

HALF-YEAR FINANCIAL REPORT 2022



ALLEN

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2022 HALF-YEAR BUSINESS REPORT

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.

As of 30 June 2022, ALTEN had 49,600 employees (including 43,650 engineers):

- 12,550 employees (including 10,800 engineers) in France;
- 37,050 employees (including 32,850 engineers) outside France.

ALTEN generated 67.2% of its business internationally (compared to 63.8% during the first half of 2021).

- **Significant events for the first half of 2022:**

ALTEN continued its development in France and internationally. ALTEN thus completed four acquisitions in France and abroad during the first half of 2022:

- Spain: a company specialized in the Cloud and digital transformation (annual revenue: €12 million, 180 consultants)
- India/USA/Canada: a company specialized in product engineering (annual revenue: €12 million, 480 consultants)
- UK: a company specialized in Cloud architectures and digital transformation (annual revenue: €110 million, 710 consultants)
- Australia: a company specialized in project management (annual revenue: €10 million, 90 consultants)

FINANCIAL OVERVIEW

The half-year consolidated financial statements presented in this document were approved by the Board of Directors on 22 September 2022, after prior review by the Audit Committee.

- **Income statement (IFRS):**

Revenue

Revenue at 30 June 2022 amounted to €1,825.9 million, up by 30.9% compared to 30 June 2021 (€1,395.2 million).

On a like-for-like basis, business grew by 19.8% (14.5% in France and 22.8% outside France). International business now accounts for 67.2% of the Group's activity (compared to 63.8% in the first half of 2021).

Operating profit on activity

Operating profit on activity amounted to €208.6 million, up by 52.1% compared to the first half of 2021 (€137.1 million). The operating margin on activity reached 11.4% of revenue (9.8% of revenue in June 2021).

The increase in the operating margin was less significant in France (7.8% in 2022 versus 6.9% in 2021) than internationally (13.2% in 2022 vs. 11.5% in 2021) due to a later recovery in activity, a lower gross margin growth and an increase in managerial costs.

Operating profit

Operating profit amounted to €186.9 million (compared to €124.2 million on 30 June 2021). It includes share-based payments (non-cash) of €15.4 million and non-recurring costs of €6.2 million, mainly consisting of acquisition fees and earn-outs on acquisitions recognised outside the goodwill allocation period (€5.6 million).

Net income, Group share

After taking into account the net financial income (+€0.4 million) and the tax expense (€48.3 million), the net income, Group share, was €139 million, i.e. 7.6% of revenue (€89.3 million at 30 June 2021, i.e. 6.4% of revenue).

Consolidated balance sheet items and financial movements

Under assets, non-current assets represent 43.6% of the total balance sheet (€1,311.2 million), and mainly consist of goodwill (76.8%, i.e. €1,006.3 million) and IFRS 16 rights of use (13.5%, i.e. €176.9 million).

Current assets, excluding cash, represent 47.0% of the total balance sheet, and are mainly composed of accounts receivable and related assets, which represent over 85.5% of this item. Under liabilities, equity represents 51.2% of the total balance sheet.

Earn-outs amounted to €156.1 million, including €117.3 million payable in more than one year.

In the first half of 2022, ALTEN Group generated a gross cash flow of €245 million (compared with €171 million on 30 June 2021). Restated for IFRS 16 items, gross cash flow from operations was €213.8 million (11.7% of revenue) compared with €141.6 million (i.e. 10.1% of revenue) at 30 June 2021. Its growth is in line with that of the Operating Profit on Activity.

Due to low CAPEX, the gross margin rate is close to the operating margin on activity.

€46.4 million were paid in taxes.

The change in Working Capital Requirement amounted to €(154.6) million, heavily impacted by the sharp increase in accounts receivable linked to organic growth and the deterioration in the average payment period of clients from 86 to 94.5 days.

CAPEX remained low, at €11 million, and represented 0.6% of revenue. As a result, free cash flow amounted to +€1.1 million.

After taking into account financial investment flows of €116 million, mainly related to the effects of changes in scope and earn-outs (€107.8 million), other financing flows, and the payment of dividends this year of €44.1 million, the net cash position was €62.4 million at the end of June 2022.

Gearing is therefore -4.1%, reflecting the Group's very sound balance sheet structure.

RELATED-PARTY TRANSACTIONS

There were no new related-party transactions in the first half of 2022.

EVENTS SINCE 30 JUNE 2022

Since 30 June 2022, the Group has not completed any specific transactions.

MAIN RISKS AND UNCERTAINTIES IN THE SECOND HALF OF 2022

The nature and severity of the risks facing the ALTEN Group remain unchanged from those presented on pages 56 to 64 of the 2021 Universal Registration Document filed with the French Financial Markets Authority (*Autorité des Marchés Financiers*, or AMF) on 29 April 2022.

OUTLOOK FOR 2022

The first half of 2022 followed the same trend as 2021. In an unchanged context, ALTEN should achieve satisfactory organic growth and operating margin on activity in the second half of the year and will continue its targeted external growth strategy.

In Boulogne-Billancourt,
22 September 2022,

The Board of Directors

1. HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (In thousands of euros)	Notes	30/06/2022	31/12/2021
Goodwill	3.1	1 006 333	888 723
Rights of use	3.6	176 921	172 233
Intangible assets		7 144	7 594
Property, plant and equipment		42 128	37 813
Interests in associates		1 200	1 180
Non-current financial assets	3.2	62 798	57 477
Deferred tax assets	3.10	14 635	14 877
NON-CURRENT ASSETS		1 311 160	1 179 897
Trade receivables	3.3	877 636	778 784
Client contract assets	3.3	330 690	189 189
Other current assets	3.3	138 165	103 385
Current tax assets		66 863	65 968
Cash and cash equivalents		284 445	312 311
CURRENT ASSETS		1 697 800	1 449 636
TOTAL ASSETS		3 008 959	2 629 533

LIABILITIES (In thousands of euros)	Notes	30/06/2022	31/12/2021
Share capital		36 144	36 098
Additional paid-in capital		60 250	60 250
Consolidated reserves		1 304 641	1 117 241
Consolidated earnings		138 997	207 837
EQUITY (Group share)		1 540 032	1 421 427
NON-CONTROLLING INTERESTS		(344)	(371)
TOTAL EQUITY		1 539 688	1 421 056
Post-employment benefits	3.4	16 094	18 859
Non-current provisions	3.4	9 433	8 848
Non-current financial liabilities	3.5	7 894	6 393
Non-current lease debt	3.6	133 477	130 637
Other non-current liabilities	3.3	121 428	120 246
Deferred tax liabilities	3.10	1 558	2 860
NON-CURRENT LIABILITIES		289 885	287 842
Current provisions	3.4	8 244	10 776
Current financial liabilities	3.5	214 773	86 482
Current lease debt	3.6	53 148	51 971
Trade payables		165 979	126 842
Other current liabilities	3.3	532 912	442 742
Client contract liabilities	3.3	163 173	168 927
Current tax liabilities		41 156	32 895
CURRENT LIABILITIES		1 179 386	920 636
TOTAL EQUITY AND LIABILITIES		3 008 959	2 629 533

1.2 CONSOLIDATED INCOME STATEMENT

(In thousands of euros)	Notes	30/06/2022	30/06/2021
REVENUE	3.11	1 825 929	1 395 225
Purchases consumed		(184 091)	(131 908)
Employee benefits expense	3.7	(1 266 264)	(990 561)
External charges		(124 141)	(89 574)
Other taxes and levies		(6 559)	(6 734)
Depreciation and amortisation charges		(37 521)	(35 961)
Other operating expenses		(2 331)	(6 193)
Other operating income		3 566	2 836
OPERATING PROFIT ON ACTIVITY		208 588	137 131
Share-based payments	3.7	(15 433)	(7 526)
PROFIT FROM ORDINARY ACTIVITIES		193 155	129 604
Other operating expenses	3.8	(9 251)	(5 891)
Other operating income	3.8	3 040	497
Impairment of goodwill	3.1	0	0
OPERATING PROFIT		186 944	124 211
Borrowing costs and financial costs of leases	3.9	(1 438)	(1 396)
Other financial expenses	3.9	(6 016)	(7 281)
Other financial income	3.9	7 806	7 518
Income tax expense	3.10	(48 285)	(33 720)
EARNING OF CONSOLIDATED ENTITIES		139 012	89 332
Earnings from associates		20	(11)
NET OVERALL EARNINGS		139 032	89 322
Including:			
Non-controlling interests		35	38
Group share		138 997	89 283
Earnings per share in euros (Group share)	3.12	4,09	2,64
Diluted earning per share in euros (Group share)	3.12	4,01	2,59

1.3 STATEMENT OF COMPREHENSIVE INCOME

(In thousands of euros)	Notes	30/06/2022	30/06/2021
Net income, Group share		138 997	89 283
Net income, non-controlling interest's share		35	38
Consolidated net income		139 032	89 322
Change in fair value of realisable financial assets (net of income tax)		0	0
Translation adjustments		12 788	8 085
Items that may be reclassified to income		12 788	8 085
Change in fair value of securities held for sale (net of income tax)	3.2	(4 800)	(5 500)
Actuarial differences on employee benefits (net of income tax)		2 832	900
Items that may not be reclassified to income		(1 968)	(4 600)
TOTAL INCOME FOR THE PERIOD		149 853	92 806
Including:			
Group share		149 825	92 771
Non-controlling interests		28	36

1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of euros)	Notes	30/06/2022	30/06/2021
Consolidated net income		139 033	89 322
Earnings from associates		(20)	11
Depreciation, provisions and other calculated expenses	3.13	40 660	38 314
Share-based payments	3.7	15 433	7 526
Income tax expense	3.10	48 285	33 720
Capital gains or losses from disposals		197	346
Borrowing costs and financial costs of leases	3.9	1 438	1 396
Financial cost on update and provisions		(55)	400
Gross cash flow borrowing costs and tax		244 969	171 035
Taxes paid	3.13	(46 361)	(10 271)
Change in working capital requirements	3.3	(154 615)	(76 550)
Net cash flow from operating activities		43 993	84 214
Acquisitions of tangible and intangible assets		(11 032)	(6 559)
Acquisitions of financial assets		(10 045)	(1 136)
Impact of changes in scope and earn outs	3.13	(107 021)	(45 965)
Disposals of tangible and intangible assets		53	322
Reductions in financial assets		1 932	1 681
Net cash flow from investing activities		(126 113)	(51 657)
Net financial interest paid		(1 762)	(1 609)
Dividends paid to shareholders		(44 144)	(33 875)
Capital increase	3.13	(0)	0
Acquisitions and disposals of treasury shares		(680)	119
Changes in non-current financial liabilities	3.5	(1 773)	(5 506)
Change in current financial liabilities	3.5	128 625	44 323
Change in lease debt	3.6	(30 510)	(26 460)
Net cash flow from financing transactions		49 755	(23 009)
Change in cash position		(32 365)	9 548
Impact of exchange rate variations		4 499	2 677
Cash at beginning of period		312 311	283 424
Cash at end period		284 445	295 649

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

(In thousands of euros)		30/06/2022	30/06/2021
Cash at end period		284 445	295 649
+ Bank borrowings and related debt	3.5	(7 729)	(50 934)
+ Borrowings in the market	3.5	(172 500)	(70 000)
+ Bank overdrafts	3.5	(41 834)	(11 810)
= Net cash position/(Net debt)		62 382	162 905

1.5 CHANGES IN CONSOLIDATED SHAREHOLDER'S 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 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 increase	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) 0	(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
At 31 December 2021	33 919 343	34 379 483	36 099	60 250	1 120 271	(8 728)	5 700	207 837	1 421 427
2021 allocation of earnings					207 837			(207 837)	0
Capital increase	43 308	43 308	45		(45)				0
Dividends paid to shareholders					(44 145)				(44 145)
Other changes									0
Treasury shares	(6 472)					(680)			(680)
Share-based payments					13 604				13 604
Transactions with shareholders	36 836	43 308	45	0	177 251	(680)	0	(207 837)	(31 221)
Total income for the period					(1 968)		12 796	138 997	149 825
At 30 June 2022	33 956 179	34 422 791	36 144	60 250	1 295 554	(9 409)	18 495	138 997	1 540 032

Change in equity capital, non-controlling interests

(In thousands of euros)	Reserves	Translation reserves	Earnings	Shareholders' equity
At 31 December 2020	(267)	7	(224)	(485)
2020 allocation of earnings	(224)		224	0
Change in scope	64			64
Capital increase				0
Total income for the period		(2)	38	36
At 30 June 2021	(428)	5	38	(384)
At 31 December 2021	(427)	3	53	(371)
2021 allocation of earnings	53		(53)	0
Change in scope				0
Capital increase				0
Total income for the period		(8)	35	28
At 30 June 2022	(374)	(5)	35	(344)

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

2.1 SIGNIFICANT EVENTS DURING THE HALF-YEAR

2.1.1 Acquisitions

Clevertask (revenue: €12 million; 180 consultants)

On 21 January 2022, Alten Europe acquired a group of Spanish companies (plus one in Andorra) specialized in the Cloud and digital transformation.

Volansys (revenue: €12 million; 480 consultants)

On 28 February 2022, Alten India and Alten Europe acquired an Indian company with two subsidiaries, in the US and Canada, specialized in product engineering.

Methods (revenue: €110 million; 710 consultants)

On 13 April 2022, Alten Europe acquired a group of British companies specialized in Cloud architectures and digital transformation.

Meta PM (revenue: €10 million; 90 consultants)

On 30 June 2022, PPP Australia acquired a group of three Australian companies specialized in project management. This latest acquisition, completed at the end of the 2022 half-year, will be consolidated in the second half of 2022. The acquisition price is recorded as a non-current financial asset on 30 June 2022 (Note 3.2).

In accordance with accounting principles, the allocation of the acquisition price is ongoing and will be completed within twelve months of the acquisition date.

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

2.1.2 Other key events

During the first half of the year, and for the financial year ended on 31 December 2021, €44.1 million of dividends were paid to ALTEN SA shareholders.

ALTEN SA signed a syndicated loan agreement for an amount of €350 million, in force since 11 March 2022 and until 2027, aimed at replacing a syndicated credit line for an amount of €160 million, which was terminated early and voluntarily on 24 January 2022, i.e. two months before maturity (note 3.5).

The ALTEN Group's exposure to the consequences of the conflict in Ukraine is marginal:

- the Group has a legal entity in Ukraine which generated revenue of €3.1 million in the first half of 2022 (€6.1 million over the 12 months of the 2021 financial year). The net assets of this entity amounted to €0.9 million on 30 June 2022 (€0.2 million on 31 December 2021).

- The Group also has a branch in Russia in the field of Oil & Gas, which achieved revenue in 2021 of €25 million with a headcount of 129 employees. The net assets of this branch amounted to €2.1 million on 31 December 2021. This branch's activity was gradually wound down in 2022.

2.1.3 Events after the reporting period

None.

2.2 ACCOUNTING PRINCIPLES AND METHODS

The condensed consolidated financial statements of 30 June 2022 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 on 31 December 2021 (included in the 2021 Universal Registration Document) as a reference. The 2021 consolidated financial statements included in the issuer's 2021 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 2022. 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 2022 are identical to those used for the consolidated financial statements at 31 December 2021, with the exception of the new standards, amendments and interpretations applicable as of 1 January 2022. These standards, amendments and interpretations, whose application is mandatory as of 1 January 2022, did not have a significant effect on the Group's condensed consolidated financial statements as of 30 June 2022. In particular, the Group considered the impacts of:

- IFRS IC decisions concerning the recognition of configuration and customisation costs for software made available in the Cloud under a SaaS contract;
- amendments to IAS 37 relating to loss-making contracts and the notion of 'costs that relate directly to the contract'.

The analysis of these impacts is ongoing and will be completed by the financial year-end on 31 December 2022.

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 on 1 January 2022.

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 on 31 December 2021 are presented in the 2021 Universal Registration Document on page 177. The estimates, judgements and assumptions made by the Group in preparing the financial statements for the period ended 30 June 2022 relate mainly to:

- the assessment of the recoverable value of cash-generating units and in particular goodwill (Note 3.1);
- prospects for the use of deferred tax assets (Note 3.10).

2.3 FINANCIAL RISK FACTORS

The financial risk factors noted in the 31 December 2021 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
Clevertask Solutions SL	FC	100,00	100,00	Spain
Cleverdata Solutions SL	FC	100,00	100,00	Spain
Clevertask Andorra SLU	FC	100,00	100,00	Andorra
Volansys Technologies Private Ltd	FC	100,00	100,00	India
Volansys LLC	FC	100,00	100,00	USA
Volansys Canada Inc.	FC	100,00	100,00	Canada
Methods Holding Ltd	FC	100,00	100,00	UK
Methods Business and Digital Technology Ltd	FC	100,00	100,00	UK
Methods Consulting (Analytics) Ltd	FC	100,00	100,00	UK
Methods Analytics Ltd	FC	100,00	100,00	UK
CoreAzure Ltd	FC	100,00	100,00	UK
Alten Danmark (1)	FC	100,00	100,00	Denmark
Cmed SAS (1)	FC	100,00	100,00	France

(*) FC = Full consolidation

(1) Companies previously founded or acquired and consolidated for the first time during the reporting period.

- **Other changes in scope**

Two companies in Indonesia and the UK, which no longer have any operational activities or significant assets and liabilities, were removed from the scope of consolidation during the period.

In addition, during the first half of 2022, the Group continued to simplify its scope of consolidation through mergers, particularly in France, Italy, Germany, Finland, the United States and India.

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	Portugal	The Netherlands	Spain	Germany	Switzerland	Italy	Scandinavia	North America	Asia	Eastern Europe	Other	Total
31/12/2021	183 002	48 388	12 686	29 375	26 168	107 019	119 783	25 015	53 180	63 902	120 923	92 265	6 850	169	888 723
Acquisitions		75 284				12 430						15 570			103 283
Disposals/withdrawals															0
Earn-out adjustments												1 447			1 447
Translation adjustments		(210)						531		(663)	5 670	4 342			9 670
Other	(6)	114										3 102			3 210
Impairments															0
30/06/2022	182 996	123 575	12 686	29 375	26 168	119 449	119 783	25 546	53 180	63 239	126 593	116 725	6 850	169	1 006 334

For the first half of 2022, 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 differences on goodwill denominated in foreign currencies;
- corrections of net positions acquired (included in the "Other" line) within the allocation period.

The Group performs impairment tests on an annual basis or when loss of value indicators emerge. The discount rates (WACC) used at 30 June 2022 were revised upwards by 1.5 points compared to those used at 31 December 2021, to take into account changes in the global economic situation.

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 as of 30 June 2022. It should be noted that in a relatively uncertain context, the forecasts and estimates used for these tests could be significantly modified at a later date.

3.2 Non-current financial assets

(In thousands of euros)	Book value according to IFRS 9				Hierarchy of the fair value of financial assets at 30/06/2022			
	Amortised cost	Fair value through comprehensive income without recycling	Fair value through earnings	30/06/2022	31/12/2021	Level 1	Level 2	Level 3
Securities held for sale		14 047	8 010	22 057	20 430	17 591		4 466
Deposits and guarantees	16 081			16 081	13 625			
Other long-term assets (loans and receivables)	24 659			24 659	23 422			
Total	40 741	14 047	8 010	62 798	57 477	17 591	-	4 466

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	12,83%	17 400		(4 800)		12 600	1
META CONSULTING GROUP	100,00%		4 991			4 991	1
OTHER		3 030	1 381		54	4 466	3
Total		20 430	6 372	(4 800)	54	22 057	

On 30 June 2022, the Group acquired the company META CONSULTING GROUP (see Note 2.1.1 “Acquisitions”).

3.3 WORKING CAPITAL REQUIREMENTS AND TRADE RECEIVABLES

(In thousands of euros)	31/12/2021	Cash flow variation	Other flows (*)	30/06/2022	Current	Non-current
Trade receivables	778 784	65 625	33 227	877 636	877 636	
Client contract assets	189 189	125 884	15 617	330 690	330 690	
Client contract liabilities	(168 927)	8 425	(2 672)	(163 173)	(163 173)	
Customer advances and payments on account (2)	(9 403)	(959)	(167)	(10 529)	(10 529)	
Trade receivables and related accounts (a)	789 643	198 975	46 005	1 034 623	1 034 623	
Trade payables	(126 843)	(17 321)	(21 815)	(165 979)	(165 979)	
Prepaid expenses (1)	25 563	14 628	1 654	41 844	41 844	
Supplier receivables (1)	2 199	(564)	885	2 519	2 519	
Supplier advances and payments on account (1)	1 099	(170)	584	1 513	1 513	
Trade payables and related accounts (b)	(97 982)	(3 428)	(18 693)	(120 103)	(120 103)	
Tax and social security receivables (1)	66 042	5 151	13 500	84 693	84 693	
Other receivable (1)	8 039	339	(1 210)	7 168	7 168	
Tax and social security debt (2)	(417 959)	(49 023)	(15 469)	(482 451)	(478 298)	(4 153)
Other debts (2)	(5 215)	2 600	(2 677)	(5 293)	(5 293)	
Other assets/liabilities (c)	(349 093)	(40 933)	(5 857)	(395 883)	(391 730)	(4 153)
WCR (= a + b + c)	342 567	154 615	21 456	518 637	522 790	(4 153)

Reconciliation with the consolidated statement of financial position

Sum of (1)	102 941	19 383	15 411	137 736	137 736	
Current financial assets	444		(15)	429	429	
Total of “Other current assets”	103 385	19 383	15 397	138 165	138 165	
Sum of (2)	(432 577)	(47 382)	(18 313)	(498 273)	(494 120)	(4 153)
Earn outs	(130 410)		(25 655)	(156 065)	(38 790)	(117 275)
Total of “Other current and non-current liabilities”	(562 988)	(47 382)	(43 968)	(654 338)	(532 912)	(121 428)

(*) “Other flows” correspond to newly consolidated companies, translation differences or flows excluded by the nature of the change in WCR. Earn-outs are debts relating to acquisitions.

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

(In thousands of euros)	30/06/2022					31/12/2021				
	Unmatured	Less than 6 months	6 months to one year	More than 1 year	Balance	Unmatured	Less than 6 months	6 months to one year	More than 1 year	Balance
TRADE RECEIVABLES										
Gross value	673 673	181 577	23 504	12 656	891 410	625 569	147 475	8 811	9 081	790 936
Provisions	0	(2 937)	(870)	(9 967)	(13 774)	0	(3 067)	(1 477)	(7 608)	(12 152)
Net values	673 673	178 640	22 634	2 689	877 636	625 569	144 408	7 334	1 474	778 784

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 31/12/2021	5 898	740	12 986	19 624
Reclassification	(48)	0	48	0
Exchange rate variations	4	(4)	3	3
Change in scope	0	0	0	0
Provisions for the financial year	1 237	4	1 121	2 361
Reversals (provisions used)	(1 009)	(301)	(180)	(1 490)
Reversals (provisions not used)	(1 344)	(225)	(1 252)	(2 821)
At 30/06/2022	4 738	214	12 725	17 677
<i>Of which current provisions</i>	<i>2 181</i>	<i>89</i>	<i>5 974</i>	<i>8 244</i>
<i>Of which non-currents provisions</i>	<i>2 557</i>	<i>125</i>	<i>6 751</i>	<i>9 433</i>

(1) Labour disputes involve individually insignificant amounts.

- **Employee benefits**

Employee benefits consist mainly of end-of-career commitments. These commitments were determined at the end of June 2022 on the basis of the same actuarial assumptions, with the exception of the discount rate, which has been revised upwards compared to 31 December 2021 to take into account changes in the Iboxx rates in the first half of 2022.

(In thousands of euros)	Total commitment
At 31/12/2021	18 859
Change in scope	0
Reclassification	0
Cost of services provided	941
Interest expenses	70
Actuarial gains and losses	(3 776)
Benefits paid	0
At 30/06/2022	16 094

3.5 FINANCIAL LIABILITIES (EXCLUDING LEASE LIABILITIES)

(In thousands of euros)	31/12/2021	Inc	Repayment	Change in scope	Other (translations adjustments, reclassification)	30/06/2022	Current	Non-current
Loans and related debt	87 222	95 681	(3 412)	2 062	(1 324)	180 229	172 563	7 665
Bank borrowings	6 046	3 119	(2 989)		(58)	6 118	21	6 096
Borrowings in the market	80 000	92 500				172 500	172 500	
Other loans and related debt	1 177	62	(423)	2 062	(1 266)	1 612	43	1 569
Bank overdrafts	5 279	36 160		14	381	41 834	41 834	
Deposits and guarantees received	160	50				210		210
Other financial liabilities	214		(1 627)	(1 249)	3 057	395	376	19
Total	92 875	131 891	(5 039)	827	2 114	222 668	214 773	7 894
		a	b					
Change in statement of cash flows financial liabilities (a + b)		126 852					128 625	(1 773)

- **Bank overdrafts**

(In thousands of euros)	30/06/2022	EUR	USD	INR	JPY	Fixed rate	Variable rate
Bank borrowings	6 118	990	165	3 130	1 833	90	6 028

As of 30 June 2022, this item consisted of medium and long-term borrowings mainly denominated in foreign currencies for an amount of €6.4 million.

It should be noted that no drawdown was made on the new “Club Deal” syndicated loan during the first half of the year (short-term variable-rate financing) on an open line of €350 million.

- **Market funding**

The Group has entered into a €250 million programme to issue short-term negotiable debt securities (NeuCP) set up in January 2021. The financial documentation for the programme is available on the website <https://eucpmtn.banque-france.fr/public/#/liste-des-emetteurs>.

The debt amounted to €172.5 million as of 30 June 2022.

3.6 RIGHTS OF USE AND LEASE DEBT

- Rights of use

(In thousands of euros)	Real estate leases	Vehicle leases	Computer equipment leases	Other leases	Total
Gross value					
Gross value - 01/01/2022	247 394	43 059	7 183	863	298 499
New contracts	5 038	5 876	1 057	152	12 123
Increases in duration/rent	5 530	384	129	57	6 100
Decreases in lease periods/rentals and cancellations	(3 759)	(2 609)	(207)	(20)	(6 594)
Change in scope	16 203	1 063	967	(108)	18 125
Translation adjustments	880	(21)	(60)	21	820
Gross value - 30/06/2022	271 287	47 752	9 069	966	329 074
Depreciation and amortisation					
Depreciation and amortisation - 01/01	(99 955)	(21 314)	(4 556)	(441)	(126 266)
Provisions	(21 750)	(6 345)	(1 259)	(202)	(29 555)
Reversals	3 929	2 138	178	1	6 246
Change in scope	(1 361)	(367)	(483)	105	(2 105)
Translation adjustments	(524)	17	47	(12)	(472)
Depreciation and amortisation - 30/06	(119 661)	(25 870)	(6 073)	(549)	(152 153)
Net value - 30/06/2022	151 626	21 882	2 996	417	176 921

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

(In thousands of euros)	Real estate leases	Vehicle leases	Computer equipment leases	Other leases	Total
Lease liability - 01/01/2022	157 720	21 810	2 650	428	182 608
New contracts	5 066	5 902	1 057	152	12 177
Increases in duration/rent	8 618	358	129	57	9 162
Decreases in lease periods/rentals and cancellations	(1 151)	(463)	(29)	(19)	(1 661)
Cash flow (repayments)	(24 422)	(6 358)	(1 260)	(202)	(32 241)
Change in scope	15 073	689	483	(4)	16 242
Translation adjustments	345	(3)	(13)	10	338
Lease liability - 30/06/2022	161 249	21 936	3 018	423	186 626
Current debt	40 877	10 261	1 761	249	53 148
Non-current debt	120 372	11 675	1 257	174	133 478

3.7 PERSONNEL EXPENSES

(In thousands of euros)	30/06/2022	30/06/2021
Salaries and benefits	(1 244 299)	(975 060)
Set provisions to labour disputes	1 116	282
Retirement benefits	(951)	(506)
Taxes levied on wages	(17 265)	(12 091)
Employee profit sharing	(4 866)	(3 186)
Total	(1 266 264)	(990 561)

- Share-based payments

PLANS												TOTAL
Date of award by the Board	24/10/2018	18/06/2019	18/06/2019	15/11/2019	27/10/2020	27/10/2020	27/10/2020	23/02/2021	23/02/2021	27/10/2021	27/10/2021	
Class of financial instruments awarded	Ordinary share	Preferred B share	Ordinary share	Ordinary share	Ordinary share	Ordinary share	Ordinary share	Ordinary share	Ordinary share	Ordinary share	Ordinary share	
Number of financial instruments awarded	100 450	814	49 550	150 000	157 170	164 500	10 000	109 450	13 500	105 850	116 825	
of which number awarded to employees	100 450	391	49 550	150 000	157 170	54 500	10 000	109 450	13 500	105 850	116 825	
of which number awarded to Corporate Office	0	423	0	0	0	110 000	0	0	0	0	0	
Number of instruments voided over the period	5 200	0	1 100	800	35 333	0	0	700	0	0	250	
Number of instruments subscribed for over the period												
Number of instruments outstanding at 30/06/2022	80 500	0	43 850	147 100	79 630	149 500	10 000	108 150	13 500	105 850	116 575	
Fair value of the financial instruments (in euros)	73,7	4 899,9	92,5	96,4	76,7	75,7	76,7	84,9	85,9	132,5	130,6	
Vesting date	24/10/2022	18/06/2021	18/06/2023	15/11/2023	27/10/2022	27/10/2023	27/10/2022	23/02/2024	23/10/2023	30/10/2023	27/10/2025	
Final award conditions	Presence and performance	Presence	Presence and performance	Presence and performance	Presence	Presence and performance	Presence	Presence and performance	Presence	Presence	Presence and performance	
Lock-up/Non-transferability period	None	18/06/2023	None	None	None	None	None	None	None	None	None	
Cost of services provided H1 2022 (In thousands of euros)	1 024	463	602	1 615	1 379	2 226	163	1 260	327	3 134	1 411	13 604
Employer contribution cost H1 2022 (In thousands of euros)	100	58	43	87	256	383	31	178	54	528	111	1 829
(In thousands of euros)												15 433

3.8 OTHER OPERATING INCOME AND EXPENSES

(In thousands of euros)	30/06/2022	30/06/2021
Restructuring costs	(770)	(1 754)
Fees associated with the acquisition of new companies	(1 245)	(2 207)
Social security and tax adjustments	1 367	128
Other	(5 563)	(1 561)
Total other operating income and expenses	(6 211)	(5 394)
<i>Including other operating expenses</i>	<i>(9 251)</i>	<i>(5 891)</i>
<i>Including other operating income</i>	<i>3 040</i>	<i>497</i>

Other operating income and expenses over the period consisted of restructuring costs (-€0.8 million), fees related to acquisitions (-€1.2 million), gains from URSSAF audits in France (+€1.4 million) and the adjustment of the costs of combining the acquired companies (-€5.6 million) as part of the application of IFRS 3 (in particular the change in earn-out liabilities and earn-out subject to continued employment).

3.9 NET FINANCIAL INCOME

(In thousands of euros)	30/06/2022	30/06/2021
Bank interest charges	(395)	(542)
Interest on lease-financing agreements	0	0
Gross borrowing costs	(395)	(542)
Income from receivables and investments	349	246
Income from the disposal of marketable securities	0	0
Net borrowing costs	(46)	(296)
Interest on leases (IFRS 16)	(1 392)	(1 100)
Net borrowing costs and financial costs of leases	(1 438)	(1 396)
Foreign exchange losses	(4 833)	(5 146)
Other financial expenses	(550)	(750)
Discounted financial expenses	(632)	(54)
Financial provisions	0	(1 331)
Other financial expenses	(6 016)	(7 281)
Foreign exchange gains	7 077	5 698
Other financial income	675	603
Financial income as a result of discount	0	0
Reversal of financial provisions	55	1 217
Other financial income	7 806	7 518
Other net financial income and expenses	1 791	237
NET FINANCIAL INCOME/(EXPENSES)	353	(1 159)

Net financial income amounted to €0.4 million in the first half of 2022, impacted mainly by a net exchange gain of €2.2 million resulting mainly from a fall in the value of the Euro against the Dollar over the period.

3.10 INCOME TAXES

- Breakdown of income tax expense

(In thousands of euros)	30/06/2022	30/06/2021
Net income: Group and minority interests	139 033	89 322
Earnings of equity-accounted companies	(20)	11
Impairment of goodwill	0	0
Share-based payments	13 604	6 358
Income tax expenses	48 285	33 720
Pre-tax earnings	200 901	129 410
Tax rate of the consolidating company	25,83%	28,41%
Theoretical income tax expense	51 893	36 765
Difference in tax rate versus foreign companies	(4 148)	(4 626)
Difference in tax rate versus French companies	0	517
Miscellaneous tax credits	(2 560)	(3 101)
Inactivated deferred tax assets	244	216
CVAE (value-added tax) reclassification	2 688	2 256
Other permanent differences	169	1 692
Tax expense recognised	48 285	33 720
Effective income tax rate	24,03%	26,06%
<u>Income tax distribution:</u>		
Deferred tax	(592)	1 154
Income tax payable	48 876	32 565
Total	48 285	33 720

- **Deferred tax**

Deferred tax receivables and liabilities consist of:

(In thousands of euros)	30/06/2022	31/12/2021
Employee profit-sharing	1 188	1 596
Retirement benefits	3 788	3 584
Other timing differences	7 028	3 925
Restatement for IFRS 16	4	(66)
Tax loss carry-forwards	1 069	2 978
Total deferred tax	13 077	12 017

Including:

Deferred tax assets	14 635	14 877
Deferred tax liabilities	(1 558)	(2 860)

(In thousands of euros)	30/06/2022	31/12/2021
Deferred taxes at start of year	12 017	10 657
Impact on comprehensive income IAS 19/IFRIC 21	0	(107)
Change in scope	1 980	1 558
Exchange rate variations	(1 513)	(1 665)
Expenses (or income) for the period	592	1 574
Deferred taxes at year end	13 077	12 017

The Group has assessed the recoverable portion of tax loss carry-forwards based on a 3-year projection of expected taxable income. The amount of non-capitalised deferred taxes for tax loss carry-forwards amounted to €12.3 million (€47.3 million basis) at 30 June 2022.

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)	30/06/2022			30/06/2021		
	France	International	TOTAL	France	International	TOTAL
Net revenue	598 377	1 227 551	1 825 929	505 370	889 855	1 395 225
Operating profit on activity	46 679	161 909	208 588	34 760	102 371	137 131
Rate of operating profit on activity/revenue for the	7,8%	13,2%	11,4%	6,9%	11,5%	9,8%
Profit from continuing operations	34 938	158 217	193 155	29 121	100 483	129 604
Operating profit	36 694	150 250	186 944	29 055	95 155	124 211
Financial income	(1 216)	1 569	353	494	(1 653)	(1 159)
Income tax expense	(12 029)	(36 255)	(48 285)	(9 957)	(23 763)	(33 720)
Earning of consolidated entities	23 449	115 564	139 012	19 593	69 739	89 332
NET OVERALL EARNINGS	23 449	115 584	139 032	19 593	69 729	89 321

(In thousands of euros)	30/06/2022			30/06/2021		
	France	International	TOTAL	France	International	TOTAL
Goodwill	182 998	823 336	1 006 333	182 776	613 782	796 557
Interests in associates	0	1 200	1 200	0	1 108	1 108
Headcount at year end	12 550	37 050	49 600	11 250	27 300	38 550
Cash at end period	70 795	213 650	284 445	73 202	222 424	295 625
Financial liabilities (excluding rental debt)	203 945	18 722	222 667	111 785	21 241	133 025
Net investments for the period	(12 633)	(110 516)	(123 150)	(18 311)	(33 346)	(51 657)

The contribution to first-half revenues of companies consolidated during the period amounted to €3.8 million.

3.12 EARNINGS PER SHARE

(In thousands of euros)	30/06/2022	30/06/2021
Net income, Group share	138 997	89 283
Weighted average number of shares	33 953 302	33 840 399
Earnings per share	4,09	2,64

(In thousands of euros)	30/06/2022	30/06/2021
Earnings	138 997	89 283
Dilutive effect	0	0
Diluted earning	138 997	89 283
Weighted average number of shares	33 953 302	33 840 399
Effect of dilutions	702 202	672 978
Weighted average number of shares after potential dilution	34 655 504	34 513 377
Diluted earnings per share	4,01	2,59

3.13 STATEMENT OF CASH FLOWS

Changes in depreciation, provisions and other calculated income/expenses	30/06/2022	30/06/2021
Amortisation of intangible assets	1 792	1 784
Depreciation of property, plant and equipment	6 330	5 554
Provisions for risks and expenses	(928)	2 115
Other income and calculated expenses	3 911	495
Depreciation/amortisation of usage rights	29 555	28 367
Total	40 660	38 314

Breakdown of taxes paid	30/06/2022	30/06/2021
Repayments received	2 118	24 605
Payments made	(48 479)	(34 876)
Total	(46 361)	(10 271)

Impact of changes in scope and earn outs	30/06/2022	30/06/2021
Acquisitions of consolidated subsidiaries	(113 439)	(73 315)
Cash from deconsolidated subsidiaries	(28)	0
Cash from new consolidated subsidiaries	24 637	35 934
Payment of earn-outs	(18 191)	(8 584)
Total	(107 021)	(45 965)

3.14 CONTINGENT ASSETS AND LIABILITIES

In the context of two audits of the accounts of a French subsidiary concerning in particular the transfer prices between this subsidiary and an English subsidiary over the period 2013-2014 and 2015-2017, the Auditing Department sent proposals for rectification in terms of corporation tax, withholding tax and CVAE for a total amount of €3.4 million. After analysing the claims with its specialized advisors, and considering that the department's position is questionable, the risk has been provisioned for €0.8 million.

In the context of an audit of the same English subsidiary for the period 2009-2019, the Auditing Department considered this time that the activity of this English subsidiary was that of a permanent establishment of the same French subsidiary. The Auditing Department sent a proposed adjustment dated 23 December 2019 and 22 June 2022 for corporate income tax and additional contributions, minimum business tax and CVAE in respect of this presumed income for a total amount of €65.4 million. This amount includes duties for an amount of €32.6 million, late payment interest and increases of 80% according to the provisions of article 1728-1 of the French General Tax Code for €21 million.

After having thoroughly studied the arguments of the French tax authority with its specialized advisors and considering that the position of the Auditing Department is contradictory due to the very nature of the two procedures implemented and questionable in terms of the factual and legal elements that can be invoked, the Group has every right to pursue its challenges of the proposed adjustments and has a good chance of success in this procedure. Furthermore, at this stage, the Group does not have sufficient information to allow it to assess and recognise a specific provision corresponding to a reliable estimate of the residual adjustment risk incurred. As a result, no provision has been made in the financial statements in connection with this tax audit.

3.15 RELATED PARTIES

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

Over the first half of 2022, there were no significant changes to the compensation reported as of 31 December 2021.

- **Relations with related parties**

Over the first half of 2022, there were no significant changes to the information disclosed as of 31 December 2021.

3.16 FINANCIAL COMMITMENTS

No material changes in financial commitments occurred during the first half of 2022 compared to those published as of 31 December 2021.

REPORT OF THE STATUTORY AUDITORS ON THE 2022 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 S.A., for the period from 1 January 2022 to 30 June 2022, as appended hereto;
- the verification of the information presented in the half-yearly business report.

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.

I - 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.

II - 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.

Paris La Défense, 27 septembre 2022

Neuilly-sur-Seine, 27 septembre 2022

KPMG Audit IS

Grant Thornton

Jean-Marc Discours
Partner

Xavier Niffle
Partner

Jean-François Baloteaud
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 prepared in accordance with the applicable accounting standards and provide a true and fair view of the assets, liabilities, financial position and results of the Company and all its subsidiaries, and that the half-year business t report provides a true and fair view of the significant events that occurred during the first six months of the financial year, their impact on the financial statements, the main transactions between related parties, and a description of the main risks and uncertainties for the remaining six months of the financial year”.

On 27 September 2022,

Simon AZOULAY

Chairman and Chief Executive Officer

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