

2019

Interim
Financial
Report



CONTENTS

| | |
|--|-----------|
| SELECTED FINANCIAL INFORMATION | 3 |
| QUARTERLY REVENUE GROWTH | 3 |
| KEY FIGURES FOR THE PERIOD | 3 |
| INTERIM MANAGEMENT REPORT | 3 |
| INTERIM HIGHLIGHTS | 3 |
| REVENUE BY GEOGRAPHICAL AREA | 4 |
| RESULTS BY GEOGRAPHICAL AREA | 5 |
| ANALYSIS OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS..... | 5 |
| RELATED PARTIES..... | 8 |
| PRINCIPAL RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2019 | 8 |
| OUTLOOK FOR THE SECOND HALF OF 2019 | 8 |
| CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019 | 9 |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 9 |
| CONSOLIDATED INCOME STATEMENT | 10 |
| CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME | 11 |
| CONSOLIDATED STATEMENT OF CASH FLOWS | 12 |
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 13 |
| NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019 | 15 |
| STATUTORY AUDITORS' REPORT | 38 |
| STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT | 39 |

SELECTED FINANCIAL INFORMATION

QUARTERLY REVENUE GROWTH

| In millions of euros, quarterly figures unaudited | Q1 2019 | Q1 2018 | Var. | Q2 2019 | Q2 2018 | Var. | H1 2019 | H1 2018 | Var. |
|---|---------|---------|-------|---------|---------|-------|---------|---------|-------|
| Revenue | 188.6 | 153.7 | 22.7% | 184.7 | 152.8 | 20.9% | 373.3 | 306.5 | 21.8% |

KEY FIGURES FOR THE PERIOD

| In millions of euros ⁽¹⁾ | 30.06.2019 | 30.06.2018 | Change total | Organic growth ⁽²⁾ |
|---|------------|------------|--------------|-------------------------------|
| Revenue | 373.3 | 306.5 | +21.8% | +10.6% |
| Operating margin | 33.4 | 34.0 | -1.6% | |
| As % of revenue | 9.0% | 11.1% | -2.1 pts | |
| Operating income | 31.9 | 28.8 | +10.7% | |
| As % of revenue | 8.5% | 9.4% | -0.9 pts | |
| Net income - Group share | 17.6 | 16.8 | +4.8% | |
| Diluted earnings per share ⁽³⁾ | €2.15 | €2.04 | +5.4% | |
| Net cash (debt) at closing ⁽⁴⁾ | (1.2) | 36.7 | -37.8 | |

⁽¹⁾ The financial statements were approved by the Supervisory Board on 2 September 2019.

⁽²⁾ At comparable scope and exchange rates.

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

⁽⁴⁾ Net cash position of all borrowings, excluding lease liabilities associated with the application of IFRS 16 "Leases".

INTERIM MANAGEMENT REPORT

INTERIM HIGHLIGHTS

The first half of 2019 presents revenue of €373.3 million, an increase of 21.8% compared with the first half of 2018 (10.6% at constant scope and exchange rates) and an operating margin of 9.0%. This impressive operational performance places Devoteam once again among the leading market players.

This increase in Group revenue, repeated quarter after quarter, is driven by its strategy based on strategic partnerships, boosting investment in the certification of its employees.

As a consequence of this strategy, Devoteam has been awarded new distinctions, such as the "Application Development" specialisation from Google, the "2019 Country Partner of the Year" prize in Luxembourg with Microsoft, and the "Well-Architected Framework" proficiency with Amazon.

Moreover, to sustain its growth, Devoteam has been investing heavily in the new foundations of a hybrid Cloud ready for Artificial Intelligence (AI):

- **investment in Kubernetes open source technology**, the "de facto" standard in helping businesses deploy and manage container applications. These, natively designed for the cloud, are more agile, flexible and scalable than traditional applications based on virtual machines. The Gartner Group estimates that the percentage of global companies using container-based applications - i.e. Kubernetes - will rise from less than 30% today to 75% in 2022, representing a significant development opportunity for Devoteam. The Group has therefore set itself the target of obtaining 100 Kubernetes certifications within the next year;
- **roll-out of the "AI Academy"** in Luxembourg, following its launch in France, with the goal of training decision-makers in the various businesses and technical staff on the opportunities and technologies of AI;

- **acquisition of PowerData in Spain**, a consultancy company specialised in data integration and partner of Informatica. Through this acquisition, Devoteam has equipped itself with the capacity to deploy Data Governance and metadata management solutions based on AI;
- **cybersecurity**, these changes require that special attention is paid to identity and access management, data security and resilience of platforms and organisations, as well as regulatory compliance. To this end, Devoteam is refocusing its Cybersecurity activities on ensuring the security of the Cloud, of DevOps and the Digital Workplace, by repositioning security at the heart of the digital company's strategy.

The Group has also reinforced its position as a Google Cloud leader in Europe with the acquisition in April of 87.5% of Avalon Solutions, Google Premier Partner and Scandinavian leader, with its the head office in Stockholm. The company generated revenue of €14.2 million in 2018 (under Swedish accounting standards) and employs 45 individuals.

Lastly, during this period, the Group completed its refinancing process with the arrangement of confirmed credit facilities with its banking partners in the amount of €105 million over five years.

REVENUE BY GEOGRAPHICAL AREA

| In millions of euros | Q1 2019 | Q1 2018 | Q2 2019 | Q2 2018 | H1 2019 | H1 2018 |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| France | 89.0 | 78.2 | 85.9 | 77.6 | 174.9 | 155.7 |
| Variation | 13.9% | | 10.8% | | 12.3% | |
| L-f-l variation | 13.9% | | 10.8% | | 12.3% | |
| Northern Europe & Benelux | 49.8 | 39.3 | 50.0 | 38.7 | 99.8 | 78.0 |
| Variation | 26.7% | | 29.1% | | 27.9% | |
| L-f-l variation | 10.4% | | 10.0% | | 10.2% | |
| Central Europe | 20.7 | 13.2 | 20.2 | 12.4 | 40.9 | 25.6 |
| Variation | 56.7% | | 63.0% | | 59.7% | |
| L-f-l variation | -0.8% | | 5.0% | | 2.0% | |
| Iberia & Latam | 16.4 | 7.8 | 16.8 | 8.2 | 33.3 | 15.9 |
| Variation | 112.0% | | 105.8% | | 108.8% | |
| L-f-l variation | 2.0% | | -1.6% | | 0.1% | |
| Rest of the world | 13.3 | 9.8 | 12.8 | 10.4 | 26.1 | 20.2 |
| Variation | 35.7% | | 23.4% | | 29.4% | |
| L-f-l variation | 30.8% | | 20.3% | | 25.4% | |
| Corporate & other | (0.7) | (0.7) | (1.1) | (0.9) | (1.9) | (1.7) |
| Divestments | 0.1 | 6.1 | 0.1 | 6.6 | 0.2 | 12.7 |
| Total | 188.6 | 153.7 | 184.7 | 152.8 | 373.3 | 306.5 |
| Variation | 22.8% | | 20.9% | | 21.8% | |
| L-f-l variation | 11.7% | | 9.6% | | 10.6% | |
| Currency impact | 0.3% | | 0.2% | | 0.2% | |
| Perimeter impact | 10.8% | | 11.1% | | 10.9% | |

Of which impact of significant acquisitions:

| In millions of euros | Q1 2019 | Q1 2018 | Q2 2019 | Q2 2018 | H1 2019 | H1 2018 |
|---|------------|---------|------------|---------|-------------|---------|
| Northern Europe & Benelux | 6.5 | | 7.6 | | 14.0 | |
| Paradigmo, consolidated as of 1 July 2018 | 0.3 | | 0.5 | | 0.8 | |
| Jayway, consolidated as of 1 October 2018 | 6.1 | | 6.0 | | 12.2 | |
| Avalon Solutions, consolidated as of 1 April 2019 | | | 1.0 | | 1.0 | |
| Central Europe | 7.6 | | 7.2 | | 14.8 | |
| Alegri, consolidated as of 1 September 2018 | 7.6 | | 7.2 | | 14.8 | |
| Iberia & Latam* | 8.5 | | 8.7 | | 17.2 | |
| New BIC, consolidated as of 1 July 2018 | 1.0 | | 0.9 | | 1.9 | |
| Bold, consolidated as of 1 September 2018* | 7.5 | | 7.8 | | 15.3 | |

* Restated for NauOn, deconsolidated as of 30 June 2019 and reclassified to Divestments.

RESULTS BY GEOGRAPHICAL AREA

| In millions of euros | H1 2019 | H1 2018 |
|--------------------------------------|---------|---------|
| France | | |
| Contribution to revenue | 174.9 | 155.7 |
| Operating margin | 20.9 | 23.1 |
| In % of Group contribution | 11.9% | 14.8% |
| Northern Europe & Benelux | | |
| Contribution to revenue | 99.8 | 78.0 |
| Operating margin | 6.7 | 6.7 |
| In % of Group contribution | 6.7% | 8.6% |
| Central Europe | | |
| Contribution to revenue | 40.9 | 25.6 |
| Operating margin | 1.3 | 2.8 |
| In % of Group contribution | 3.1% | 10.8% |
| Iberia & Latam | | |
| Contribution to revenue | 33.3 | 15.9 |
| Operating margin | 3.0 | 1.3 |
| In % of Group contribution | 9.0% | 8.1% |
| Rest of the world | | |
| Contribution to revenue | 26.1 | 20.2 |
| Operating margin | 3.2 | 1.9 |
| In % of Group contribution | 12.3% | 9.4% |
| Corporate & other | | |
| Contribution to revenue | (1.9) | (1.7) |
| Operating margin | (1.3) | (2.9) |
| Divestments | | |
| Contribution to revenue | 0.2 | 12.7 |
| Operating margin | (0.3) | 1.1 |
| In % of Group contribution | -120.9% | 9.0% |
| Total | | |
| Contribution to revenue | 373.3 | 306.5 |
| Operating margin | 33.4 | 34.0 |
| In % of Group contribution | 9.0% | 11.1% |

ANALYSIS OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Analysis of the consolidated income statement

Consolidated **revenue** amounted to €373.3 million, up 21.8% from the prior period and 10.6% at constant scope and exchange rates.

Operating margin, defined as recurring operating profit before the impact of share-based payments and the amortisation of intangible assets from acquisitions, stood at €33.4 million. Expressed as a percentage of revenue, the operating margin is 9.0%, 210 bps lower than for the first half of 2018, temporarily impacted by the integration of recent acquisitions. On a like-for-like basis, the operating margin would be in the region of 10.0%. The number of business days during the first half of the year also had a negative effect on the margin, to the tune of 0.7 points.

Operating result rose by 10.7% to €31.9 million during the first half of the year, compared with €28.8 million over the same period in 2018. It includes the cost of share-based payments and the amortisation of the intangible assets of acquired companies for €0.9 million and restructuring expenses in the amount of €0.9 million (mainly in Germany).

The **net financial loss** of -€2.1 million compared with -€1.3 million in June 2018 is declining, mainly due to the first-time application of IFRS 16 for €0.3 million as well as €0.2 million in costs linked to the renewal of the Group's credit facilities.

The **income tax expense** came to €10.0 million, compared with €8.4 million for the first half of 2018. It represented 33.1% of the profit before tax, against 30.3% in the first half of 2018. The effective tax rate has risen slightly due to the fiscal impact of the CICE reform in France.

Net income totalled €20.1 million, compared with €19.4 million a year earlier, of which €2.5 million was returned to the non-controlling shareholders of subsidiaries. Diluted earnings per share stood at €2.15 (vs. €2.04 at 30 June 2018).

Consolidated balance sheet analysis

The main items of the consolidated balance sheet changed as follows during the first half of 2019:

| In millions of euros | 30 June 2019 | 31 December 2018 | Change | Main reasons for the change |
|---|--------------|------------------|---------------|--|
| Non-current assets | 214.6 | 160.0 | 54.6 | The change is mainly due to the recognition of goodwill linked to the acquisition of the Avalon group in Scandinavia for €7.2 million, and the Right-of-use assets following the application of IFRS 16 for €44.8 million (see Note 4.4 to the consolidated financial statements). |
| Operating receivables | 298.9 | 264.5 | 34.4 | Operating receivables increased as a result of the Group's growth and the seasonal increase in days sales outstanding (DSO), which rose from 58 days at the end of December 2018 to 73 days at the end of June. |
| Cash and cash equivalents* | 42.5 | 74.6 | (32.1) | See below |
| Equity attributable to the Group | 174.2 | 175.6 | (1.4) | The change is due to the recognition of net income for the period in the amount of €17.6 million, net of dividends paid of -€8.3 million, scope effects representing -€10.8 million, transactions related to treasury shares and other equity instruments for €0.4 million and a foreign exchange effect of -€0.2 million. |
| Non-controlling interests | 11.6 | 12.0 | (0.4) | Non-controlling interests (see Note 4.10.4 to the consolidated financial statements). |
| Non-current liabilities | 88.5 | 56.7 | 31.8 | The increase in non-current liabilities is mainly due to the recognition of lease liabilities associated with the first-time application of IFRS 16 for €33.9 million, offset by the adjustment in put option liabilities for -€1.3 million. |
| Current liabilities | 281.7 | 254.8 | 26.9 | The increase in non-current liabilities is mainly due to the recognition of lease liabilities associated with the first-time application of IFRS 16 for €11.1 million, drawdowns on credit facilities for €10 million, and dividends payable for €9.6 million. This increase was offset by the payment of earn-out liabilities over the period in the amount of -€2.9 million. |

* **Cash and cash equivalents** (excluding financial investments recognised as "Cash management assets", net of €0.9 million in bank overdrafts) fell by €32.1 million during the half-year to €42.5 million. This change is due to:

- negative **cash flow from operating activities** of €4.8 million, resulting from a boost to the Group's operating cash flows (defined as the total operating cash flows before the impact of WCR and taxes paid) to €39.6 million (versus €33.0 million at 30 June 2018) and a seasonal increase in WCR of -€36.4 million (compared with -€30.5 million at 30 June 2018), mainly due to the increase in revenue. It should be noted that operating cash flows at 30 June 2019 were positively impacted by the first-time application of IFRS 16 to the tune of €6.2 million. The previous period has not been restated (see Note 4.4).
Days of sales outstanding (DSO) at the end of the period was 73 days, compared with 58 days at 31 December 2018 and 73 days at 30 June 2018;
- negative **cash flow from investing activities** of €18.8 million over the period (vs. -€1.2 million at 30 June 2018), mainly due to:
 - disbursements for the period related to subsidiary acquisitions (net of cash acquired) and the payment of earn-outs or contingent considerations on previous acquisitions for €15.3 million,
 - acquisitions of fixed assets for the Group's operational needs in the amount of €3.6 million;
- negative **cash flow from financing activities** of €8.9 million (versus -€4.7 million at 30 June 2018), which includes in particular:
 - a net cash outflow of €7.4 million related to transactions on non-controlling interests,

- net inflow on borrowings for €8.9 million,
- the repayment of lease liabilities associated with the Right-of-use assets (IFRS 16) for €6.0 million,
- a decrease in outstanding receivables sold for €1.8 million,
- the payment of dividends to non-controlling shareholders for €1.9 million.

The Group's financial position remains sound, as the **cash/net debt** position of borrowings (excluding lease liabilities recognised under IFRS 16) stands at -€1.2 million and breaks down as follows:

| In millions of euros | 30 June 2019 | 31 December 2018 |
|--|---------------|------------------|
| Short-term investments | 0.3 | 0.2 |
| Cash at bank* | 43.1 | 75.3 |
| Bank overdrafts (liability) | (0.9) | (0.8) |
| Cash and cash equivalents | 42.5 | 74.6 |
| Cash management assets | 0.4 | 0.4 |
| Bonds | (29.9) | (29.9) |
| Obligations under finance leases | (0.0) | (0.1) |
| Obligations under operating leases (IFRS 16) | (33.9) | - |
| Draw-downs on bank and similar facilities and other borrowings | (2.2) | (3.4) |
| Long-term borrowings | (66.0) | (33.4) |
| Bonds | (0.9) | (0.4) |
| Obligations under finance leases | (0.0) | (0.0) |
| Obligations under operating leases (IFRS 16) | (11.1) | - |
| Draw-downs on bank and similar facilities and other borrowings | (10.9) | (0.9) |
| Short-term borrowings | (23.0) | (1.3) |
| Total borrowings | (89.0) | (34.7) |
| Derivative instruments | - | - |
| Neutralisation of the impact of IFRS 16 | 45.0 | - |
| Cash/net debt* | (1.2) | 40.3 |
| of which cash from discontinued operations | - | - |
| Total Equity | 185.8 | 187.6 |
| Debt to equity ratio | 0.6% | -21.5% |

* During the first half of 2019, net cash included the positive impact (net of security deposits) of agreements to transfer non-recourse trade receivables amounting to €15.4 million, compared with €16.9 million at 31 December 2018.

RELATED PARTIES

Agreements between related parties have been identified in the condensed consolidated financial statements to 30 June 2019 (Note 6.2).

PRINCIPAL RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2019

The nature and degree of the risks to which the Group is exposed are unchanged from the risk factors presented on pages 21 to 24 of the 2018 annual financial report.

OUTLOOK FOR THE SECOND HALF OF 2019

The Group maintains its targets of €774 million in revenue and 12% organic growth. The operating margin is expected to be in the region of 10.3% of revenue for FY 2019. In the current context, the Group is implementing measures to meet the objectives of its strategic plan Scale! 2020.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| ASSETS In thousands of euros | Note | 30 June 2019 | 31 December 2018 |
|---------------------------------|-------|----------------|------------------|
| Goodwill | 4.3 | 135,813 | 129,886 |
| Other intangible assets | 4.1 | 2,770 | 1,855 |
| Tangible assets | 4.2 | 11,303 | 9,684 |
| Right-of-use assets* | 4.4 | 44,771 | - |
| Non-current financial assets | 4.5 | 7,257 | 6,050 |
| Investments in associates | 4.6 | 4,829 | 5,206 |
| Investment property | 4.7 | 685 | 914 |
| Deferred tax assets | | 7,180 | 6,072 |
| Other non-current assets | 4.13 | 39 | 299 |
| NON-CURRENT ASSETS | | 214,647 | 159,965 |
| Trade receivables | 4.8 | 242,748 | 211,673 |
| Other receivables | 4.8 | 44,117 | 38,201 |
| Tax receivables | 4.8 | 9,700 | 12,037 |
| Other current financial assets | 4.9.1 | 2,018 | 2,247 |
| Cash management assets | 4.9.2 | 351 | 351 |
| Cash and cash equivalents | 4.9.2 | 43,374 | 75,484 |
| TOTAL CURRENT ASSETS | | 342,308 | 339,992 |
| TOTAL ASSETS | | 556,955 | 499,958 |

| EQUITY & LIABILITIES In thousands of euros | Note | 30 June 2019 | 31 December 2018 |
|---|--------|----------------|------------------|
| Share capital | 4.10.1 | 1,263 | 1,263 |
| Share premium | | 1,934 | 1,934 |
| Consolidated reserves | | 157,290 | 139,137 |
| Treasury shares | | (1,318) | (2,500) |
| Translation reserves | | (2,580) | (2,367) |
| Profit for the year | | 17,613 | 38,131 |
| EQUITY ATTRIB. TO EQUITY HOLDERS OF PARENT COMPANY | | 174,202 | 175,597 |
| Non-controlling interests | 4.10.4 | 11,588 | 12,009 |
| TOTAL EQUITY | | 185,790 | 187,606 |
| Loans and borrowings | 4.11 | 32,119 | 33,352 |
| Lease liabilities* | 4.4 | 33,914 | - |
| Provisions | 4.12 | 2,083 | 1,439 |
| Pension liabilities | 4.12 | 4,304 | 4,085 |
| Deferred tax liabilities | | 909 | 702 |
| Other liabilities | 4.13 | 15,183 | 17,158 |
| NON-CURRENT LIABILITIES | | 88,512 | 56,735 |
| Loans and borrowings | 4.11 | 12,768 | 2,191 |
| Lease liabilities* | 4.4 | 11,126 | - |
| Provisions | 4.12 | 6,170 | 7,290 |
| Trade payables | 4.8 | 54,751 | 51,475 |
| Tax and social security liabilities | 4.8 | 116,744 | 118,845 |
| Income tax payable | 4.8 | 5,494 | 5,782 |
| Other liabilities | 4.8 | 75,600 | 70,033 |
| CURRENT LIABILITIES | | 282,653 | 255,616 |
| TOTAL LIABILITIES | | 371,165 | 312,351 |
| TOTAL EQUITY & LIABILITIES | | 556,955 | 499,958 |

* New headings linked to the application of IFRS 16 with effect from 1 January 2019 without restatement of previous periods.

CONSOLIDATED INCOME STATEMENT

| In thousands of euros, except earnings per share | Note | 30 June 2019 | 30 June 2018 |
|---|--------|------------------|------------------|
| <i>Continuing operations</i> | | | |
| NET REVENUE | 5.2 | 373,302 | 306,463 |
| Other income | | - | - |
| CURRENT OPERATING INCOME | | 373,302 | 306,463 |
| Purchase of merchandise | | (2,361) | (419) |
| Other purchases and external charges | | (83,193) | (77,069) |
| Taxes | | (2,232) | (2,448) |
| Payroll expenses | | (243,155) | (190,609) |
| Fixed assets depreciation | | (8,617) | (1,769) |
| Increase in provision from current assets | | (294) | (142) |
| Other expenses | | (2) | (6) |
| CURRENT OPERATING EXPENSES | | (339,853) | (272,462) |
| OPERATING MARGIN | | 33,448 | 34,001 |
| Cost of share-based payment | 5.3 | (334) | (1,395) |
| Amortisation of customer relationships acquired under business combinations | | (584) | (355) |
| CURRENT OPERATING PROFIT | | 32,530 | 32,251 |
| Other operating income | 5.4 | 1,170 | 141 |
| Other operating expenses | 5.4 | (1,824) | (3,590) |
| OPERATING PROFIT | | 31,876 | 28,801 |
| Financial income | 5.5 | 208 | 131 |
| Financial expenses | 5.5 | (2,286) | (1,441) |
| FINANCIAL RESULT | | (2,078) | (1,309) |
| Share of profit of associates | | 315 | 380 |
| PROFIT BEFORE INCOME TAX | | 30,113 | 27,872 |
| Income tax expense | 5.6 | (9,969) | (8,434) |
| PROFIT FOR THE YEAR | | 20,144 | 19,438 |
| <i>Attributable to:</i> | | | |
| Equity holders of the parent company | | 17,613 | 16,807 |
| Non-controlling interests | 4.10.4 | 2,531 | 2,631 |
| Basic earnings per share (euro) | | 2.16 | 2.10 |
| Diluted earnings per share (euro) | | 2.15 | 2.04 |

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

| In thousands of euros | 30 June 2019 | 30 June 2018 |
|---|---------------|---------------|
| Profit for the year | 20,144 | 19,438 |
| Defined benefit plan actuarial gains (losses) | - | - |
| Items that will never be reclassified to profit or loss | - | - |
| Foreign currency translation differences | (166) | 761 |
| Items that are or may be reclassified subsequently to profit or loss | (166) | 761 |
| Other comprehensive income (loss) for the year, net of income tax | (166) | 761 |
| Comprehensive income for the period | 19,979 | 20,199 |
| <i>Attributable to:</i> | | |
| Equity holders of the parent company | 17,396 | 17,508 |
| Non-controlling interests | 2,583 | 2,691 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| In thousands of euros | 30 June 2019 | 30 June 2018 |
|--|-----------------|-----------------|
| Profit for the year | 20,144 | 19,438 |
| Adjustments for: | | |
| Share of profit of associates | (315) | (380) |
| Income tax expense | 9,969 | 8,434 |
| Amortisation and provision | 8,898 | 3,790 |
| Other transactions without impact on cash and cash equivalents | (695) | 856 |
| Income from asset disposals | (190) | 10 |
| Net interests income | 1,750 | 895 |
| Change in net working capital | (36,412) | (30,472) |
| Income tax paid | (7,910) | (6,995) |
| Cash flow from operating activities | (4,762) | (4,425) |
| Purchase of fixed assets | (3,634) | (2,387) |
| Purchase of financial assets | (1,404) | (531) |
| Proceed from sale of fixed assets | 7 | 14 |
| Dividends received | 506 | 40 |
| Proceed from sale of financial assets | 1,122 | 135 |
| Proceed of subsidiaries, net of cash divested | (9) | 2,338 |
| Acquisition of subsidiaries, net of cash acquired | (15,317) | (814) |
| Cash flow from investing activities | (18,729) | (1,205) |
| Proceeds from issue of share capital | 0 | (0) |
| Repayments of borrowings | (1,201) | (674) |
| Proceeds from borrowings | 10,138 | 938 |
| Repayment of lease liabilities* | (6,020) | - |
| Change in factored receivables (net of security deposit) | (1,750) | 3,535 |
| Interests paid | (765) | (306) |
| Acquisition of non-controlling interests | (7,888) | (822) |
| Reduction in ownership interests while retaining control | 510 | 116 |
| Dividends paid | (1,913) | (7,654) |
| Transactions on own shares and equity instruments | - | 210 |
| Cash flow from financing activities | (8,888) | (4,657) |
| Net change in cash and cash equivalents | (32,379) | (10,288) |
| Net cash and cash equivalents at year start | 74,643 | 79,587 |
| Effect of non-current assets held for sale | - | 277 |
| Effect of exchange rate fluctuation on cash held | 190 | 232 |
| Net cash and cash equivalents at the end of the period | 42,453 | 69,809 |
| Cash and cash equivalents in the balance sheet | 43,374 | 70,741 |
| Bank overdrafts | (921) | (932) |
| Cash and cash equivalents in the consolidated statement of cash flows | 42,453 | 69,809 |

* New heading linked to the application of IFRS 16 with effect from 1 January 2019 without restatement of previous periods.

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 2019 | 8,332,407 | 1,263 | 1,934 | (2,501) | 177,267 | (2,367) | 175,597 | 12,009 | 187,606 |
| 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) |
| Comprehensive income for the period | | | | | 17,610 | (213) | 17,396 | 2,583 | 19,979 |
| Transactions with owners of the Company | | | | | | | | | |
| Contributions and Distributions | | | | | | | | | |
| Dividends to equity holders for the profits of 2018 | | | | | (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

| (In thousands of euros, except per share data) | <i>Number of shares</i> | <i>Share capital</i> | <i>Share premium</i> | <i>Treasury shares</i> | <i>Consolidated reserves</i> | <i>Translation reserves</i> | <i>Total equity - Owners of the company</i> | <i>Non-controlling interests</i> | <i>Total equity</i> |
|---|-------------------------|----------------------|----------------------|------------------------|------------------------------|-----------------------------|---|----------------------------------|---------------------|
| Balance at 1 January 2018 | 8,332,407 | 1,263 | 1,934 | (3,139) | 153,463 | (2,721) | 150,800 | 11,209 | 162,009 |
| Comprehensive income for the period | | | | | | | | | |
| Profit for the year | | | | | 16,807 | | 16,807 | 2,631 | 19,438 |
| Other comprehensive income (1) | | | | | - | 701 | 701 | 59 | 761 |
| Comprehensive income for the period | | | | | 16,807 | 701 | 17,508 | 2,691 | 20,199 |
| Transactions with owners of the Company | | | | | | | | | |
| <u>Contributions and Distributions</u> | | | | | | | | | |
| Dividends to equity holders for the profits of 2017 | | | | | (7,206) | | (7,206) | (2,993) | (10,199) |
| Valuation of payments based on shares | | | | | 856 | | 856 | | 856 |
| Operations on equity instruments | | | - | | - | | - | | - |
| Adjustment related to the number and value of own shares | | | | 182 | 18 | | 200 | | 200 |
| Capital increase through exercise of options | - | - | - | | | | - | | - |
| Total contributions and distributions | - | - | - | 182 | (6,332) | - | (6,150) | (2,993) | (9,142) |
| <u>Changes in ownership interests</u> | | | | | | | | | |
| Acquisition and disposal of NCI without change in control | | | | | (247) | | (247) | (445) | (692) |
| NCI on the acquisition/creation/disposal of subsidiaries | | | | | 0 | | 0 | (332) | (331) |
| Total changes in ownership interests | - | - | - | - | (247) | - | (247) | (777) | (1,024) |
| Other movements (2) | | | | | (367) | | (367) | (233) | (600) |
| Total transactions with owners of the Company | - | - | - | 182 | (6,946) | - | (6,763) | (4,003) | (10,766) |
| Balance at 30 June 2018 | 8,332,407 | 1,263 | 1,934 | (2,957) | 163,324 | (2,020) | 161,545 | 9,896 | 171,441 |

(1) See details in the statement of comprehensive income

(2) Essentially corresponds to the adjustment to Scandinavia CGU goodwill

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

(Amounts in thousands of euros, unless otherwise stated)

Note 1 – Nature of the business and significant events

Devoteam SA (the "Company"), created in 1995, is a limited liability company (*société anonyme*) governed by French law.

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.

Over the course of the period, the Group continued its external growth strategy and reinforced its position as a Google Cloud leader in Europe with the acquisition in April of 87.5% of Avalon Solutions, Google Premier Partner and Scandinavian leader, with its the head office in Stockholm. The company generated revenue of €14.2 million in 2018 (under Swedish accounting standards) and employs 45 individuals.

During this period, the Group completed its refinancing process with the arrangement of confirmed credit facilities with its banking partners in the amount of €105 million over five years.

The company's condensed interim consolidated financial statements for the six months to 30 June 2019 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 2019 and the notes were prepared by the Management Board and approved at its meeting of 2 September 2019.

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 2018 financial report.

The IFRS applied to the interim financial statements to 30 June 2019 are those published in the Official Journal of the European Union before 30 June 2019 and available on the website of the European Commission (https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_fr). They are consistent with the IFRS published by the IASB.

The main new standard applicable as of 1 January 2019 concerns IFRS 16 "Leases", the application impacts of which are described in Note 2.4 below.

Furthermore, 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.

In preparing the condensed interim consolidated financial statements, the significant judgements made by Management relating to the application of the Group's accounting policies and the principal sources of uncertainty reflected in the estimates did not differ significantly from those affecting the consolidated financial statements for the year ended 31 December 2018, with the exception of the new significant judgements related to the accounting of leases by lessees as part of the application of IFRS 16 as described in Note 2.4 below.

2.4 Significant accounting policies

Basis of preparation of the interim consolidated financial statements

With the exception of the following, 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 year ended 31 December 2018. These accounting policies have been applied consistently by all Group entities.

Significant change in accounting policy: application of IFRS 16 "Leases"

For the first time on 1 January 2019, the Group adopted IFRS 16 "Leases", replacing IAS 17 "Leases" and its related interpretations (IFRIC 4, SIC 15 and SIC 27).

As a lessee, the Group now recognises, on the assets side of the consolidated statement of financial position, a right-of-use representing its right to use the underlying asset and, on the liabilities side, a lease liability representative of its obligation to pay future rents. On the income statement, the Group recognises depreciation of the right-of-use asset and financial interest on the lease liability in lieu of operating rent expenses. On the statement of cash flows, repayments of lease liabilities are now presented under "Cash flow from financing activities" as opposed to "Cash flow from operating activities" previously.

The Group has chosen to apply the modified retrospective method. As such, on 1 January 2019, the Group recognised an identical right-of-use asset and lease liability representing the discounted value of future rents payable over the remaining contractual period and without any restatement of previous periods. The discount rates applied on the date of transition are based on the Group's incremental borrowing rate adjusted for the term, geographical area and size of the leasing entity. The term of the lease corresponds to the non-cancellable period plus, where applicable, options for renewal that the Group is reasonably likely to exercise. This period is nine years for French contracts pertaining to property assets.

The Group has also chosen to apply the exemption measures provided by the Lease standard pertaining to assets with a unit value of less than USD 5,000 and/or leases with a remaining term of 12 months or less. Furthermore, the Group has not taken the option to apply the standard to leases pertaining to intangible assets.

With regard to its activities, the leases in question relate mainly to property leases and the fleet of company vehicles used as part of the Group's operating activities.

In the interests of clarity, the Group has decided to present the impact of this new standard on the consolidated statement of financial position and the statement of cash flows by adding three additional headings:

- "Right-of-use assets" under non-current assets;
- "Lease liabilities" under non-current liabilities and current liabilities;
- "Repayments of lease liabilities" under cash flow from financing activities.

Impacts on the date of transition as of 1 January 2019:

Within the context of the transition, the Group has recorded on the balance sheet "Right-of-use assets" and current and non-current "Lease liabilities" on the liabilities side. The effects of the transition are summarised below:

| In thousands of euros | 1 January 2019 |
|-------------------------------|----------------|
| Right-of-use assets | 41,633 |
| Prepaid right-of-use expenses | (237) |
| Non-current lease liabilities | 30,902 |
| Current lease liabilities | 10,530 |
| Right-of-use expenses payable | (36) |

The weighted average incremental borrowing rate at 1 January 2019 was 1.43%.

Impacts on the financial statements for the period:

The impacts on the financial statements for the period are described in Note 4.4 below.

Note 3 – Scope of consolidation

3.1 Scope of consolidation

The consolidated financial statements to 30 June 2019 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 % (1) | | Consolidation method | | Companies (SIREN) | Share of capital held as a % (1) | | Consolidation method | |
|-----------------------------------|----------------------------------|----------------|----------------------|----------------|---------------------------------------|----------------------------------|--------|----------------------|------|
| | 2019 | 2018 | 2019 | 2018 | | 2019 | 2018 | 2019 | 2018 |
| FRANCE | | | | | ITALY | | | | |
| Devoteam S.A. | 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 Maroc | 75.00% | 75.00% | FC | FC |
| Inflexsys | 0% ⁽¹⁾ | 20% | NC | EM | MEXICO | | | | |
| Axance | 0% ⁽²⁾ | 72.62% | FC | FC | Devoteam Mexico | 99.00% | 99.00% | FC | FC |
| RVR Parad | 95.00% | 95.00% | FC | FC | Devomex Cloud Services | 98.00% | 98.00% | FC | FC |
| Shift by S'Team | 0.00% | 0.00% | NC | NC | Panama | | | | |
| Siticom | 88.77% ⁽³⁾ | 68.47% | FC | FC | Drago Solutions Corp. Panama | 84.75% | 84.75% | FC | FC |
| Devoteam G Cloud | 100% | 100% | FC | FC | POLAND | | | | |
| Be Team | 69.42% ⁽⁴⁾ | 61.20% | FC | FC | Devoteam S.A. (formerly Wola Info SA) | 100% ⁽¹³⁾ | 61.59% | FC | FC |
| Devoteam G Maps (formerly Progis) | 83.71% ⁽⁵⁾ | 87.48% | FC | FC | Avalon Solutions Sp Zoo | 87.50% ⁽¹²⁾ | 0.00% | FC | NC |
| Axance (formerly Axance People) | 75.83% ⁽⁶⁾ | 72.62% | FC | FC | PORTUGAL | | | | |
| DBSE | 93.64% ⁽⁴⁾ | 73.33% | FC | FC | Bold International SA | 58.00% | 58.00% | FC | FC |
| Axance Technology (formerly DDF) | 75.83% ⁽⁷⁾ | 69.20% | FC | FC | Bold Wealth Lda | 58.00% | 58.00% | FC | FC |
| My-G | 100% | 100% | FC | FC | DiamondbyBold Lda | 37.70% | 37.70% | FC | FC |
| Technologies & Opérations | 81.89% ⁽⁴⁾ | 70.47% | FC | FC | Neos Lda | 0% ⁽¹⁴⁾ | 37.70% | FC | FC |
| Devoteam Customer Effectiveness | 68.79% ⁽⁴⁾ | 57.37% | FC | FC | Precise Lda | 45.24% ⁽¹⁵⁾ | 44.66% | FC | FC |
| Fi-makers | 80.67% | 66.96% | FC | FC | NauOn SA | 0% ⁽¹⁶⁾ | 43.50% | NC | FC |
| Myfowo.com | 99.73% | 99.73% | FC | FC | OutFit | 23.20% | 23.20% | EM | EM |
| Energy Dynamics | 34.97% | 34.97% | EM | EM | TechSensys Lda | 58.00% ⁽¹⁷⁾ | 20.24% | FC | EM |
| D2SI | 82.06% | 82.06% | FC | FC | EHC Lda | 44.66% | 44.66% | FC | FC |
| Devoteam nexDigital | 86.42% ⁽⁴⁾ | 75.00% | FC | FC | CZECH REPUBLIC | | | | |
| Devoteam Modern Applications | 76.16% ⁽⁸⁾ | 75.00% | FC | FC | Devoteam s.r.o | 75.00% ⁽¹⁸⁾ | 80.00% | FC | FC |
| MEL | 76.16% ⁽⁹⁾ | 0 | FC | NC | UNITED KINGDOM | | | | |
| GERMANY | | | | | Devoteam UK Limited | 95.60% ⁽¹⁹⁾ | 100% | FC | FC |

| | | | | | | | | | |
|--|------------------------|--------|----|----|--|------------------------|--------|----|----|
| Devoteam GmbH | 100% | 100% | FC | FC | TMNS Digitisation Solutions Limited | 95.60% ⁽²⁰⁾ | 80.00% | FC | FC |
| Siticom GmbH | 35.00% | 35.00% | EM | EM | Avalon Solutions Ltd | 87.50% | 0.00% | FC | NC |
| Q-Partners Consulting & Management | 100% ⁽¹⁰⁾ | 88.30% | FC | FC | RUSSIA | | | | |
| TMNS GmbH | 80.00% | 80.00% | FC | FC | Media-Tel LLC | 40.12% ⁽⁴⁾ | 32.50% | EM | EM |
| Alegri International Service GmbH | 100% | 100% | FC | FC | SCANDINAVIA | | | | |
| Alegri Personal Service GmbH | 100% | 100% | FC | FC | Devoteam A/S | 90.00% | 90.00% | FC | FC |
| AUSTRIA | | | | | Devoteam Globicon | 90.00% | 90.00% | FC | FC |
| Devoteam Consulting GmbH | 100% | 100% | FC | FC | Jayway ApS | 75.01% | 75.01% | FC | FC |
| Alegri International Austria GmbH | 100% | 100% | FC | FC | Avalon Solutions AS (Denmark) | 87.50% ⁽¹²⁾ | 0.00% | FC | NC |
| BENELUX | | | | | HNCO AB | 30.00% | 30.00% | EM | EM |
| Devoteam N/V | 99.71% | 99.71% | FC | FC | Jayway Malmö AB | 75.01% | 75.01% | FC | FC |
| DFSJ | 48.81% ⁽¹¹⁾ | 45.00% | EM | EM | Jayway Halmstad AB | 75.01% | 75.01% | FC | FC |
| Devoteam Consulting Belux | 71.42% ⁽⁴⁾ | 60.00% | FC | FC | Jayway Stockholm | 75.01% | 75.01% | FC | FC |
| Paradigmo SA/NV | 99.71% | 99.71% | FC | FC | Jayway Services AB | 75.01% | 75.01% | FC | FC |
| Devoteam S.A. (Luxembourg) | 100% | 100% | FC | FC | Jayway Holding AB | 75.01% | 75.01% | FC | FC |
| Devoteam Consulting Holding | 100% | 100% | FC | FC | Ørede AB | 75.01% | 75.01% | FC | FC |
| Devoteam Communication | 100% | 100% | FC | FC | Sädesmagasinet Förvaltnings AB | 75.01% | 75.01% | FC | FC |
| Devoteam Nederland BV | 80.00% | 80.00% | FC | FC | Avalon Solutions AB | 87.50% ⁽¹²⁾ | 0.00% | FC | NC |
| TMNS BV | 80.00% | 80.00% | FC | FC | Fornebu Consulting AS | 100% | 100% | FC | FC |
| Between Staffing Group | 32.38% | 32.38% | EM | EM | DVT Smart Flow AS | 86.42% ⁽²¹⁾ | 0% | FC | NC |
| UNITED ARAB EMIRATES | | | | | Avalon Solutions AS (Norway) | 87.50% ⁽¹²⁾ | 0.00% | FC | NC |
| Devoteam Middle East FZ LLC | 76.00% | 76.00% | FC | FC | Avalon Solutions Ltd | 87.50% ⁽¹²⁾ | 0.00% | FC | NC |
| SPAIN | | | | | SERBIA | | | | |
| Devoteam Fringes S.A.U. | 100% | 100% | FC | FC | TMNS Empiry d.o.o. | 80.00% | 80.00% | FC | FC |
| Keivox | 35.01% | 35.01% | EM | EM | SINGAPORE | | | | |
| DPI | 84.75% | 84.75% | FC | FC | Avalon Solutions PTE | 87.50% ⁽¹²⁾ | 0.00% | FC | NC |
| Drago Solution S.A.U. | 84.75% | 84.75% | FC | FC | SLOVAKIA | | | | |
| Softoro Development Center S.A.U. | 84.75% | 84.75% | FC | FC | Devoteam Slovakia | 75% ⁽²²⁾ | 0.00% | FC | NC |
| Devoteam Cloud Services | 87.80% ⁽⁴⁾ | 80.30% | FC | FC | SWITZERLAND | | | | |
| My-G work for Espana | 100% | 100% | FC | FC | TMNS GmbH | 100% ⁽²³⁾ | 80.00% | FC | FC |
| Devoteam Drago S.L.U. | 84.75% | 84.75% | FC | FC | Alegri AG | 100% | 100% | FC | FC |
| New Business Intelligence Company S.L. | 84.75% | 84.75% | FC | FC | TUNISIA | | | | |
| UNITED STATES | | | | | Devoteam Tunisia | 75.00% | 75.00% | FC | FC |
| Jayway Inc | 75.01% | 75.01% | FC | FC | Devoteam Technology Consulting | 75.00% | 75.00% | FC | FC |
| Avalon Solutions Inc | 87.50% ⁽¹²⁾ | 0.00% | FC | NC | TURKEY | | | | |
| IRELAND | | | | | Devoteam Information Technology and Consultancy A.S. | 100% | 100% | FC | FC |
| Voxpilot Limited | 100% | 100% | FC | FC | | | | | |

FC: Fully consolidated; EM: Consolidated under the equity method; NC: Not consolidated

(1) Disposal of the non-controlling interest in Inflexys

(2) Merger of Axance with Axance People.

(3) Acquisition of an additional 20.3% in the share capital of Siticom, including 10.3% through the acquisition of MEL. The equity interest now stands at 88.77%.

(4) Changes linked to the acquisition of MEL

(5) Recapitalisation of the company and additional stake following the acquisition of MEL

(6) Restructuring of the Axance, Axance People and Axance Technology scope. The Group's equity interest in Axance is now 75.83%.

(7) Restructuring of the Axance, Axance People and Axance Technology scope. The Group's equity interest in Axance Technology is now 75.83%.

(8) Transfer of 100% of the share capital of Devoteam Modern Application to MEL following the acquisition of the latter. The Group's equity interest is now 76.16%.

(9) The Group has acquired 76.16% of the share capital of MEL, a company that holds numerous non-controlling interests in Group subsidiaries.

(10) Acquisition of an additional 11.70% of the share capital of Q-Partners GmbH. The Group's equity interest is now 100%.

(11) Change linked to the acquisition of MEL. The equity interest now stands at 48.81%.

(12) The Group has acquired 87.50% of the share capital of Avalon Solutions AB, parent company of the Avalon group.

(13) Acquisition of an additional 38.41% in the share capital of Devoteam Poland. The equity interest now stands at 100%.

(14) Acquisition of 100% of Neos via the subsidiary Bold International, then the merger of Neos with Bold International.

(15) 1% equity interest in Precise via Bold International, not taken into account in 2018. The equity interest now stands at 45.54%.

(16) Disposal of NauOn SA.

(17) Acquisition of an additional 37.76% in the share capital of TechSensys Lda via the subsidiary Bold Wealth. The Group's equity interest is now 58%.

(18) Disposal of 5.00% of the share capital of Devoteam s.r.o. The Group's equity interest is now 75.00%.

- (19) Disposal of 4.40% of the share capital of Devoteam UK. The Group's equity interest is now 95.60%.
- (20) Internal transfer of TMNS Limited by Devoteam Netherlands to Devoteam UK. The Group's equity interest is now 95.60%.
- (21) Creation of the company Devoteam Smart Flow AS, subsidiary of Fornebu Consulting AS.
- (22) Creation of the company Devoteam Slovakia, subsidiary of Devoteam s.r.o.
- (23) Internal transfer of Devoteam GmbH by Devoteam Netherlands to Devoteam SA. The equity interest now stands at 100%.

3.2 Changes during the period

3.2.1 Acquisitions

On 4 April 2019, the Group acquired 87.50% of shares in Avalon Solutions AB, parent company of the Avalon group. The Avalon group generated revenue of €14.2 million (under local accounting standards) in respect of its last financial year ended 31 December 2018. It has 45 employees. This acquisition has been fully consolidated since 1 April 2019.

On 2 May 2019, the Group acquired 76.16% of shares in MEL, a company holding non-controlling interests in several of the Group's companies. This acquisition has been fully consolidated since 1 May 2019.

Net assets of the acquired companies

| In thousands of euros | Avalon | MEL |
|---|----------------|---------------|
| Fixed assets | 334 | 1,152 |
| Trade and other receivables | 11,242 | 1,089 |
| Cash and cash equivalents | 1,250 | 1,752 |
| Current and non-current provisions | - | - |
| Trade and other payables | (14,021) | (731) |
| Adjustment in the fair value of assets and liabilities acquired | - | 7,661 |
| Net assets and liabilities | (1,194) | 10,923 |

Goodwill

Goodwill arising from acquisitions was calculated as follows:

| In thousands of euros | Avalon | MEL |
|--|--------------|-------------|
| Consideration transferred as part of the takeover | 6,108 | 7,767 |
| Of which contingent consideration | - | - |
| Non-controlling interest measured as a share of the net identifiable assets recorded | (149) | 2,604 |
| Fair value of the interest previously acquired | - | - |
| Less fair value of net identifiable assets | 1,194 | (10,923) |
| Goodwill | 7,153 | -552 |

Acquisition accounting and evaluation period:

The purchase price allocation for companies acquired during the period is being analysed and will be finalised in 2019.

The impact of the first-time consolidation carried out in the first half of 2019 and in 2018 (acquisitions and controlling interests) on the Group's financial statements is presented below:

| In thousands of euros | Transactions in 2019 | Transactions in 2018* |
|--------------------------|----------------------|-----------------------|
| Revenue | 1,052 | 45,427 |
| Current operating profit | (290) | 710 |
| Profit for the year | (258) | (306) |
| Total assets | 8,486 | 25,901 |
| Changes in WCR | 768 | 359 |

* Concerns the acquisition of the Bold, Alegri and Jayway groups as well as companies Altius, Progis, Paradigmo and New BIC during 2018.

3.2.2 Disposals

On 1 July 2019, the Group sold its entire stake in Portuguese subsidiary NauOn. This company's contribution to the Group's revenue in 2019 is not material. The entity was deconsolidated as of 30 June 2019. This disposal

generated a capital gain of €0.3 million, recorded under "Other operating income".

The scope of consolidation has changed in correlation with the loss of control described above.

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 2019, the Group acquired tangible assets for €3,501 thousand (versus €2,175 thousand in the first half of 2018). These mainly consist of improvements to business premises and IT equipment for the Group's operational needs.

4.3 Goodwill

At 30 June 2019, goodwill comprised:

| In thousands of euros | 30 June 2019 | | | 31 December 2018 | | |
|--|----------------|------------------------------|----------------|------------------|------------------------------|----------------|
| | Goodwill gross | Cumulative impairment losses | Net goodwill | Goodwill gross | Cumulative impairment losses | Net goodwill |
| Germany CGU ⁽¹⁾ | 37,336 | (4,032) | 33,304 | 37,336 | (4,032) | 33,304 |
| Scandinavia CGU ⁽²⁾ | 24,107 | - | 24,107 | 24,019 | - | 24,019 |
| Devoteam Netherlands & TMNS | 13,916 | (1,533) | 12,382 | 13,916 | (1,533) | 12,382 |
| Devoteam Consulting France | 8,405 | - | 8,405 | 8,405 | - | 8,405 |
| D2SI | 8,297 | - | 8,297 | 8,297 | - | 8,297 |
| Belux CGU ⁽²⁾ | 6,860 | - | 6,860 | 6,860 | - | 6,860 |
| Jayway | 8,095 | - | 8,095 | 9,230 | - | 9,230 |
| Avalon | 7,041 | - | 7,041 | - | - | - |
| New Bic Spain | 5,928 | - | 5,928 | 5,928 | - | 5,928 |
| Devoteam G Cloud CGU | 5,911 | - | 5,911 | 5,911 | - | 5,911 |
| Devoteam UK | 8,437 | (4,923) | 3,514 | 8,439 | (4,923) | 3,516 |
| Bold | 5,094 | - | 5,094 | 5,094 | - | 5,094 |
| Other net goodwill less than €2,200 thousand | 14,347 | (7,471) | 6,875 | 14,394 | (7,455) | 6,939 |
| Total | 153,773 | (17,960) | 135,813 | 147,830 | (17,944) | 129,886 |

(1) Creation of the Germany CGU combining the German entities and those of the Alegri group.

(2) Details of the entities are provided in Note 3.2 to the 2018 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 rose by €5,927 thousand in the first half of 2019, mainly due to:

- the increase in goodwill for €7,153 thousand, linked to the takeover of the Avalon group in Scandinavia;
- the reduction in Jayway goodwill following the recognition of business relationships for -€870 thousand as part of the purchase price allocation;
- currency effects (mainly recorded for Sweden) amounting to -€356 thousand.

Purchase price allocation:

As part of the finalisation of the allocation of the purchase price of the Jayway group in Sweden, the Group recognised an intangible asset linked to existing business relationships in the amount of €1,487 thousand (€1,160 thousand net of deferred taxes), amortised over a period of five years. Amortisation recognised in the period amounted to €302 thousand.

Composition of the CGUs:

Following the new organisation established in Germany during the first half of the year ("One Devoteam Germany"), the Group has combined its German entities (Devoteam Gmbh, Devoteam Alegri and Q-Partners Consulting) within a single Germany CGU for the purposes of monitoring operating performance and impairment testing.

Impairment tests:

The Group conducted impairment tests on CGUs where there was an indication of impairment, mainly based on a negative deviation of actual compared with budgeted results during the first half. The CGUs identified under this method are Belux, Germany, Devoteam Consulting France, Devoteam Customer Effectiveness, RVR Parad, Devoteam UK and Jayway.

At 30 June 2019, no impairment loss was recognised following the impairment tests. At 31 December 2018, impairment losses had been recognised on the Alegri CGU in Germany for -€1,983 thousand and the Devoteam UK CGU for -€3,977 thousand. These impairments resulted from the deteriorated outlook for growth and profitability.

The key assumptions used to determine the recoverable amount of the CGUs tested are detailed below:

| 2019 key assumptions | Discount rate | Long-term growth rate | Normative rate of return ⁽¹⁾ |
|--------------------------|----------------|-----------------------|---|
| France | 7.6% | 2% | between 3% and 10% |
| Other European countries | 7.3% to 10.6% | 2% | between 1.75% and 9% ⁽²⁾ |
| Middle East | 8.2% to 13.5% | 2.50% | between 5% and 9% |
| North Africa | 10.8% to 11.9% | 2.50% | between 4% and 9% |

(1) Long-term operating margin.

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

These assumptions are unchanged from 31 December 2018.

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 no impact on the Group's results;
- a 0.5-point decrease in the growth rate to infinity would have had no impact on the Group's results;
- a 0.5-point decrease in the normative rate of return would have had no impact on the Group's 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 2019 | 34,051 | 7,572 | 10 | 41,633 |
| Foreign currency translation differences | (4) | 0 | (0) | (3) |
| Acquisitions / Increases | 7,153 | 2,418 | 53 | 9,624 |
| Disposals / Decreases | (44) | (342) | - | (386) |
| At 30 June 2019 | 41,156 | 9,649 | 62 | 50,867 |
| Depreciation, amortisation and impairment | | | | |
| At 1 January 2019 | - | - | - | - |
| Foreign currency translation differences | 1 | 0 | 0 | 1 |
| Charges and impairment | (3,987) | (2,297) | (4) | (6,287) |
| Reversals | 29 | 162 | - | 191 |
| At 30 June 2019 | (3,957) | (2,135) | (4) | (6,095) |
| Net values | | | | |
| At 1 January 2019 | 34,051 | 7,572 | 10 | 41,633 |
| At 30 June 2019 | 37,199 | 7,514 | 58 | 44,772 |

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 | 11,126 | 25,269 | 8,645 | 45,039 |
| At 30 June 2019 | 11,126 | 25,269 | 8,645 | 45,039 |

4.5 Non-current financial assets

| In thousands of euros | 30 June 2019 | 31 December 2018 |
|---|--------------|------------------|
| Loans, guarantees and other receivables | 2,909 | 2,360 |
| Other non-current financial assets | 4,348 | 3,690 |
| Total | 7,257 | 6,050 |

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 2019 | 31 December 2018 |
|---------------------------|--------------|------------------|
| Investments in associates | 4,829 | 5,206 |

The change is primarily due to the reclassification of the entity Inflexys in France to non-consolidated securities following the partial disposal of the equity interest and the takeover of Techsensys in Portugal on 30 June 2019.

The financial information below concerns the following investments in associates: Keivox (Spain), Siticom GmbH (Germany), DFSJ (Belgium), Between Staffing Group B.V. (Netherlands), HNCO AB (Sweden), Media-Tel LLC (Russia), Energy Dynamics and Exa ECS (France), and OutFit (Portugal).

Selected financial information for these companies can be found below:

| Recorded amounts In thousands of euros | 30 June 2019 | 31 December 2018 |
|---|---------------------|-------------------------|
| Non-current assets | 1,531 | 2,321 |
| Current assets | 20,140 | 21,321 |
| Non-current liabilities | 1,328 | 1,344 |
| Current liabilities | 14,835 | 15,449 |
| 100% of net assets | 5,508 | 6,849 |
| Net assets attributable to equity holders of the parent | 1,956 | 2,301 |
| Goodwill | 548 | 581 |
| Other | 2,323 | 2,323 |
| Carrying amount of interests in associates | 4,829 | 5,206 |
| Income | 3,204 | 135,136 |
| Profit after tax from continuing operations | 1,133 | 1,125 |
| 100% of other comprehensive income | - | - |
| 100% of total comprehensive income | 1,133 | 1,125 |
| Total comprehensive income attributable to equity holders of the parent | 315 | 1,100 |

4.7 Investment property

| Assets In thousands of euros | 30 June 2019 | 31 December 2018 |
|--|---------------------|-------------------------|
| Investment property measured at amortised cost | 685 | 914 |
| Investment property measured at fair value | - | - |
| Total | 685 | 914 |

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 2019 | 31 December 2018 |
|------------------------------|---------------------|-------------------------|
| Gross value | 5,955 | 5,955 |
| Accumulated depreciation | (5,270) | (5,043) |
| Net carrying amount | 685 | 914 |

4.8 Other current assets and liabilities

| Assets In thousands of euros | 30 June 2019 | 31 December 2018 |
|---|---------------------|-------------------------|
| Trade receivables | 179,835 | 167,497 |
| Contract assets | 62,913 | 44,177 |
| Tax and social security receivables | 11,291 | 11,019 |
| Current tax receivables | 9,700 | 12,037 |
| Other receivables | 2,515 | 2,343 |
| Prepaid expenses | 30,311 | 24,839 |
| Total | 296,565 | 261,911 |

Trade receivables and contract assets

The increase in trade receivables and contract assets during the first half of 2019 for €31,075 thousand is partly explained by the effect of the growth in the business (organic and external), and partly by the seasonal rise in the Group's days of sales outstanding (DSO) at 30 June 2019, which stood at 73 days compared with 58 days at 31 December 2018 (73 days at 30 June 2018).

Calculation of days of sales outstanding (DSO)

| <i>(amounts in thousands of euros, except for number of days) *</i> | 30 June 2019 | 30 June 2018 | 31 December 2018 |
|---|---------------------|---------------------|-------------------------|
| Trade receivables and contract assets excl. taxes | 220,952 | 189,814 | 194,479 |
| Accounts receivable and contract liabilities | (59,962) | (60,244) | (61,471) |
| Net client position excl. taxes | 160,989 | 129,571 | 133,008 |
| Revenue before tax of the last quarter | 199,695 | 160,382 | 207,540 |
| DSO (days) | 73 | 73 | 58 |

* Management data, impacts from factoring & IFRS 15 neutralised

Prepaid expenses

The change in prepaid expenses is consistent with growth in the Group's business.

| Liabilities (excluding current provisions, loans, borrowings and short-term lease liabilities) In thousands of euros | 30 June 2019 | 31 December 2018 |
|---|---------------------|-------------------------|
| Trade payables | 54,751 | 51,473 |
| Tax and social security liabilities | 116,744 | 118,845 |
| Income tax payable | 5,494 | 5,782 |
| Debt on acquisition of fixed assets | - | 2 |
| Other current liabilities | 22,620 | 15,558 |
| Contract liabilities | 52,981 | 54,475 |
| Total | 252,590 | 246,135 |

Other current liabilities

Other current liabilities amount to €22,620 thousand and break down as follows:

- advance payments from customers and customer credit notes to be prepared for €8,299 thousand (versus €8,390 thousand at the end of 2018), mainly for the French entities (€6,771 thousand) and Danish entities (€1,127 thousand);
- current liabilities in respect of earn-outs and put options on non-controlling interests in a total amount of €3,041 thousand (compared with €6,250 thousand in 2018) relating to acquisitions;
- the current portion of contingent considerations in the amount of €169 thousand;
- dividends payable to Group shareholders, totalling €8,332 thousand. The payment took place on 5 July 2019;
- dividends payable to non-controlling shareholders for €1,285 thousand.

Other current liabilities presented no significant change.

4.9 Other current financial assets and cash/net debt

4.9.1 Other current financial assets

This item mainly includes a security deposit in the context of the disposal of receivables contract for €1,567 thousand (compared to €1,800 thousand at the end of 2018) and short-term loans and guarantees for €451 thousand (compared to €447 thousand at the end of 2018).

4.9.2 Cash/net debt

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

The cash/net debt position includes cash and cash equivalents, as defined above, as well as cash management assets (assets presented separately in the statement of financial position according to their characteristics), less short and long-term loans and borrowings (excluding lease liabilities associated with the application of IFRS 16) and also, where applicable, takes account of the impact of hedging instruments when they relate to loans and borrowings and treasury shares.

| In thousands of euros | 30 June 2019 | 31 December 2018 |
|--|-----------------|------------------|
| Short-term investments | 268 | 162 |
| Cash at bank | 43,106 | 75,322 |
| Bank overdrafts (liability) | (921) | (842) |
| Cash and cash equivalents | 42,452 | 74,643 |
| Cash management assets⁽¹⁾ | 351 | 351 |
| Bonds | (29,888) | (29,862) |
| Obligations under finance leases | (32) | (55) |
| Obligations under operating leases (IFRS 16) | (33,914) | - |
| Draw-downs on bank and similar facilities and other borrowings | (2,199) | (3,435) |
| Long-term borrowings | (66,033) | (33,352) |
| Bonds | (930) | (446) |
| Obligations under finance leases | (47) | (47) |
| Obligations under operating leases (IFRS 16) | (11,126) | - |
| Draw-downs on bank and similar facilities and other borrowings | (10,869) | (857) |
| Short-term borrowings | (22,972) | (1,349) |
| Total borrowings⁽²⁾ | (89,005) | (34,701) |
| Derivative instruments | - | - |
| Neutralisation of the impact of IFRS 16 | 45,039 | - |
| Cash/Net debt* (excl. IFRS 16 liabilities) | (1,162) | 40,292 |
| of which cash from discontinued operations | - | - |

(1) Cash management assets correspond to the euro-denominated capitalisation contract signed in 2006 with a leading insurer, which fulfils the characteristics enabling the Group to use the fair value option through profit or loss (IAS 39.9). The carrying amount was €351 thousand at 30 June 2019 (unchanged from the end of 2018).

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

Cash held in countries subject to foreign exchange control mechanisms amounts to €1,720 thousand (versus €589 thousand at the end of 2018).

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

Cash flow from operating activities

Operating cash flows

Operating cash flows increased by 19.7%, from €33.0 million at 30 June 2018 to €39.6 million at 30 June 2019. This increase of €6.2 million is due to the application of IFRS 16 (see Note 2.4), which involves presenting the repayment flows of lease liabilities under cash flow from financing activities as opposed to cash flow from operating activities.

Change in net working capital

The change in net working capital represents -€36.4 million as at 30 June 2019, compared with -€30.5 million at the end of June 2018. This decrease is mainly due to the growth in activity. The days of sales outstanding (DSO) at the end of the period was 73 days and remains stable compared with 30 June 2018.

Income tax paid

Income tax paid remained relatively unchanged over the period at €7.9 million, compared with €7.0 million at 30 June 2018.

Cash flow from investing activities

Negative cash flows from investing activities totalled €18.8 million over the period (versus -€1.2 million at 30 June 2018), principally due to:

- disbursements for the period related to subsidiary acquisitions (net of cash acquired) and the payment of earn-outs or contingent considerations on previous acquisitions for €15.3 million;
- acquisitions of fixed assets for the Group's operational needs in the amount of €3.6 million.

Cash flow from financing activities

Cash flow from financing activities was negative in the amount of -€8.9 million. This mainly included:

- a net cash outflow of €7.4 million related to transactions on non-controlling interests;
- a net inflow from borrowings for €8.9 million;
- the repayment of lease liabilities associated with the Right-of-use assets (IFRS 16) for €6.0 million;
- a decrease in outstanding receivables sold for €1.8 million;
- the payment of dividends to non-controlling shareholders for €1.9 million.

4.10 Equity

4.10.1 Share capital

At 30 June 2019, the share capital of Devoteam S.A. amounted to €1,263,015, divided into 8,332,407 ordinary shares. There was no change over the period.

4.10.2 Dividends

The Management Board proposed a dividend of €1.00 per share for 2018 at the General Meeting on 14 June 2019. The proposal was approved and the dividend was paid on 5 July 2019.

4.10.3 Treasury shares

Taking into account the awarding of 129,627 shares linked to the conclusion of the free share plan (AGA) of 17 June 2016 which matured on 1 March 2019, the Group now holds 144,632 treasury shares representing 1.74% of the share capital at 30 June 2019, compared with 274,259 shares (3.29%) at 31 December 2018.

4.10.4 Non-controlling interests

At 30 June 2019, the main non-controlling interests related to the share of non-controlling interests held in Devoteam Middle East, Axance, Devoteam Netherlands, Bold, Devoteam Italy, Siticom and D2SI.

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

- profits of entities with non-controlling interests;
- distribution of dividends to non-controlling shareholders for €2,824 thousand;
- buyouts of non-controlling interests and other changes in scope for -€470 thousand.

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

| In thousands of euros | 30 June 2019 | 31 December 2018 |
|---|-----------------|------------------|
| Non-current assets | 56,329 | 34,922 |
| Current assets | 215,180 | 200,413 |
| Non-current liabilities | (59,107) | (48,093) |
| Current liabilities | (152,361) | (134,140) |
| Net assets | 60,042 | 53,103 |
| Reclassification of non-controlling interests | (1,817) | 2,313 |
| Carrying amount of non-controlling interests | 11,587 | 12,009 |
| Income | 234,448 | 366,789 |
| Profit for the year | 13,025 | 28,660 |
| Other comprehensive income | - | - |
| Total comprehensive income | 13,025 | 28,660 |
| Net income allocated to non-controlling interests | 2,531 | 5,527 |
| Other comprehensive income allocated to non-controlling interests | - | - |
| Cash flow from operating activities | (1,820) | 34,019 |
| Cash flow from investing activities | (2,938) | (6,148) |
| Cash flow from financing activities | (19,679) | (19,638) |
| Effect of non-current assets held for sale | - | 95 |
| Effect of exchange rate fluctuation on cash held | 70 | 314 |
| Net increase (decrease) in cash and cash equivalents | (24,367) | 8,642 |

4.11 Loans and borrowings

The various loans and borrowings comprise:

| In thousands of euros | 30 June 2019 | Portion due in less than 1 year | Portion due in 1 to 5 years | Portion due in more than 5 years |
|-----------------------------------|---------------|---------------------------------|-----------------------------|----------------------------------|
| Bonds | 30,818 | 930 | 29,888 | - |
| Loans from credit institutions | 13,069 | 10,869 | 2,199 | - |
| Finance lease liabilities | 79 | 47 | 32 | - |
| Bank overdrafts | 921 | 921 | - | - |
| Total loans and borrowings | 44,887 | 12,768 | 32,119 | - |

| In thousands of euros | 31 December 2018 | Portion due in less than 1 year | Portion due in 1 to 5 years | Portion due in more than 5 years |
|-----------------------------------|------------------|---------------------------------|-----------------------------|----------------------------------|
| Bonds | 30,308 | 446 | 29,862 | - |
| Loans from credit institutions | 4,292 | 857 | 3,435 | - |
| Finance lease liabilities | 102 | 47 | 55 | - |
| Bank overdrafts | 842 | 842 | - | - |
| Total loans and borrowings | 35,543 | 2,191 | 33,352 | - |

4.1.2 Current and non-current provisions and pension commitments

Current and non-current provisions:

Current and non-current provisions amounting to €8,253 thousand at the end of June (compared with €8,729 thousand at the end of December 2018) chiefly consist of the following:

- provisions for restructuring totalling €785 thousand (compared with €1,090 thousand at 31 December 2018), mostly recognised in Germany (€514 thousand);
- provisions for employee disputes for €781 thousand (compared to €980 thousand at 31 December 2018), mostly recognised in France;
- provisions for liabilities and charges for €6,687 thousand (compared to €6,659 thousand at 31 December 2018).

Provisions for pension commitments

Provisions for retirement benefits totalled €4,304 thousand (versus €4,085 thousand at 31 December 2018). These mainly concern the French entities. The key assumptions for the calculation of provisions for retirement benefits are identical to those adopted at 31 December 2018. For the Group, the cost of services rendered over the period totalled €172 thousand and the interest cost amounted to €47 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 2018 financial report for more details).

4.13 Other non-current assets and liabilities

| Assets In thousands of euros | 30 June 2019 | 31 December 2018 |
|---------------------------------|--------------|------------------|
| Other | 39 | 299 |
| Total | 39 | 299 |

| Liabilities In thousands of euros | 30 June 2019 | 31 December 2018 |
|--------------------------------------|---------------|------------------|
| Other non-current liabilities | 15,117 | 17,154 |
| Deferred income | 66 | 4 |
| Total | 15,183 | 17,158 |

Other non-current liabilities mainly break down as follows:

- earn-out liabilities for €1,785 thousand, of which €702 thousand for Paradigmo, €983 thousand for New Bic and €100 thousand for Globicon;
- put-option liabilities for €12,567 thousand, of which €3,722 thousand for TMNS, €3,922 thousand for Bold and €4,923 thousand for Jayway;
- non-current liabilities related to mandatory severance pay in the event of departures of employees in Italy in the amount of €761 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 plus 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 encompasses the French entities;
- the “**Northern Europe & Benelux**” region consolidates entities in the United Kingdom, Scandinavian countries, Luxembourg, Belgium and the Netherlands;
- the “**Central Europe**” region consists of Germany, Austria, Switzerland, Poland, Czech Republic and Slovakia;
- the “**Iberia & Latam**” region comprises the entities in Spain, Portugal and Latin America (Panama and Mexico);
- the “**Rest of the world**” region comprises the Middle East, Italy, Morocco, 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);
- in 2019, the “**Divested entities**” segment includes the divestments of Inflexys in France and of NauOn in Portugal. In 2018, this sector included the divestments of Shift by S’Team and Siticom GmbH consolidated under the equity method at 31 December 2018.

The definition of the “geographical splits” in 2019 and 2018 is presented below for the entire scope.

| Entity | Country | 30-June-19 | 31-Dec-18 | Entity | Country | 30-June-19 | 31-Dec-18 |
|--------------------------------------|---------|-------------------|-------------------|--|---------------|---------------------------|---------------------------|
| Devoteam SA | France | France | France | Devoteam Drago S.L.U. | Spain | Iberia & Latam | Iberia & Latam |
| Devoteam Management Consulting FR | France | France | France | New Business Intelligence Company S.L. | Spain | Iberia & Latam | Iberia & Latam |
| Devoteam Outsourcing | France | Corporate & Other | Corporate & Other | Jayway Inc | United States | Northern Europe & Benelux | Northern Europe & Benelux |
| Exaprobe ECS EM | France | Corporate & Other | Corporate & Other | Avalon Solutions Inc | United States | Northern Europe & Benelux | non-applicable |
| S’team Management | France | France | France | Vox Pilot | Ireland | Corporate & Other | Corporate & Other |
| Inflexys | France | Divested entities | Corporate & Other | Devoteam Italy | Italy | Rest of the world | Rest of the world |
| Axance (before merge) | France | France | France | Devoteam Luxembourg | Luxembourg | Northern Europe & Benelux | Northern Europe & Benelux |
| RVR PARAD | France | France | France | Devoteam Consulting Holding | Luxembourg | Corporate & Other | Corporate & Other |
| Shift by S’Team | France | Divested entities | Divested entities | Devoteam Communication SARL | Luxembourg | Corporate & Other | Corporate & Other |
| Devoteam Network Expertise | France | France | France | Devoteam Morocco | Morocco | Rest of the world | Rest of the world |
| Devoteam G Cloud | France | France | France | Devoteam Services Morocco | Morocco | Rest of the world | Rest of the world |
| Be Team | France | France | France | Devoteam Consulting Morocco | Morocco | Corporate & Other | Corporate & Other |
| Devoteam G Maps | France | France | France | Devoteam Mexico | Mexico | Iberia & Latam | Iberia & Latam |
| Axance | France | France | France | Devomex Cloud Services | Mexico | Iberia & Latam | Iberia & Latam |
| Devoteam Business Service Excellence | France | France | France | Devoteam Fornebu Consulting AS | Norway | Northern Europe & Benelux | Northern Europe & Benelux |

| | | | | | | | |
|---|----------------------|---------------------------|---------------------------|-----------------------------------|----------------|---------------------------|---------------------------|
| Axance Technology | France | France | France | Devoteam Smart Flow AS | Norway | Northern Europe & Benelux | Northern Europe & Benelux |
| myG | France | France | France | Avalon Solutions AS (NO) | Norway | Northern Europe & Benelux | non-applicable |
| Marflie | France | Corporate & Other | Corporate & Other | Drago Solutions Corp. | Panama | Iberia & Latam | Iberia & Latam |
| Technologies & Opérations | France | France | France | Devoteam Netherlands | Netherlands | Northern Europe & Benelux | Northern Europe & Benelux |
| Devoteam Customer Effectiveness | France | France | France | TMNS 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 | Central Europe | Central Europe |
| Energy Dynamics | France | Corporate & Other | Corporate & Other | Avalon Solutions Sp Zoo | Poland | Northern Europe & Benelux | non-applicable |
| D2SI | France | France | France | Bold International SA | Portugal | Iberia & Latam | Iberia & Latam |
| D2SI Group | France | France | France | Bold Wealth Lda | Portugal | Iberia & Latam | Iberia & Latam |
| Devoteam nexDigital | France | France | France | DiamondbyBold Lda | Portugal | Iberia & Latam | Iberia & Latam |
| Altius Services | France | France | France | Neos Lda | Portugal | Iberia & Latam | Iberia & Latam |
| Devoteam Modern Applications | France | France | France | Precise Lda | Portugal | Iberia & Latam | Iberia & Latam |
| MEL SAS | France | Corporate & Other | non-applicable | NauOn SA | Portugal | Divested entities | Iberia & Latam |
| Devoteam Germany | Germany | Central Europe | Central Europe | OutFit | Portugal | Iberia & Latam | Iberia & Latam |
| Siticom GmbH | Germany | Divested entities | Divested entities | TechSensys Lda | Portugal | Iberia & Latam | Iberia & Latam |
| Siticom GmbH EM | Germany | Corporate & Other | Corporate & Other | EHC Lda | Portugal | Iberia & Latam | Iberia & Latam |
| Q-Partners Consulting & Management | Germany | Central Europe | Central Europe | Devoteam Czech Rep. | Czech Republic | Central Europe | Central Europe |
| TMNS Germany | Germany | Northern Europe & Benelux | Northern Europe & Benelux | Devoteam UK | United Kingdom | Northern Europe & Benelux | Northern Europe & Benelux |
| Alegri International Service GmbH | Germany | Central Europe | Central Europe | TMNS UK | United Kingdom | Northern Europe & Benelux | Northern Europe & Benelux |
| Alegri Personal Service GmbH | Germany | Central Europe | Central Europe | Avalon Solutions Ltd | United Kingdom | Northern Europe & Benelux | non-applicable |
| Devoteam Consulting Austria | Austria | Central Europe | Central Europe | Media-Tel LLC | Russia | Corporate & Other | Corporate & Other |
| Alegri International Austria GmbH | Austria | Central Europe | Central Europe | TMNS Serbia | Serbia | Northern Europe & Benelux | Northern Europe & Benelux |
| Devoteam Belgium | Belgium | Northern Europe & Benelux | Northern Europe & Benelux | Avalon Solutions PTE | Singapore | Northern Europe & Benelux | non-applicable |
| DFSJ | Belgium | Corporate & Other | Corporate & Other | Devoteam Slovakia | Slovakia | Central Europe | non-applicable |
| Devoteam Management Consulting BE | Belgium | Northern Europe & Benelux | Northern Europe & Benelux | HNCO AB | Sweden | Corporate & Other | Corporate & Other |
| Paradigmo SA/NV | Belgium | Northern Europe & Benelux | Northern Europe & Benelux | Jayway Malmö AB | Sweden | Northern Europe & Benelux | Northern Europe & Benelux |
| Devoteam Denmark | Denmark | Northern Europe & Benelux | Northern Europe & Benelux | Jayway Halmstad AB | Sweden | Northern Europe & Benelux | Northern Europe & Benelux |
| Devoteam Globicon AS | Denmark | Northern Europe & Benelux | Northern Europe & Benelux | Jayway Stockholm | Sweden | Northern Europe & Benelux | Northern Europe & Benelux |
| Jayway ApS | Denmark | Northern Europe & Benelux | Northern Europe & Benelux | Jayway Services AB | Sweden | Northern Europe & Benelux | Northern Europe & Benelux |
| Avalon Solutions AS (DK) | Denmark | Northern Europe & Benelux | non-applicable | Jayway Holding AB | Sweden | Northern Europe & Benelux | Northern Europe & Benelux |
| Devoteam Middle East | United Arab Emirates | Rest of the world | Rest of the world | Øredev AB | Sweden | Northern Europe & Benelux | Northern Europe & Benelux |
| Devoteam Spain | Spain | Iberia & Latam | Iberia & Latam | Sädesmagasinet Förvaltnings AB | Sweden | Northern Europe & Benelux | Northern Europe & Benelux |
| Keivox | Spain | Corporate & Other | Corporate & Other | Avalon Solutions AB | Sweden | Northern Europe & Benelux | non-applicable |
| Desarrollo de procesos de implantacion S.L. | Spain | Iberia & Latam | Iberia & Latam | TMNS Switzerland | Switzerland | Central Europe | Northern Europe & Benelux |
| Drago Solution S.A.U. | Spain | Iberia & Latam | Iberia & Latam | Alegri AG | Switzerland | Central Europe | Central Europe |
| Softoro Development Center S.A.U. | Spain | Iberia & Latam | Iberia & Latam | Devoteam Tunisia | Tunisia | Rest of the world | Rest of the world |
| Devoteam Cloud Services ES | Spain | Iberia & Latam | Iberia & Latam | Devoteam Technology Consulting TN | Tunisia | Rest of the world | Rest of the world |
| myG for work Spain | Spain | Corporate & Other | Corporate & Other | Devoteam Turkey | Turkey | Rest of the world | Rest of the world |

Comparative segment information in respect of 2018 has been restated to match the new structure of 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 2018 reporting date (see Note 3.19 to the 2018 financial statements):

- first, operating margin is defined as recurring operating profit 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 2019 | 30 June 2018 restated | 30 June 2019 | 30 June 2018 restated | 30 June 2019 | 30 June 2018 restated | 30 June 2019 | 30 June 2018 restated | 30 June 2019 | 30 June 2018 restated | 30 June 2019 | 30 June 2018 restated | 30 June 2019 | 30 June 2018 restated | 30 June 2019 | 30 June 2018 restated |
| Group contribution* | 174,934 | 155,730 | 99,772 | 79,035 | 33,259 | 15,927 | 40,876 | 24,561 | 26,123 | 20,194 | (1,888) | (1,666) | 226 | 12,682 | 373,302 | 306,463 |
| Depreciation and amortisation of tangible and intangible assets | (2,735) | (745) | (2,595) | (395) | (895) | (61) | (1,411) | (153) | (371) | (131) | (608) | (240) | (1) | (45) | (8,617) | (1,769) |
| Operating margin* | 20,882 | 23,100 | 6,669 | 6,733 | 3,001 | 1,289 | 1,287 | 2,737 | 3,206 | 1,901 | (1,324) | (2,895) | (273) | 1,135 | 33,448 | 34,001 |
| Operating income | 20,825 | 22,706 | 9,065 | 6,725 | 2,861 | 1,097 | 740 | 2,726 | 3,154 | 1,900 | (4,495) | (7,488) | (273) | 1,135 | 31,876 | 28,801 |

* See definition in Note 3.19 of the 2018 financial report

| | | |
|--|---------------|---------------|
| Net financial income/(loss) | (2,078) | (1,309) |
| Income from associates | 315 | 380 |
| Income tax expense | (9,969) | (8,434) |
| Net income from continuing operations | 20,144 | 19,438 |
| Profit/(loss) from discontinued operations, net of tax | 0 | 0 |
| Profit for the year | 20,144 | 19,438 |

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 2019 | 31 December 2018 restated | 30 June 2019 | 31 December 2018 restated | 30 June 2019 | 31 December 2018 restated | 30 June 2019 | 31 December 2018 restated | 30 June 2019 | 31 December 2018 restated | 30 June 2019 | 31 December 2018 restated | 30 June 2019 | 31 December 2018 restated | 30 June 2019 | 31 December 2018 restated |
| Segment assets* | 182,376 | 175,038 | 159,817 | 131,806 | 63,855 | 64,425 | 43,859 | 38,956 | 51,175 | 51,990 | 55,874 | 37,439 | 0 | 305 | 556,956 | 499,958 |

*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 restated information for 2018.

| In thousands of euros | France | | Northern Europe & Benelux | | Iberia & Latam | | Central Europe | | Rest of the world | | Corporate & other | | Divested entities | | Total Group | |
|---|-----------------------|------------------------|---------------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|
| | 30 June 2018 restated | 30 June 2018 presented | 30 June 2018 restated | 30 June 2018 presented | 30 June 2018 restated | 30 June 2018 presented | 30 June 2018 restated | 30 June 2018 presented | 30 June 2018 restated | 30 June 2018 presented | 30 June 2018 restated | 30 June 2018 presented | 30 June 2018 restated | 30 June 2018 presented | 30 June 2018 restated | 30 June 2018 presented |
| Group contribution* | 155,730 | 160,047 | 79,035 | 79,035 | 15,927 | 15,927 | 24,561 | 32,926 | 20,194 | 20,194 | (1,666) | (1,666) | 12,682 | 0 | 306,463 | 306,463 |
| Depreciation and amortisation of tangible and intangible assets | (745) | (752) | (395) | (395) | (61) | (61) | (153) | (190) | (131) | (131) | (240) | (240) | (45) | 0 | (1,769) | (1,769) |
| Operating margin* | 23,100 | 23,800 | 6,733 | 6,733 | 1,289 | 1,289 | 2,737 | 3,172 | 1,901 | 1,901 | (2,895) | (2,895) | 1,135 | 0 | 34,001 | 34,001 |
| Operating income | 22,706 | 23,406 | 6,725 | 6,725 | 1,097 | 1,097 | 2,726 | 3,162 | 1,900 | 1,900 | (7,488) | (7,488) | 1,135 | 0 | 28,801 | 28,801 |

* See definition in Note 3.18 of the 2018 financial report

| | | |
|--|---------------|---------------|
| Net financial income/(loss) | (1,309) | (1,309) |
| Income from associates | 380 | 380 |
| Income tax expense | (8,434) | (8,434) |
| Net income from continuing operations | 19,438 | 19,438 |
| Profit/(loss) from discontinued operations, net of tax | 0 | 0 |
| Profit for the year | 19,438 | 19,438 |

| 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 2018 restated | 31 December 2018 presented | 31 December 2018 restated | 31 December 2018 presented | 31 December 2018 restated | 31 December 2018 presented | 31 December 2018 restated | 31 December 2018 presented | 31 December 2018 restated | 31 December 2018 presented | 31 December 2018 restated | 31 December 2018 presented | 31 December 2018 restated | 31 December 2018 presented | 31 December 2018 restated | 31 December 2018 presented |
| Segment assets* | 175,038 | 175,038 | 131,806 | 132,585 | 64,425 | 63,647 | 38,956 | 39,065 | 51,990 | 51,990 | 37,439 | 37,635 | 305 | 0 | 499,958 | 499,958 |

* 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 the free share plans, classified in operating margin and recurring operating profit at 30 June 2019, totalled -€334 thousand (compared with -€1,391 thousand at 30 June 2018).

The terms and conditions of existing option plans are described in the 2018 financial statements. No new plans were issued in the first half of 2019.

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 2019 | 30 June 2018 | Other operating income | 30 June 2019 | 30 June 2018 |
| Restructuring expenses | (1,009) | (583) | Income from the reversal of unused provisions for restructuring | 95 | - |
| Net value of fixed assets sold | (11) | (19) | Net value of fixed assets sold | 6 | 10 |
| Net loss on disposals of subsidiaries | - | - | Net gain on disposal of subsidiaries | 505 | - |
| Impairment of goodwill | - | (572) | | - | - |
| Impairment of other assets | - | - | Gains on acquisitions | 552 | - |
| Acquisition cost of securities | (82) | - | | | |
| Other expenses | (722) | (2,417) | Other income | 13 | 131 |
| Total | (1,824) | (3,590) | Total | 1,170 | 141 |

At 30 June 2019, income and expenses from restructuring mainly related to the costs of downsizing. These costs mainly concern the Germany entities in the amount of €521 thousand and Danish entities for €186 thousand.

The net gain on disposal of subsidiaries corresponds to the disposal of NauOn in Portugal for €344 thousand and the reclassification of the equity interest in Inflexys in France to non-consolidated securities for €160 thousand.

Gains on acquisitions correspond to the negative goodwill associated with the takeover of MEL in France.

Other expenses mainly correspond to a provision for liabilities linked to the enforcement of a bank guarantee in Poland for €708 thousand.

5.5 Financial income and expenses

At 30 June 2019, the main components of financial income were as follows:

| In thousands of euros | | | | | |
|---|----------------|----------------|---|--------------|--------------|
| Financial expenses | 30 June 2019 | 30 June 2018 | Financial income | 30 June 2019 | 30 June 2018 |
| Negative exchange rate differences | (321) | (356) | Positive exchange rate differences | - | - |
| Interest on bonds measured at the effective interest rate | (509) | (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 | (296) | (3) | | - | - |
| Discounting of long-term financial liabilities | (293) | (140) | | - | - |
| Provisions on financial assets | - | (2) | Provisions on financial assets | 115 | - |
| Other financial expenses | (867) | (432) | Other financial income | 93 | 131 |
| Total | (2,286) | (1,441) | Total | 208 | 131 |

Net financial income for the period declined by €769 thousand compared with 30 June 2018, mainly as a

result of the negative impact of changes in assumptions linked to earn-out clauses for -€279 thousand as well as interest on leases following the application of IFRS 16 for -€296 thousand.

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

| In thousands of euros | 30 June 2019 | 30 June 2018 |
|---|----------------|--------------|
| Interest expense on financing operations at the effective interest rate * | (1,083) | (943) |
| Income and expense from interest rate hedges on financial debt | - | - |
| Gross borrowing costs | (1,083) | (943) |
| Interest income from cash and cash equivalents | 51 | 17 |
| Capital gains on assets at fair value through profit or loss | - | - |
| Net borrowing costs | (1,032) | (926) |

* 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 year, applied to interim pre-tax profit, in accordance with IAS 34.

At 30 June 2019, the increase in income tax expense is mainly due to the improvement in Group earnings and amounted to €9,969 thousand, compared with €8,434 thousand at 30 June 2018. It also includes additional local taxes (CVAE in France and IRAP in Italy) for €2,185 thousand at 30 June 2019, compared with €1,829 thousand at 30 June 2018.

The effective interest rate therefore stands at 33.1% of earnings before tax, compared to 30.3% for the first half of 2018. This slight increase is predominantly due to the fiscal impact of the Tax Credit for Competitiveness and Employment (CICE) reform in France.

The balance of unrecognised tax loss carryforwards stood at €8,494 thousand at 30 June 2019, compared with €9,152 thousand at 31 December 2018. The change is mainly due to additional carryforwards, in Germany in particular.

The expiration dates of the tax loss carryforwards did not change significantly in the first half of 2019. These tax loss carryforwards have no expiration date, except at Devoteam Poland, where most of them expire in 2020 and 2021. These have not been recognised as there is not sufficient probability that taxable profit will allow them to be used within a three-year period.

Note 6 – Miscellaneous information

6.1 Breakdown of the workforce

The Group's workforce totalled 7,259 employees at 30 June 2019, compared with 6,975 at 31 December 2018 and 5,596 at 30 June 2018, and consists almost entirely of managers.

6.2 Related parties

6.2.1 Information on compensation and benefits allocated to management bodies

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

| In thousands of euros | 30 June 2019 | 30 June 2018 |
|--|--------------|--------------|
| Short-term employee benefits | 553 | 724 |
| Post-employment benefits | - | - |
| Employment contract termination benefits | - | - |
| Directors' fees | 100 | 100 |
| Share-based payments | - | - |
| Total | 653 | 824 |

These amounts include total gross remuneration, including benefits in kind and the value 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 2019 | | | 30 June 2018 | | |
|---|---------------------------|----------------|--------------------------------------|---------------------------|----------------|--------------------------------------|
| | Associates ⁽¹⁾ | Joint ventures | Other related parties ⁽²⁾ | Associates ⁽¹⁾ | Joint ventures | Other related parties ⁽²⁾ |
| Sales to related parties | 1,254 | - | - | - | - | - |
| Purchases from related parties | 1,152 | - | 1,534 | 47 | - | 1,294 |
| Dividends and other investment income | 23 | - | - | 38 | - | - |
| Interest and financial expense | 33 | - | - | 6 | - | - |
| Other operating income | - | - | - | - | - | - |
| Other operating expenses | 39 | - | - | - | - | - |
| Receivables from related parties | 1,423 | - | 646 | 1,448 | - | 706 |
| Payables to related parties | 317 | - | 793 | 783 | - | - |

(1) Concerns DFSJ, Keivox, Media-Tel LLC, HNCO AB, Exa ECS, Progis, Siticom GmbH, Energy Dynamics and NL07 Between Staffing Group for the 2018 financial year.

(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 2018, 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.

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 2019, 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 2019, although cash and cash equivalents including cash management assets and net of bank overdrafts of €42.8 million is marginally less than the total borrowings of €44.0 million, restated for the impact of IFRS 16, the principal due date for the repayment of total borrowings is not until July 2021, in the amount of €30 million (Euro PP).

Furthermore, during the first half of the year, the Group renewed its confirmed revolving credit facilities (RCFs) with its banking counterparties in the amount of €105 million for a five-year term. At 30 June 2019, the amount drawn down on these facilities totalled €10 million and the covenants were all met.

Lastly, the factoring agreement established in 2013 was still in effect at the closing date. The maximum authorised drawdown line is €33 million, of which €17.0 million was used at 30 June 2019.

6.4 Off-balance sheet commitments

The other off-balance sheet commitments as presented in Note 9.3 of the 2018 financial statements had not changed significantly in nature or amount, with the exception of the impact on the balance sheet of the application of IFRS 16 (see Note 4.4 to the consolidated financial statements).

Note 7 - Subsequent events

On 25 July 2019, the Group, via its Spanish subsidiary, completed the acquisition of the goodwill of PowerData in Spain, a consultancy company specialised in data integration and partner of Informatica. This acquisition has boosted the Group's Business Intelligence activity and its Smart Data position. PowerData has 32 employees and generated revenue of €2 million in 2018. This business will be consolidated with effect from 1 August 2019.

STATUTORY AUDITORS' REPORT

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

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, we hereby report to you on:

- our limited review of the accompanying condensed interim consolidated financial statements of Devoteam S.A. for the period 1 January 2019 to 30 June 2019;
- the verification of information disclosed in the interim management report.

The condensed interim consolidated financial statements were prepared by the Management Board. Our responsibility is to express an opinion on those financial statements on the basis of our limited review.

I - Opinion 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 extensive than an audit conducted in accordance with professional standards applicable in France. Consequently, unlike a full audit, a review only provides moderate assurance that the financial statements, taken as a whole, are free from material misstatement.

Based on our review, we have not identified any material misstatements likely to call into question the compliance of the condensed interim consolidated financial statements with IAS 34 on interim financial reporting, as adopted in the European Union.

Without qualifying the opinion expressed above, we draw your attention to Note 2.4 "Significant accounting policies" in the notes to the condensed interim consolidated financial statements, which describes the adoption on 1 January 2019 of IFRS 16 "Leases" and to Note 4.4 "Right-of-use assets" which covers the impacts thereof.

II – Specific verification

We also verified the information disclosed in the interim management report accompanying the condensed interim consolidated financial statements subject to our limited review. We have no comments to make as to its fairness and consistency with the condensed interim consolidated financial statements.

Paris La Défense, 27 September 2019

Neuilly-sur-Seine, 27 September 2019

KPMG Audit IS

Grant Thornton

Jean-Pierre Valensi
Partner

Vincent Papazian
Partner

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 38.

Stanislas de Bentzmann
Co-CEO

