

2020

Interim
Financial
Report



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KEY FINANCIAL INFORMATION

QUARTERLY CHANGE IN REVENUE

| In millions of euros, quarterly figures unaudited | Q1 2020 | Q1 2019 | Change | Q2 2020 | Q2 2019 | Change | H1 2020 | H1 2019 | Change |
|---|---------|---------|--------|---------|---------|--------|---------|---------|--------|
| Revenue | 207.0 | 188.6 | 9.7% | 180.3 | 184.7 | -2.4% | 387.2 | 373.3 | 3.7% |

KEY FIGURES FOR THE PERIOD

| In millions of euros ⁽¹⁾ | 30 June 2020 | 30 June 2019 | Change Total | Organic growth ⁽²⁾ |
|---|--------------|--------------|----------------|-------------------------------|
| Revenue | 387.2 | 373.3 | +3.7% | +3.7% |
| Operating margin | 35.8 | 33.4 | +7.2% | |
| As % of revenue | 9.3% | 9.0% | +0.3 pt | |
| Operating income | 31.4 | 31.9 | -1.3% | |
| As % of revenue | 8.1% | 8.5% | -0.4 pt | |
| Net income - Group share | 16.4 | 17.6 | -7.1% | |
| Diluted earnings per share ⁽³⁾ | €1.99 | €2.15 | -7.5% | |
| Net cash (debt) at closing ⁽⁴⁾ | 92.4 | (1.2) | +€93.5 million | |

⁽¹⁾The financial statements were approved by the Supervisory Board on 7 September 2020.

⁽²⁾At comparable scope and exchange rates.

⁽³⁾Based on the weighted average number of shares for the financial year.

⁽⁴⁾Cash position net of all borrowings, excluding lease liabilities related to the application of IFRS 16 "Leases".

INTERIM MANAGEMENT REPORT

INTERIM HIGHLIGHTS

The first half of the year was marked and impacted from mid-March by the COVID-19 crisis, resulting in two very different quarters of activity. The first quarter, in line with the last quarter of 2019, posted solid growth momentum in all of the Group's geographical areas (+9.7% compared to the first quarter of 2019) while the second quarter, with a 2.4% decrease compared to the previous year, reflected the impact of the health crisis and in particular the lockdown measures on the Group's activity.

Faced with this unprecedented health crisis, the Group quickly set up a crisis unit and implemented a business continuity plan (BCP) to adapt to the lockdown and protect the health of its employees.

The Group's activities were impacted by the widespread lockdown in Europe, mainly in France, Germany and Benelux. The Group's other countries were less affected due to customer activities in less affected segments, such as telecoms, healthcare and the public sector. To ensure business continuity with customers, the Group used teleworking for nearly 85% of its consultants. On the other hand, the start of new projects slowed by around 50% at the beginning of the lockdown in mid-March compared to the budget.

In addition to laying off teams affected by the crisis, the Group has made use of partial activity schemes in several countries. The Group has also frozen recruitment in most of its geographical areas to cope with a lower utilisation rate of 78.3% in the second quarter of 2020 compared with 82.3% in the first quarter. As a result, the Group's workforce was reduced by 172 employees in the second quarter of 2020 compared with an increase of 96 employees in the first quarter.

During this hectic period, the Group continued to invest with its partners in innovation and training in order to step up the skills development of its teams in technologies that contribute most to accelerating the digitisation of the economy, in particular with the launch of an ambitious training plan for its employees with unlimited access to the training catalogues of its strategic partners Google, AWS, Microsoft, ServiceNow and Salesforce and an associated certification programme.

In the face of uncertainty, the Management Board, supported by the Supervisory Board, decided on 9 April 2020, to take a cautious approach to the proposed appropriation of earnings and not to distribute dividends in respect of the 2019 financial year. This decision, together with optimised cash management during the health crisis, enabled the Group to post a solid financial position with a net cash position of €92.4 million, including a positive effect of €20.5 million in deferred tax and social security liability payments following government measures to support companies related to the COVID-19 crisis, as well as €14.2 million in factoring. Restated for timing differences in temporary payments and factoring, net cash is €57.7 million.

REVENUE BY GEOGRAPHICAL AREA

| In millions of euros | Q1 2020 | Q1 2019 | Q2 2020 | Q2 2019 | H1 2020 | H1 2019 |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| France | 95.5 | 89.0 | 78.1 | 85.9 | 173.6 | 174.9 |
| Variation | 7.2% | | -9.1% | | -0.8% | |
| L-f-I variation | 7.2% | | -9.1% | | -0.8% | |
| Northern Europe & Benelux | 56.3 | 49.8 | 53.1 | 50.0 | 109.4 | 99.8 |
| Variation | 13.1% | | 6.2% | | 9.6% | |
| L-f-I variation | 11.2% | | 8.2% | | 9.7% | |
| Central Europe | 19.7 | 20.4 | 17.2 | 19.9 | 36.9 | 40.4 |
| Variation | -3.5% | | -13.6% | | -8.5% | |
| L-f-I variation | -3.7% | | -13.3% | | -8.5% | |
| Iberia & Latam | 19.6 | 16.3 | 19.4 | 16.4 | 39.0 | 32.7 |
| Variation | 19.9% | | 18.0% | | 19.0% | |
| L-f-I variation | 16.5% | | 15.8% | | 16.1% | |
| Rest of the world | 17.3 | 13.3 | 13.8 | 12.8 | 31.1 | 26.1 |
| Variation | 29.7% | | 8.1% | | 19.1% | |
| L-f-I variation | 26.2% | | 6.7% | | 16.6% | |
| Corporate & other | (1.4) | (0.7) | (1.4) | (1.1) | (2.8) | (1.9) |
| Divestments | 0.0 | 0.5 | - | 0.8 | 0.0 | 1.3 |
| Total | 207.0 | 188.6 | 180.3 | 184.7 | 387.2 | 373.3 |
| Variation | 9.7% | | -2.4% | | 3.7% | |
| L-f-I variation | 8.9% | | -1.7% | | 3.7% | |
| Currency impact | -0.1% | | -0.6% | | -0.3% | |
| Perimeter impact | 0.9% | | -0.1% | | 0.4% | |

Of which impact of significant acquisitions:

| In millions of euros | Q1 2020 | Q1 2019 | Q2 2020 | Q2 2019 | H1 2020 | H1 2019 |
|---|------------|---------|---------|---------|------------|---------|
| Northern Europe & Benelux | 1.5 | | | | 1.5 | |
| Avalon Solutions, consolidated as of 1 April 2019 | 1.5 | | | | 1.5 | |

RESULTS BY GEOGRAPHICAL AREA

| In millions of euros | H1 2020 | H1 2019 |
|--------------------------------------|---------|---------|
| France | | |
| Contribution to revenue | 173.6 | 174.9 |
| Operating margin | 19.0 | 20.9 |
| As % of Group contribution | 10.9% | 11.9% |
| Northern Europe & Benelux | | |
| Contribution to revenue | 109.4 | 99.8 |
| Operating margin | 11.7 | 6.7 |
| As % of Group contribution | 10.7% | 6.7% |
| Central Europe | | |
| Contribution to revenue | 36.9 | 40.4 |
| Operating margin | 2.1 | 1.3 |
| As % of Group contribution | 5.8% | 3.2% |
| Iberia & Latam | | |
| Contribution to revenue | 39.0 | 32.7 |
| Operating margin | 3.6 | 2.8 |
| As % of Group contribution | 9.2% | 8.5% |
| Rest of the world | | |
| Contribution to revenue | 31.1 | 26.1 |
| Operating margin | 2.8 | 3.2 |
| As % of Group contribution | 8.9% | 12.3% |
| Corporate & other | | |
| Contribution to revenue | (2.8) | (1.9) |
| Operating margin | (3.3) | (1.3) |
| Divestments | | |
| Contribution to revenue | 0.0 | 1.3 |
| Operating margin | (0.0) | (0.1) |
| As % of Group contribution | -151.1% | -6.5% |
| Total | | |
| Contribution to revenue | 387.2 | 373.3 |
| Operating margin | 35.8 | 33.4 |
| As % of Group contribution | 9.3% | 9.0% |

ANALYSIS OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Analysis of the consolidated income statement

The **revenue** for the first half of 2020 amounted to €387.2 million, up 3.7% over the same period last year. The changes in exchange rates and scope of consolidation are not very significant. Organic growth was also 3.7%, with a positive working day impact of nearly one point.

In the second quarter of 2020, the Group generated revenue of €180.3 million, down 2.4% overall and 1.7% organically compared with the second quarter of 2019.

The **operating margin**, supported by the partial activity arrangements, was €35.8 million in the first half of 2020, or 9.3% of revenue. In the second quarter of 2020 alone, the operating margin was only 3.2% when restated for partial activity.

The **operating income** amounted to €31.4 million, down slightly from the first half of 2019. It includes €0.6 million in restructuring costs, mainly in Germany, the Netherlands and Norway, and €1.7 million in impairment losses.

The **financial result** was -€2.6 million. It includes €1.2 million in foreign exchange losses, €0.5 million in interest expenses on bonds, an expense of €0.3 million reflecting the application of IFRS 16, and €0.2 million in costs related to the short-term financing of the Group (confirmed credit lines and factoring).

The income **tax expense** amounted to €10.9 million. It represented 36.4% of the profit before tax, against 33.1% in the first half of 2019. Excluding the effects of non-taxable profits and other exceptional items, the Group's standardised tax rate was 31.4% in the first half of 2020. The tax rate has thus fallen compared to last year, as a result of tax reform in France.

The **net income attributable to the shareholders of the Group** decreased by 7.1%, from €17.6 million in the first half of 2019 to €16.4 million in the first half of 2020.

Consolidated balance sheet analysis

The main items of the consolidated balance sheet changed as follows during the first half of 2020:

| In millions of euros | 30 June 2020 | 31 December 2019 | Change | Main reasons for the change |
|---|--------------|------------------|--------|---|
| Non-current assets | 211.1 | 215.3 | (4.2) | The change is mainly due to the adjustment to the goodwill of the Spanish CGU for -€2.2 million and the impairment loss for -€1.7 million recorded on the Avalon CGU. |
| Operating receivables | 293.9 | 287.6 | 6.3 | The change in operating receivables is mainly due to the increase in prepaid expenses for €10.0 million and tax and social security receivables for €2.7 million partially offset by the decrease in trade receivables for €6.4 million. Due to the seasonality of the activity, the days of sales outstanding (DSO) increased from 58 days at the end of December 2019 to 63 days at the end of June 2020. |
| Cash and cash equivalents* | 125.9 | 81.6 | 44.3 | See below |
| Equity attributable to the Group | 209.7 | 196.3 | 13.4 | The change is due to the recognition of income for the period in the amount of €16.4 million, scope effects amounting to -€1.9 million, and a foreign exchange effect of -€0.8 million. |
| Non-controlling interests | 16.1 | 15.1 | 1.0 | Non-controlling interests (see Note 4.10.4 to the consolidated financial statements). |
| Non-current liabilities | 87.4 | 89.9 | (2.5) | The decrease in non-current liabilities is mainly due to the adjustment in put option and earn-out liabilities for -€1.5 million and reclassifications to current liabilities for -€1.3 million. |
| Current liabilities | 317.7 | 283.2 | 34.5 | The increase in non-current liabilities is mainly explained by the increase in trade payables for €11.1 million and tax and social security liabilities for €12.8 million and by the reclassification from non-current liabilities for €1.3 million. |

* **Cash and cash equivalents** (net of €2.2 million in bank overdrafts) increased by €44.3 million during the half-year to stand at €125.9 million. This change is due to:

- Positive **cash flow from operating activities** of €55.9 million resulting from an increase in operating cash flow (defined as the total operating cash flows before the impact of WCR and taxes paid) to €41.9 million (vs €39.6 million at 30 June 2019) and a significant decrease in WCR of €20.8 million (vs -€36.4 million at 30 June 2019) mainly due to (i) the improvement in the days of sales outstanding (DSO), which stood at 63 days at 30 June 2020 compared with 73 days at 30 June 2019, and (ii) a postponement of social-security charges and tax due dates under the COVID-19 government measures for €20.5 million.
- Negative **cash flow from investing activities** of €1.7 million over the period (versus -€18.8 million at 30 June 2019), mainly due to acquisitions of fixed assets for the Group's operational needs of €1.7 million.
- Negative **cash flow from financing activities** of €9.0 million (versus -€8.9 million at 30 June 2019), which includes in particular:
 - a net cash outflow of €2.2 million related to transactions on non-controlling interests;

- a net outflow from borrowings for €0.6 million;
- the repayment of lease liabilities associated with the right-of-use assets (IFRS 16) for €7.2 million;
- an increase in outstanding receivables sold, net of security deposit for €2.7 million;
- the payment of dividends to non-controlling shareholders for €0.9 million.

The Group's financial situation remains sound since the **cash position net of borrowings** (excluding lease liabilities related to the application of IFRS 16) stands at €92.4 million and breaks down as follows:

| <i>In millions of euros</i> | 30 June 2020 | 31 December 2019 |
|--|---------------------|-------------------------|
| Short-term investments | 0.1 | 0.1 |
| Cash at bank | 127.9 | 81.5 |
| Bank overdrafts (liability) | (2.2) | (0.1) |
| Cash and cash equivalents | 125.9 | 81.6 |
| Cash management assets | - | - |
| Bonds | (29.9) | (29.9) |
| Obligations under finance leases | - | - |
| Draw-downs on bank and similar facilities and other borrowings | (1.6) | (1.9) |
| Long-term borrowings | (31.5) | (31.8) |
| Bonds | (0.9) | (0.4) |
| Obligations under finance leases | (0.0) | (0.0) |
| Draw-downs on bank and similar facilities and other borrowings | (1.1) | (1.3) |
| Short-term borrowings | (2.0) | (1.8) |
| Total borrowings | (33.5) | (33.6) |
| Derivative instruments | - | - |
| Net cash* | 92.4 | 48.0 |
| Total Equity | 225.8 | 211.4 |
| Debt to equity ratio | -40.9% | -22.7% |

* During the first half of 2020, net cash included the positive impact (net of security deposits) of agreements to transfer non-recourse trade receivables amounting to €14.2 million, compared with €11.5 million at 31 December 2019. It also includes a non-recurring effect related to the delay in payment of taxes and social security contributions for an amount of €20.5 million, which will be disbursed mainly in the third quarter.

RELATED PARTIES

Agreements between related parties have been identified in the condensed consolidated financial statements to 30 June 2020 (Note 6.2).

KEY RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2020

With the exception of the COVID-19 health crisis, the effects of which, summarised on the Group's activity, are presented in the highlights of the half year above, the nature and degree of the risks to which the Group is exposed are not significantly changed from the risk factors presented on pages 20 to 26 of the 2019 annual financial report.

OUTLOOK FOR THE SECOND HALF OF 2020

The second half of the year continues to be impacted by the COVID-19 crisis. Revenue is expected to decline more in the third quarter than in the second, following the freeze on recruitment in most of the Group's geographical areas and a utilisation rate that remains low. Some countries should be particularly affected, such as Germany, the Netherlands, France and the Middle East. In an economic environment that remains very uncertain and where the utilisation rates of consultants continue to be under pressure, the Group still anticipates an economic recovery in the fourth quarter. With this in mind, Devoteam maintains its objective of achieving a turnover of €759 million and an operating margin of around 9% for 2020.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| ASSETS In thousands of euros | Note | 30 June 2020 | 31 December 2019 |
|---------------------------------|-------|----------------|------------------|
| Goodwill | 4.3 | 132,418 | 136,564 |
| Other intangible assets | 4.1 | 3,872 | 4,098 |
| Tangible assets | 4.2 | 10,547 | 11,565 |
| Right-of-use assets | 4.4 | 45,553 | 44,733 |
| Non-current financial assets | 4.5 | 6,488 | 5,863 |
| Investments in associates | 4.6 | 5,076 | 4,975 |
| Investment property | 4.7 | 228 | 457 |
| Deferred tax assets | | 6,839 | 6,863 |
| Other non-current assets | 4.13 | 103 | 183 |
| NON-CURRENT ASSETS | | 211,124 | 215,301 |
| Trade receivables | 4.8 | 231,942 | 238,425 |
| Other receivables | 4.8 | 54,101 | 40,994 |
| Tax receivables | 4.8 | 5,594 | 5,784 |
| Other current financial assets | 4.9.1 | 2,247 | 2,389 |
| Cash and cash equivalents | 4.9.2 | 128,036 | 81,659 |
| TOTAL CURRENT ASSETS | | 421,919 | 369,251 |
| TOTAL ASSETS | | 633,043 | 584,552 |

| EQUITY & LIABILITIES In thousands of euros | Note | 30 June 2020 | 31 December 2019 |
|---|--------|----------------|------------------|
| Share capital | 4.10.1 | 1,263 | 1,263 |
| Share premium | | 1,934 | 1,934 |
| Consolidated reserves | | 194,317 | 154,983 |
| Treasury shares | | (1,263) | (1,263) |
| Translation reserves | | (2,961) | (2,154) |
| Profit for the year | | 16,362 | 41,571 |
| EQUITY ATTRIB. TO EQUITY HOLDERS OF PARENT COMPANY | | 209,652 | 196,334 |
| Non-controlling interests | 4.10.4 | 16,150 | 15,050 |
| TOTAL EQUITY | | 225,802 | 211,385 |
| Loans and borrowings | 4.11 | 31,508 | 31,835 |
| Lease liabilities | 4.4 | 33,778 | 33,546 |
| Provisions | 4.12 | 1,060 | 1,058 |
| Pension liabilities | 4.12 | 4,604 | 4,442 |
| Deferred tax liabilities | | 1,149 | 1,275 |
| Other liabilities | 4.13 | 15,261 | 17,741 |
| NON-CURRENT LIABILITIES | | 87,360 | 89,897 |
| Loans and borrowings | 4.11 | 4,176 | 1,873 |
| Lease liabilities | 4.4 | 12,324 | 11,680 |
| Provisions | 4.12 | 6,409 | 7,241 |
| Trade payables | 4.8 | 68,462 | 57,318 |
| Tax and social security liabilities | 4.8 | 141,324 | 128,201 |
| Income tax payable | 4.8 | 8,031 | 5,256 |
| Other liabilities | 4.8 | 79,156 | 71,701 |
| CURRENT LIABILITIES | | 319,882 | 283,270 |
| TOTAL LIABILITIES | | 407,242 | 373,168 |
| TOTAL EQUITY & LIABILITIES | | 633,043 | 584,552 |

CONSOLIDATED INCOME STATEMENT

| In thousands of euros, except earnings per share | Note | 30 June 2020 | 30 June 2019 |
|---|--------|------------------|------------------|
| NET REVENUE | 5.2 | 387,236 | 373,302 |
| Other income | | - | - |
| CURRENT OPERATING INCOME | | 387,236 | 373,302 |
| Purchase of merchandise | | (3,787) | (2,361) |
| Other purchases and external expenses | | (82,297) | (83,193) |
| Taxes | | (2,841) | (2,232) |
| Payroll expenses | | (250,700) | (243,155) |
| Fixed assets depreciation | | (9,485) | (8,617) |
| Increase in provision from current assets | | (2,277) | (294) |
| Other expenses | | 0 | (2) |
| CURRENT OPERATING EXPENSES | | (351,386) | (339,853) |
| OPERATING MARGIN | | 35,849 | 33,448 |
| Cost of share-based payment | 5.3 | (311) | (334) |
| Amortisation of customer relationships acquired under business combinations | | (575) | (584) |
| CURRENT OPERATING INCOME | | 34,963 | 32,530 |
| Other operating income | 5.4 | 219 | 1,170 |
| Other operating expenses | 5.4 | (3,735) | (1,824) |
| OPERATING INCOME | | 31,447 | 31,876 |
| Financial income | 5.5 | 193 | 208 |
| Financial expenses | 5.5 | (2,809) | (2,286) |
| FINANCIAL INCOME | | (2,615) | (2,078) |
| Share of profit of associates | | 1,198 | 315 |
| PROFIT BEFORE INCOME TAX | | 30,030 | 30,113 |
| Income tax expense | 5.6 | (10,926) | (9,969) |
| NET INCOME | | 19,104 | 20,144 |
| Attributable to: | | | |
| Equity holders of the parent company | | 16,362 | 17,613 |
| Non-controlling interests | 4.10.4 | 2,741 | 2,531 |
| Basic earnings per share (euro) | | 2.00 | 2.16 |
| Diluted earnings per share (euro) | | 1.99 | 2.15 |

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

| In thousands of euros | 30 June 2020 | 30 June 2019 |
|---|---------------|---------------|
| Profit for the year | 19,104 | 20,144 |
| Defined benefit plan actuarial gains (losses) | - | - |
| Items that will never be reclassified to profit or loss | - | - |
| Foreign currency translation differences | (828) | (166) |
| Items that are or may be reclassified subsequently to profit or loss | (828) | (166) |
| Other comprehensive income (loss) for the year, net of income tax | (828) | (166) |
| Total comprehensive income for the period | 18,275 | 19,979 |
| <i>Of which:</i> | | |
| Equity holders of the parent company | 15,541 | 17,396 |
| Non-controlling interests | 2,734 | 2,583 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| In thousands of euros | 30 June 2020 | 30 June 2019 |
|--|----------------|-----------------|
| Profit for the year | 19,104 | 20,144 |
| Adjustments for: | | |
| Share of profit of associates | (1,198) | (315) |
| Income tax expense | 10,926 | 9,969 |
| Amortisation and provision | 11,005 | 8,898 |
| Other transactions without impact on cash and cash equivalents | 375 | (695) |
| Income from asset disposals | 234 | (190) |
| Net interests income | 1,481 | 1,750 |
| Change in net working capital | 20,839 | (36,412) |
| Income tax paid | (6,828) | (7,910) |
| Cash flow from operating activities | 55,937 | (4,762) |
| Acquisition of tangible and intangible assets | (1,731) | (3,634) |
| Acquisition of financial assets | (1,545) | (1,404) |
| Proceed from sale of tangible and intangible assets | 8 | 7 |
| Dividends received | 1,050 | 506 |
| Proceed from sale of financial assets | 1,132 | 1,122 |
| Proceed of subsidiaries, net of cash divested | (88) | (9) |
| Acquisition of subsidiaries, net of cash acquired | (548) | (15,317) |
| Cash flow from investing activities | (1,720) | (18,729) |
| Repayments of borrowings | (648) | (1,201) |
| Proceeds from borrowings | 11 | 10,138 |
| Repayment of lease liabilities | (7,162) | (6,020) |
| Change in factored receivables (net of security deposit) | 2,685 | (1,750) |
| Interests paid | (759) | (765) |
| Acquisition of non-controlling interests | (2,271) | (7,888) |
| Reduction in ownership interests while retaining control | 31 | 510 |
| Dividends paid | (875) | (1,913) |
| Cash flow from financing activities | (8,987) | (8,888) |
| Net change in cash and cash equivalents | 45,229 | (32,379) |
| Net cash and cash equivalents at year start | 81,592 | 74,643 |
| Effect of exchange rate fluctuation on cash held | (957) | 190 |
| Net cash and cash equivalents at the end of the period | 125,865 | 42,453 |
| Cash and cash equivalents in the balance sheet | 128,036 | 43,374 |
| Bank overdrafts | (2,172) | (921) |
| Cash and cash equivalents in the consolidated statement of cash flows | 125,865 | 42,453 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| In thousands of euros, (except per share data) | Number of shares | Share capital | Share premium | Treasury shares | Consolidated reserves | Translation reserves | Total equity - Owners of the Company | Non-controlling interests | Total equity |
|---|------------------|---------------|---------------|-----------------|-----------------------|----------------------|--------------------------------------|---------------------------|----------------|
| Balance at 1 January 2020 | 8,332,407 | 1,263 | 1,934 | (1,264) | 196,556 | (2,154) | 196,334 | 15,050 | 211,385 |
| Total comprehensive income for the period | | | | | | | | | |
| Profit for the year | | | | | 16,362 | | 16,362 | 2,741 | 19,104 |
| Other comprehensive income (1) | | | | | (14) | (807) | (821) | (7) | (828) |
| Total comprehensive income for the period | | | | | 16,348 | (807) | 15,541 | 2,734 | 18,275 |
| Transactions with owners of the Company | | | | | | | | | |
| Contributions and distributions | | | | | | | | | |
| Dividends paid in respect of the 2019 financial year | | | | | (0) | | (0) | (1,405) | (1,405) |
| Valuation of payments based on shares | | | | | 215 | | 215 | | 215 |
| Operations on equity instruments | | | | | | | | | |
| Adjustment related to the number and value of own shares | | | | | | | | | |
| Capital increase through exercise of options | | | | | | | | | |
| Total contributions and distributions | | - | - | - | 214 | - | 214 | (1,405) | (1,190) |
| Changes in ownership interests | | | | | | | | | |
| Acquisition and disposal of NCI without change in control | | | | | (1,938) | | (1,938) | (217) | (2,156) |
| NCI on the acquisition/creation/disposal of subsidiaries | | | | | (0) | | (0) | (11) | (11) |
| Total changes in ownership interests | | - | - | - | (1,938) | - | (1,938) | (229) | (2,167) |
| Other movements (2) | | | | | (499) | - | (499) | (1) | (500) |
| Total transactions with owners of the Company | | - | - | - | (2,223) | - | (2,223) | (1,635) | (3,858) |
| Balance at 30 June 2020 | 8,332,407 | 1,263 | 1,934 | (1,264) | 210,681 | (2,962) | 209,652 | 16,149 | 225,802 |

(1) See details in the statement of comprehensive income.

(2) Mainly corresponds to the adjustment to the goodwill of the Spanish CGU and the TMNS and Jayway put options.

| (In thousands of euros, except per share data) | Number of shares | Share capital | Share premium | Treasury shares | Consolidated reserves | Translation reserves | Total equity - Owners of the Company | Non-controlling interests | Total equity |
|---|------------------|---------------|---------------|-----------------|-----------------------|----------------------|--------------------------------------|---------------------------|----------------|
| Balance at 1 January 2019 | 8,332,407 | 1,263 | 1,934 | (2,501) | 177,267 | (2,367) | 175,597 | 12,009 | 187,606 |
| Total comprehensive income for the period | | | | | | | | | |
| Profit for the year | | | | | 17,613 | | 17,613 | 2,531 | 20,144 |
| Other comprehensive income (1) | | | | | (3) | (213) | (216) | 52 | (165) |
| Total comprehensive income for the period | | | | | 17,610 | (213) | 17,396 | 2,583 | 19,979 |
| Transactions with owners of the Company | | | | | | | | | |
| Contributions and distributions | | | | | | | | | |
| Dividends paid in respect of the 2018 financial year | | | | | (8,333) | | (8,333) | (2,824) | (11,157) |
| Valuation of payments based on shares | | | | | 1 | | 1 | | 1 |
| Operations on equity instruments | | | - | | - | | - | | - |
| Adjustment related to the number and value of own shares | | | | 1,182 | (804) | | 379 | | 379 |
| Capital increase through exercise of options | - | - | - | | | | - | | - |
| Total contributions and distributions | - | - | - | 1,182 | (9,135) | - | (7,953) | (2,824) | (10,777) |
| Changes in ownership interests | | | | | | | | | |
| Acquisition and disposal of NCI without change in control | | | | | (9,132) | | (9,132) | (834) | (9,967) |
| NCI on the acquisition/creation/disposal of subsidiaries | | | | | 0 | | 0 | 364 | 364 |
| Total changes in ownership interests | - | - | - | - | (9,132) | - | (9,132) | (470) | (9,603) |
| Other movements (2) | | | | - | (1,705) | | (1,705) | 290 | (1,416) |
| Total transactions with owners of the Company | - | - | - | 1,182 | (19,973) | - | (18,791) | (3,005) | (21,795) |
| Balance at 30 June 2019 | 8,332,407 | 1,263 | 1,934 | (1,319) | 174,904 | (2,580) | 174,203 | 11,587 | 185,790 |

(1) See details in the statement of comprehensive income.

(2) Mainly corresponds to the purchase of DSP from Dvt Middle East and the adjustment to the Jayway put option.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

(Amounts in thousands of euros, unless otherwise stated)

Note 1 - Nature of the business and significant events

Devoteam SA (the Company), the parent company of the Group, founded in 1995, is a limited liability company (société anonyme) with share capital of €1,263,015, governed by the provisions of French law. The company is registered in the Nanterre Trade and Companies Register under number 402 968 655; its registered office is located at 73 rue Anatole France, 92300 Levallois-Perret.

Devoteam SA has been traded on Euronext Paris (ISIN FR 0000073793) since 28 October 1999 (Eurolist compartment B).

Devoteam, a European consulting and engineering group, is a major player in business consulting in the fields of innovative technologies and management. With over 20 years of experience in innovative and disruptive technologies, the Group supports its clients through the digital transformation of their organisational structure and their businesses.

The first half of the year was marked and impacted from mid-March by the COVID-19 crisis, resulting in two very different quarters of activity. The first quarter, in line with the last quarter of 2019, posted solid growth momentum in all of the Group's geographical areas (+9.7% compared to the first quarter of 2019) while the second quarter, with a 2.4% decrease compared to the previous year, reflected the impact of the health crisis and in particular the lockdown measures on the Group's activity.

Faced with this unprecedented health crisis, the Group quickly set up a crisis unit and implemented a business continuity plan (BCP) to adapt to the lockdown and protect the health of its employees.

The Group's activities were impacted by the widespread lockdown in Europe, mainly in France, Germany and Benelux. The Group's other countries were less affected due to customer activities in less affected segments, such as telecoms, healthcare and the public sector. To ensure business continuity with customers, the Group used teleworking for nearly 85% of its consultants. On the other hand, the start of new projects slowed by around 50% at the beginning of the lockdown in mid-March compared to the budget.

In addition to laying off teams affected by the crisis, the Group has made use of partial activity schemes in several countries. The Group has also frozen recruitment in most of its geographical areas to cope with a lower utilisation rate of 78.3% in the second quarter of 2020 compared with 82.3% in the first quarter. As a result, the Group's workforce was reduced by 172 employees in the second quarter of 2020 compared with an increase of 96 employees in the first quarter.

During this hectic period, the Group continued to invest with its partners in innovation and training in order to step up the skills development of its teams in technologies that contribute most to accelerating the digitisation of the economy, in particular with the launch of an ambitious training plan for its employees with unlimited access to the training catalogues of its strategic partners Google, AWS, Microsoft, ServiceNow and Salesforce and an associated certification programme.

The company's condensed interim consolidated financial statements for the six months to 30 June 2020 include the company and its subsidiaries ("the Group"), as well as the Group's share of the results of associates and jointly controlled companies.

The condensed consolidated interim financial statements to 30 June 2020 and the notes were prepared by the Management Board and approved at its meeting of 7 September 2020.

Note 2 - Consolidation principles and methods

2.1 Statement of compliance

The condensed interim consolidated financial statements were prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all the information required for the annual financial statements and should be read in conjunction with the 2019 financial report.

The IFRS applied to the interim financial statements to 30 June 2020 are those published in the Official Journal of the European Union before 30 June 2020 and available on the website of the European Commission (<https://ec.europa.eu/info>). They are consistent with the IFRS published by the IASB.

The Group chose not to apply any standards, amendments or interpretations early.

2.2 Basis of measurement and presentation currency

Unless otherwise stated, the financial statements are presented in thousands of euros (the company's functional currency), rounded to the nearest thousand. They are based on historical cost, except for the following:

- Derivative financial instruments measured at fair value;
- Financial instruments at fair value through profit or loss;
- Available-for-sale financial assets measured at fair value;
- Contingent considerations arising from business combinations;
- Investment property measured at fair value;
- Liabilities arising from share-based payments settled using treasury shares measured at fair value;
- Net liabilities (assets) in respect of defined-benefit plans.

2.3 Use of estimates and judgements

The preparation of financial statements under IFRS requires the use of judgements, estimates and assumptions to determine the value of assets and liabilities and income and expenses for the period. These measurements are based on the experience gained by the Group and other factors considered reasonable under the prevailing circumstances. Actual amounts may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognised during the period of the change, if the change affects that period only, or during the period of the change and future periods, if the change affects both.

The significant judgements made by the Management to apply the Group's accounting policies in preparing the summarised interim consolidated financial statements and the principal sources of uncertainty in the estimates did not differ significantly from those affecting the consolidated financial statements for the financial year ended 31 December 2019, with the exception of the impacts linked to the COVID-19 health crisis.

In preparing the interim financial statements, the Group took into account the effects of the COVID-19 health crisis in the application of the main estimates and judgements, in particular in the execution of impairment tests on the CGUs (Note 4.3), in the estimation of the recoverability of deferred tax assets on tax deficits (Note 5.6) and in the recognition of assets on contracts and the risk of loss of value on trade receivables (Note 4.8).

2.4 Significant accounting policies

Basis of preparation of the interim consolidated financial statements

The accounting policies applied by the Group in the condensed interim consolidated financial statements are identical to those used and described in the consolidated financial statements for the financial year ended 31 December 2019. These accounting policies have been applied consistently by all Group entities.

Note 3 - Scope of consolidation

3.1 Scope of consolidation

The consolidated financial statements to 30 June 2020 include the financial statements of Devoteam SA and the financial statements of companies controlled directly or indirectly by the Group, as well as companies over which the Group has significant influence.

The main companies included in the scope of consolidation of the Devoteam Group are set out below. Entities without activity are not included below.

| Companies (SIREN) | Share of capital held as a % (I) | | Consolidation method | | Companies (SIREN) | Share of capital held as a % (I) | | Method of consolidation | |
|------------------------------------|----------------------------------|----------------|----------------------|----------------|---|----------------------------------|--------|-------------------------|------|
| | 2020 | 2019 | 2020 | 2019 | | 2020 | 2019 | 2020 | 2019 |
| FRANCE | | | | | ITALY | | | | |
| Devoteam SA | Parent company | Parent company | Parent company | Parent company | Devoteam Italy SRL | 20.00% | 20.00% | FC | FC |
| Devoteam Consulting | 80.20% | 80.20% | FC | FC | MOROCCO | | | | |
| Devoteam Outsourcing | 100% | 100% | FC | FC | Devoteam SARL | 51.00% | 51.00% | FC | FC |
| Exaprobe ECS | 35.00% | 35.00% | EM | EM | Devoteam Services SARL | 100% | 100% | FC | FC |
| S Team Management | 100% | 100% | FC | FC | Devoteam Consulting Morocco | 75.00% | 75.00% | FC | FC |
| RVR Parad | 95.00% | 95.00% | FC | FC | MEXICO | | | | |
| Siticom | 88.77% | 88.77% | FC | FC | Devoteam Mexico | 99.00% | 99.00% | FC | FC |
| Devoteam G Cloud | 100% | 100% | FC | FC | Devomex Cloud Services | 98.00% | 98.00% | FC | FC |
| Be Team | 69.42% | 69.42% | FC | FC | PANAMA | | | | |
| Devoteam G Maps (formerly Progis) | 83.71% | 83.71% | FC | FC | Drago Solutions Corp. Panama | 88.04% | 88.04% | FC | FC |
| Axance (formerly Axance People) | 75.78% | 75.83% | FC | FC | POLAND | | | | |
| DBSE | 93.64% | 93.64% | FC | FC | Avalon Solutions Sp Zoo | 87.50% | 87.50% | FC | NC |
| Axance Technology (formerly DDF) | 75.78% | 75.83% | FC | FC | PORTUGAL | | | | |
| My-G | 100% | 100% | FC | FC | Bold International SA | 58.00% | 58.00% | FC | FC |
| Technologies & Opérations | 85.42% ⁽¹⁾ | 81.89% | FC | FC | Bold Wealth Lda | 58.00% | 58.00% | FC | FC |
| Devoteam Customer Effectiveness | 68.79% | 68.79% | FC | FC | DiamondbyBold Lda | 37.70% | 37.70% | FC | FC |
| Fi-Makers | 84.87% ⁽²⁾ | 82.59% | FC | FC | OutFit | 53.66% | 53.66% | FC | EM |
| Myfowo.com | 99.73% | 99.73% | FC | FC | TechSensys Lda | 58.00% | 58.00% | FC | EM |
| Energy Dynamics | 0% ⁽³⁾ | 34.97% | NC | EM | CZECH REPUBLIC | | | | |
| D2SI | 82.06% | 82.06% | FC | FC | Devoteam SRO | 90% ⁽⁷⁾ | 75.00% | FC | FC |
| Devoteam nexDigital | 80.41% | 80.41% | FC | FC | UNITED KINGDOM | | | | |
| Devoteam Modern Applications | 62.07% ⁽⁴⁾ | 64.74% | FC | FC | Devoteam UK Limited | 95.60% | 95.60% | FC | FC |
| MEL | 76.16% | 76.16% | FC | NC | TMNS Digitisation Solutions Ltd | 95.60% | 95.60% | FC | FC |
| Catalix | 0% ⁽⁵⁾ | 38.86% | NC | FC | Devoteam Cloud Services Ltd (formerly Avalon Solutions) | 87.50% | 87.50% | FC | NC |
| GERMANY | | | | | Devoteam Management Consulting Ltd | 64.74% | 64.74% | FC | NC |
| Devoteam GmbH | 100% | 100% | FC | FC | RUSSIA | | | | |
| Siticom GmbH | 35.00% | 35.00% | EM | EM | Media-tel LLC | 40.12% | 40.12% | EM | EM |
| Q-Partners Consulting & Management | 100% | 100% | FC | FC | SCANDINAVIA | | | | |
| Alegri International Service GmbH | 100% | 100% | FC | FC | Devoteam A/S | 90.00% | 90.00% | FC | FC |
| Alegri Personal Service GmbH | 100% | 100% | FC | FC | Devoteam Globicon | 90.00% | 90.00% | FC | FC |
| AUSTRIA | | | | | Jayway ApS | 75.01% | 75.01% | FC | FC |
| Devoteam Consulting GmbH | 100% | 100% | FC | FC | Avalon Solutions AS (Denmark) | 87.50% | 87.50% | FC | NC |
| Alegri International Austria GmbH | 100% | 100% | FC | FC | HNCO AB | 30.00% | 30.00% | EM | EM |
| BENELUX | | | | | Jayway Malmö AB | 75.01% | 75.01% | NC | FC |
| Devoteam N/V | 99.71% | 99.71% | FC | FC | Jayway Halmstad AB | 0% ⁽⁸⁾ | 75.01% | NC | FC |
| DFSJ | 48.81% | 48.81% | EM | EM | Jayway Stockholm | 0% ⁽⁸⁾ | 75.01% | NC | FC |
| Devoteam Management Consulting | 71.42% | 71.42% | FC | FC | Jayway Services AB | 0% ⁽⁸⁾ | 75.01% | FC | FC |
| Paradigmo SA/NV | 0% ⁽⁶⁾ | 99.71% | NC | FC | Jayway Holding AB | 75.01% | 75.01% | FC | FC |
| Devoteam SA (Luxembourg) | 100% | 100% | FC | FC | Øredev AB | 75.01% | 75.01% | FC | FC |
| Devoteam Consulting Holding | 100% | 100% | FC | FC | Sädesmagasinet Förvaltnings AB | 75.01% | 75.01% | FC | FC |
| Devoteam Communication | 100% | 100% | FC | FC | Avalon Solutions AB | 87.50% | 87.50% | FC | NC |
| Devoteam Netherlands BV | 80.00% | 80.00% | FC | FC | Fornebu Consulting AS | 100% | 100% | FC | FC |
| TMNS BV | 80.00% | 80.00% | FC | FC | DVT Smart Flow AS | 86.42% | 86.42% | FC | NC |
| Between Staffing Group | 32.38% | 32.38% | EM | EM | Avalon Solutions AS (Norway) | 87.50% | 87.50% | FC | NC |
| UNITED ARAB EMIRATES | | | | | Studio Vues AS | 71.78% ⁽⁹⁾ | 79.28% | FC | NC |
| Devoteam Middle East FZ LLC | 76.00% | 76.00% | FC | FC | DVT Cloudify AS | 69.28% | 69.28% | FC | NC |
| SPAIN | | | | | SERBIA | | | | |
| Devoteam Fringes SAU | 100% | 100% | FC | FC | TMNS Empiry DOO | 80.00% | 80.00% | FC | FC |

| | | | | | | | | | |
|--|--------|--------|----|----|--|--------------------|--------|----|----|
| Keivox | 35.01% | 35.01% | EM | EM | SINGAPORE | | | | |
| DPI | 88.04% | 88.04% | FC | FC | Avalon Solutions PTE | 87.50% | 87.50% | FC | NC |
| Drago Solution SAU | 88.04% | 88.04% | FC | FC | SLOVAKIA | | | | |
| Softoro Development Center SAU | 88.04% | 88.04% | FC | FC | Devoteam Slovakia | 90% ⁽⁷⁾ | 75.00% | FC | NC |
| Devoteam Cloud Services | 87.80% | 87.80% | FC | FC | SWITZERLAND | | | | |
| Devoteam Drago SLU | 88.04% | 88.04% | FC | FC | TMNS GmbH | 100% | 100% | FC | FC |
| New Business Intelligence Company S.L. | 88.04% | 88.04% | FC | FC | Alegri AG | 100% | 100% | FC | FC |
| UNITED STATES | | | | | TUNISIA | | | | |
| Jayway Inc | 75.01% | 75.01% | FC | FC | Devoteam Tunisia | 75.00% | 75.00% | FC | FC |
| Avalon Solutions Inc | 87.50% | 87.50% | FC | NC | Devoteam Technology Consulting | 75.00% | 75.00% | FC | FC |
| IRELAND | | | | | TURKEY | | | | |
| Voxpilot Limited | 100% | 100% | FC | FC | Devoteam Information Technology and Consultancy AS | 100% | 100% | FC | FC |

FC: Full consolidation; EM: Equity method; NC: Not consolidated

(1) Acquisition of an additional 3.53% of the share capital of Technologies & Opérations. The Group's equity interest is now 85.42%.

(2) Acquisition of an additional 2.28% of the share capital of Fi-Makers via MEL. The Group's equity interest is now 84.87%.

(3) Disposal of the non-controlling interest in Energy Dynamics.

(4) Disposal of 2.67% of the share capital of Devoteam Modern Applications via MEL. The Group's equity interest is now 62.07%.

(5) Disposal of Catalix.

(6) Merger of Paradigmo into Devoteam NV/SA.

(7) Acquisition of an additional 15% of the share capital of Devoteam SRO, parent company of Devoteam Slovakia.

(8) Merger of Jayway Halmstad AB, Jayway Stockholm and Jayway Services AB into Jayway Malmö AB.

(9) Disposal of 7.50% of the capital of Studio Vues AS via Fornebu Consulting AS. The Group's equity interest is now 71.78%.

3.2 Changes during the period

3.2.1 Acquisitions

The Devoteam Group made no significant acquisitions during the first half of 2020.

Acquisition accounting and evaluation period

The impact of the first-time consolidation carried out in the first half of 2020 and in 2019 (acquisitions and controlling interests) on the Group's financial statements is presented below:

| In thousands of euros | Transactions in 2020 | Transactions in 2019* |
|--------------------------|----------------------|-----------------------|
| Revenue | - | 3,899 |
| Current operating income | - | 40 |
| Profit for the year | - | (524) |
| Total assets | - | 9,400 |
| Changes in WCR | - | 127 |

* Concerns the acquisitions of the Avalon group as well as MEL, Catalix, Outfit and Techsensys during 2019. PowerData, acquired in 2019 and merged with Devoteam Drago, is no longer available in isolation and is therefore excluded.

3.2.2 Disposals

The Devoteam Group made no significant disposals during the first half of 2020.

Note 4 - Information on the consolidated statement of financial position

4.1 Intangible assets

During the first half of the year, the Group made no significant intangible asset purchases.

4.2 Tangible assets

During the first half of 2020, the Group acquired tangible assets for €1,184 thousand (versus €3,501 thousand in the first half of 2019). These mainly consist of improvements to business premises and IT equipment for the Group's operational needs.

4.3 Goodwill

At 30 June 2020, goodwill comprised:

| In thousands of euros | 30 June 2020 | | | 31 December 2019 | | |
|--|----------------|------------------------------|----------------|------------------|------------------------------|----------------|
| | Goodwill gross | Cumulative impairment losses | Net goodwill | Goodwill gross | Cumulative impairment losses | Net goodwill |
| Germany CGU | 36,848 | (4,032) | 32,816 | 36,848 | (4,032) | 32,816 |
| France CGU | 27,958 | (1,328) | 26,630 | 28,021 | (1,328) | 26,693 |
| Scandinavia CGU | 23,753 | - | 23,753 | 24,041 | - | 24,041 |
| Devoteam Netherlands CGU | 13,916 | (1,533) | 12,382 | 13,916 | (1,533) | 12,382 |
| Spain CGU | 6,310 | - | 6,310 | 8,225 | - | 8,225 |
| Jayway CGU | 8,382 | - | 8,382 | 8,421 | - | 8,421 |
| Avalon CGU | 7,009 | (1,650) | 5,359 | 7,041 | - | 7,041 |
| Belux CGU | 6,860 | - | 6,860 | 6,860 | - | 6,860 |
| Bold CGU | 4,846 | - | 4,846 | 4,846 | - | 4,846 |
| Devoteam UK | 8,416 | (4,923) | 3,493 | 8,502 | (4,923) | 3,579 |
| Other net goodwill under €2,200 thousand | 5,160 | (3,572) | 1,588 | 5,255 | (3,594) | 1,661 |
| Total | 149,456 | (17,039) | 132,418 | 151,974 | (15,411) | 136,564 |

Details of the entities are provided in Note 3.2 to the 2019 financial statements.

The nature of the Group's business results in the recognition of significant goodwill. In a business combination, the Group primarily acquires human capital.

Net goodwill decreased by €4,146 thousand in the first half of 2020, mainly due to:

- The correction to the goodwill of the Spanish CGU for -€2,238 thousand;
- The recognition of the impairment loss of the Avalon CGU for €1,650 thousand;
- Currency effects for -€518 thousand, mainly on the Scandinavian CGU.

Impairment tests

The Group has not carried out systematic impairment tests to estimate the recoverable value of its CGUs. The Group maintained its usual method of identifying CGUs where there was an indication of impairment, mainly based on a negative deviation of actual compared with budgeted results for the first half and the entire year. The CGUs identified under this method are Avalon, Germany, Devoteam Netherlands, Bold and Tunisia.

For the CGUs tested, the Group used the latest business plan available, incorporating the expected effects of the health crisis. Finally, the Group also recalculated its discount rates resulting in a one-point increase in the base rate compared to 31 December 2019.

For the other untested CGUs, the Group ensured that they had sufficient headroom to ensure that the carrying amounts of these CGUs were not called into question by the effects of COVID-19.

As at 31 December 2019, the impairment tests do not include the effect of IFRS 16 "Leases" on future cash flows. However, the Group makes sure that this effect would not be significant for the CGUs tested.

As at 30 June 2020, an impairment loss was recorded on the Avalon CGU for €1,650 thousand due in particular to financial performance below expectations and the lower long-term outlook compared to the initial plan. At 31 December 2019, no impairment loss had been recognised.

The key assumptions used in 2020 and 2019 to determine the recoverable value of the CGUs tested are described below, broken down on the basis of the geographical areas in which the Group operates:

| 2020 key assumptions | Discount rate | Long-term growth rate | Normative rate of return ⁽¹⁾ |
|--------------------------|----------------|-----------------------|---|
| France | 8.4% | 2% | between 3% and 10% |
| Other European countries | 8.1% to 11.5% | 2% | between 5% and 9% ⁽²⁾ |
| Middle East | 10.9% to 14.4% | 2.50% | between 5% and 9% |
| North Africa | 11.7% to 12.5% | 2.50% | between 5% and 9% |

(1) Long-term operating margin.

(2) With the exception of New BIC whose normative rate of return is 20%.

| 2019 key assumptions | Discount rate | Long-term growth rate | Normative rate of return ⁽¹⁾ |
|--------------------------|----------------|-----------------------|---|
| France | 7.4% | 2% | between 3% and 10% |
| Other European countries | 7.1% to 10.5% | 2% | between 5% and 9% ⁽²⁾ |
| Middle East | 9.9% to 13.4% | 2.50% | between 5% and 9% |
| North Africa | 10.7% to 11.5% | 2.50% | between 5% and 9% |

(1) Long-term operating margin.

(2) With the exception of New BIC whose normative rate of return is 20%.

Sensitivity tests were carried out on the principal calculation parameters for the CGUs tested:

- A 0.5-point increase in the discount rate would have had a negative impact of €344 thousand on the results;
- A 0.5 point drop in the perpetual growth rate would have had a negative impact of €292 thousand on the results;
- A 0.5 point drop in the normative rate of return would have had a negative impact of €431 thousand on the results.

4.4 Right-of-use assets

Right-of-use assets

| In thousands of euros | Land, buildings, fittings | Vehicles | IT equipment and other | Total |
|--|---------------------------|----------------|------------------------|-----------------|
| Gross value | | | | |
| At 1 January 2020 | 43,889 | 13,213 | 62 | 57,164 |
| Foreign currency translation differences | (161) | (2) | (0) | (163) |
| Acquisitions/Increases | 5,634 | 2,949 | 8 | 8,591 |
| Disposals/Decreases | (323) | (929) | - | (1,251) |
| At 30 June 2020 | 49,039 | 15,232 | 70 | 64,341 |
| Depreciation, amortisation and impairment | | | | |
| At 1 January 2020 | (8,119) | (4,299) | (11) | (12,430) |
| Foreign currency translation differences | 28 | 2 | (0) | 30 |
| Charges and impairment | (4,737) | (2,493) | (8) | (7,238) |
| Reversals | 206 | 644 | - | 850 |
| At 30 June 2020 | (12,622) | (6,146) | (19) | (18,787) |
| Net values | | | | |
| At 1 January 2020 | 35,770 | 8,913 | 51 | 44,733 |
| At 30 June 2020 | 36,417 | 9,086 | 51 | 45,553 |

Lease liabilities

| In thousands of euros | Portion due in less than 1 year | Portion due in 1 to 5 years | Portion due in more than 5 years | Total |
|-----------------------------|---------------------------------|-----------------------------|----------------------------------|---------------|
| Operating lease liabilities | 12,324 | 28,138 | 5,640 | 46,102 |
| At 30 June 2020 | 12,324 | 28,138 | 5,640 | 46,102 |

4.5 Non-current financial assets

| In thousands of euros | 30 June 2020 | 31 December 2019 |
|---|--------------|------------------|
| Loans, guarantees and other receivables | 4,079 | 2,943 |
| Other non-current financial assets | 2,409 | 2,920 |
| Total | 6,488 | 5,863 |

Non-current financial assets mainly comprise security deposits. Other non-current financial assets consist mainly of cash advances to associates.

4.6 Investments in associates

| In thousands of euros | 30 June 2020 | 31 December 2019 |
|---------------------------|--------------|------------------|
| Investments in associates | 5,076 | 4,975 |

The change is mainly explained by the result for the period for €1,198 thousand as well as by dividend distributions for -€1,050 thousand.

The financial information below concerns investments accounted for using the equity method: Keivox (Spain), Siticom GmbH (Germany), DFSJ (Belgium), Between Staffing Group BV (Netherlands), Media-Tel LLC (Russia) and Exaprobe ECS (France).

Selected financial information for these companies can be found below:

| Recorded amounts In thousands of euros | 30 June 2020 | 31 December 2019 |
|---|--------------|------------------|
| Non-current assets | 6,493 | 8,830 |
| Current assets | 70,168 | 43,916 |
| Non-current liabilities | 2,343 | 2,782 |
| Current liabilities | 68,092 | 44,083 |
| 100% of net assets | 6,227 | 5,882 |
| Net assets attributable to equity holders of the parent | 2,203 | 2,104 |
| Goodwill | 548 | 548 |
| Other | 2,323 | 2,323 |
| Carrying amount of interests in associates | 5,075 | 4,975 |
| Net revenue | 103,165 | 193,467 |
| Profit after tax from continuing operations | 3,664 | 1,772 |
| 100% of other comprehensive income | - | - |
| 100% of total comprehensive income | 3,664 | 1,772 |
| Total comprehensive income attributable to equity holders of the parent | 1,198 | 534 |

4.7 Investment property

| Assets In thousands of euros | 30 June 2020 | 31 December 2019 |
|--|--------------|------------------|
| Investment property measured at amortised cost | 228 | 457 |
| Investment property measured at fair value | - | - |
| Total | 228 | 457 |

It is depreciated on a straight-line basis over a period of 15 years.

The table below summarises the carrying amounts of the complex:

| In thousands of euros | 30 June 2020 | 31 December 2019 |
|----------------------------|--------------|------------------|
| Gross value | 5,955 | 5,955 |
| Accumulated depreciation | (5,728) | (5,499) |
| Net carrying amount | 228 | 457 |

4.8 Other current assets and liabilities

| Assets In thousands of euros | 30 June 2020 | 31 December 2019 |
|-------------------------------------|----------------|------------------|
| Trade receivables | 174,364 | 180,459 |
| Contract assets | 57,577 | 57,966 |
| Tax and social security receivables | 14,038 | 11,349 |
| Current tax receivables | 5,594 | 5,784 |
| Other receivables | 1,080 | 716 |
| Prepaid expenses | 38,983 | 28,928 |
| Total | 291,636 | 285,203 |

Trade receivables and contract assets

The change in trade receivables and contract-related assets during the first half of 2020 for -€6,483 thousand is explained by a good performance in trade receivables collection activities resulting in a significant reduction in the half-yearly DSO.

At 30 June 2020, the DSO Group's days of sales outstanding (DSO) was 63 days, compared with 73 days at 30 June 2019 (58 days at 31 December 2019).

Calculation of days of sales outstanding (DSO)

| (amounts in thousands of euros except for the number of days)* | 30 June 2020 | 30 June 2019 | 31 December 2019 |
|--|----------------|----------------|------------------|
| Trade receivables and contract assets excl. taxes | 211,948 | 220,952 | 214,637 |
| Accounts receivable and contract liabilities | (72,661) | (59,962) | (68,167) |
| Net client position excl. taxes | 139,287 | 160,989 | 146,470 |
| Revenue before tax of the last quarter | 199,610 | 199,695 | 226,271 |
| DSO (days) | 63 | 73 | 58 |

* Management data, impact of factoring & IFRS 15 neutralised.

In the context of the COVID-19 health crisis, no significant customer defaulted during the half-year and the Group does not anticipate a significant increase in its credit risk given the quality of its customer base. In addition, with the exception of a few isolated cases involving insignificant amounts, the Group has not noted any significant extension in its customers' payment times.

Tax and social security receivables

The change in this item is mainly due to the recognition of receivables related to the exceptional partial activity scheme, particularly in France and Germany.

Prepaid expenses

The change in this item is related to the Group's operating activity and includes a significant seasonal effect.

| Liabilities (excluding current provisions, loans, borrowings and short-term lease liabilities) In thousands of euros | 30 June 2020 | 31 December 2019 |
|---|---------------------|-------------------------|
| Trade payables | 68,462 | 57,318 |
| Tax and social security liabilities | 141,324 | 128,201 |
| Income tax payable | 8,031 | 5,256 |
| Other current liabilities | 17,894 | 12,873 |
| Contract liabilities | 61,262 | 58,828 |
| Total | 296,973 | 262,476 |

Trade payables

The change in trade payables is mainly due to the renegotiation of the payment period with a major partner of the Group.

Tax and social security liabilities

The change in this item is related to the extension of due dates granted to the Group as part of government measures to support corporate cash flow. At 30 June 2020, the Group benefited from a €20.5 million deferral of social security charges and taxes, most of which will be paid in the third quarter.

Income tax payable

The change in this item is related to the postponement of social security and tax due dates granted to the Group described above.

Other current liabilities

The other current liabilities amounted to €17,894 thousand and break down as follows:

- Advance payments from customers and customer credit notes to be prepared for €13,574 thousand (versus €11,179 thousand at the end of 2019), mainly for the French entities (€11,393 thousand) and the Danish entities (€1,773 thousand);
- Current liabilities in respect of earn-outs and put options on non-controlling interests in a total amount of €2,423 thousand (compared with €1,210 thousand in 2019) relating to acquisitions;
- Dividends to be paid to minority shareholders for €553 thousand (compared to €26 thousand in 2019).

Other current liabilities presented no significant change.

4.9 Other current financial assets and net cash

4.9.1 Other current financial assets

This item mainly includes a security deposit in the context of the disposal of receivables contract for €1,644 thousand (compared to €1,863 thousand at the end of 2019) and short-term loans and guarantees for €603 thousand (compared to €526 thousand at the end of 2019).

4.9.2 Net cash

Cash in the statement of cash flows consists of cash and cash equivalents (short-term investments and cash), net of bank overdrafts.

Net cash includes cash, as defined above, as well as cash management assets (assets presented separately in the statement of financial position due to their characteristics), less short- and long-term financial liabilities. It also takes into account, where appropriate, the impact of hedging instruments as they relate to borrowings and treasury shares. It does not include the lease liabilities recognised pursuant to IFRS 16.

| In thousands of euros | 30 June 2020 | 31 December 2019 |
|--|-----------------|------------------|
| Short-term investments | 142 | 141 |
| Cash at bank | 127,894 | 81,518 |
| Bank overdrafts (liability) | (2,172) | (71) |
| Cash and cash equivalents | 125,864 | 81,588 |
| Cash management assets | - | - |
| Bonds | (29,942) | (29,915) |
| Obligations under finance leases | - | - |
| Draw-downs on bank and similar facilities and other borrowings | (1,567) | (1,920) |
| Long-term borrowings | (31,508) | (31,835) |
| Bonds | (931) | (446) |
| Obligations under finance leases | (19) | (39) |
| Draw-downs on bank and similar facilities and other borrowings | (1,054) | (1,317) |
| Short-term borrowings | (2,004) | (1,801) |
| Total borrowings⁽¹⁾ | (33,512) | (33,636) |
| Derivative instruments | - | - |
| Net cash | 92,351 | 47,952 |

(1) Details of borrowings are disclosed in Note 4.11.

Cash held in countries subject to foreign exchange control mechanisms amounted to €2,502 thousand (versus €2,967 thousand at the end of 2019).

The main changes in the Group's cash are described below.

Cash flow from operating activities

Operating cash flows

Operating cash flows increased by 5.8%, from €39.6 million at 30 June 2019 to €41.9 million at 30 June 2020.

Change in net working capital (WCR)

The change in working capital requirement improved sharply to +€20.8 million at 30 June 2020 compared with -€36.4 million at the end of June 2019, mainly due to better management of the days of sales outstanding (DSO) at the end of the period, which stood at 63 days (compared with 73 days at 30 June 2019) and the postponement of tax and social security payments related to the health crisis for €20.5 million.

Income tax paid

Tax paid decreased slightly over the period to €6.8 million compared with €7.9 million at 30 June 2019 due to the postponement of tax due dates.

Cash flow from investing activities

Cash flows from investing activities for the period were negative at €1.7 million (vs -€18.7 million at 30 June 2019), mainly due to acquisitions of fixed assets for the Group's operating requirements for €1.7 million.

Cash flow from financing activities

Cash flow from financing activities was negative in the amount of €9.0 million. This mainly included:

- a net cash outflow of €2.2 million related to transactions on non-controlling interests;
- a net outflow from borrowings for €0.6 million;
- the repayment of lease liabilities associated with the right-of-use assets (IFRS 16) for €7.2 million;
- a 2.7 million increase in the outstanding amount of receivables sold;
- the payment of dividends to non-controlling shareholders for €0.9 million.

4.10 Equity

4.10.1 Share capital

At 30 June 2020, the share capital of Devoteam SA amounted to €1,263,015, divided into 8,332,407 ordinary shares. There was no change over the period.

4.10.2 Dividends

In view of the economic context, the Management Board, supported by the Supervisory Board, decided on 9 April 2020, to take a prudent approach to the proposed appropriation of earnings that was put to the vote at the General Meeting of Shareholders of 5 June 2020 and not to distribute dividends in respect of the 2019 financial year.

4.10.3 Treasury shares

The Group held 138,632 treasury shares, representing 1.66% of the share capital at 30 June 2020, stable compared with 31 December 2019.

4.10.4 Non-controlling interests

At 30 June 2020, the main minority interests relate to the minority interests held in Devoteam Middle East, Bold, Axance, Devoteam Netherlands, D2SI, Siticom and MEL.

The change in non-controlling interests over the financial year mainly reflects:

- Profits of entities with non-controlling interests;
- Distribution of dividends to non-controlling shareholders for €1,405 thousand;
- Buyouts of non-controlling interests and other changes in scope for -€229 thousand.

The following table summarises disclosures relating to subsidiaries with non-controlling interests, before intragroup eliminations.

| In thousands of euros | 30 June 2020 | 31 December 2019 |
|---|---------------|------------------|
| Non-current assets | 90,101 | 83,470 |
| Current assets | 250,149 | 236,779 |
| Non-current liabilities | (47,052) | (52,191) |
| Current liabilities | (179,873) | (160,483) |
| Net assets | 113,325 | 107,575 |
| Reclassification of non-controlling interests | (6,277) | (6,756) |
| Carrying amount of non-controlling interests | 16,150 | 15,050 |
| Net revenue | 257,058 | 485,356 |
| Profit for the year | 13,959 | 31,386 |
| Other comprehensive income | - | - |
| Total comprehensive income | 13,959 | 31,386 |
| Net income allocated to non-controlling interests | 2,741 | 5,974 |
| Other comprehensive income allocated to non-controlling interests | - | - |
| Cash flow from operating activities | 27,745 | 25,600 |
| Cash flow from investing activities | (2,211) | (4,295) |
| Cash flow from financing activities | (7,062) | (23,355) |
| Effect of exchange rate fluctuation on cash held | (493) | 297 |
| Net increase (decrease) in cash and cash equivalents | 17,979 | (1,753) |

4.11 Loans and borrowings

The various loans and borrowings comprise:

| In thousands of euros | 30 June 2020 | Portion due in less than 1 year | Portion due in 1 to 5 years | Portion due in more than 5 years |
|-----------------------------------|---------------|---------------------------------|-----------------------------|----------------------------------|
| Bonds | 30,873 | 931 | 29,942 | - |
| Loans from credit institutions | 2,620 | 1,054 | 1,567 | - |
| Finance lease liabilities | 19 | 19 | - | - |
| Bank overdrafts | 2,172 | 2,172 | - | - |
| Total loans and borrowings | 35,685 | 4,176 | 31,508 | - |

| In thousands of euros | 31 December 2019 | Portion due in less than 1 year | Portion due in 1 to 5 years | Portion due in more than 5 years |
|-----------------------------------|------------------|---------------------------------|-----------------------------|----------------------------------|
| Bonds | 30,361 | 446 | 29,915 | - |
| Loans from credit institutions | 3,236 | 1,317 | 1,920 | - |
| Finance lease liabilities | 39 | 39 | - | - |
| Bank overdrafts | 71 | 71 | - | - |
| Total loans and borrowings | 33,708 | 1,873 | 31,835 | - |

4.12 Current and non-current provisions and pension commitments

Current and non-current provisions

The current and non-current provisions amounting to €7,468 thousand at the end of June (compared with €8,299 thousand at the end of December 2019) chiefly consist of the following:

- provisions for restructuring for €1,559 thousand (compared with €2,285 thousand at 31 December 2019) recognised mainly in France for €705 thousand and in Germany for €369 thousand;
- provisions for wage disputes in France for €741 thousand (compared with €1,033 thousand at 31 December 2019);
- provisions for liabilities and charges for €5,168 thousand (compared to €4,982 thousand at 31 December 2019).

Provisions for pension commitments:

The provisions for retirement benefits totalled €4,604 thousand (versus €4,442 thousand at 31 December 2019). These mainly concern the French entities. The key assumptions for the calculation of the provisions for retirement benefits are identical to those adopted at 31 December 2019. For the Group, the cost of services rendered over the period totalled €143 thousand and the interest cost amounted to €19 thousand.

Contingent liabilities

The dispute between the Group and the former non-controlling shareholders of Wola Info (now Devoteam Poland) has not significantly changed over the first half of the year (see the 2019 financial report for more details).

4.13 Other non-current assets and liabilities

| Assets In thousands of euros | 30 June 2020 | 31 December 2019 |
|---------------------------------|--------------|------------------|
| Other | 103 | 183 |
| Total | 103 | 183 |

| Liabilities In thousands of euros | 30 June 2020 | 31 December 2019 |
|--------------------------------------|---------------|------------------|
| Other non-current liabilities | 15,173 | 17,718 |
| Deferred income | 87 | 23 |
| Total | 15,261 | 17,741 |

The other non-current liabilities mainly break down as follows:

- Put-option liabilities for €14,321 thousand, of which €2,471 thousand for TMNS, €5,091 thousand for Bold and €6,759 thousand for Jayway;
- Non-current liabilities related to mandatory severance pay in the event of departures of employees in Italy in the amount of €851 thousand.

Note 5 - Information on the income statement

5.1 Comparative information

Pursuant to AMF Instruction No. 2007-05 dated 2 October 2007, pro forma financial statements must be prepared if the scope of consolidation varies by more than 25% during the period. As the impact was less than 25%, the Group has no obligation to prepare pro forma financial statements. The impact of changes in scope for the period is summarised in Note 3.

5.2 Operating segments

Under IFRS 8, operating segments must be based on internal reporting regularly reviewed by the chief operating decision maker. The chief operating decision makers, who are responsible for allocating resources and assessing the performance of the various operating segments, are the Chairman of the Management Board and the Chief Executive Officer, who are responsible for taking strategic decisions within the Executive Committee.

These “geographical splits” were established in accordance with various criteria to ensure consistency:

- revenue in the region: each region is the sum of countries that generate a certain volume of revenue;
- a natural central point for the region (e.g. a “large” country and a number of “smaller” countries) or an appropriate split between entities (a number of “small” countries);
- geographical, linguistic and cultural proximity between countries of the same region;
- synergy between offers: capturing growth opportunities by developing synergy between offers (e.g. by extending an offer from one country to another country within the same region).

The regions thus created are as follows:

- The “**France**” region, which includes the French entities, as well as the service centres in Morocco and Spain;
- The “**Northern Europe & Benelux**” region consolidates the British entities, the Scandinavian countries, Luxembourg, Belgium, the Netherlands and the entities of the Avalon group and the activities of the Jayway group in the United States;
- The “**Central Europe**” region is composed of Germany, Austria, the Czech Republic, Slovakia and Switzerland;
- The “**Iberia & Latam**” region includes entities located in Spain, Portugal and Latin America (Panama and Mexico);
- The “**Rest of the world**” region is composed of the Middle East, Italy, Morocco (excluding the services centres), Tunisia and Turkey;
- The “**Corporate & Other**” sector covers head office activities that cannot be directly allocated to operational regions, and residual elements of discontinued operations (mainly outsourcing);
- The “**Divested entities**” segment in 2020 includes the divested entities of Catalix in France. In 2019, this segment included the activities disposed of in Portugal (Precise Lda, EHC Lda and NauOn SA), the disposal of the minority holding in Inflexsys and the deconsolidation of the entity Devoteam Poland.

The definition of the “geographical splits” in 2020 and 2019 is presented below for the entire scope.

| Entity | Country | 30 June 2020 | 31 Dec 2019 | Entity | Country | 30 June 2020 | 31 Dec 2019 |
|--------------------------------------|---------|---------------------------|---------------------------|--------------------------------|----------------|---------------------------|---------------------------|
| Devoteam A/S | France | France | France | Vox Pilot | Ireland | Corporate & Other | Corporate & Other |
| Devoteam Management Consulting FR | France | France | France | Devoteam Italy | Italy | Rest of the world | Rest of the world |
| Devoteam Outsourcing | France | Corporate & Other | Corporate & Other | Devoteam Luxembourg | Luxembourg | Northern Europe & Benelux | Northern Europe & Benelux |
| Exaprobe ECS MEE | France | Corporate & Other | Corporate & Other | Devoteam Consulting Holding | Luxembourg | Corporate & Other | Corporate & Other |
| S Team Management | France | France | France | Devoteam Communication SARL | Luxembourg | Corporate & Other | Corporate & Other |
| Inflexys | France | Divested entities | Divested entities | Devoteam Morocco | Morocco | Rest of the world | Rest of the world |
| RVR Parad | France | France | France | Devoteam Services Morocco | Morocco | Rest of the world | Rest of the world |
| Devoteam Network Expertise | France | France | France | Devoteam Consulting Morocco | Morocco | Corporate & Other | Corporate & Other |
| Devoteam G Cloud | France | France | France | Devoteam Mexico | Mexico | Iberia & Latam | Iberia & Latam |
| Be Team | France | France | France | Devomex Cloud Services | Mexico | Iberia & Latam | Iberia & Latam |
| Devoteam G Maps | France | France | France | Devoteam Fornebu Consulting AS | Norway | Northern Europe & Benelux | Northern Europe & Benelux |
| Axance | France | France | France | Devoteam Smart Flow AS | Norway | Northern Europe & Benelux | Northern Europe & Benelux |
| Devoteam Business Service Excellence | France | France | France | Avalon Solutions AS (NO) | Norway | Northern Europe & Benelux | Northern Europe & Benelux |
| Axance Technology | France | France | France | Studio Vues | Norway | Northern Europe & Benelux | Northern Europe & Benelux |
| myG | France | France | France | Devoteam Cloudify | Norway | Northern Europe & Benelux | Northern Europe & Benelux |
| Technologies & Opérations | France | France | France | Drago Solutions Corp. | Panama | Iberia & Latam | Iberia & Latam |
| Devoteam Customer Effectiveness | France | France | France | Devoteam Netherlands | Netherlands | Northern Europe & Benelux | Northern Europe & Benelux |
| Fi-Makers | France | France | France | Between Staffing Group B.V | Netherlands | Corporate & Other | Corporate & Other |
| Myfowo.com | France | Corporate & Other | Corporate & Other | Devoteam Poland | Poland | Divested entities | Divested entities |
| Energy Dynamics | France | Divested entities | Corporate & Other | Avalon Solutions Sp Zoo | Poland | Northern Europe & Benelux | Northern Europe & Benelux |
| D2SI | France | France | France | Bold International SA | Portugal | Iberia & Latam | Iberia & Latam |
| Devoteam nexDigital | France | France | France | Bold Wealth Lda | Portugal | Iberia & Latam | Iberia & Latam |
| Devoteam Modern Applications | France | France | France | DiamondbyBold Lda | Portugal | Iberia & Latam | Iberia & Latam |
| MEL SAS | France | Corporate & Other | Corporate & Other | Neos Lda | Portugal | Iberia & Latam | Iberia & Latam |
| Catalix | France | Divested entities | France | Precise Lda | Portugal | Divested entities | Divested entities |
| Devoteam Germany | Germany | Central Europe | Central Europe | NauOn SA | Portugal | Divested entities | Divested entities |
| Siticom GmbH MEE | Germany | Corporate & Other | Corporate & Other | OutFit | Portugal | Iberia & Latam | Iberia & Latam |
| Q-Partners Consulting & Management | Germany | Central Europe | Central Europe | TechSensys Lda | Portugal | Iberia & Latam | Iberia & Latam |
| TMNS Germany | Germany | Northern Europe & Benelux | Northern Europe & Benelux | EHC Lda | Portugal | Divested entities | Divested entities |
| Alegri International Service GmbH | Germany | Central Europe | Central Europe | Devoteam Czech Rep. | Czech Republic | Central Europe | Central Europe |
| Alegri Personal Service GmbH | Germany | Central Europe | Central Europe | Devoteam UK | United Kingdom | Northern Europe & Benelux | Northern Europe & Benelux |
| Devoteam Consulting Austria | Austria | Central Europe | Central Europe | TMNS UK | United Kingdom | Northern Europe & Benelux | Northern Europe & Benelux |

| | | | | | | | |
|---|----------------------|---------------------------|---------------------------|-----------------------------------|----------------|---------------------------|---------------------------|
| Alegri International Austria GmbH | Austria | Central Europe | Central Europe | Avalon Solutions Ltd | United Kingdom | Northern Europe & Benelux | Northern Europe & Benelux |
| Devoteam Belgium | Belgium | Northern Europe & Benelux | Northern Europe & Benelux | Devoteam Management Consulting UK | United Kingdom | Northern Europe & Benelux | Northern Europe & Benelux |
| DFSJ | Belgium | Corporate & Other | Corporate & Other | Media-tel LLC | Russia | Corporate & Other | Corporate & Other |
| Devoteam Management Consulting BE | Belgium | Northern Europe & Benelux | Northern Europe & Benelux | TMNS Serbia | Serbia | Northern Europe & Benelux | Northern Europe & Benelux |
| Paradigmo SA/NV | Belgium | Northern Europe & Benelux | Northern Europe & Benelux | Avalon Solutions PTE | Singapore | Northern Europe & Benelux | Northern Europe & Benelux |
| Devoteam Denmark | Denmark | Northern Europe & Benelux | Northern Europe & Benelux | Devoteam Slovakia | Slovakia | Central Europe | Central Europe |
| Devoteam Globicon AS | Denmark | Northern Europe & Benelux | Northern Europe & Benelux | HNCO AB | Sweden | Divested entities | Corporate & Other |
| Jayway ApS | Denmark | Northern Europe & Benelux | Northern Europe & Benelux | Jayway Malmö AB | Sweden | Northern Europe & Benelux | Northern Europe & Benelux |
| Avalon Solutions AS (DK) | Denmark | Northern Europe & Benelux | Northern Europe & Benelux | Jayway Halmstad AB | Sweden | Northern Europe & Benelux | Northern Europe & Benelux |
| Devoteam Middle East | United Arab Emirates | Rest of the world | Rest of the world | Jayway Stockholm | Sweden | Northern Europe & Benelux | Northern Europe & Benelux |
| Devoteam Spain | Spain | Iberia & Latam | Iberia & Latam | Jayway Services AB | Sweden | Northern Europe & Benelux | Northern Europe & Benelux |
| Keivox | Spain | Corporate & Other | Corporate & Other | Jayway Holding AB | Sweden | Northern Europe & Benelux | Northern Europe & Benelux |
| Desarrollo de procesos de implantacion S.L. | Spain | Iberia & Latam | Iberia & Latam | Øredev AB | Sweden | Northern Europe & Benelux | Northern Europe & Benelux |
| Drago Solution SAU | Spain | Iberia & Latam | Iberia & Latam | Sådesmagasinet Förvaltnings AB | Sweden | Northern Europe & Benelux | Northern Europe & Benelux |
| Softoro Development Center SAU | Spain | Iberia & Latam | Iberia & Latam | Avalon Solutions AB | Sweden | Northern Europe & Benelux | Northern Europe & Benelux |
| Devoteam Cloud Services ES | Spain | Iberia & Latam | Iberia & Latam | TMNS Switzerland | Switzerland | Central Europe | Central Europe |
| myG for work Spain | Spain | Corporate & Other | Corporate & Other | Alegri AG | Switzerland | Central Europe | Central Europe |
| Devoteam Drago SLU | Spain | Iberia & Latam | Iberia & Latam | Devoteam Tunisia | Tunisia | Rest of the world | Rest of the world |
| New Business Intelligence Company S.L. | Spain | Iberia & Latam | Iberia & Latam | Devoteam Technology Consulting TN | Tunisia | Rest of the world | Rest of the world |
| Jayway Inc | United States | Northern Europe & Benelux | Northern Europe & Benelux | Devoteam Turkey | Turkey | Rest of the world | Rest of the world |
| Avalon Solutions Inc | United States | Northern Europe & Benelux | Northern Europe & Benelux | | | | |

Comparative segment information in respect of the 2019 financial year has been restated to match the new structure of the operating segments.

The key performance indicators set out below are used by the Group in its internal reporting and are identical to those applied at the 2019 reporting date (see Note 3.19 to the 2019 financial statements):

- first, the operating margin is defined as current operating income before the impact of share-based compensation and the amortisation of business relationships acquired in business combinations;
- second, the group contribution is defined as the total revenue (internal and external) of an operating segment less the cost of internal subcontracting acquired from other Group entities. This indicator reflects the segment's contribution to consolidated revenue from its own resources. The sum of group contributions of the operating segments is the Group's consolidated revenue.

The results and assets of the various operating segments are presented below:

| In thousands of euros | France | | Northern Europe & Benelux | | Iberia & Latam | | Central Europe | | Rest of the world | | Corporate & other | | Divested entities | | Total Group | |
|---|--------------|-----------------------|---------------------------|-----------------------|----------------|-----------------------|----------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|----------------|-----------------------|
| | 30 June 2020 | 30 June 2019 restated | 30 June 2020 | 30 June 2019 restated | 30 June 2020 | 30 June 2019 restated | 30 June 2020 | 30 June 2019 restated | 30 June 2020 | 30 June 2019 restated | 30 June 2020 | 30 June 2019 restated | 30 June 2020 | 30 June 2019 restated | 30 June 2020 | 30 June 2019 restated |
| Group contribution* | 173,593 | 174,934 | 109,388 | 99,772 | 38,954 | 32,744 | 36,911 | 40,351 | 31,124 | 26,123 | (2,765) | (1,888) | 31 | 1,265 | 387,236 | 373,302 |
| Depreciation and amortisation of tangible and intangible assets | (3,081) | (2,735) | (3,142) | (2,595) | (988) | (889) | (1,457) | (1,410) | (238) | (371) | (579) | (608) | (0) | (8) | (9,485) | (8,617) |
| Operating margin* | 19,004 | 20,882 | 11,678 | 6,669 | 3,586 | 2,787 | 2,123 | 1,311 | 2,784 | 3,206 | (3,279) | (1,324) | (46) | (82) | 35,849 | 33,448 |
| Operating income | 18,868 | 20,825 | 11,469 | 9,065 | 3,379 | 2,647 | 1,784 | 760 | 2,801 | 3,154 | (6,807) | (4,495) | (46) | (79) | 31,447 | 31,876 |

* See definition in Note 3.19 of the 2019 financial report.

| | | |
|--|---------------|---------------|
| Net financial income/(loss) | (2,615) | (2,078) |
| Income from associates | 1,198 | 315 |
| Tax expense | (10,926) | (9,969) |
| Net income from continuing operations | 19,104 | 20,144 |
| Profit/(loss) from discontinued operations, net of tax | 0 | 0 |
| Profit for the year | 19,104 | 20,144 |

Impairment losses on goodwill and other assets (see Note 4.3) are allocated to the “Corporate” operating segment.

| In thousands of euros | France | | Northern Europe & Benelux | | Central Europe | | Iberia & Latam | | Rest of the world | | Corporate & other | | Divested entities | | Total consolidated assets | |
|-----------------------|--------------|---------------------------|---------------------------|---------------------------|----------------|---------------------------|----------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|---------------------------|---------------------------|
| | 30 June 2020 | 31 December 2019 restated | 30 June 2020 | 31 December 2019 restated | 30 June 2020 | 31 December 2019 restated | 30 June 2020 | 31 December 2019 restated | 30 June 2020 | 31 December 2019 restated | 30 June 2020 | 31 December 2019 restated | 30 June 2020 | 31 December 2019 restated | 30 June 2020 | 31 December 2019 restated |
| Segment assets* | 217,965 | 185,006 | 182,357 | 169,279 | 67,322 | 67,812 | 50,361 | 47,345 | 63,477 | 59,453 | 51,563 | 55,134 | 0 | 523 | 633,043 | 584,552 |

* Assets shared by two segments are broken down in proportion to the “Group contribution” generated during the period.

The results and assets of the various operating segments are presented below in comparison with the restated information for 2019.

| In thousands of euros | France | | Northern Europe & Benelux | | Iberia & Latam | | Central Europe | | Rest of the world | | Corporate & other | | Divested entities | | Total Group | |
|---|-----------------------|------------------------|---------------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|
| | 30 June 2019 restated | 30 June 2019 presented | 30 June 2019 restated | 30 June 2019 presented | 30 June 2019 restated | 30 June 2019 presented | 30 June 2019 restated | 30 June 2019 presented | 30 June 2019 restated | 30 June 2019 presented | 30 June 2019 restated | 30 June 2019 presented | 30 June 2019 restated | 30 June 2019 presented | 30 June 2019 restated | 30 June 2019 presented |
| Group contribution* | 174,934 | 174,934 | 99,772 | 99,772 | 32,744 | 33,259 | 40,351 | 40,876 | 26,123 | 26,123 | (1,888) | (1,888) | 1,265 | 226 | 373,302 | 373,302 |
| Depreciation and amortisation of tangible and intangible assets | (2,735) | (2,735) | (2,595) | (2,595) | (889) | (895) | (1,410) | (1,411) | (371) | (371) | (608) | (608) | (8) | (1) | (8,617) | (8,617) |
| Operating margin* | 20,882 | 20,882 | 6,669 | 6,669 | 2,787 | 3,001 | 1,311 | 1,287 | 3,206 | 3,206 | (1,324) | (1,324) | (82) | (273) | 33,448 | 33,448 |
| Operating income | 20,825 | 20,825 | 9,065 | 9,065 | 2,647 | 2,861 | 760 | 740 | 3,154 | 3,154 | (4,495) | (4,495) | (79) | (273) | 31,876 | 31,876 |

* See definition in Note 3.19 of the 2019 financial report.

| | | |
|--|---------------|---------------|
| Net financial income/(loss) | (2,078) | (2,078) |
| Income from associates | 315 | 315 |
| Tax expense | (9,969) | (9,969) |
| Net income from continuing operations | 20,144 | 20,144 |
| Profit/(loss) from discontinued operations, net of tax | 0 | 0 |
| Net income | 20,144 | 20,144 |

| In thousands of euros | France | | Northern Europe & Benelux | | Central Europe | | Iberia & Latam | | Rest of the world | | Corporate & other | | Divested entities | | Total consolidated assets | |
|-----------------------|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|
| | 31 December 2019 restated | 31 December 2019 presented | 31 December 2019 restated | 31 December 2019 presented | 31 December 2019 restated | 31 December 2019 presented | 31 December 2019 restated | 31 December 2019 presented | 31 December 2019 restated | 31 December 2019 presented | 31 December 2019 restated | 31 December 2019 presented | 31 December 2019 restated | 31 December 2019 presented | 31 December 2019 restated | 31 December 2019 presented |
| Segment assets* | 185,006 | 185,214 | 169,279 | 169,279 | 67,812 | 67,812 | 47,345 | 47,345 | 59,453 | 59,453 | 55,134 | 55,450 | 523 | 0 | 584,552 | 584,552 |

* Assets shared by two segments are broken down in proportion to the "Group contribution" generated during the period.

5.3 Share-based payment

The impact of free share allocation plans and earn-outs subject to a presence condition, classified between the operating margin and current operating income at 30 June 2020, amounted to -€311 thousand (compared to -€334 thousand at 30 June 2019).

The terms and conditions of the existing option plans are described in the 2019 financial statements. No new plans were issued in the first half of 2020.

5.4 Other operating income and expenses

The main components of other operating income and expenses are as follows:

| In thousands of euros | | | | | |
|---------------------------------------|----------------|----------------|---|--------------|--------------|
| Other operating expenses | 30 June 2020 | 30 June 2019 | Other operating income | 30 June 2020 | 30 June 2019 |
| Restructuring expenses | (564) | (1,009) | Income from the reversal of unused provisions for restructuring | - | 95 |
| Net value of fixed assets sold | (4) | (11) | Net value of fixed assets sold | 17 | 6 |
| Net loss on disposals of subsidiaries | (139) | - | Net gain on disposal of subsidiaries | 185 | 505 |
| Impairment of goodwill | (1,650) | - | | - | - |
| Impairment of other assets | - | - | Gains on acquisitions | - | 552 |
| Acquisition costs of securities | (11) | (82) | | - | |
| Other expenses | (1,367) | (722) | Other income | 17 | 13 |
| Total | (3,735) | (1,824) | Total | 219 | 1,170 |

At 30 June 2020, the restructuring expenses are mainly related to headcount reduction costs, particularly in Germany (€305 thousand), Norway (€59 thousand) and the Netherlands (€55 thousand).

The net loss on disposals of subsidiaries corresponds to the disposal of Catalix in France for €139 thousand.

The net gain on disposals of subsidiaries corresponds to the disposal of Energy Dynamics in France for €185 thousand.

The impairment on goodwill correspond to the impairment on the Avalon CGU for €1,650 thousand.

The other non-current expenses correspond mainly to consulting fees relating to the strategic plan and the ongoing transaction concerning changes in the Group's share capital (see post-closing events in Note 7).

5.5 Financial income and expenses

At 30 June 2020, the main components of financial income were as follows:

| In thousands of euros | | | | | |
|---|----------------|----------------|---|--------------|--------------|
| Financial expenses | 30 June 2020 | 30 June 2019 | Financial income | 30 June 2020 | 30 June 2019 |
| Negative exchange rate differences | (1,189) | (321) | Positive exchange rate differences | - | - |
| Interest on bonds measured at the effective interest rate | (512) | (509) | Interest on bonds measured at the effective interest rate | - | - |
| Interest expense on leases (IFRS 16) & Interest on finance leases measured at the effective interest rate | (298) | (296) | | - | - |
| Discounting of long-term financial liabilities | (281) | (293) | | - | - |
| Provisions on financial assets | (0) | - | Provisions on financial assets | 69 | 115 |
| Other financial expenses | (529) | (867) | Other financial income | 125 | 93 |
| Total | (2,809) | (2,286) | Total | 193 | 208 |

The financial result for the period deteriorated by €537 thousand compared to 30 June 2019, mainly due to the negative impact of exchange rate differences for €1,189 thousand (compared to -€321 thousand at 30 June 2019), particularly on the pound sterling (GBP), the Mexican peso (MXN) and the Norwegian krone (NOK).

The Group's net borrowing costs break down as follows:

| In thousands of euros | 30 June 2020 | 30 June 2019 |
|--|--------------|----------------|
| Interest expense on financing operations at the effective interest rate* | (973) | (1,083) |
| Income and expense from interest rate hedges on financial debt | - | - |
| Gross borrowing costs | (973) | (1,083) |
| Interest income from cash and cash equivalents | 119 | 51 |
| Capital gains on assets at fair value through profit or loss | - | - |
| Net borrowing costs | (854) | (1,032) |

* Including IFRS 16 interest expense of €296 thousand.

5.6 Income tax expense

The income tax expense recognised is determined on the basis of the Management's best estimate of the weighted average annual tax rate expected for the full financial year, applied to interim pre-tax profit, in accordance with IAS 34.

At 30 June 2020, the tax expense increased slightly to €10,926 thousand compared to €9,969 thousand at 30 June 2019. It also includes additional local taxes (CVAE in France and IRAP in Italy) for €2,248 thousand at 30 June 2020, compared with €2,185 thousand at 30 June 2019.

The effective tax rate therefore stands at 36.4% of pre-tax profit compared with 33.1% in the first half of 2019. Excluding the impact of non-capitalised tax loss carry-forwards and impairment with no tax impact, the effective tax rate would be 31.4% compared with 33.1% at 30 June 2019, mainly due to the gradual reduction in the tax rate in France.

The balance of unrecognised losses carried forward amounted to €12,477 thousand at 30 June 2020 compared with €8,990 thousand at 31 December 2019 and can be carried forward indefinitely. The change is mainly due to unrecognised tax losses, particularly in France and Germany.

Deferred taxes relating to these tax losses have not been recognised because it is not probable that taxable

profit will be available against which they can be used within three years.

In the context of COVID-19, the Group has ensured the recoverability of deferred tax assets related to tax losses, in particular with regard to the available business plan including the effects of the health crisis.

Note 6 - Miscellaneous information

6.1 Breakdown of the workforce

The Group's workforce totalled 7,484 employees at 30 June 2020, compared with 7,562 at 31 December 2019 and 7,259 at 30 June 2019, and consists almost entirely of managers.

6.2 Related parties

6.2.1 Information on compensation and benefits allocated to the management bodies

The compensation of the members of the Management Board is as follows:

| In thousands of euros | 30 June 2020 | 30 June 2019 |
|--|--------------|--------------|
| Short-term employee benefits | 445 | 553 |
| Post-employment benefits | 0 | - |
| Employment contract termination benefits | - | - |
| Directors' fees | 100 | 100 |
| Share-based payments | - | - |
| Total | 545 | 653 |

These amounts include total gross compensation, including benefits in kind and, where applicable, the valuation of stock options granted during the period. Executive corporate officers are not eligible for any long-term benefits.

6.2.2 Information on associates and other related parties

Sales and purchases with related parties are made at market prices. The following table gives a breakdown of the total amount of related party transactions:

| In thousands of euros Recorded amounts | 30 June 2020 | | | 30 June 2019 | | |
|---|---------------------------|----------------|--------------------------------------|---------------------------|----------------|--------------------------------------|
| | Associates ⁽¹⁾ | Joint ventures | Other related parties ⁽²⁾ | Associates ⁽¹⁾ | Joint ventures | Other related parties ⁽²⁾ |
| Sales to related parties | 125 | - | - | 1,254 | - | - |
| Purchases from related parties | 2,063 | - | 1,489 | 1,152 | - | 1,534 |
| Dividends and other investment income | - | - | - | 23 | - | - |
| Interest and financial expense | 31 | - | - | 33 | - | - |
| Other operating income | - | - | - | - | - | - |
| Other operating expenses | - | - | - | 39 | - | - |
| Receivables from related parties | 1,114 | - | 646 | 1,423 | - | 646 |
| Payables to related parties | 901 | - | 787 | 317 | - | 793 |

(1) Concerning DFSJ, Siticom GmbH, Keivox, Media-Tel LLC, Exaprobe ECS, Between Staffing Group BV.

(2) Concerns SCI 73 rue Anatole France.

6.3 The Group's exposure to financial risks

The Group's exposure to financial risks, as described in its financial statements to 31 December 2019, has not significantly changed. The accounting policies and calculation methods (e.g. fair value measurement) have not been modified.

6.3.1 Credit risk

The Group has not identified any new credit risk on trade receivables or investments of its cash surplus. In the context of the COVID-19 health crisis, no significant customer defaulted during the half-year and the Group does not anticipate a significant increase in its credit risk given the quality of its customer base. In addition, with the exception of a few isolated cases involving insignificant amounts, the Group has not noted any significant extension in its customers' payment times.

6.3.2 Interest rate risk

Interest rate risk is managed by the Group's Finance Department in connection with its main bank counterparties. The Group's policy is to hedge against an increase in its future repayments when its exposure is significant. To this end, it uses financial derivative instruments contracted with leading banks. At 30 June 2020, since most of the Group's financial debt was fixed rate, no hedging instruments were in place.

6.3.3 Liquidity risk

Liquidity risk is the risk of the Group failing to meet its financial obligations. The Group's approach to managing this risk is to ensure that it at all times has sufficient funds to meet its liabilities as they fall due.

The Finance Department has established a prospective cash flow monitoring system (monthly and annual) for each Group operating entity, which gives it sufficient visibility to manage its liquidity risk.

The Group has conducted a specific review of its liquidity risk and considers itself able to meet its future payments. At 30 June 2020, the Group does not have any liquidity risk since cash net of bank overdrafts, including cash management assets, amounted to €125.9 million and exceeded financial debt by €33.5 million, and the principal maturity of financial debt is only repayable in July 2021 in the amount of €30 million (Euro PP).

In addition, the Group has senior confirmed revolving credit facilities (RCFs) with leading banking counterparties in the amount of €105 million for a period of five years, expiring between March and June 2024. Lastly, the factoring agreement established in 2013 was still in effect at the closing date. The maximum authorised drawdown line is €45 million, of which €15.8 million was used at 30 June 2020.

6.4 Off-balance sheet commitments

The other off-balance sheet commitments as presented in Note 9.3 of the 2019 financial statements did not change significantly either in type or in amount.

Note 7 - Subsequent events

On 9 July 2020, the founders, members of the Management Board and reference shareholders of Devoteam, Messrs Godefroy and Stanislas de Bentzmann, decided to launch a joint takeover bid for Devoteam's shares at a price of €98 per share in order to consolidate their control, with the support of KKR as financial partner. The objective is to accelerate Devoteam's complex transformation and to realise the "Tech for People" strategic vision in a demanding and highly competitive digital environment. The tender offer was filed with the AMF on 11 September 2020 and is expected to open at the beginning of the fourth quarter. Completion of the transaction remains subject to the approval of the French Ministry of the Economy, Finance and Economic Recovery in respect of foreign investment control (it should be noted that the transaction received approval from the competent competition authorities in Austria and Germany in August).

On 10 July 2020, the Group acquired 70% of Inviso, a Danish business intelligence and data analytics specialist,

Tableau's "Gold Partner" and Alteryx's "Premier Partner". The company has approximately 60 employees and generated revenue of approximately €7 million in its last financial year (estimate after application of IFRS 15).

On 4 August 2020, the Group acquired 70% of Fourcast, a Belgian specialist in the integration of Google Cloud solutions present in Belgium, Holland and the United Kingdom. The company has approximately 25 employees and generated revenue of approximately €3.5 million in its last financial year (estimated after application of IFRS 15).

On 10 September 2020, following the annual review of the Euronext Paris indices, the Conseil Scientifique des Indices decided to include Devoteam in the samples making up the SBF 120 and CAC Mid 60 indices. The effective date of this decision was set at Friday 18 September 2020 after the close of the market.

On 23 September 2020, the shareholders of Between Staffing Group ("Between"), in which the Group holds a minority stake of 32.38% of the capital and voting rights, signed an agreement providing for the sale of 100% of Between's capital. The transaction is expected to close by the end of October 2020 and remains subject to the fulfilment of the conditions precedent. This transaction has no impact on the Group's consolidated revenue and operating margin.

STATUTORY AUDITORS' REPORT

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with Article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- our limited review of the accompanying condensed interim consolidated financial statements of Devoteam SA for the period 1 January 2020 to 30 June 2020;
- the verification of information disclosed in the interim management report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Management Board on 7 September 2020 on the basis of the information available at that date in the evolving context of the health crisis linked to COVID-19 and the difficulties in assessing its impact and future prospects. Our role is to express a conclusion on those financial statements on the basis of our limited review.

I - Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review essentially consists of making inquiries of members of the management responsible for financial and accounting matters and applying analytical procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II - Specific verification

We have also verified the information given in the Management Board's interim management report dated 7 September 2020 commenting on the condensed interim consolidated financial statements subject to our review.

We have no comments to make as to its fairness and consistency with the condensed interim consolidated financial statements.

The Statutory Auditors

French original signed by

Paris La Défense, 25 September 2020

Neuilly-sur-Seine, 25 September 2020

KPMG Audit IS
Department of KPMG SA

Grant Thornton

Jean-Pierre Valensi

Vincent Frambourt

STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the past six-month period have been prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the company and of all the companies in the consolidated group, and that the accompanying interim management report includes a fair review of the material events that occurred in the first six months of the financial year and their impact on the accounts, a description of the main related party transactions and a discussion of the principal risks and uncertainties for the remaining six months of the year. The Statutory Auditors' report on the condensed interim consolidated financial statements presented in this document can be found on page 36.

Stanislas de Bentzmann
Co-CEO

