

Constellium SE

Statutory auditors' report on the financial statements

(For the year ended 31 December 2019)

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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.

Statutory auditors' report on the financial statements

(For the year ended 31 December 2019)

To the annual general meeting
Constellium SE
Washington Plaza
40-44 rue Washington
75008 PARIS

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Constellium SE 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 as at 31 December 2019 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 independence rules applicable to us, for the period from January 1, 2019 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.

Emphasis of Matter

We draw attention to the following matter described in the notes "Highlights of the year ended December 31, 2019", "Opening balance sheet as at January 1, 2019 restated following French accounting principles" and "Restatement of opening balance sheet – breakdown" to the financial statements describing the impacts of the transfer of the registered headoffice from the Netherlands to France during the year 2019 as they relate to the change of accounting standards on :

- opening balance sheet restatements as at January 1, 2019
- the basis of preparation of the financial statements for the year ended December 31, 2019.

Our opinion is not modified in respect of this matter.

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 assessments that, in our professional judgment, relate to the appropriateness of the accounting principles followed, as well as to the reasonableness of significant estimates adopted in particular for valuation of financial assets.

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 laws 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 the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment deadlines mentioned in Article D.441-4 of the French Commercial Code (code de commerce).

Information relating to corporate governance

We attest that the section of the management report devoted to corporate governance sets out the information required by Article L.225-37-4 of the French Commercial Code (code de commerce).

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 authorized for issue by the Board of Directors.

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.
- 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.

Neuilly-sur-Seine and Paris, March 9, 2020

PricewaterhouseCoopers Audit

RSM Paris

Pierre Marty

Paul Vaillant

(English translation of
“Comptes annuels 2019
Constellium SE”)

FINANCIAL STATEMENTS 2019

Constellium SE
Washington Plaza
40-44 rue Washington
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HIGHLIGHTS OF THE YEAR ENDED DECEMBER 31, 2019

In 2019, Constellium N.V., a company incorporated under Dutch law, continued to implement a project launched as part of the cost reduction and group structure simplification initiatives and ultimately aimed at relocating Constellium N.V.'s headquarters from Amsterdam, Netherlands to Paris, France and closing the Amsterdam office.

On June 28, 2019, Constellium N.V. was converted from a Dutch public limited company (*Naamloze Vennootschap*, abbreviated as *N.V.*) into a Dutch *Societas Europaea* (abbreviated as *SE*), and was therefore renamed as Constellium SE.

Effective on December 12, 2019, Constellium SE completed the transfer of its registered office from Amsterdam, Netherlands to the location of its permanent establishment in France (the “**French Branch**”) at Washington Plaza, 40-44 rue Washington, 75008 Paris, France. As a result, Constellium SE became a French company on that date. Also, since this date, the French Branch no longer exists and assets and liabilities previously held in the Netherlands and in France are all held in France by Constellium SE.

Constellium SE (formerly Constellium N.V.) is hereinafter referred to as the “**Company**”.

Due to the transfer of its registered office from the Netherlands to France, the Company had to change its accounting standards for the year ended December 31, 2019.

Therefore, the financial statements of the Company for the fiscal year ended December 31, 2019 have been prepared in accordance with the French accounting principles set out in regulation no. 2014-03 dated June 5, 2014 of the French Accounting Principles Authority (*Autorité des Normes Comptables*, “**ANC**”) relating to the General Chart of Accounts (*Plan Comptable Général*), as amended by ANC regulation no. 2018-01 dated April 20, 2018, which regulation was approved by the order of October 8, 2018 published in the *Journal Officiel* of October 9, 2018.

Conversely, the financial statements of the Company for the fiscal year ended December 31, 2018 were prepared in accordance with international accounting standards (International Financial Reporting Standards or IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union, as well as in accordance with the Dutch regulations as set out in Title 9, Book 2 of the Dutch Civil Code.

This change in accounting standards is governed by regulation no. 2019-08 of the ANC published on December 26, 2019. This regulation states that, in such case, the opening balance sheet has to be prepared on the first day of the fiscal year where the transfer occurs, by applying local accounting rules of a new head office related to assets and liabilities recognition and evaluation to the last balance sheet established according to local accounting rules of the former head office. As a consequence, the opening balance sheet of the Company as at January 1, 2019 has been restated herein to be comply with the French accounting principles as set up by the French General Chart of Accounts.

BALANCE SHEET AS AT DECEMBER 31, 2019 AND AS AT JANUARY 1, 2019 RESTATED

(in thousands of euros)	Notes	<i>(Restated*)</i>	
		At December 31, 2019 Net amount	At January 1, 2019 Net amount
FINANCIAL ASSETS			
Investments in subsidiaries and associates	4.1	105,442	105,442
Intercompany Loans	4.2	2,117,269	2,242,036
Other financial assets		-	206
		<u>2,222,711</u>	<u>2,347,684</u>
OTHER ASSETS			
Trade receivables		54	227
Other receivables	4.3	227,467	108,531
Cash and cash equivalents		14	53
Deferred arrangement fees		26,138	31,405
Unrealized foreign exchange losses	4.4	87,319	61,291
		<u>340,992</u>	<u>201,507</u>
TOTAL ASSETS		2,563,703	2,549,191
EQUITY			
Share capital		2,757	2,720
Share premium		428,874	428,874
Accumulated retained earnings		(56,050)	(142,579)
Income for the year		55,639	86,566
TOTAL EQUITY	4.5	431,220	375,581
FINANCIAL LIABILITIES			
Borrowings	4.6	2,012,307	2,086,385
		<u>2,012,307</u>	<u>2,086,385</u>
OTHER LIABILITIES			
Trade payables		2,238	1,978
Tax and social security liabilities		3,475	2,992
Other payables	4.7	27,144	20,964
Unrealized foreign exchange gains	4.4	87,319	61,291
		<u>120,176</u>	<u>87,225</u>
TOTAL LIABILITIES		2,132,483	2,173,610
TOTAL EQUITY AND LIABILITIES		2,563,703	2,549,191

*Opening balance sheet restated applying French accounting principles, following regulation n°2019-08 of the ANC.

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019 AND DECEMBER 31, 2018

<i>(in thousands of euros)</i>	Notes	Ref.	<i>(prepared in IFRS*)</i>	
			Year ended December 31, 2019	Year ended December 31, 2018
Revenue	5.1		3,096	2,858
Other income			30	-
Total operating income			3,126	2,858
Stewardship expenses and other professional fees			(17,961)	(14,670)
Other taxes and similar levies		(A)	(3,328)	-
Salaries and wages		(B)	(2,107)	(3,120)
Social security charges		(B)	(846)	-
Other expenses		(A)	(925)	(3,059)
Total operating expenses			(25,167)	(20,849)
OPERATING LOSS			(22,041)	(17,991)
Interest income			141,862	144,413
Foreign exchange gains			35	61,410
Reversals of expected credit losses			-	53,365
Other finance gains			87	221
Total finance income			141,984	259,409
Interest expenses			(115,054)	(113,196)
Foreign exchange losses			(89)	(61,430)
Amortization of deferred arrangement fees			(5,267)	(4,428)
Other finance losses			(63)	(58)
Total finance expenses			(120,473)	(179,112)
FINANCE INCOME	5.4		21,511	80,297
CURRENT INCOME/(LOSS) BEFORE INCOME TAXES			(530)	62,306
Non-recurring income			222	-
Total non-recurring income			222	-
Non-recurring expenses on management operations			(2)	-
Non-recurring expenses on capital transactions			(206)	-
Total non-recurring expenses			(208)	-
NON-RECURRING GAIN	5.5		14	-
Income tax profit	5.6		56,155	24,260
INCOME FOR THE YEAR			55,639	86,566

*2018 income statement was prepared in accordance with IFRS and was not restated applying French accounting principles, following regulation no. 2019-08 of the ANC.

Reclassifications of presentation in respect of the main aggregate amounts that have been made in the income statement as at December 2019, compared to the income statement as at December 31, 2018, are as follows:

- (A) Other taxes and similar levies, that were included in “other expenses” under IFRS as at December 31, 2018, are presented separately under French accounting principles as at December 31, 2019;
- (B) Social security charges, that were included under “salaries and wages” under IFRS as at December 31, 2018, are presented separately under French accounting principles as at December 31, 2019.

OPENING BALANCE SHEET AS AT JANUARY 1, 2019 RESTATED FOLLOWING FRENCH ACCOUNTING PRINCIPLES

As at January 1, 2019, the effects of the change in accounting standards between the fiscal year 2018 and the fiscal year 2019 are two-fold:

- impacts related to restatement following French accounting principles as detailed hereafter in section “restatement of opening balance sheet-breakdown”;
(there is no tax impact on the corresponding entries according to the ongoing legislation);
- reclassifications of the presentation of the main aggregate amounts in the financial statements as detailed below.

(in thousands of euros)	Ref.	2018 financial	Reclassification of	Impacts of	Restated financial
		statements			statements as at
		Published in IFRS	presentation	restatement	under French
				following French	accounting principles
				accounting principles	
					January 1, 2019
FINANCIAL ASSETS					
Investments in subsidiaries and associates		144,149	-	(38,707)	105,442
Intercompany Loans	(A)	2,105,681	38,244	98,111	2,242,036
Accrued interest on intercompany loans	(A)	38,156	(38,156)	-	-
Other financial assets		-	-	206	206
		<u>2,287,986</u>	<u>88</u>	<u>59,610</u>	<u>2,347,684</u>
OTHER ASSETS					
Trade receivables		-	227	-	227
Other receivables	(B)	66,001	42,530	-	108,531
Tax receivables	(B)	42,844	(42,844)	-	-
Deferred taxes		2,257	-	(2,257)	-
Cash and cash equivalents		53	-	-	53
Deferred arrangement fees	(C)	-	31,405	-	31,405
Unrealized foreign exchange losses		-	-	61,291	61,291
		<u>111,155</u>	<u>31,318</u>	<u>59,034</u>	<u>201,507</u>
TOTAL ASSETS		2,399,141	31,406	118,644	2,549,191
EQUITY					
Share capital		2,720	-	-	2,720
Share premium		428,874	-	-	428,874
Other reserves		38,367	-	(38,367)	-
Accumulated retained earnings		(238,692)	-	96,113	(142,579)
Income for the year		86,566	-	-	86,566
Other comprehensive (loss)		(46)	-	46	-
TOTAL EQUITY		317,789	-	57,792	375,581
FINANCIAL LIABILITIES					
Borrowings	(C)	2,022,306	64,079	-	2,086,385
Accrued interest on borrowings	(C)	32,673	(32,673)	-	-
		<u>2,054,979</u>	<u>31,406</u>	<u>-</u>	<u>2,086,385</u>
OTHER LIABILITIES					
Trade payables and other	(D)	-	1,978	-	1,978
Pension obligation		439	-	(439)	-
Tax and social security liabilities	(D)	-	2,992	-	2,992
Other payables	(D)	5,253	15,711	-	20,964
Other tax payables	(D)	20,681	(20,681)	-	-
Unrealized foreign exchange gains		-	-	61,291	61,291
		<u>26,373</u>	<u>(0)</u>	<u>60,852</u>	<u>87,225</u>
TOTAL LIABILITIES		2,081,352	31,406	60,852	2,173,610
TOTAL EQUITY AND LIABILITIES		2,399,141	31,406	118,644	2,549,191

Financial Statements 2019 – CONSTELLIUM SE

Reclassifications to the presentation of the main aggregate amounts in the balance sheet:

- (A) Accrued interest on intra-group loans, presented separately under IFRS, are included in the underlying loans receivable amount under French accounting principles;
- (B) Tax receivables, presented separately in the IFRS financial statements, are included in “other receivables” in the financial statements prepared under French accounting principles;
- (C) Accrued interest on borrowings, presented separately under IFRS, are included in the underlying borrowings amount under French accounting principles. However, deferred arrangement fees on borrowings, included in the underlying borrowings amount in the IFRS financial statements, are presented separately under assets in the financial statements prepared under French accounting principles;
- (D) Other tax payables, presented separately in the IFRS financial statements, are included in “other payables” in the financial statements prepared under French accounting principles. Conversely, “trade payables” and “tax and social security payables” are presented separately in the financial statements prepared under French accounting principles.

RESTATEMENT OF OPENING BALANCE SHEET - BREAKDOWN

		Quantified impact of change in standards TOTAL	Breakdown by categories		
			Other reserves	Accumulated retained earnings	Other comprehensive (loss)
<i>(in thousands of euros)</i>					
Investments in subsidiaries and associates	(A)	(38,707)	38,573	134	-
Receivables related to interests	(B)	98,111	-	(98,111)	-
Other financial assets	(C)	206	(206)	-	-
Deferred taxes	(D)	(2,257)	-	2,257	-
Unrealized foreign exchange losses	(F)	61,291	-	(61,291)	-
TOTAL ASSETS		118,644	38,367	(157,011)	-
Pension obligation	(E)	(439)	-	439	-
Other comprehensive (loss)		-	-	(46)	46
Unrealized foreign exchange gains	(F)	61,291	-	(61,291)	-
TOTAL LIABILITIES		60,852	-	(60,898)	46
Total (assets - liabilities)		57,792	38,367	(96,113)	(46)

(A) Share-based compensation

The Company granted the share-based incentives (described in Note 4.5 Equity below) to, *inter alia* employees of its subsidiaries. As at December 31, 2018, in accordance with IFRS, the Company had recorded a liability in this respect, and a corresponding increase in the “investments in subsidiaries and associates” item. In the opening balance sheet as at January 1, 2019 restated in accordance with French accounting principles, this liability was reversed (as it is not considered as a charge for the Company) and the information required is disclosed in Note 4.5 Equity.

(B) Financial instruments

As at December 31, 2018, the Company applied IFRS 9 -Financial Instruments phase 2 -Impairment of Financial Assets (which replaces the incurred loss model of IAS 39 with the expected credit loss model). As at December 31, 2018, the Company had thus recognized an amount of €98,113 thousand in respect of the net impairment of its inter-company loans.

As French accounting principles prescribe an incurred loss model, this impairment was reversed in the restated opening balance sheet.

(C) Treasury shares

The Company repurchased 38,597 of its own shares (so called “treasury shares”) for a total amount of €206 thousand as at December 31, 2018, which amount was recorded under “Other reserves”, in accordance with IFRS, as at December 31, 2018. These treasury shares were reclassified under “Other financial assets” in the opening balance sheet as at January 1, 2019 restated in accordance with French accounting principles.

(D) Deferred taxes

As at December 31, 2018, the Company recognized a deferred tax asset of €2,100 thousand corresponding mainly to a loss of the French tax group acquired by the Company for fiscal year 2018 in its capacity of a parent entity of the French tax group. In accordance with French accounting principles, the Company chose not to recognize deferred tax in the Company's financial statements and cancelled the corresponding tax asset in the restated opening balance sheet.

(E) Pension obligations

As at December 31, 2018, the Company recorded a provision to cover the retirement indemnities to be paid, measured at the present value of future payments, using internal and external assumptions that are reviewed on a regular basis. In the restated opening balance sheet, these costs are considered immaterial and, in compliance with the French accounting principles described in Note 1.5, are not accrued for but are presented under "Note 6 -off-balance sheet commitments".

(F) Unrealized foreign exchange losses / gains

In the financial statements as at December 31, 2018, loan receivables and payables denominated in foreign currencies were remeasured via the income statement in accordance with IFRS. In the restated opening balance sheet, the remeasurement of these items is accounted for via the balance sheet in the "Unrealized foreign exchange losses / gains" items, in accordance with French accounting principles.

NOTES TO THE FINANCIAL
STATEMENTS

Constellium SE
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40-44 rue Washington
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France



Financial Statements 2019 – CONSTELLIUM SE

The information below comprises the notes to the financial statements for the year ended December 31, 2019 of Constellium SE, a *Societas Europaea* registered in the trade and companies register of Paris under number 831 763 743 R.C.S. Paris, having its registered office at Washington Plaza, 40-44 rue Washington, 75008 Paris, France (the “Company”).

The Company is the consolidating company of the Constellium group.

The year ended December 31, 2019 had a duration of 12 months, covering the period from January 1, 2019 to December 31, 2019.

The notes or tables below are an integral part of the 2019 financial statements.

NOTE 1. ACCOUNTING STANDARDS, PRINCIPLES AND POLICIES

As indicated in section “Highlights of year ended December 31, 2019” above, the financial statements of the Company for the fiscal year ended December 31, 2019 have been prepared in accordance with French accounting principles as set out in regulation no. 2014-03 dated June 5, 2014 of the French Accounting Principles Authority (*Autorité des Normes Comptables*, abbreviated as ANC) (“ANC”) relating to the General Chart of Accounts (*Plan Comptable Général*), as amended by ANC regulation no. 2018-01 dated April 20, 2018, which regulation was approved by the order of October 8, 2018 published in the *Journal Officiel* of October 9, 2018.

The change of accounting principles between the fiscal year 2018 and the fiscal year 2019, arising out of the transfer of the registered office of the Company from the Netherlands to France, was made in accordance with ANC regulation no. 2019-08 published on December 26, 2019.

The basis for the valuation of assets and liabilities is the historical cost method, subject to the exceptions mentioned hereafter.

The annual financial statements for the fiscal year ended December 31, 2019 have been prepared and presented under French accounting principles in compliance with the principles of prudence, consistency of policies, independence of annual closing and going concern.

The significant accounting policies resulting from the application of French accounting principles are as follows:

1.1 Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost or at contribution value (including acquisition costs). A provision for impairment is recorded when the recoverable value is steadily below the net book value. The net asset value of each investment is assessed by management according to the criteria deemed most relevant to the specific case of each interest: share of net assets, remeasured net assets, discounted future cash flows.

1.2 Loans and receivables

Receivables are measured at their nominal value.

An impairment charge may be recorded when the recoverable value falls below the nominal value.

1.3 Foreign currency transactions

Receivables and payables denominated in foreign currencies (i.e., currencies other than the euro) are recorded at their euro equivalent amount as at the transaction date.

The Company manages the foreign exchange exposure in order to minimize volatility in cash flow as a result of movements in foreign exchange rates and applies hedge accounting according with French accounting rules.

Financial Statements 2019 – CONSTELLIUM SE

At the balance sheet date, payables, receivables and cash and cash equivalents are remeasured using the closing rate as at December 31. Differences between the historical book values and the above remeasurements are recorded in the balance sheet as “Unrealized foreign exchange gains / losses”. Unrealized foreign exchange losses (for their non-offset part) are subject to a provision, in full, in the case of unhedged transactions.

For hedged transactions, no provision is recorded unless a risk of loss resulting from partial ineffectiveness of the hedging relationship has been identified. As at December 31, 2019 and as at December 31, 2018, the foreign exchange effect is nearly nil as the dollar-denominated borrowings are naturally hedged by loans in dollars for the same nominal amount.

1.4 Provisions

Provisions are recorded when there is an obligation to a third party and it is probable or certain that this obligation will result in an outflow of resources to the third party without at least equivalent consideration.

When the equity value of a subsidiary is negative, without prospect of a rapid recovery, a provision is recorded for the amount that would be required to recapitalize the subsidiary.

1.5 Pensions and retirement indemnities

The obligations in respect of retirement indemnities are subject to an actuarial valuation and are reported as off-balance sheet commitments; no provision is recorded by the Company in this respect.

1.6 Borrowing and payables

Borrowings and payables are recorded at their nominal repayment value.

1.7 Related party transactions

There are no transactions, other than transactions entered into under normal market conditions, between the Company and its related parties.

1.8 Tax regime

Effective January 1, 2018, the French Branch elected for the creation of a new French tax group comprising itself, as parent entity, Constellium International SAS and other French entities of the Constellium group that belonged to a former French tax group (headed by Constellium France Holdco). As a result of such election, as at January 1, 2018, the former French tax group (headed by Constellium France Holdco and created by the latter on January 1, 2012) ceased to exist. Since January 1, 2018, the French Branch, in its capacity as a parent entity, is the only entity liable to pay corporate income tax and additional contributions (hereinafter collectively the “**Corporate Income Tax**”) for the French entities of the Constellium group that are members of the French tax group, pursuant to article 223 A of the French General Tax Code.

Companies of the Constellium group that are members of the French tax group pay their Corporate Income Tax, if any, to the French Branch (now Constellium SE as a French Company), as if they were taxed separately.

In addition, the Company benefits from the tax loss carryforwards of the former French tax group (headed by Constellium France Holdco).

The transactions described in the section “Highlights of the year ended December 31, 2019” have no impact on the tax regime applicable since January 1, 2018.

1.9 Financial instruments

Risks related to exchange rate fluctuations are managed in a manner defined and coordinated by the Constellium group, which mainly consists of hedging risks related to exchange rate fluctuations, for assets and liabilities existing at the end of the fiscal year as well as for commitments and highly probable forecasted transactions.

The Company analyzes the characteristics of these financial instruments and qualifies them, where appropriate, as hedging transactions for accounting purposes. Transactions not settled at year-end are valued at market value, determined using generally accepted models and methods and according to the value, exchange rate and premium/discount assumptions provided by rating agencies.

All foreign exchange hedges are entered into using listed instruments (forward purchases or sales), or over-the-counter products with top-tier financial counterparties.

1.10 Deferred arrangement fees on borrowings

Costs of issuance of borrowings comprising the fees related to the Company's borrowings are capitalized and amortized over the respective term of each borrowing.

NOTE 2. CHANGE IN ACCOUNTING PRINCIPLES

See the "Highlights of the year ended December 31, 2019" and the "Opening balance sheet restated following French accounting principles as at January 1, 2019" sections.

NOTE 3. SUBSEQUENT EVENTS

No event has occurred since December 31, 2019 that could have a significant impact on the Company's financial statements for the year ended December 31, 2019.

NOTE 4. INFORMATION ON THE BALANCE SHEET

In Note 4, amounts at the beginning of the year are the amounts defined in the restated opening balance sheet as at January 1, 2019, with the exception of the statement of changes in equity presented in Note 4.5 for which the opening amounts are presented under IFRS as at December 31, 2018 as well as restated in accordance with French accounting principles as at January 1, 2019.

4.1. Investments in subsidiaries and associates

The investments in subsidiaries and associates comprise the shares of the following companies:¹

<i>(in thousands of euros - gross value)</i>	<i>At January 1, 2019</i>	<i>Foreign exchange effect</i>	<i>Increase</i>	<i>Decrease</i>	<i>At December 31, 2019</i>
Constellium International	93,276	-	-	-	93,276
Constellium Deutschland GmbH	11,166	-	-	-	11,166
Constellium Extrusions Deutschland GmbH	1,000	-	-	-	1,000
TOTAL	105,442	-	-	-	105,442

<i>(in thousands of euros)</i>	<i>Capital</i>	<i>Reserves and retained earnings before allocation of profit</i>	<i>Income (loss) of the most recently completed fiscal year</i>	<i>Share of ownership</i>	<i>Carrying amounts of the shares held as at December 31, 2019</i>		<i>Dividends received in 2019</i>
					<i>Gross</i>	<i>Net</i>	
Constellium International (1)	20,169	189,192	116,136	100%	93,276	93,276	-
Constellium Deutschland GmbH (2)	133,958	(102,632)	(3,199)	10%	11,166	11,166	86
Constellium Extrusions Deutschland GmbH (1)	16,420	(12,957)	-	10%	1,000	1,000	-
TOTAL					105,442	105,442	86

(1) As per 2018 audited financial statements of the relevant entity

(2) As per 2019 unaudited reporting of the relevant entity

¹ As of the effective date of the transfer of the Company's registered office to the location of its French Branch, i.e., since December 12, 2019, the investments in subsidiaries and associates previously owned by the Company through its French Branch are owned directly by the Company.

4.2 Intercompany loans

Intercompany loans correspond mainly to loans granted by the Company to some of its subsidiaries:

<i>(in thousands of euros)</i>	<i>At January 1, 2019</i>	<i>Foreign exchange revaluation</i>	<i>Increase</i>	<i>Decrease</i>	<i>At December 31, 2019</i>
Loans to Constellium International :					
\$400M from May 7, 2014 to May 15, 2024	349,345	6,717	-	-	356,062
€300M from May 7, 2014 to May 15, 2021	300,000	-	-	(150,000)	150,000
€150M from December 19, 2014 to February 15, 2028	150,000	-	-	-	150,000
€200M from September 28, 2017 to May 15, 2021	200,082	-	-	-	200,082
Loans to Constellium France Holdco :					
\$650M from February 16, 2017 to March 1, 2025	567,686	10,915	-	-	578,601
€200M from November 9, 2017 to February 15, 2026	200,000	-	-	-	200,000
Loan to Constellium Finance :					
\$500M from November 9, 2017 to February 15, 2026	436,681	8,396	-	-	445,077
Interest accrued on loans	38 156	-	141,862	(142,657)	37,361
Guaranteed dividends	86	-	86	(86)	86
TOTAL	2 242 036	26,028	141,948	(292,743)	2,117,269

- **Loans dated May 7, 2014 to Constellium International**
 - Nominal amount of \$400 million: This loan matures on May 15, 2024, and bears interest at a fixed rate of 7.50% up to November 15, 2019 and at 7.33% thereafter.
 - Nominal amount, initially, of €300 million: As at December 31, 2019, the remaining nominal amount of this loan is €150 million following an early partial repayment of €150 million, made by Constellium International on July 3, 2019. This loan matures on May 15, 2021 and bears interest at a fixed rate of 6.50% up to November 15, 2019 and at 6.40% thereafter.
- **Loan dated December 19, 2014 to Constellium International**
 - Nominal amount of €150 million: This loan matures on February 15, 2028 and bears interest at a fixed rate of 6.38%.
- **Loan dated February 16, 2017 to Constellium France Holdco**
 - Nominal amount of \$650 million: This loan matures on March 1, 2025 and bears interest at a fixed rate of 7.05%.
- **Loan dated September 28, 2017 to Constellium International**
 - Nominal amount of €200 million: This loan matures on May 15, 2021 and bears interest at a fixed rate of 6.50%.
- **Loan dated November 9, 2017 to Constellium France Holdco**
 - Nominal amount of €200 million: This loan matures on February 15, 2026 and bears interest at a fixed rate of 4.75%.
- **Loan dated November 9, 2017 to Constellium Finance**
 - Nominal amount of \$500 million: This loan matures on February 15, 2026 and bears interest at a fixed rate of 6.38%.

4.3 Other receivables

<i>(in thousands of euros)</i>		<i>At December 31, 2019</i>	<i>At January 1, 2019</i>
Tax credit - VAT		217	317
Current accounts - group	(1)	199,971	65,329
Intra-group receivables	(2)	-	24,170
Corporate Income Tax	(3)	27,279	18,675
Other		-	40
<i>TOTAL</i>		<i>227,467</i>	<i>108,531</i>

- (1) This item represents the current account towards Constellium Finance, an indirect subsidiary of the Company which serves as a treasury and cash pooling entity of the Constellium group.
- (2) Following the change of a parent entity heading the French tax group that occurred on January 1, 2018, instalments of the Corporate Income Tax initially paid to Constellium France Holdco, in its capacity as a former parent entity of the former French tax group, were transferred to the French Branch and were settled in May 2019.
- (3) This receivable against French tax authorities corresponds to the research and development tax credits ("CIR") and employment tax credits ("CICE") for 2018 and 2019 of the members of the French tax group.

4.4 Type, amount and accounting treatment for unrealized foreign exchange gains / losses

<i>(in thousands of euros)</i>	Amounts at December 31, 2019	
	Unrealized foreign exchange losses	Unrealized foreign exchange gains
Intercompany loans	-	87,319
Borrowings	87,319	-
<i>Total</i>	<i>87,319</i>	<i>87,319</i>

As at December 31, 2019 and 2018 the net exposure to foreign exchange is nil. The Company applies hedge accounting; therefore, unrealized foreign exchanges losses are not accrued for.

4.5 Equity

- Changes in equity

<i>(in thousands of euros)</i>	<i>At December 31, 2018 (IFRS)</i>	<i>Restatement of opening balance sheet</i>	<i>At January 1, 2019 (Restated)</i>	<i>Distribution of dividends</i>	<i>Allocation of income</i>	<i>Increase (+) Decrease (-)</i>	<i>At December 31, 2019</i>
Share capital	2,720	-	2,720	-	-	37	2,757
Share premium	428,874	-	428,874	-	-	-	428,874
Accumulated retained earnings	(238,692)	96,113	(142,579)	-	86,566	(37)	(56,050)
Other reserves	38,367	(38,367)	-	-	-	-	-
Net income for the year	86,566	-	86,566	-	(86,566)	55,639	55,639
Other comprehensive (loss)	(46)	46	-	-	-	-	-
TOTAL EQUITY	317,789	57,792	375,581	-	-	55,639	431,220

The Annual General Meeting held on June 27, 2019 decided to allocate the 2018 net profit (*i.e.*, €86,566 thousand) to the accumulated retained earnings.

The other changes in equity, in 2019, are mainly related to several capital increases (of an aggregate total amount of €37 thousand) carried out during the period (as described below).

- Share capital: number and nominal value of the shares

	<i>Number, beginning of year 2019 (1)</i>	<i>Issued during the year 2019 (2)</i>	<i>Number, end of year 2019 (3)</i>	<i>Nominal value</i>
Ordinary shares	135,999,394	1,868,024	137,867,418	€0.02
TOTAL	135,999,394	1,868,024	137,867,418	

(1) Class A ordinary shares of a Dutch company Constellium N.V

(2) Class A ordinary shares of a Dutch company Constellium N.V. (then Constellium SE)

(3) Ordinary shares of a French company Constellium SE

- Share-based compensation (RSUs/PSUs)

When the Company was governed by Dutch law (*i.e.*, before the transfer of the registered office of the Company from the Netherlands to France completed on December 12, 2019), the Company put in place the following share-based incentives plans:

- Restricted Stock Units (“**RSUs**”) granted to selected employees of the Constellium group and to the Chief Executive Officer of the Company. RSUs vest upon expiry of a vesting period (defined at the grant date), subject to the beneficiary’s continued service to the Company/Constellium group through the end of the three-year vesting period. Upon vesting, each RSU gives rise to free delivery to the beneficiary of one Company’s share;
- Restricted Stock Units granted to the members of the Board of Directors of the Company (including the Chairman of the Board of Directors) (“**RSUs/Equity Awards Plans**”). These RSUs/Equity Awards vest in two equal installments on the earlier of (i) each anniversary or (ii) the date of the annual general meeting of shareholders of that year, subject to continued service. Upon vesting each RSU gives rise to free delivery to the beneficiary of one Company’s share.

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- Performance-Based Restricted Stock Units (“PSUs”) granted to the Chief Executive Officer of the Company and selected employees of the Constellium group. PSUs vest upon expiry of a vesting period (defined at the grant date), subject to the beneficiary’s continued service to the Company/Constellium group through the end of the three-year vesting period and certain market-related performance conditions being satisfied. Upon vesting, PSUs give rise to free delivery to the beneficiary of a number of the Company’s shares based on an applicable vesting multiplier dependent on the level of achievement of the applicable performance conditions.

Performance conditions for vesting for the PSUs are as follows:

- o For PSUs granted in 2016, a performance condition, contingent on the Total Stockholder Return (TSR) of Constellium over the measurement periods compared to the TSR of a specified group of peer companies. PSUs ultimately vest, depending on the TSR performance at each testing period, based on a vesting multiplier in a range from 0% to 300%;
- o For PSUs granted from 2017 to 2019, a performance condition, contingent on the TSR performance of Constellium over the vesting period compared to the TSR of specified indices. PSUs ultimately vest based on a vesting multiplier which ranges from 0% to 200%.

The PSUs granted in March 2016, May 2016, August 2016 and November 2016 achieved, respectively, a TSR of 115.9%, 98.1%, 191.6% and 223.8% at their first testing period, 229.9%, 217.2%, 282.2% and 148.7% at their second testing period, and 108.4%, 125.4%, 230.4% and 286.4% at their third testing period, which represented respectively 184,469 potential additional shares in 2017, 433,032 potential additional shares in 2018, and 248,230 potential additional shares in 2019.

The PSUs vested in March 2019, May 2019, August 2019 and November 2019 and 684,329 shares, 123,336 shares, 434,256 shares and 516,141 shares were respectively granted to beneficiaries.

Tables below summarize movements that occurred in respect of RSUs and PSUs over the fiscal year 2019:

- RSU plans

Grant year Grant month		2016 May	2016 August	2017 March	2017 July	2017 June Equity awards	2018 May	2018 May Equity awards	2019 April	2019 April Equity awards	2019 August Equity awards
Share-based incentives types		RSU	RSU	RSU	RSU		RSU		RSU		
	Grand total										
<i>Number of RSUs as at December 31, 2018</i>	1,370,437	6,000	100,000	8,000	625,906	27,204	572,618	30,709	-	-	-
Number of share units granted in 2019	973,725	-	-	-	-	-	-	-	899,926	46,370	27,429
Number of share units vested in 2019	(148,559)	(6,000)	(100,000)	-	-	(27,204)	-	(15,355)	-	-	-
Number of share units cancelled in 2019	(49,574)	-	-	-	(15,811)	-	(13,222)	(1,660)	(10,914)	(5,013)	(2,954)
<i>Number of RSUs as at December 31, 2019</i>	2,146,029	-	-	8,000	610,095	-	559,396	13,694	889,012	41,357	24,475

- PSU plans

Grant year Grant month		2016 March	2016 May	2016 August	2016 November	2017 July	2018 May	2019 April
	Grand total							
<i>Number of PSUs as at December 31, 2018</i>	3,085,164	738,542	114,191	353,844	370,125	816,137	692,325	-
Number of share units granted in 2019	1,028,342	-	-	-	-	-	-	1,028,342
Number of potential additional share units (overperformance)	248,230	12,657	9,145	80,412	146,016	-	-	-
Number of share units vested	(1,758,062)	(684,329)	(123,336)	(434,256)	(516,141)	-	-	-
Number of share units cancelled (termination and underperformance)	(84,380)	(66,870)	-	-	-	(7,189)	(7,121)	(3,200)
<i>Number of PSUs as at December 31, 2019</i>	2,519,294	-	-	-	-	808,948	685,204	1,025,142

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When vested, the RSUs/PSUs give rise to a free delivery to the beneficiary of the Company's shares. When the Company was Dutch, the Company's shares to be delivered under RSUs/PSUs could be (i) either new shares issued by the Company (ii) or existing shares repurchased by the Company. Since the Company became French, the option (ii) is not currently available. Therefore, no provision is recorded in the financial statements of the Company as at December 31, 2019, and the Company does not have any contingent liability, in respect of RSUs/PSUs.

For RSUs/PSUs granted since January 1, 2018, a specific employer's contribution was due in the Netherlands in the month following the date of delivery of the Company's shares to beneficiaries. A provision was recorded in this respect by the Company for each beneficiary and accrued gradually over the vesting period. The aggregate total amount of this provision as at December 31, 2019 was of €139 thousand. For RSUs/PSUs granted before January 1, 2018, such employer's contribution was paid (and such payment was recorded in full) during the fiscal year of the grant of RSUs/PSUs.

- **Capital increases carried out in 2019 for the purposes of free deliveries of shares**

When the Company was governed by Dutch law (*i.e.*, before the transfer of the registered office of the Company from the Netherlands to France completed on December 12, 2019), the share capital of the Company was increased several times over the fiscal/financial year 2019, for an aggregate total amount of €37 thousand, for the purposes of free deliveries of shares under RSUs/PSUs:

- on March 28, 2019 the Company issued 645,732 Class A ordinary shares, each with a nominal value of €0.02 (*i.e.*, a capital increase of a total amount of €13 thousand);
- on May 29, 2019 the Company issued 144,691 Class A ordinary shares, each with a nominal value of €0.02 (*i.e.*, a capital increase of a total amount of €3 thousand);
- on June 15, 2019 the Company issued 27,204 Class A ordinary shares, each with a nominal value of €0.02 (*i.e.*, a capital increase of a total amount of €1 thousand);
- on August 7, 2019 the Company issued 534,256 Class A ordinary shares, each with a nominal value of €0.02 (*i.e.*, a capital increase of a total amount of €10 thousand); and
- on November 18, 2019 the Company issued 516,141 Class A ordinary shares, each with a nominal value of €0.02 (*i.e.*, a capital increase of a total amount of €10 thousand).

As of the effectiveness of the transfer of the registered office of the Company from the Netherlands to France, each outstanding Class A ordinary share of a Dutch company Constellium SE automatically became an ordinary share of a French company Constellium SE.

For the purposes of free deliveries of shares under RSUs/PSUs made in 2019, the Company also used 38,597 existing shares previously repurchased by the Company (when it was a Dutch company) (so-called "treasury shares"). As stated in section "Restatement of opening balance sheet – Breakdown" above, these treasury shares were recorded, at cost (*i.e.*, €206 thousand) under "Other reserves" as at December 31, 2018; then, they were reclassified under "Other financial assets" in the opening balance sheet as at January 1, 2019 restated in accordance with French accounting standards; and, finally, they were used in 2019 for the purposes of free deliveries of shares under RSUs/PSUs.

4.6 Borrowings

<i>(in thousands of euros)</i>	<i>At January 1, 2019</i>	<i>Foreign Exchange revaluation</i>	<i>Increase</i>	<i>Decrease</i>	<i>At December 31, 2019</i>
Senior Notes					
\$400M issued May 7, 2014	349,345	6,717	-	-	356,062
€300M issued May 7, 2014	300,000	-	-	(100,000)	200,000
\$650M issued February 16, 2017	567,686	10,915	-	-	578,601
\$500M issued November 9, 2017	436,681	8,396	-	-	445,077
€400M issued November 9, 2017	400,000	-	-	-	400,000
Interest accrued on Senior Notes	32,673	-	115,047	(115,153)	32,567
TOTAL	2,086,385	26,028	115,047	(215,153)	2,012,307

Costs of issuance of Senior Notes have been capitalized under “Deferred arrangement fees on borrowings” and are amortized over the life of each series of Senior Notes to which they are directly related.

- **Senior Notes issued on May 7, 2014**
 - Nominal amount of \$400 million: These Senior Notes mature on May 15, 2024 and bear interest at the fixed rate of 5.75% (effective rate of 6.26%).
 - Nominal amount, initially, of €300 million and, as December 31, 2019, of €200 million: These Senior Notes mature on May 15, 2021 and bear interest at the fixed rate of 4.63% (effective rate of 5.16%). On August 8, 2019, the Company redeemed € 100 million, plus accrued and unpaid interest, under these Senior Notes.
- **Senior Notes issued on February 16, 2017**
 - Nominal amount of \$650 million: These Senior Notes mature on March 1, 2025 and bear interest at the fixed rate of 6.63% (effective rate of 7.13%).
- **Senior Notes issued on November 9, 2017**
 - Nominal amount of \$500 million: These Senior Notes mature on February 15, 2026 and bear interest at the fixed rate of 5.88% (effective rate of 6.26%).
 - Nominal amount of €400 million: These Senior Notes mature on February 15, 2026 and bear interest at the fixed rate of 4.25% (effective rate of 4.57%).

Each of the Senior Notes are senior unsecured obligations of the Company and are guaranteed on a unsecured basis by certain subsidiaries of the Company.

The indentures governing each of the Senior Notes contain customary terms and conditions, including, among other things, limitation on incurring or guaranteeing additional indebtedness, on paying dividends, on making other restricted payments, on creating restriction on dividend and other payments to the Company from certain of its subsidiaries, on incurring certain liens, on selling assets and subsidiary stock, and on merging.

The Company was in compliance with all applicable debt covenants at and for the years ended December 31, 2019 and December 31, 2018.

4.7 Other payables

<i>(in thousands of euros)</i>		<i>At December 31, 2019</i>	<i>At January 1, 2019</i>
Current accounts - French tax group	(1)	26,308	20,661
Current accounts - other intercompany payable		-	303
Tax payables - VAT		836	-
	<i>Total</i>	<i>27,144</i>	<i>20,964</i>

- (1) At December 31, 2019, this payable to entities of the French tax group corresponds to:
- a. the research and development tax credits (“CIR”) and employment tax credits (“CICE”) claimed for 2018 and 2019 by the entities members of the French tax group and due to them for a total amount of €20,949 thousand;
 - b. the net between the amount of Corporate Income Tax due by entities members of the French tax group and the amount of installments paid by them to the French Branch during the year for a total amount of €5,359 thousand.

4.8 Accrued expenses

<i>(in thousands of euros)</i>		<i>At December 31, 2019</i>	<i>At January 1, 2019</i>
Accrued interest on borrowings		32,567	32,673
Trade payables and related accounts		2,125	1,595
Tax and social security payables		1,467	1,372
	<i>Total</i>	<i>36,159</i>	<i>35,640</i>

4.9 Deferred revenue / income

<i>(in thousands of euros)</i>	<i>At December 31, 2019</i>	<i>At January 1, 2019</i>
Accrued interest on loan receivable - Constellium International	9,674	10,924
Accrued interest on loan receivable - Constellium France Holdco	17,046	16,792
Accrued interest on loan receivable - Constellium Finance	10,640	10,439
	<i>Total</i>	<i>37,360</i>
		<i>38,155</i>

4.10 Maturities of receivables and payables

<i>A - Receivables (in thousands of euros)</i>		<i>Gross amount</i>	<i>Up to one year</i>	<i>Between one year and five years</i>	<i>Over five years</i>
Intercompany loans					
	<i>Intercompany loans</i>	2,079,822	-	856,144	1,223,678
	<i>Accrued interests on intercompany loans</i>	37,361	37,361	-	-
	<i>Dividends to be received</i>	86	86	-	-
	<i>TOTAL OF RECEIVABLES RELATED TO FINANCIAL ASSETS</i>	<i>2,117,269</i>	<i>37,447</i>	<i>856,144</i>	<i>1,223,678</i>
Trade receivables					
		54	54	-	-
Other receivables					
		-	-	-	-
	<i>Intercompany</i>	199,971	199,971	-	-
	<i>Value added tax</i>	217	217	-	-
	<i>Income taxes</i>	27,279	-	27,279	-
	<i>TOTAL OF RECEIVABLES RELATED TO OTHER ASSETS</i>	<i>227,521</i>	<i>200,242</i>	<i>27,279</i>	<i>-</i>
	<i>TOTAL RECEIVABLES</i>	<i>2,344,790</i>	<i>237,689</i>	<i>883,423</i>	<i>1,223,678</i>
Repayments received during the year		150,000			
<i>B - Payables (in thousands of euros)</i>		<i>Gross amount</i>	<i>Up to one year</i>	<i>Between one year and five years</i>	<i>Over five years</i>
Borrowings					
	<i>Borrowings</i>	1,979,740	-	556,062	1,423,678
	<i>Accrued interests on borrowings</i>	32,567	32,567	-	-
	<i>TOTAL OF FINANCIAL LIABILITIES</i>	<i>2,012,307</i>	<i>32,567</i>	<i>556,062</i>	<i>1,423,678</i>
Trade accounts payable and related accounts					
		2,237	2,237	-	-
Tax and social security payables					
	<i>Salaries and related accounts</i>	1,154	1,154	-	-
	<i>Social security and similar administration</i>	435	435	-	-
	<i>Tax risk</i>	1,880	1,880	-	-
	<i>Tax authorities - Other</i>	6	6	-	-
Other payables					
	<i>Tax authorities - VAT</i>	836	836	-	-
	<i>Intercompany</i>	-	7,019	19,289	(26,308)
	<i>TOTAL OTHER LIABILITIES</i>	<i>6,548</i>	<i>13,567</i>	<i>19,289</i>	<i>(26,308)</i>
	<i>TOTAL LIABILITIES</i>	<i>2,018,855</i>	<i>46,134</i>	<i>575,351</i>	<i>1,397,370</i>
Borrowings repaid during the year		100,000			

NOTE 5. INFORMATION ON THE INCOME STATEMENT

The amounts stated hereafter for the 2018 income statement are presented under IFRS (indeed, as indicated above, the 2018 income statement was prepared in accordance with IFRS, and the amounts stated therein were not restated applying French accounting principles, following regulation no. 2019-08 of the ANC).

5.1 Revenue

The Company's revenue comprises management fees invoiced to different companies of the group.

5.2 Average number of employees

Workforce	Average number of employees in the course of the fiscal year 2019	
	Female	Male
Employees	1	4
TOTAL	1	4

5.3 Compensation of members of the board of directors and management

The total amount of directors' fees is €849,500 for 2019 (corresponding to €760,390 after deducting Dutch and French withholding tax and French social charges). This amount is recorded under "Stewardship expenses and other professional fees". In accordance with applicable French legislation, no advances or loans have been granted to directors and management. The Company did not have any commitments in respect of pension and similar benefits for directors and management as at December 31, 2019.

5.4 Finance income and expense

The net finance income mainly comprises interest expenses related to the borrowings of the Company and interest income due by subsidiaries in respect of loans granted to them by the Company.

The foreign exchange effect is nearly nil as the dollar-denominated borrowings of the Company are naturally hedged by loans in dollars (for the same nominal amount) granted by the Company to its subsidiaries.

(in thousands of euros)	Year ended December 31, 2019	Year ended December 31, 2018
	French accounting rules	IFRS
Interest - net		
Interest income from loans to subsidiaries	141,862	144,405
Interest expenses on borrowings	(115,047)	(113,183)
Other	(7)	(5)
Foreign exchange - net	(53)	(20)
Reversals of expected credit losses	-	53,365
Amortization of borrowings issuance costs	(5,267)	(4,428)
Other finance gains / (losses)		
Dividends	86	123
Banking Fees	(63)	(58)
Other	-	98
TOTAL	21,511	80,297

5.5 Non-recurring income and expenses

<i>(in thousands of euros)</i>	<i>Year ended December 31, 2019</i>	
	<i>Non-recurring expenses</i>	<i>Non-recurring income</i>
Non-recurring expenses - other	(2)	-
Repurchase by the Company of its own shares	(206)	-
Re-invoicing of own shares delivered to serve RSUs/PSUs	-	177
Sales of assets	-	45
	<i>TOTAL</i>	<i>(208)</i>
		<i>222</i>

5.6 Income taxes

At December 31, 2018, under IFRS, the Company recorded a tax profit of € 24,260 thousand in connection with the French tax group (see Note 1.8 – Tax regime) comprising mainly the following:

- recognition of a deferred tax asset of €1,835 thousand, corresponding to the 2018 loss of the French tax group;
- a gain of €18,513 thousand, corresponding to the use of the tax loss carryforwards generated by the previous French tax group;
- a gain of €3,325 thousand, corresponding to the tax profit of the tax group.

At December 31, 2019, under French accounting rules, the Company has reviewed the terms and conditions of reversal clauses of the tax integration agreement with its subsidiaries and assessed the probability of a return to profits of subsidiaries that had generated tax losses in the context of the French tax group and the related risk of having to recognize a payable of Corporate Income Tax towards French tax authorities while these subsidiaries did not recognize the corresponding payable towards the Company (through the use of their losses carried forward).

After such assessment, given the forecasted results of its loss-making subsidiaries, the Company did not record a provision for the risk that would arise from a return to profit of such subsidiaries and has:

- considered the tax savings realized by the French tax group in 2019 as an immediate gain of the fiscal year ended on December 31, 2019; and
- reversed, in 2019, an amount that was recorded as payable as at December 31, 2018.

Therefore, at December 31, 2019, the tax profit (calculated on the basis of a tax rate of 34.43%) mainly corresponds to:

- a gain of €12,080 thousand, corresponding to the use of the tax loss carryforwards generated by the previous French tax group;
- a reversal of €20,275 thousand, corresponding to the tax payable recognized in 2018 towards the loss-making subsidiaries;
- a gain of € 24,421 thousand corresponding to the 2019 tax profit of the French tax group (including a tax gain of € 867 thousand corresponding to the Company stand-alone tax loss);
- A loss of €600 thousand, corresponding to the 2018 true up on the tax profit.

The remaining tax loss carry forward at the French tax group level amounts to €2,316 thousand as at December 31, 2019.

Furthermore, the accumulated Dutch tax losses of the Company prior to December 12, 2019 amounted to €301,121 thousand. These tax losses were void further to the transfer of the registered office of the Company from the Netherlands to France, with no impact on the 2019 financial statements as the corresponding deferred tax asset had not been recognized in the 2018 financial statements.

NOTE 6. OFF-BALANCE SHEET COMMITMENTS AND OTHER INFORMATION

Apart from the off balance sheet commitments described below, there are no transactions or agreements between the Company and one or more other entities, even not constituted as companies, that present material risks and benefits not reflected in the balance sheet and the knowledge of which is necessary to assess the Company's financial position.

6.1 Off-balance sheet commitments - pension obligations

The total amount of the pension obligations is €467,000 as at December 31, 2019.

The main assumptions used in the actuarial valuation as at December 31, 2019 are as follows:

- discount rate: 0.95% (versus 1.65% applied as at December 31, 2018);
- inflation rate: 1.50% (the same rate as the rate applied as at December 31, 2018);
- mortality: 2012-2014 TV/TD table;
- salary increase: 1.50% (versus 1.75% applied as at December 31, 2018).

6.2 Off-balance sheet commitments – guarantees issued

There was no guarantee issued by the Company outstanding as of December 31, 2019.

6.3 Off-balance sheet commitments – hedging instruments

At December 31, 2018, the Company did not hold any outstanding hedging instruments, likewise at December 31, 2019.