b>OPERATING RESULT ( I - II )</b>	<b>-10 576</b>	<b>28 997</b>	<b>-39 573</b>	<b>-136,47</b>
<b>Share of joint venture operations :</b>				
Profit or loss transferred ( III )				
Loss or profit transferred ( IV )				
(1) Including income rel.to prior acc.periods	378			
(2) Including expenses rel.to prior acc.periods	6 834			

# PROFIT AND LOSS ACCOUNT 3

To 01/01/2019 in 31/12/2019

	01/01/19 to 31/12/19	01/01/18 to 31/12/18	Variation	
			in value	in %
<b>FINANCIAL INCOME</b>				
From shares in group companies (3)				
From other investments included among fixed assets(3)				
Interests and similar charges (3)		2	-2	-100,00
Write-back of provisions and charges transferred				
Profit on exchange	4		4	
Net profit on disposals of financial current investments				
<b>TOTAL FINANCIAL INCOME ( V )</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>104,32</b>
<b>FINANCIAL EXPENSES</b>				
Increase of provisions against financial assets				
Interests payable and similar charges (4)				
Loss on exchange	50		50	
Net losses on disposals of trade investments				
<b>TOTAL FINANCIAL EXPENSES ( VI )</b>	<b>50</b>		<b>50</b>	
<b>NET FINANCIAL RESULT ( V - VI )</b>	<b>-46</b>	<b>2</b>	<b>-48</b>	
<b>RESULT OF ORD.OPERS</b>				
before tax/profit (I-II+III-IV+V-VI)	<b>-10 623</b>	<b>28 999</b>	<b>-39 621</b>	<b>-136,63</b>
<b>EXTRAORDINARY INCOME</b>				
On operating items	378		378	
On capital items				
Write-back of provisions and charges transferred				
<b>TOTAL EXTRAORDINARY INCOME ( VII )</b>	<b>378</b>		<b>378</b>	
<b>EXTRAORDINARY EXPENSES</b>				
On operating items	5 464		5 464	
On capital items				
Provisions				
<b>TOTAL EXTRAORDINARY EXPENSES (VIII)</b>	<b>5 464</b>		<b>5 464</b>	
<b>RESULT OF EXTRAORDINARY ITEMS</b>	<b>-5 086</b>		<b>-5 086</b>	
<b>Employees' profit share (IX)</b>				
<b>Corporation tax on profit (X)</b>	-28 605	29 297	-57 902	-197,64
<b>TOTAL INCOME (I+III+V+VII)</b>	<b>286 286</b>	<b>95 271</b>	<b>191 014</b>	<b>200,50</b>
<b>TOTAL EXPENSES (II+IV+VI+VIII+IX+X)</b>	<b>273 389</b>	<b>95 569</b>	<b>177 820</b>	<b>186,06</b>
<b>PROFIT OR LOSS</b>	<b>12 897</b>	<b>-298</b>	<b>13 195 4</b>	<b>423,07</b>

(3) Revenues related to affiliated companies

(4) Interests related to affiliated companies