

HALF-YEAR FINANCIAL REPORT

2021

ALTEN, Société Anonyme with a share capital of €36,080,577.75
Registered office: 40 avenue André Morizet - 92100 Boulogne-Billancourt
348 607 417 RCS Nanterre

www.alten.com



ALTEN



BUSINESS OVERVIEW	4
FINANCIAL OVERVIEW	5
RELATED-PARTY TRANSACTIONS	7
EVENTS SINCE 30 JUNE 2021	7
MAIN RISKS AND UNCERTAINTIES IN THE SECOND HALF OF 2021	7
2021 OUTLOOK	7
1. HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS	8
1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
1.2 CONSOLIDATED INCOME STATEMENT	10
1.3 STATEMENT OF COMPREHENSIVE INCOME	11
1.4 CONSOLIDATED STATEMENT OF CASH FLOWS	12
1.5 STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY	13
2. NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	14
2.1 SIGNIFICANT EVENTS DURING THE HALF-YEAR	15
2.1.1 Acquisitions	15
2.1.2 Impacts linked to the Covid-19 health crisis	15
2.1.3 Other key events	16
2.1.4 Events after the reporting period	16
2.2 ACCOUNTING PRINCIPLES AND METHODS	16
2.2.1 Accounting principles	16
2.2.2 Management estimates	17
2.3 FINANCIAL RISK FACTORS	17
2.4 CHANGES IN THE SCOPE OF CONSOLIDATION	18
3. DETAILS OF THE CONSOLIDATED FINANCIAL STATEMENTS	19
3.1 GOODWILL	20
3.2 Non-current financial assets	20
3.3 WORKING CAPITAL REQUIREMENTS AND TRADE RECEIVABLES	21
3.4 EMPLOYEE PROVISIONS AND BENEFITS	22
3.5 FINANCIAL LIABILITIES (EXCLUDING LEASE LIABILITIES)	23
3.6 RIGHTS OF USE AND LEASE DEBT	24
3.7 PERSONNEL EXPENSES	24
3.8 OTHER OPERATING INCOME AND EXPENSES	25
3.9 NET FINANCIAL INCOME	25
3.10 INCOME TAXES	26
3.11 OPERATING SEGMENT INFORMATION	27
3.12 EARNINGS PER SHARE	27
3.13 STATEMENT OF CASH FLOWS	28
3.14 CONTINGENT ASSETS AND LIABILITIES	28

3.15	RELATED PARTIES	28
3.16	FINANCIAL COMMITMENTS	29
REPORT OF THE STATUTORY AUDITORS ON THE 2021 HALF-YEAR FINANCIAL INFORMATION		30
1	CONCLUSION ON THE FINANCIAL STATEMENTS	30
2	SPECIFIC VERIFICATIONS	31
DECLARATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT		32

BUSINESS OVERVIEW

ALTEN has asserted its position as a European leader in Engineering and Technology Consulting. The Group supports its customers' development strategies in the areas of innovation, R&D, and information systems.

ALTEN's business consists of two operating segments:

- Engineering and R&D outsourcing,
- Information Systems and Internal Networks.

At 30 June 2021, ALTEN had 38,500 employees (including 33,800 engineers):

- 11,200 employees (including 9,600 engineers) in France;
- 27,300 employees (including 24,200 engineers) outside France.

ALTEN generated 63.8% of its business internationally (compared to 60.4% during the first half of 2020).

- **Significant events for the first half of 2021:**

ALTEN continued its development in France and internationally.

ALTEN thus completed five acquisitions in France and abroad during the first half of 2021:

- a company in Italy with annual revenues of €21 million and 300 consultants;
- a company in France with annual revenues of €37 million and 280 consultants;
- a company in the United Kingdom with annual revenues of €9.5 million and 65 consultants;
- a company in Germany with annual revenues of €10 million and 90 consultants;
- a company in the United Kingdom with annual revenues of €20 million and 180 consultants;

The half-year consolidated financial statements presented in this document were approved by the Board of Directors on 22 September 2021, after prior review by the Audit Committee.

- **Income statement (IFRS):**

Revenue

Revenues at 30 June 2021 amounted to €1,395.2 million, up 12.5% compared to 30 June 2020 (€1,240.4 million). On a like-for-like basis, business grew by 3.4% (-0.1% in France and 5.7% outside France).

All business segments posted strong growth in the second quarter of 2021, due in part to the favourable base effect of the second quarter of 2020. The Automotive and Civil Aeronautics sectors were nevertheless impacted by the health crisis. Rail/Naval, Defence & Security, Life Sciences and other Industries posted growth of over 10%.

All geographical areas grew with the exception of Germany and Sweden, where the Automotive and/or Civil Aeronautics sectors have a significant weight.

France was stable, continuing to be impacted in these sectors, but has performing well in other sectors.

Operating profit on activity

Operating profit on activity amounted to €137.1 million, up by 82.4% compared to the first half of 2020 (€75.2 million). The operating margin on activity returned to its pre-crisis level and reached 9.8% of revenue (6.1% of revenue in June 2020).

The increase in the operating margin was less marked in France (6.9% in 2021 versus 4.3% in 2020) than internationally (11.5% in 2021 versus 7.2% in 2020), mainly due to a later recovery than internationally, and therefore a weaker rate of activity, and proportionately higher G&A costs, with France supporting Corporate activities.

Operating profit

Operating profit was €124.2 million (compared with €68.7 million at 30 June 2020). It includes share-based payments (non-cash) of €7.5 million and non-recurring costs of €5.4 million, mainly consisting of restructuring costs internationally, acquisition fees, and earn-outs on acquisitions recognised outside the goodwill allocation period.

Net income, Group share

After taking into account the net financial income (-€ 1.2 million) and the tax expense (-€33.7 million), the net income, Group share, was €89.3 million, i.e. 6.4% of revenue (€60.6 million at 30 June 2020, i.e. 4.9% of revenue).

Consolidated balance sheet items and financial movements

Under assets, non-current assets represent 45.2% of the total balance sheet (€2,410.9 million), which consists in particular of goodwill (33%, i.e. €796.5 million) and IFRS 16 rights of use (7.5%, i.e. €180.9 million).

Current assets, excluding cash, represent 42.5% of the total balance sheet, and are mainly comprised of accounts receivable and related assets, which represent over 80% of this item. Under liabilities, equity still represents 53% of the balance sheet total. Earn-outs amounted to €82 million, including €68 million payable in more than one year.

In the first half of 2021 ALTEN Group generated a gross cash flow of €171 million (compared with €98.5 million at 30 June 2020). Restated for IFRS 16 items, gross operating cash flow was €141.6 million (10.1% of revenue) compared with €71.4 million (i.e. 5.8% of revenue) at 30 June 2020. Its growth is in line with that of the ROA. Due to low Capex, the gross margin rate is close to the operating margin on activity.

Taxes paid represented €10.3 million; the change in WCR amounted to €76.5 million, mainly due to the significant increase in trade receivables, linked to the strong organic growth in the second quarter.

CAPEX remained low, at €6.2 million, and represented 0.45% of revenue.

As a result, free cash flow amounted to €50.4 million, or 3.6% of revenue.

After taking into account the effects of changes in scope and earn-outs (-€52 million) and other financing flows, and the payment of dividends this year of €33.9 million, net cash position was €162.9 million at the end of June 2021.

Gearing is therefore -12.7%, reflecting the Group's very sound balance sheet structure.

RELATED-PARTY TRANSACTIONS

- By private deed dated 20 May 2021, ALTEN SA and SIMALEP renewed the commercial lease dated 28 July 2011, for the 1st floor premises in a building located at 119-121 Grande Rue in Sèvres. This lease renewal was submitted for authorisation by the Board of Directors on 27 October 2020 and will be approved at the next General Meeting.
- By private deed dated 20 May 2021, ALTEN SA and SEV 56 entered into a commercial lease for the premises located on the 5th and 8th floors at 119-121 Grande Rue in Sèvres. This lease was submitted for authorisation by the Board of Directors on 27 October 2020 and will be approved at the next General Meeting.

EVENTS SINCE 30 JUNE 2021

Since 30 June 2021, the Group has not completed any specific transactions.

MAIN RISKS AND UNCERTAINTIES IN THE SECOND HALF OF 2021

The nature and severity of the risks facing the ALTEN Group remain unchanged from those presented on pages 54 to 61 of the 2020 Universal Registration Document filed with the French Financial Markets Authority (*Autorité des Marchés Financiers*, or AMF) on 28 April 2021.

2021 OUTLOOK

Automotive and Civil Aeronautics remained impacted by the crisis but are once again growing.

The return to organic growth occurred more quickly than anticipated, but the sustainability and intensity of the recovery will obviously depend on the evolution of the health crisis.

If the context remains unchanged, ALTEN should achieve satisfactory organic growth and operating margin on activity in 2021.

ALTEN will also continue to strengthen its position in strategic sectors and activities by pursuing its policy of targeted acquisitions in order to accelerate its development, mainly internationally.

In the second half, ALTEN will pursue its external growth following a strategic plan to diversify business sectors and geographical areas.

Signed at Boulogne-Billancourt,

22 September 2021,

The Board of Directors.

1. HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (In thousands of euros)	Notes	30/06/2021	31/12/2020
Goodwill	3.1	796 557	701 567
Rights of use	3.6	180 931	162 636
Intangible assets		7 402	7 940
Property, plant and equipment		31 693	29 770
Investments in associates		1 108	1 118
Non-current financial assets	3.2	59 039	100 262
Deferred tax assets	3.10	12 927	11 648
NON-CURRENT ASSETS		1 089 657	1 014 941
Trade receivables	3.3	632 387	586 618
Customer contract assets	3.3	200 179	108 100
Other current assets	3.3	99 539	80 084
Current tax assets		93 519	79 445
Cash and cash equivalents	3.2	295 649	283 424
CURRENT ASSETS		1 321 274	1 137 670
TOTAL ASSETS		2 410 931	2 152 611

LIABILITIES (In thousands of euros)	Notes	30/06/2021	31/12/2020
Share capital		36 059	35 953
Additional paid-in capital		60 250	60 250
Consolidated reserves		1 093 302	1 019 391
Consolidated earnings		89 283	98 011
EQUITY (Group share)		1 278 895	1 213 604
NON-CONTROLLING INTERESTS		(384)	(484)
TOTAL EQUITY		1 278 511	1 213 120
Post-employment benefits	3.4	17 624	17 257
Non-current provisions	3.4	9 798	7 512
Non-current financial liabilities	3.5	8 848	9 314
Non-current lease debt	3.6	138 244	126 104
Other non-current liabilities	3.3	71 173	70 275
Deferred tax liabilities	3.10	1 821	991
NON-CURRENT LIABILITIES		247 506	231 453
Current provisions	3.4	9 407	9 539
Current financial liabilities	3.5	124 178	78 653
Current lease debt	3.6	52 212	44 110
Trade payables		123 608	99 101
Other current liabilities	3.3	425 713	344 628
Customer contract liabilities	3.3	118 513	115 130
Current tax liabilities		31 284	16 878
CURRENT LIABILITIES		884 914	708 039
TOTAL EQUITY AND LIABILITIES		2 410 931	2 152 611

1.2 CONSOLIDATED INCOME STATEMENT

(In thousands of euros)	Notes	30/06/2021	30/06/2020
REVENUE	3.11	1 395 225	1 240 380
Purchases consumed		(131 908)	(121 136)
Personnel expenses	3.7	(990 561)	(920 932)
External charges		(89 574)	(82 384)
Other taxes and levies		(6 734)	(6 663)
Depreciation and amortisation charges		(35 961)	(33 055)
Other operating expenses		(6 193)	(3 712)
Other operating income		2 836	2 665
OPERATING PROFIT ON ACTIVITY		137 131	75 162
Share-based payments	3.7	(7 526)	(2 518)
PROFIT FROM ORDINARY ACTIVITIES		129 604	72 644
Other operating expenses	3.8	(5 891)	(5 383)
Other operating income	3.8	497	1 406
Impairment of goodwill	3.1	0	0
OPERATING PROFIT		124 211	68 667
Borrowing costs and financial costs of leases	3.9	(1 396)	(1 198)
Other financial expenses	3.9	(7 281)	(8 239)
Other financial income	3.9	7 518	20 908
Income tax expense	3.10	(33 720)	(20 961)
EARNING OF CONSOLIDATED ENTITIES		89 332	59 177
Earnings from associates		(11)	1 366
NET OVERALL EARNINGS		89 322	60 543
Including:			
Non-controlling interests		38	(103)
Group share		89 283	60 646
Earnings per share in euros (Group share)	3.12	2,64	1,80
Diluted earning per share in euros (Group share)	3.12	2,59	1,77

1.3 STATEMENT OF COMPREHENSIVE INCOME

(In thousands of euros)	Notes	30/06/2021	30/06/2020
Net income, Group share		89 283	60 646
Net income, non-controlling interest's share		38	(103)
Consolidated net income		89 322	60 543
Change in fair value of realisable financial assets (net of income tax)		0	0
Translation adjustments		8 085	(7 354)
Items that may be reclassified to income		8 085	(7 354)
Change in fair value of securities held for sale (net of income tax)	3.2	(5 500)	
Actuarial differences on employee benefits (net of income tax)		900	
Items that may not be reclassified to income		(4 600)	0
TOTAL INCOME FOR THE PERIOD		92 806	53 189
Including:			
Group share		92 771	53 280
Non-controlling interests		36	(91)

1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of euros)	Notes	30/06/2021	30/06/2020
Consolidated net income		89 322	60 543
Earnings from associates		11	(1 366)
Depreciation, provisions and other calculated expenses	3.13	38 314	27 862
Share-based payments	3.7	7 526	2 518
Income tax expense	3.10	33 720	20 961
Capital gains or losses from disposals		346	(14 164)
Borrowing costs and financial costs of leases	3.9	1 396	1 198
Financial cost on update and provisions		400	957
Gross cash flow borrowing costs and tax		171 035	98 509
Taxes paid	3.13	(10 271)	(26 178)
Change in working capital requirements	3.3	(76 550)	95 108
Net cash flow from operating activities		84 214	167 438
Acquisitions of tangible and intangible assets		(6 559)	(7 430)
Acquisitions of financial assets		(1 136)	(3 237)
Impact of changes in scope and earn-outs	3.13	(45 965)	18 028
Disposals of tangible and intangible assets		322	54
Reductions in financial assets		1 681	3 343
Net cash flow from investing activities		(51 657)	10 758
Net financial interest paid		(1 609)	(1 393)
Dividends paid to shareholders		(33 875)	0
Capital increases	3.13	0	0
Acquisitions and disposals of treasury shares		119	(778)
Changes in non-current financial liabilities	3.5	(5 506)	(472)
Change in current financial liabilities	3.5	44 323	(92 943)
Change in lease debt	3.6	(26 460)	(24 234)
Net cash flow from financing transactions		(23 009)	(119 821)
Change in cash position		9 548	58 375
Impact of exchange rate variations		2 677	(2 580)
Cash at beginning of period		283 424	202 550
Cash at end period		295 649	258 346

The Group's net cash position/(net debt) ratio, excluding lease debts, breaks down as follows:

(In thousands of euros)		30/06/2021	30/06/2020
Cash at end period		295 649	258 346
+ Bank borrowings and related debt	3.5	(50 934)	(25 492)
+ Borrowings in the market	3.5	(70 000)	
+ Bank overdrafts	3.5	(11 810)	(8 555)
= Net cash position/(Net debt)		162 905	224 298

1.5 STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(In thousands of euros)	Number of shares in circulation	Number of shares issued	Capital	Additional paid-in capital	Reserves	Treasury shares	Translation reserves	Earnings	Shareholders' equity
At 31 December 2019	33 696 147	34 156 170	35 864	60 250	861 179	(8 713)	948	164 225	1 113 752
2019 allocation of earnings					164 225			(164 225)	0
Capital increases	22 774	22 774	24		(24)				0
Dividends paid to shareholders									0
Other changes					55				55
Treasury shares	(10 176)					(778)			(778)
Share-based payments					2 288				2 288
Transactions with shareholders	12 598	22 774	24	0	166 544	(778)	0	(164 225)	1 565
Total income for the period							(7 366)	60 646	53 280
At 30 June 2020	33 708 745	34 178 944	35 888	60 250	1 027 723	(9 492)	(6 418)	60 646	1 168 597
At 31 December 2020	33 776 746	34 240 711	35 953	60 250	1 043 949	(9 070)	(15 489)	98 011	1 213 604
2020 allocation of earnings					98 011			(98 011)	0
Capital increases	101 235	101 235	106		(106)				0
Dividends paid to shareholders					(33 875)				(33 875)
Other changes					(82)				(82)
Treasury shares	1 720					119			119
Share-based payments					6 358				6 358
Transactions with shareholders	102 955	101 235	106	0	70 305	119	0	(98 011)	(27 480)
Total income for the period					(4 600)		8 088	89 283	92 771
At 30 June 2021	33 879 701	34 341 946	36 059	60 250	1 109 655	(8 951)	(7 401)	89 283	1 278 895

(In thousands of euros)	Reserves	Translation reserves	Earnings	Shareholders' equity
At 31 December 2019	237	(5)	(656)	(425)
2019 allocation of earnings	(656)		656	0
Change in scope	(56)			(56)
Capital increases				0
Total income for the period		12	(103)	(91)
At 30 June 2020	(475)	7	(103)	(571)
At 31 December 2020	(267)	7	(224)	(485)
2020 allocation of earnings	(224)		224	0
Change in scope	64			64
Capital increases				0
Total income for the period		(2)	38	36
At 30 June 2021	(428)	5	38	(384)

**2. NOTES TO THE HALF-YEAR CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

2.1 SIGNIFICANT EVENTS DURING THE HALF-YEAR

2.1.1 Acquisitions

IT Sector (Revenue: €27 million; 400 consultants)

On 22 December 2020, ALTEN Europe acquired the Portuguese company IT Sector specialising in digital transformation and IT infrastructures. This acquisition, which was completed late at the end of 2020, was consolidated as from 1 January 2021.

Consoft (Revenue: €21 million; 300 consultants)

On 22 January 2021, Alten Europe acquired the Italian company Consoft specialising in Infra IT and Digital.

Nexeo (Revenue: €37 million; 280 consultants)

On 12 February 2021, Altenware acquired the NEXEO group of companies in France and Belgium specialising in the transformation and digitisation of information systems.

Radtac (Revenue: €9.5 million; 65 consultants)

On 1 March 2021, C-prime UK acquired Radtac Holdings Limited in the United Kingdom, which holds two subsidiaries in England and one in Finland, specialising in Agile consulting and training.

Eeins (Revenue: €10 million; 90 consultants)

On 19 March 2021, Alten Europe acquired a group of four companies (two German and two Romanian) specialising in Engineering Consulting, mainly in the Automotive sector.

Cmed (Revenue: €20 million; 180 consultants)

On 1 May 2021, Alten Europe acquired Cmed Group Ltd in the United Kingdom, a holding company comprising operational subsidiaries specialising in life sciences (United Kingdom, Romania and the United States).

The revenue of the acquired companies, indicated above, are the latest known corporate figures presented on an annual basis.

2.1.2 Impacts linked to the Covid-19 health crisis

Group revenue was €1,395.2 million in the first half of 2021, compared with €1,240.4 million in the first half of 2020, i.e. an increase of 12.5% (3.4% at constant scope and exchange rates). All business sectors grew over the half-year with the exception of automotive and civil aeronautics.

Organic growth returned in the first half of 2021. However, the sustainability and intensity of the recovery will depend on the evolution of the health crisis. In this still uncertain context, the estimates, judgements and assumptions made by the Group in the preparation of these financial statements are disclosed in Note "2.2.2. Management estimates"

2.1.3 Other key events

During the first half of the year, and for the financial year ended on 31 December 2020, €33.9 million of dividends were paid to ALTEN SA shareholders.

2.1.4 Events after the reporting period

None

2.2 ACCOUNTING PRINCIPLES AND METHODS

The condensed consolidated financial statements of 30 June 2021 were prepared in accordance with IAS 34 "Interim Financial Reporting", as published by the IASB (International Accounting Standards Board) and adopted by the European Union (EU), which allows for the presentation of a number of appended notes. These interim financial statements do not include all the required information and should be read using the consolidated financial statements for the period ended at 31 December 2020 (included in the 2020 Universal Registration Document) as a reference. The 2020 consolidated financial statements included in the issuer's 2020 Universal Registration Document are also available on its website page dedicated to financial statements: <https://www.alten.com/investors/>

The financial statements presented in this document were approved by the Board of Directors on 22 September 2021. They are presented in thousands of euros unless otherwise indicated.

2.2.1 Accounting principles

The accounting principles and calculation methods used to prepare the condensed consolidated financial statements at 30 June 2021 are identical to those used for the consolidated financial statements at 31 December 2020, with the exception of the new standards, amendments and interpretations applicable as of 1 January 2021. These standards, amendments and interpretations, obligatory from 1 January 2021 onwards, did not have a significant effect on the Group's condensed consolidated financial statements at 30 June 2021.

Moreover, the Group did not apply in advance the latest standards, amendments or interpretations published by the IASB and adopted at European level but whose application was not mandatory at 1 January 2021.

2.2.2 Management estimates

The preparation of financial statements in accordance with IFRS standards requires that certain estimates and assumptions be made which may affect the amounts shown in these financial statements. These estimates and assessments are continuously made on the basis of past experience and other factors considered reasonable.

The main estimates made by Management when preparing the consolidated financial position are presented in the 2020 Universal Registration Document on page 169. However, apart from the main consequences of the Covid-19 health crisis having a significant effect on the financial statements for the period ended on 30 June 2021 and explained in Note “2.1.2 Impacts linked to the Covid-19 health crisis”, the estimates, judgements and assumptions chosen by the Group for preparation of the financial statements for the period ended 30 June 2021 mainly relate to:

- the valuation of the recoverable value of cash-generating units and in particular goodwill (Note 3.1);
- prospects for the use of deferred tax assets (Note 3.11).

2.3 FINANCIAL RISK FACTORS

The financial risk factors noted in the 31 December 2020 consolidated financial statements remain essentially unchanged.

2.4 CHANGES IN THE SCOPE OF CONSOLIDATION

- **Additions to the scope**

Company name	Basis of consolidation (*)	% interest	% control	Country of operation
Cprime UK	FC	100,00	100,00	UK
Consoft	FC	100,00	100,00	Italy
IT Sector	FC	100,00	100,00	Portugal
Eeins Experts SRL	FC	100,00	100,00	Romania
Eeins Timisoara SRL	FC	100,00	100,00	Romania
Eeins GMBH	FC	100,00	100,00	Germany
Finaxium	FC	100,00	100,00	France
Nexo Insurance	FC	100,00	100,00	France
Nexeo Belgium	FC	100,00	100,00	Belgium
Nexeo Consulting Holding	FC	100,00	100,00	France
Radtac OY	FC	100,00	100,00	Finland
Radtac Holdings Limited	FC	100,00	100,00	UK
Radtac Limited	FC	100,00	100,00	UK
Cmed Group LTD	FC	100,00	100,00	UK
Cmed LTD	FC	100,00	100,00	UK
Cmed INC	FC	100,00	100,00	United States
Cmed SRL	FC	100,00	100,00	Romania
Cmed Technology LTD	FC	100,00	100,00	UK

(*) FC = Full consolidation

- **Other changes in scope**

During the first half of 2021, the Group continued to legally simplify its scope through mergers, particularly in Romania, the United States, Germany, Spain, Finland and Sweden.

3. DETAILS OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 GOODWILL

Goodwill, allocated by country, is broken down as follows:

(In thousands of euros)	France	UK	Belgium	The Netherlands	Spain/Portugal	Germany	Switzerland	Italy	Scandinavia	North America	Offshore and Asia	Nearshore	Other	Total
31/12/2020	159 449	18 279	12 686	26 168	104 865	103 891	24 340	47 181	64 201	102 436	31 054	6 850	169	701 567
Acquisitions	23 459	28 434			24 983	8 637		4 938						90 449
Disposals/withdrawals														0
Earn-out adjustments					2 778	4 370		(700)		(665)	(1 817)			3 966
Translation adjustments		109					(139)		(153)	1 958	312			2 086
Other	(131)				216	(1 415)		95		31	(307)			(1 511)
Reclassifications														0
Impairments														0
30/06/2021	182 776	46 821	12 686	26 168	132 841	115 483	24 201	51 513	64 048	103 760	29 242	6 850	169	796 557

For the first half of 2021, changes in goodwill were due to:

- the acquisitions completed by the Group in the first half of the year (described in Note 2.1.1);
- earn-out adjustments;
- translation adjustments on goodwill denominated in foreign currencies,
- corrections of positions acquired (included in the "Other" line) within the allocation period.

The Group performs value tests on an annual basis or when loss of value indicators emerge. Discount rates (WACC) and the perpetual growth rate used at 30 June 2021 are identical to those of 31 December 2020.

To conclude, the assets of the CGUs showing signs of loss of value demonstrate that their recoverable value is higher than their net book value. Consequently, no impairment was registered at 30 June 2021. Note that in this uncertain situation with the health crisis, forecasts and estimates made for these tests could be significantly modified subsequently.

3.2 Non-current financial assets

(In thousands of euros)	Carrying amount according to IFRS 9				Hierarchy of the fair value of financial assets at 30/06/2021			
	Amortised cost	Fair value by comprehensive income without recycling	Fair value through earnings	30/06/2021	31/12/2020	Level 1	Level 2	Level 3
Securities held for sale		18 756	1 185	19 941	61 117	17 300		2 641
Deposits and guarantees	13 866			13 866	14 555			
Other long-term assets (loans and receivables)	25 232			25 232	24 590			
Total	39 098	18 756	1 185	59 039	100 262	17 300	-	2 641

Other long-term assets consist in particular of a loan to a company in which the Group has an equity interest.

Securities held for sale include the following interests:

Entity	% interest	Fair value at opening	Acquisition, disposal, reclassification	Variation in FV through comprehensive income	Variation in FV through income	Fair value at closing	Fair value hierarchical level
PHINERGY LTD	9,84%	22 800		(5 500)		17 300	1
CONSOFT		1 320	(1 320)			0	1
IT SECTOR		34 384	(34 384)			0	1
OTHER		2 613	969		(941)	2 641	3
Total		61 117	(34 735)	(5 500)	(941)	19 941	

The decrease in securities held for sale is due in particular to the acquisition of IT Sector at the end of the financial year 2020, consolidated as of 1 January 2021 (see Note 2.1).

3.3 WORKING CAPITAL REQUIREMENTS AND TRADE RECEIVABLES

(In thousands of euros)	31/12/2020	Cash flow variation	Other flows (*)	30/06/2021	Current	Non-current
Trade receivables	586 618	6 897	38 872	632 387	632 387	
Customer contract assets	108 100	86 239	5 841	200 179	200 179	
Customer contract liabilities	(115 130)	16 545	(19 928)	(118 513)	(118 513)	
Customer advances and payments on account (2)	(5 279)	653	(2 639)	(7 265)	(7 265)	
Trade receivables and related accounts (a)	574 308	110 334	22 146	706 788	706 788	
Trade payables	(99 101)	(14 657)	(9 850)	(123 608)	(123 608)	
Prepaid expenses (1)	14 942	10 761	5 104	30 807	30 807	
Supplier receivables(1)	1 703	(798)	(279)	626	626	
Supplier advances and payments on account(1)	1 706	(1 077)	897	1 525	1 525	
Trade payables and related accounts (b)	(80 751)	(5 771)	(4 128)	(90 650)	(90 650)	
Tax and social security receivables(1)	56 451	24 563	(19 946)	61 068	61 068	
Other receivable(1)	4 899	1 873	(1 627)	5 146	5 146	
Tax and social security debt (2)	(332 812)	(48 819)	(21 524)	(403 155)	(399 767)	(3 388)
Other debts(2)	(4 101)	(5 630)	5 479	(4 251)	(4 251)	
Other assets/liabilities (c)	(275 563)	(28 013)	(37 617)	(341 193)	(337 805)	(3 388)
WCR (= a + b + c)	217 994	76 551	(19 600)	274 945	278 332	(3 388)
Reconciliation with the consolidated statement of financial position						
Sum of (1)	79 700	35 322	(15 851)	99 171	99 171	
Current financial assets	383		(15)	368	368	
Total of "Other current assets"	80 084	35 322	(15 866)	99 539	99 539	
Sum of (2)	(342 192)	(53 796)	(18 683)	(414 671)	(411 284)	(3 388)
Earn-outs	(72 711)		(9 503)	(82 213)	(14 428)	(67 785)
Total of "Other current and non-current liabilities"	(414 903)	(53 796)	(28 186)	(496 885)	(425 713)	(71 173)

(*) "Other flows" correspond to newly consolidated companies in the scope of consolidation, translation adjustments or flows excluded by the nature of the change in WCR. The earn-outs are liabilities relating to acquisitions.

The following table shows the breakdown of the portfolio of trade receivables based on age:

(In thousands of euros)	30/06/2021					31/12/2020				
	Unmatured	Less than 6 months	6 months to 1 year	More than 1 year	Balance	Unmatured	Less than 6 months	6 months to 1 year	More than 1 year	Balance
TRADE RECEIVABLES										
Gross value	530 580	97 352	5 953	12 170	646 054	459 827	106 177	22 195	9 492	597 691
Provisions	0	(2 615)	(1 126)	(9 925)	(13 667)	0	(2 278)	(1 471)	(7 324)	(11 073)
Net values	530 580	94 737	4 826	2 244	632 387	459 827	103 900	20 724	2 168	586 618

Based on experience and considering its policy for recovering trade receivables, the Group feels that the level of impairment for the financial year is appropriate to the risks involved.

3.4 EMPLOYEE PROVISIONS AND BENEFITS

- Provisions

(In thousands of euros)	Labour disputes (1)	Commercial disputes	Other risks	TOTAL
At 31/12/2020	4 308	1 027	11 715	17 051
Reclassification	286	(8)	0	278
Exchange rate variations	0	0	(4)	(3)
Change in scope	110	0	15	125
Provisions for the financial year	383	0	3 226	3 609
Reversals (provisions used)	(369)	0	(710)	(1 080)
Reversals (provisions not used)	(296)	(400)	(80)	(776)
At 30/06/2021	4 422	619	14 163	19 205
<i>Of which current provisions</i>	<i>2 688</i>	<i>394</i>	<i>6 325</i>	<i>9 407</i>
<i>Of which non-currents provisions</i>	<i>1 735</i>	<i>225</i>	<i>7 838</i>	<i>9 798</i>

(1) Social disputes involve sums that taken individually are insignificant.

- Employee benefits

Employee benefits primarily comprise end-of-career commitments. These commitments were determined at the end of June 2021 on the basis of the same actuarial assumptions with the exception of the discount rate, which was revised upwards compared to 31 December 2020 (from 0.5% to 1.0%) to take into account changes in the Iboxx rates in the first half of 2021.

(In thousands of euros)	Total commitment
At 31/12/2020	17 257
Change in scope	1 038
Reclassification	0
Cost of services provided	833
Interest expenses	27
Actuarial gains and losses	(1 200)
Benefits paid	(332)
At 30/06/2021	17 624

3.5 FINANCIAL LIABILITIES (EXCLUDING LEASE LIABILITIES)

(In thousands of euros)	31/12/2020	Inc	Repayment	Change in scope	Other (translations adjustments, reclassification)	30/06/2021	Current	Non-current
Bank borrowings and related debt	83 955	70 053	(39 097)	6 009	14	120 934	112 172	8 762
Bank borrowings	82 797		(38 811)	5 800	9	49 795	42 102	7 692
Borrowings in the market	0	70 000				70 000	70 000	
Other loans and related debt	1 158	53	(286)	209	5	1 139	69	1 070
Bank overdrafts	3 887	7 731	(21)	55	158	11 810	11 810	
Deposits and guarantees received	12		(2)			10		10
Other financial liabilities	113	153		2	4	272	196	76
Total	87 967	77 937	(39 120)	6 066	176	133 026	124 178	8 848
		a	b					
Change in statement of cash flows financial liabilities (a + b)		38 817					124 178	8 848

- **Bank overdrafts**

(In thousands of euros)	30/06/2021					
		EUR	USD	JPY	Fixed rate	Variable rate
Bank borrowings	49 795	44 346	3 404	2 045	981	45 411

At 30 June 2021, this item consists of:

- The drawdown of the “Club Deal” for €40 million (short-term variable-rate financing) on a line opened for €160 million;
- PPP Loans in the USA (financial support for companies in the United States in the context of the health crisis) for €3.4 million;
- Other mid and long-term loans denominated in foreign currencies amounting to €6.4 million.

- **Market funding**

The Group has entered into an issuance program of short-term negotiable debt securities (NeuCP) for an amount of €250 million set up in January 2021 in order to optimise and diversify its sources of financing. The financial documentation for the programme is available on the website <https://eucpmtn.banquefrance.fr/public/#/liste-des-emetteurs>.

The debt amounted to €70 million as of 30 June 2021.

3.6 RIGHTS OF USE AND LEASE DEBT

- Usage rights

(In thousands of euros)	Real estate leases	Vehicle leases	Computer equipment leases	Other leases	Total
Gross value					
Gross value - 01/01/2021	199 730	35 123	4 604	475	239 932
New contracts	34 977	5 968	505	529	41 980
Decreases in lease periods/rentals and cancellations	(11 045)	(4 013)	(579)	(25)	(15 662)
Change in scope	14 277	4 668	1 176	186	20 308
Translation adjustments	1 084	(33)	16	11	1 078
Gross value - 30/06/2021	239 024	41 712	5 722	1 177	287 635
Depreciation and amortisation					
Depreciation and amortisation - 01/01	(59 478)	(14 731)	(2 850)	(237)	(77 296)
Provisions	(20 714)	(6 527)	(893)	(274)	(28 408)
Reversals	4 838	3 382	480	22	8 720
Change in scope	(6 764)	(2 106)	(459)	(52)	(9 382)
Translation adjustments	(342)	17	(10)	(5)	(340)
Depreciation and amortisation - 30/06	(82 460)	(19 965)	(3 733)	(547)	(106 704)
Net value - 30/06/2021	156 564	21 747	1 990	630	180 931

- Financial lease debt (current and non-current liabilities)

(In thousands of euros)	Real estate leases	Vehicle leases	Computer equipment leases	Other leases	Total
Lease debt - 01/01/2021	147 742	20 456	1 773	243	170 213
New contracts	22 281	5 669	376	529	28 855
Increases in duration/rent	12 755	241	129	0	13 125
Decreases in lease periods/rentals and cancellations	(5 592)	(633)	(99)	(3)	(6 327)
Cash flow (repayments)	(18 725)	(6 476)	(896)	(274)	(26 370)
Change in scope	6 702	2 577	723	134	10 136
Translation adjustments	823	(13)	7	6	823
Lease debt - 30/06/2021	165 985	21 822	2 014	635	190 456
Current debt	40 108	10 293	1 298	513	52 212
Non-current debt	125 877	11 528	716	123	138 244

3.7 PERSONNEL EXPENSES

(In thousands of euros)	30/06/2021	30/06/2020
Salaries and benefits	(975 060)	(907 321)
Set provisions to social disputes	282	(61)
Retirement benefits	(506)	(735)
Taxes levied on wages	(12 091)	(11 302)
Employee profit sharing	(3 186)	(1 513)
Total	(990 561)	(920 932)

The government aid measures in the face of the health crisis, such as those for short-time work in France, are entered as reduction in personnel expenses.

- Share-based payments

PLANS														TOTAL
Date of award by the Board	26/04/2017	26/07/2017	19/09/2017	25/10/2017	24/10/2018	18/06/2019	18/06/2019	15/11/2019	27/10/2020	27/10/2020	27/10/2020	24/02/2021	24/02/2021	
Class of financial instruments awarded	Preferred B share	Preferred B share	Preferred B share	Preferred B share	Ordinary share	Preferred B share	Ordinary share	Ordinary share	Ordinary share	Ordinary share	Ordinary share	Ordinary share	Ordinary share	
Number of financial instruments awarded of which number awarded to employees of which number awarded to corporate officers					100 450 100 450 0	814 391 423	49 550 49 550 0	150 000 150 000 0	157 170 157 170 0	164 500 54 500 110 000	10 000 10 000 0	109 450 109 450 0	13 500 13 500 0	
Number of instruments voided over the period					1 600	0	1 000	0	0	0	0	0	0	
Number of instruments subscribed for over the period					400	814	0	400	0	0	0	0	0	
Number of instruments outstanding at 30/06/2021					86 250	0	47 350	148 900	157 170	164 500	10 000	109 450	13 500	
Fair value of the financial instruments (in euros)	2 555,1	2 389,6	2 862,2	2 856,4	73,7	4 899,9	92,5	96,4	76,7	75,7	76,7	84,9	85,9	
Vesting date	26/04/2019	26/07/2019	19/09/2019	25/10/2019	24/10/2022	18/06/2021	18/06/2023	15/11/2023	27/10/2022	27/10/2023	27/10/2022	24/02/2024	24/02/2023	
End of lock-up/non-transferability period	26/04/2021	26/07/2021	19/09/2021	25/10/2021	None	18/06/2023	None	None	None	None	None	None	None	
Cost of services provided H1 2021 (In thousands of euros)	6	60	258	14	516	463	292	1 118	1 394	1 395	164	584	95	6 358
Employer contribution cost H1 2021 (In thousands of euros)	1	0	24	3	100	58	31	59	389	332	47	87	37	1 168
(In thousands of euros)														7 526

3.8 OTHER OPERATING INCOME AND EXPENSES

(In thousands of euros)	30/06/2021	30/06/2020
Restricting costs	(1 754)	(3 352)
Fees associated with the acquisition of new companies	(2 207)	(1 707)
Social security and tax adjustments	128	(74)
Other	(1 561)	1 156
Total other operating income and expenses	(5 394)	(3 977)
Including other operating expenses	(5 891)	(5 383)
Including other operating income	497	1 406

Other operating income and expenses over the period consisted of restructuring costs (-€1.8 million) relating mainly to headcount reduction measures in Spain, and fees related to acquisitions (-€2.2 million), and the adjustment of the costs of combining the acquired companies (-€1.6 million) as part of the application of IFRS 3 (in particular the change in earn-out liabilities and earn-out liabilities contingent on continued presence).

3.9 NET FINANCIAL INCOME

(In thousands of euros)	30/06/2021	30/06/2020
Bank interest charges	(542)	(478)
Interest on lease-financing agreements	0	0
Gross borrowing costs	(542)	(478)
Income from receivables and investments	246	212
Income from the disposal of marketable securities	0	0
Net borrowing costs	(296)	(266)
Interest on leases (IFRS 16)	(1 100)	(932)
Net borrowing costs and financial costs of leases	(1 396)	(1 198)
Foreign exchange losses	(5 146)	(5 836)
Other financial expenses	(750)	(911)
Discounted financial expenses	(54)	(186)
Financial provisions	(1 331)	(1 305)
Other financial expenses	(7 281)	(8 239)
Foreign exchange gains	5 698	5 675
Other financial income	603	14 708
Financial income as a result of discount	0	0
Reversal of financial provisions	1 217	525
Other financial income	7 518	20 908
Other net financial income and expenses	237	12 669
NET FINANCIAL INCOME	(1 159)	11 471

Net financial income amounted to -€1.2 million for the first half of 2021. Net financial income for the first half of 2020, amounting to €11.5 million, included in "Other financial income" the capital gain on the disposal of an equity-accounted company.

3.10 INCOME TAXES

- Breakdown of income tax expenses

(In thousands of euros)	30/06/2021	30/06/2020
Net income: Group and minority interests	89 322	60 544
Earnings of equity-accounted companies	11	(1 366)
Impairment of goodwill	0	0
Share-based payments	6 358	2 288
Income tax expenses	33 720	20 961
Pre-tax earnings	129 410	82 427
Tax rate of the consolidating company	28,41%	32,02%
Theoretical income tax expense	36 765	26 393
Difference in tax rate versus foreign companies	(4 626)	(5 535)
Difference in tax rate versus French companies	517	480
Miscellaneous tax credits	(3 101)	(3 523)
Inactivated deferred tax assets	216	1 225
CVAE (value added tax) reclassification	2 256	4 213
Other permanent differences	1 692	(2 291)
Tax expense recognised	33 720	20 961
Effective income tax rate	26,06%	25,43%
<u>Income tax distribution:</u>		
Deferred taxes	1 154	1 548
Income tax payable	32 565	19 413
Total	33 720	20 961

- Deferred taxes

Deferred tax receivables and liabilities consist of:

(In thousands of euros)	30/06/2021	31/12/2020
Employee profit-sharing	680	508
Retirement benefits	3 624	3 784
Other timing differences	5 156	(160)
IFRS 16	(155)	2 669
Tax-loss carry-forwards	1 801	3 856
Total deferred taxes	11 106	10 657

Including:

Deferred tax assets	12 927	11 648
Deferred tax liabilities	(1 821)	(991)

(In thousands of euros)	30/06/2021	31/12/2020
Deferred taxes at start of year	10 657	9 906
Impact on total income IAS 19/IFRIC 21	0	205
Change in scope	2 076	(545)
Exchange rate variations	(464)	1 595
Expenses (or income) for the period	(1 164)	(505)
Deferred taxes at year end	11 106	10 657

In light of the health crisis, the Group valued the recoverable component of deferrable tax losses on the basis of a 3-year projection of the expected tax results. The amount of non-capitalised deferred taxes for tax-loss carry-forwards amounted to €10.3 million (€37.8 million basis) at 30 June 2021.

3.11 OPERATING SEGMENT INFORMATION

In compliance with standard IFRS 8 – Operating Segments, the financial information published hereinafter is the information used by the main operational decision-maker (the CEO) to assess the performance of business segments.

(In thousands of euros)	30/06/2021			30/06/2020		
	France	International	TOTAL	France	International	TOTAL
Net revenue	505 370	889 855	1 395 225	491 078	749 302	1 240 380
Operating profit on activity	34 760	102 371	137 131	21 123	54 039	75 162
Rate of operating profit on activity/revenue for the	6,9%	11,5%	9,8%	4,3%	7,2%	6,1%
Profit from ordinary activities	29 121	100 483	129 604	19 805	52 839	72 644
Operating profit	29 055	95 155	124 211	18 208	50 459	68 667
Financial income	494	(1 653)	(1 159)	13 855	(2 384)	11 471
Income tax expense	(9 957)	(23 763)	(33 720)	(8 161)	(12 800)	(20 961)
Earning of consolidated entities	19 593	69 739	89 332	23 902	35 275	59 177
NET OVERALL EARNINGS	19 593	69 729	89 321	25 358	35 185	60 543

(In thousands of euros)	30/06/2021			30/06/2020		
	France	International	TOTAL	France	International	TOTAL
Goodwill	182 776	613 782	796 557	137 233	416 449	553 682
Investments in associates	0	-11	-11	0	1 065	1 065
Headcount at year end	11 250	27 300	38 550	12 780	23 320	36 100
Cash at end period	73 202	222 424	295 625	97 501	160 835	258 336
Financial liabilities (excluding rental debt)	111 785	21 241	133 025	23 487	11 002	34 489
Net investments for the period	(18 311)	(33 346)	(51 657)	36 628	(25 870)	10 758

Companies included in the consolidation scope during the period contributed €28.0 million to revenue for the half-year.

3.12 EARNINGS PER SHARE

(In thousands of euros)	30/06/2021	30/06/2020
Net income, group share	89 283	60 646
Weighted average number of shares	33 840 399	33 707 795
Earnings per share	2,64	1,80

(In thousands of euros)	30/06/2021	30/06/2020
Earnings	89 283	60 646
Dilutive effect	0	0
Diluted earning	89 283	60 646
Weighted average number of shares	33 840 399	33 707 795
Effect of dilutions	672 978	507 818
Weighted average number of shares after potential dilution	34 513 377	34 215 613
Diluted earnings per share	2,59	1,77

3.13 STATEMENT OF CASH FLOWS

Changes in depreciation, provisions and other calculated income/expenses	30/06/2021	30/06/2020
Amortisation of intangible assets	1 784	1 578
Depreciation of property, plant and equipment	5 554	6 102
Provisions for risks and expenses	2 115	(5 003)
Other income and calculated expenses	495	(1 301)
Depreciation/amortisation of usage rights	28 367	26 486
Total	38 314	27 862

Breakdown of taxes paid	30/06/2021	30/06/2020
Repayments received	24 605	6 039
Payments made	(34 876)	(32 217)
Total	(10 271)	(26 178)

Impact of changes in scope and earn-outs	30/06/2021	30/06/2020
Acquisitions of consolidated subsidiaries	(73 315)	(24 267)
Disposals of shares of subsidiaries	0	39 375
Cash from new consolidated subsidiaries	35 934	10 114
Payment of earn-outs	(8 584)	(7 194)
Total	(45 965)	18 028

3.14 CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities presented in the 2020 consolidated financial statements did not change significantly during the first half of the year.

3.15 RELATED PARTIES

- **Compensation and benefits granted to Corporate Officers**

Over the first half of 2021, there were no significant changes to the compensation reported at 31 December 2020.

- **Relations with related parties**

Over the first half of 2021, there were no significant changes to the information disclosed at 31 December 2020.

3.16 FINANCIAL COMMITMENTS

No material changes in financial commitments occurred during the first half of 2021 compared to those published at 31 December 2020.

REPORT OF THE STATUTORY AUDITORS ON THE 2021 HALF-YEAR FINANCIAL INFORMATION

To the Shareholders,

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

- the review of the accompanying half-year condensed consolidated financial statements of Alten, for the period from 1 January 2021 to 30 June 2021,
- the verification of the information presented in the half-yearly management report.

The global crisis linked to the Covid-19 pandemic creates special conditions for the preparation and limited review of the half-year condensed consolidated financial statements. This crisis and the exceptional measures as part of the state of emergency have had several consequences for companies, particularly regarding their activities and financing. The crisis has also increased uncertainty about future prospects. Some of these measures, such as travel restrictions and working from home, have also had an effect on the internal organisation of companies and on the way we carry out our work.

These half-year condensed consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1 Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. This work is less extensive than that required for an audit conducted in accordance with the professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, are free from material misstatement obtained during a limited review is a moderate assurance, lower than that obtained in the context of an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-year condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard as adopted by the European Union applicable to interim financial information.

2 Specific verifications

We have also verified the information provided in the half-year business report on the half-year condensed consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the half-year condensed consolidated financial statements.

Neuilly sur Seine and Paris La Défense, 22 September 2021

The Statutory Auditors

Grant Thornton

KPMG Audit IS

French Member of Grant Thornton International

Jean-François Baloteaud

Partner

Jean-Marc Discours

Partner

Xavier Niffle

Partner

DECLARATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

“I declare, to the best of my knowledge, that the half-year condensed financial statements have been compiled in accordance with the applicable accounting standards and provide an accurate picture of the assets, financial position and results of the Company and all its subsidiaries, and that the half-year management report provides a fair view of the significant events that occurred during the first six months of the financial year, their impact on the statements, and the main uncertainties for the remaining six months of the financial year”.

22 September 2021.

Simon AZOULAY

Chairman and Chief Executive Officer

www.alten.com

