



EXACOMPTA CLAIREFONTAINE

HALF-YEAR FINANCIAL REPORT

30 June 2020

<u>Contents:</u>	<u>page</u>
Half-year activity report	3
Half-year consolidated financial statements	8
Certification of the half-year financial report	29
Statutory auditors' report on the half-year financial report	30

Board of Directors

François Nusse, Chairman and Chief Executive Officer

Dominique Daridan

Louise de l'Estang du Rusquet

Céline Nusse

Charles Nusse

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Monique Prissard

Emmanuel Renaudin

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Statutory Auditors

BATT AUDIT, 54000 Nancy
Pascal François

ADVOLIS, 75002 Paris
Patrick Iweins – Hugues de Noray

To the Shareholders,

1. REVIEW AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

(€000)	H1 2020	H1 2019
Income from continuing activities (Revenue)	313,515	307,877
Operating income/(loss)	(3,013)	3,955
Net income/(loss) before tax	(4,148)	3,880
Net income/(loss) after tax	(3,530)	3,219
Group share	(3,005)	3,219

The Group consolidated results for first half 2019 do not include the results of the companies acquired in spring 2019 (Eurowrap, Biella and their subsidiaries). These results were consolidated as at 31 December 2019.

Two new companies were consolidated in 2020: Fizzer, in which the Group holds a 60% stake, and Papeteries du Coutal.

First half 2020 was marked by lockdown measures and a slowdown in Group business mainly affecting the processing division. Events related to the COVID-19 crisis did not prompt the Group to close any of its facilities.

The Group implemented appropriate health precautions and working arrangements in order to curb the spread of the virus. The Group made limited use of the assistance offered to businesses during lockdown, including furlough schemes.

In financial terms, the Group decided not to make use of the PGE state-guaranteed loan scheme offered by the French government, but took advantage of the opportunity to defer loan repayments totalling €10.9 million at 30 June 2020. Net debt is not impacted by these deferrals.

1.1 PAPER PRODUCTION

Production of printing and writing papers in Western Europe fell 12% versus first half 2019 (Cepi statistics).

The second quarter was marked by a slump in business among office suppliers and printers, while the tonnage of paper sold by our four paper mills fell nearly 8%. We managed to keep production going thanks to our storage capacity and in-house processing operations. Our output includes a growing proportion of recycled paper. Raw material costs remained stable and we suffered no significant interruptions to supplies.

1.2 PROCESSING

According to GfK market research consultants, first half sales of manufactured papers and filing articles in France fell 15% and 22% respectively year-on-year.

The total volume of sales to offices and households fell sharply from March to June, with wide discrepancies between specialty products. Production of articles for the start of the school year and end-of-year period was only marginally impacted by the epidemic.

1.3 FINANCIAL POSITION - DEBT

First half 2020 revenue amounted to €313,515,000. At 30 June 2020, gross borrowings stood at €248,424,000 including €32,310,000 of financial liabilities arising from the capitalisation of leases pursuant to IFRS 16. Consolidated shareholders' equity was €408,487,000.

The Group has negotiated additional lines of credit with its banks totalling €30 million. At the interim balance sheet date, no commercial paper had been issued out of a global programme of €125 million. With gross cash and cash equivalents of €97,666,000 at 30 June 2020, Group net borrowings amounted to €150,758,000, practically unchanged from 30 June 2019.

1.4 SHARE AND SHAREHOLDER INFORMATION

The share listed at €115 on 2 January 2020 and €96.50 on 26 June 2020. The number of shares traded during first half 2020 was 10,420.

The parent company does not have a share buyback programme and there are no employee shareholders.

The capital of the parent company is composed of 1,131,480 shares, and did not change during the year. A double voting right is granted to each fully paid-up share which has been registered for at least two years in the name of the same shareholder.

Our principal shareholder, Ets Charles Nusse, held 910,395 shares with double voting rights, representing 80.46% of the capital, at 30 June 2020.

Financière de l'Echiquier, a minority shareholder, crossed the 5% ownership threshold in 2005.

2. ACQUISITIONS

➤ Consolidated in first half 2020

On 31 October 2019 and 18 December 2019 respectively, the Group acquired:

- the entire share capital of Papeteries du Coutal, a company operating in the processing sector;
- a 60% equity stake in Fizzer, a company specialising in digital images, with a call option on the rest of the share capital.

These two companies posted respective first half 2020 revenue of €1.5 million and €2.2 million.

Given the proximity of the acquisition dates to the 31 December 2019 closing date, both equity investments were carried as financial assets on the balance sheet. They were included in the Group consolidated financial statements from 1 January 2020.

Goodwill on consolidation amounted to €0.6 million for Papeteries du Coutal and €4.2 million for Fizzer.

➤ Results at constant consolidation scope

(€000)	<i>H1 2020 at constant conso.*</i>	H1 2019
Income from continuing activities (Revenue)	267,213	307,877
Operating income/(loss)	(918)	3,955
Net income/(loss) before tax	(2,011)	3,880
Net income/(loss) after tax	(1,520)	3,219
Group share	(1,520)	3,219

** Constant consolidation scope excludes the companies acquired in spring 2019 (Eurowrap, Biella and their subsidiaries), not consolidated in first half 2019, and the two companies consolidated from the beginning of 2020.*

3. OUTLOOK

3.1 RISK FACTORS

Risk factors related to economic activity and financial risks are of the same kind as those described in Section 2.4 of the 2019 Annual Report. There were no material changes during first half 2020. Provisions for financial risks at 30 June 2020 are presented in Note 2.6 to the consolidated half-year financial statements.

3.2 IMPACT OF THE COVID-19 EPIDEMIC

While early year projections fuelled hopes of an encouragingly positive first half, from 15 March onwards Group units had to cope with the COVID-19 epidemic, implement the required measures to protect their employees and adjust operations accordingly. Shutdowns, fragmented production, tumbling sales and rising inventories led to a reversal of the trend versus first half 2019.

3.3 GENERAL OUTLOOK

While sales returned to 2019 levels in Q3 2020, the recovery failed to offset the loss of business in spring due to the pandemic and lockdown measures. Furthermore, customer demand is currently focused on the short term and it is still too early to have a clear idea of the impact the crisis will have on consumer habits.

Full-year operating income is expected to be well below the 2019 figure of €19,828,000.

4. NON-FINANCIAL PERFORMANCE DECLARATION

The 2019 declaration of non-financial performance was published prior to the Exacompta Clairefontaine Group shareholders' meeting on 27 May 2020. It provides information on the manner in which the Group takes into account the social and environmental consequences of its activity as well as its commitments to society in favour of sustainable development.

Information is regularly updated and is published annually. The following information supplements and updates the information provided in this declaration.

↪ **Gross CO₂ emissions at the Group's French paper mills**

Changes in CO₂ emissions

Site	CO ₂ emissions (tonnes)	
	H1 2020	H1 2019
CLAIREFONTAINE	39,923	40,482
MANDEURE	4,550	4,958
EVERBAL	663	721
Total	45,136	46,161

Change in the emissions to production tonnage ratio

Site	Ratio (in kg CO ₂ /tonne of gross paper production)	
	H1 2020	H1 2019
CLAIREFONTAINE	398	407
MANDEURE	266	264
EVERBAL	27	30
Overall ratio	318	324

Site CO₂ emissions decreased slightly over the first half of 2020, compared to the same period in 2019. Efforts to reduce fossil fuel consumption continued.

This reduction is not due to the recent health crisis, as production continued virtually as normal throughout lockdown. In terms of gross tonnage, production fell by only 0.44% in the first half.

↪ **Further severe drought in 2020**

2019 was marked by particularly low rainfall and 2020 saw the recurrence of a drought of similar scale. Such episodes have become increasingly frequent over the past few years.

These developments have prompted environmental authorities to monitor the dams and factory canals that supply water to the paper mills. A minimum flow must be maintained in rivers to ensure that the ecosystem continues to function properly.

Plant managers must brainstorm solutions to safeguard their supply of industrial water.

Exacompta Clairefontaine S.A.

Consolidated financial statements for the year ended 30 June 2020

Half-year consolidated financial statements

1. Consolidated financial statements	9
2. Notes to the consolidated half-year financial statements	15
3. Segment information	24
4. Consolidated entities	27

1. Consolidated financial statements

Consolidated balance sheet

€000	30/06/2020	31/12/2019	Notes
NON-CURRENT ASSETS	347,729	352,001	
Intangible assets – Goodwill	42,181	37,383	(2.1.1)
Intangible assets	16,877	13,922	(2.1.1)
Property, plant and equipment	282,782	290,010	(2.1.2)
Financial assets	4,902	9,764	(2.1.3)
Deferred taxes	987	922	(2.4)
CURRENT ASSETS	507,284	514,310	
Inventories	241,087	207,341	(2.2.1)
Trade and other receivables	162,532	125,121	(2.2.2)
Advances	2,631	2,114	
Taxes receivable	3,368	484	
Cash and cash equivalents	97,666	179,250	(2.2.3)
TOTAL ASSETS	855,013	866,311	

SHAREHOLDERS' EQUITY	408,487	419,348	
Share capital	4,526	4,526	
Consolidated reserves	406,805	397,755	
Net income/(loss) – Group share	(3,005)	17,067	
Shareholders' equity – Group share	408,326	419,348	
Minority interests	161	0	
NON-CURRENT LIABILITIES	249,022	221,425	
Borrowings	173,463	142,620	(2.6)
Lease liabilities (IFRS 16)	24,102	27,470	(2.6)
Deferred tax liabilities	25,915	25,985	(2.4)
Provisions	25,542	25,350	(2.5)
CURRENT LIABILITIES	197,504	225,538	
Trade payables	72,337	71,098	
Borrowings - short term portion	42,650	79,523	(2.6)
Lease liabilities (IFRS 16) – short term	8,208	9,372	(2.6)
Provisions	4,450	3,383	(2.5)
Tax liabilities	40	3,829	
Other payables	69,819	58,333	(2.8)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	855,013	866,311	

Consolidated income statement

€000	H1 2020	H1 2019	Notes
Revenue	313,515	307,877	
- Sales of products	306,150	302,564	
- Sales of services	7,365	5,313	
Other operating income	10,537	3,171	
- Reversal of depreciation/amortisation	6,141	272	(2.1.2, 2.1.3)
- Subsidies	814	12	
- Other income	3,582	2,887	
Change in inventories of finished products and work-in-progress	29,667	15,304	(2.2.1)
Goods and materials used	(169,348)	(166,814)	
External expenses	(52,253)	(47,598)	
Personnel expenses	(93,609)	(77,985)	
Taxes and duties	(7,899)	(7,761)	
Depreciation/amortisation	(22,725)	(18,981)	(2.1.1, 2.1.2)
Other operating expenses	(10,898)	(3,258)	
OPERATING INCOME/(LOSS) – before goodwill impairment	(3,013)	3,955	
Goodwill impairment			(2.1.1)
OPERATING INCOME/(LOSS) – after goodwill impairment	(3,013)	3,955	
Financial income	1,660	1,232	
Financial expenses	(2,795)	(1,307)	
Net financial items	(1,135)	(75)	(2.10)
Income taxes	618	(661)	(2.4, CFS)
Net income/(loss) after tax	(3,530)	3,219	
Net income/(loss) – minority share	(525)	0	
Net income/(loss) – Group share	(3,005)	3,219	
Net income/(loss) for the period	(3,005)	3,219	
Number of shares	1,131,480	1,131,480	(2.3)
EARNINGS PER SHARE (basic and diluted)	(2.66)	2.84	

Comprehensive income statement

€000	H1 2020	H1 2019
Net income/(loss)	(3,530)	3,219
Actuarial gains/losses on post-employment benefits	4	465
Tax on items not reclassified to profit or loss	(1)	(130)
Items not reclassified to profit or loss	3	335
Currency translation differences arising from foreign entities' financial statements	(8)	81
Tax on items reclassified to profit or loss	-	-
Items reclassified to profit or loss	(8)	81
Other comprehensive income	(117)	
Total comprehensive income	(3,652)	3,635
Attributable to:		
- the Group	(3,127)	3,635
- minority interests	(525)	0

Statement of changes in consolidated shareholders' equity

€000	Share capital	Additional paid-in capital	Reserves and consolidated	Actuarial gains/losses	Currency translation adjustments	Total – Group share	Total – minority interests	Total shareholders' equity
Shareholders' equity at 31 December 2018	4,526	92,745	306,607		(1,609)	402,269	-	402,269
Dividends distributed			(3,055)			(3,055)		(3,055)
Net income for the period			17,067			17,067		17,067
Items of other comprehensive income				(252)	3,319	3,067		3,067
Shareholders' equity at 31 December 2019	4,526	92,745	320,619	(252)	1,710	419,348	-	419,348
Dividends distributed			(3,395)			(3,395)		(3,395)
Net income/(loss) for the period			(3,530)			(3,005)	(525)	(3,530)
Items of other comprehensive income			(117)	3	(8)	(122)		(122)
Reclassification of actuarial gains/losses			(252)	252		-		-
Put option on Fizzer minority interests			(4,500)			(4,500)		(4,500)
Fizzer acquisition – minority interests			686			-	686	686
Shareholders' equity at 30 June 2020	4,526	92,745	309,511	3	1,702	408,326	161	408,487

Statement of consolidated cash flows

€000	H1 2020	H1 2019	Notes
Total consolidated net income/(loss)	(3,530)	3,219	
Elimination of non-cash and non-operating expenses and income:			
• Depreciation, amortisation and provisions	24,068	16,355	(2.1.1 to 2.1.3, 2.5) (2.4)
• Change in deferred taxes	(933)	(736)	
• Post-tax gains on asset sales	(212)	(28)	
• Currency translation adjustments	(8)	81	
• Other	(114)	335	
<i>Cash flow of consolidated companies</i>	<i>19,271</i>	<i>19,226</i>	
• Change in operating working capital	(58,793)	(47,565)	Balance sheet
• Change in income taxes	(31)	1,490	
• Income taxes paid	(6,642)	4,492	
(1) Net cash flow from operating activities	(46,195)	(22,357)	
• Purchases of fixed assets	(15,801)	(80,754)	(2.1.1 to 2.1.3)
• Sales of fixed assets	704	284	
• Changes in consolidation – acquisitions	(1,083)		
(2) Net cash flow from investing activities	(16,180)	(80,470)	
• Dividends paid	(3,395)	(3,055)	(Change in shareholders' equity)
• New borrowings	30,381	20,118	
• Loans repaid	(3,358)	(19,427)	
• Interest paid	(628)	(459)	
• Interest received	211	346	
• Lease liability repayments	(4,383)	(4,828)	
(3) Net cash flow from financing activities	18,828	(7,305)	
(1+2+3) Total cash flow	(43,547)	(110,132)	
Opening cash	90,355	77,748	
Closing cash	46,808	(32,384)	
Change in cash	(43,547)	(110,132)	

Change in cash and borrowings due in less than one year

€000	30/06/2020	Change	31/12/2019	30/06/2019
Reported cash and cash equivalents	97,666	(81,584)	179,250	93,765
Bank overdrafts	(6,134)	28,296	(34,430)	(85,119)
Net cash and cash equivalents	91,532	(53,288)	144,820	8,646
Borrowings due in < 1 yr	(44,724)	9,741	(54,465)	(41,030)
Net cash less borrowings due in < 1 yr	46,808	(43,547)	90,355	(32,384)

Presentation of the consolidated financial statements

1- General principles – statement of compliance

The EXACOMPTA CLAIREFONTAINE Group consolidated financial statements are prepared in accordance with IFRS (International Financial Reporting Standards), as adopted within the European Union. The Exacompta Clairefontaine Group summary consolidated half-year financial statements were prepared in accordance with IAS 34 – *Interim financial reporting*. They were approved by the Board of Directors on 17 September 2020.

No changes were made to the accounting rules and methods applied to the 2019 full-year consolidated financial statements.

2- Adoption of new standards

Standards, amendments and interpretations mandatory from 1 January 2020:

- ✘ Amendments to IAS 1 and IAS 8 – *Definition of “material”*
- ✘ Amendments to IAS 39, IFRS 7 and IFRS 9 – *Interest rate benchmark reform – Phase 1*
- ✘ Amendments to IFRS 3 – *Business combinations - Definition of a business*
- ✘ Amendment of references to the Conceptual Framework in IFRS standards

These new amendments have no material impact on the half-year financial statements.

The Group did not apply any optional standard, amendment or interpretation as at 30 June 2020.

3- Changes in consolidation scope

The Group purchased:

- the entire share capital of Papeteries du Coutal on 31 October 2019;
- a 60% equity stake in Fizzer with a call option on the rest of the share capital on 18 December 2019.

These two companies posted respective first half 2020 revenue of €1.5 million and €2.2 million.

Given the proximity of the acquisition dates to the 31 December 2019 closing date, both equity investments were carried as financial assets on the balance sheet. They were included in the Group consolidated financial statements from 1 January 2020.

The identifiable assets acquired and liabilities assumed were initially recognised at their acquisition date fair value. The main impact of the fair value recognition of these assets concerned Fizzer intangible assets, including its customer portfolio valued at €2.8 million. After completion of the valuation process, goodwill of €0.6 million and €4.2 million respectively was recognised in respect of these acquisitions.

The acquisition of a major stake in Fizzer is subject to a put option granted to minority shareholders, which may be exercised during Q1 2022, and a call option granted to the Group which may be exercised during Q2 2022. At 30 June 2020, the liability related to the minority interests put option was valued at the estimated option exercise price and is recorded under “Other non-current liabilities”. Subsequent changes in the fair value of the liability will be posted to Group shareholders’ equity.

The following table shows the provisional purchase price allocation for the two acquisitions:

€000	Fizzer	Coutal	Total
Price paid in 2019	3,545	1,400	4,945
Earnout paid in 2020	1,699	305	2,004
Acquisition cost	5,244	1,705	6,949
Net book value	(302)	1,106	804
Fair value net of deferred taxes	2,017	16	2,033
Ownership interest	60%	100%	
Share of fair value of assets acquired and liabilities assumed	1,029	1,122	2,151
Goodwill	4,215	583	4,798

4- Impact of COVID-19 pandemic

First half 2020 was marked by lockdown measures and a slowdown in Group business mainly affecting the processing division.

In order to make a more accurate estimate of the impact of the crisis, the activity report also presents the main income statement items at constant consolidation scope excluding the impact of subsidiaries acquired in 2019 and 2020.

The Group implemented appropriate health precautions and working arrangements in order to curb the spread of the COVID-19 virus. The Group made limited use of the assistance offered to businesses during lockdown, including furlough schemes.

Events related to the COVID-19 crisis did not prompt the Group to close any of its facilities. A certain level of operation was maintained thanks to the storage capacity of our logistics platforms.

In financial terms, the Group decided not to make use of the PGE state-guaranteed loan scheme offered by the French government, but took advantage of the opportunity to defer loan repayments totalling €10.9 million at 30 June 2020. Net debt was not impacted by these deferrals and currently stands at €150 million. New loans totalling €30 million were taken out during the first half but no drawdowns were made on the Group's lines of credit.

Credit risk remains broadly unchanged: the Group granted extended payment deadlines to customers where required. No material loss was recorded at 30 June 2020.

Amid a constantly changing environment, the Group is adapting its capacities, resources and offering to the market. Given the continuing effects of the pandemic at the start of the second half, coupled with further restrictions imposed by a number of governments, it is difficult to foresee the situation at the end of the year.

Under the particular circumstances surrounding the first half closing date, the Group has not identified any indications of impairment and has therefore not recognised any impairment losses on intangible assets. Likewise, the Group felt no need to record a special provision for risks and uncertainties related to the pandemic in respect of the Group's staff, assets, reputation or ability to meet its commitments.

Costs and support measures related to the impact of the health crisis have not been isolated but have been recorded in accordance with their nature.

2. Notes to the consolidated half-year financial statements

2.1 Non-current assets

2.1.1 Intangible assets

At 30 June 2020 (€000)	Goodwill	Concessions, licences, trademarks and similar rights	Other	Total
Gross value b/fwd	37,383	46,728	6,724	90,835
Purchases		555	440	995
Sales		(585)		(585)
Changes in consolidation scope	4,798	593	2,800	8,191
Currency translation adjustments		222	20	242
Transfers and other		142	666	808
Gross value c/fwd	42,181	47,655	10,650	100,486
Amortisation and write-downs b/fwd	0	34,192	5,338	39,530
Sales		(585)		(585)
Changes in consolidation scope		181		181
Amortisation		1,329	738	2,067
Write-downs				
Reversals				
Currency translation adjustments		216	19	235
Transfers and other				
Amortisation and write-downs c/fwd	0	35,333	6,095	41,428
Net book value b/fwd	37,383	12,536	1,386	51,305
Net book value c/fwd	42,181	12,322	4,555	59,058

Trademarks

“Concessions, licences, trademarks and similar rights” includes trademarks totalling €7,367,000. No impairment was recorded in the first half 2020 financial statements.

Goodwill

Goodwill mainly pertains to digital sector businesses and the Eurowrap group acquired in 2019. Goodwill attached to the companies consolidated in first half 2020 is presented under “Changes in consolidation scope”. The segment information shows the breakdown of goodwill by business and geographic segment.

Situation at 30 June 2020

The COVID-19 health and economic crisis, while not constituting an indication of impairment as such, had a material impact on the Group’s processing business during Q2 2020:

- Decline in revenue
- Adaptation of production facilities to new health situation
- Limited use of furlough schemes

Despite the challenging circumstances, the Group remains confident in its ability to generate value. Accordingly and in view of the leeway afforded by the impairment tests conducted at 31 December 2019, the Group considers that the loss of business in the second quarter does not undermine the cash flow

forecasts used to formulate the CGU business plans at 31/12/2019 and therefore does not call for full impairment testing at 30 June 2020.

However, it seemed appropriate to conduct a simulation on the basis of a degraded scenario for one of the processing CGUs for which the 31/12/2019 testing left limited leeway, in order to corroborate the stance adopted. This simulation basically consisted in (i) revising 2020 financial data in line with the CGU's first half performance, which was impacted strongly by seasonal factors, (ii) reviewing the forward-looking data used for the 31 December 2019 tests, allowing for the additional year lapsed and applying a prudential discount, and (iii) adjusting the discount rate at 30 June 2020.

The results of the simulation led to the same conclusion as at 31 December 2019, thereby corroborating the Group's analysis regarding the lack of indication of impairment at 30 June 2020.

2.1.2 Property, plant and equipment

No changes in useful life leading to a material change in the accounting estimates were identified during the year.

IFRS 16 – Leases

The Exacompta Clairefontaine Group has decided to apply the simplified retrospective approach. The option to measure the right-of-use asset at the value of the lease liability shown on the balance sheet immediately before the date of first-time application was applied for all leases.

Likewise, low-value asset leases were excluded from IFRS 16 restatement.

As it is not possible to determine the interest rates implicit in the leases, the Group uses its incremental borrowing rate to measure the lease liability. It is established by reference to the interest rates of loans, whether taken out or not, that have similar maturities and payment profiles. In particular, it is established based on 7-10 year maturities applicable to real estate leases, which represent almost 90% of Group leases in terms of right-of-use asset value.

The Group is currently reviewing the decision of the IFRS Interpretations Committee of 26 November 2019 but does not foresee any material impact.

Lease categories at 30/06/2020

€000	Real estate	Industrial equipment	Other	Total
Right-of-use assets	38,136	2,414	3,717	44,267
Depreciation	9,504	835	1,731	12,070
Net amount	28,632	1,579	1,986	32,197

Lease liabilities are carried under liabilities on the balance sheet and are presented in Note 2.6.

In the first half 2020 income statement, the depreciation charge on right-of-use assets amounts to €5,434,000 and lease interest payments amount to €61,000.

Leases are aggregated in the tables of changes in property, plant and equipment.

At 30 June 2020 (€000) Incl. IFRS 16 right-of-use assets	Land and buildings	Plant and equipment	Other PP&E	Advances and PP&E in progress	Total
Gross value b/fwd	288,507	533,544	55,501	11,726	889,278
Purchases	787	2,889	1,464	9,196	14,336
Sales	(3,207)	(2,846)	(481)		(6,534)
Changes in consolidation scope	607	2,007	361		2,975
Currency translation adjustments	797	(10)		8	795
Transfers and other	2,678	5,104	887	(9,192)	(523)
Gross value c/fwd	290,169	540,688	57,732	11,738	900,327
Depreciation and write-downs b/fwd	167,463	389,943	41,703	159	599,268
Sales	(3,080)	(2,520)	(467)		(6,067)
Changes in consolidation scope	465	1,783	224		2,472
Depreciation	7,315	10,890	2,314		20,519
Write-downs	119	19			138
Reversals					
Currency translation adjustments	871	45	13		928
Transfers and other	(1,067)	1,373	(20)		286
Depreciation and write-downs c/fwd	172,086	401,533	43,767	159	617,545
Net book value b/fwd	121,044	143,601	13,798	11,567	290,010
Net book value c/fwd	118,083	139,155	13,965	11,579	282,782

2.1.3 Financial assets

At 30 June 2020 (€000)	Unconsolidated equity interests	Loans	Other receivables	Total
Gross value b/fwd	34,112	960	1,943	37,015
Purchases		5	401	406
Sales	(6,163)			(6,163)
Changes in consolidation scope	(5,250)		62	(5,188)
Currency translation adjustments	543		2	545
Transfers and other	2	(20)	(4)	(22)
Gross value c/fwd	23,244	945	2,404	26,593
Write-downs b/fwd	27,216	33	2	27,251
Purchases/sales				
Changes in consolidation scope				
Write-downs	85			85
Reversals	(6,162)			(6,162)
Currency translation adjustments	517			517
Transfers and other				
Write-downs c/fwd	21,656	33	2	21,691
Net book value b/fwd	6,896	927	1,941	9,764
Net book value c/fwd	1,588	912	2,402	4,902

Unconsolidated equity interests and other long-term investments are stated at cost if there is no reliable fair value.

Intercompany receivables, loans and other financial assets are valued at amortised cost. The book value is equal to the fair value.

Papeteries du Coutil and Fizzer are consolidated in the first half 2020 financial statements.

Other receivables mainly comprise deposits and guarantees totalling €1,591,000.

2.1.4 Table of maturities of other financial assets

At 30 June 2020 (€000)	< 1 year	1-5 years	> 5 years	Total
Loans	77	193	675	945
Other financial assets	180	4	2,220	2,404
Financial assets and receivables	257	197	2,895	3,349

2.2 Current assets

2.2.1 Inventories by type

At 30 June 2020 (€000)	Raw materials	Work-in-progress	Semi-finished and finished goods	Total
Gross value b/fwd	87,862	22,163	115,718	225,743
Change	3,300	231	28,378	31,909
Changes in consolidation scope	292	31	280	603
Gross value c/fwd	91,454	22,425	144,376	258,255
Write-downs b/fwd	10,537	1,404	6,461	18,402
Additions	8,150	829	2,611	11,590
Reversals	(8,690)	(1,133)	(2,995)	(12,818)
Changes in consolidation scope				
Currency translation adjustments and other	(2)		(4)	(6)
Write-downs c/fwd	9,995	1,100	6,073	17,168
Net book value b/fwd	77,325	20,759	109,257	207,341
Net book value c/fwd	81,459	21,325	138,303	241,087

2.2.2 Write-down of other current assets

€000	Write-downs b/fwd	Additions	Reversals	Changes in consolidation scope and other differences	Write-downs c/fwd
Trade receivables	2,246	730	(492)	7	2,491
Other receivables	241				241
Total	2,487	730	(492)	7	2,732

Maturities of trade and other receivables

€000	< 1 year	1-5 years	> 5 years	Total
Trade and similar receivables	144,515	1,246		145,761
Taxes and social security contributions receivable	13,303			13,303
Other receivables	1,878			1,878
	159,696	1,246		160,942
Impairment				(2,732)
Financial assets				158,210
Prepaid expenses				4,322
Reported trade and other receivables				162,532

2.2.3 Cash and cash equivalents

€000	30/06/2020	31/12/2019	Change
Cash at bank	69,721	116,875	(47,154)
Cash equivalents	27,945	62,375	(34,430)
Total	97,666	179,250	(81,584)

Financial assets held for trading (marketable securities) are assets valued at fair value through profit or loss. The book value of €27,945,000 equals the market value at 30 June 2020. The book value is equal to the fair value.

2.3 Shareholders' equity

The parent company's share capital consists of 1,131,480 shares with a par value of 4 euros each, totalling €4,525,920, and did not change during the period. A double voting right is granted to each fully paid-up share which has been registered for at least two years in the name of the same shareholder.

The Group has not implemented any specific capital management policy.

ETABLISSEMENTS CHARLES NUSSE holds 80.46% of the share capital.

2.4 Deferred taxes

The principal sources of deferred taxes are trademarks, regulated provisions, public subsidies, internal profits on inventories and provisions.

Change in deferred taxes

€000	31/12/2019	Newly consolidated companies	30/06/2020	Change
Deferred tax assets	922	23	987	65
Deferred tax liabilities	25,985	784	25,915	(70)
Net deferred tax	25,063	761	24,928	(135)

Breakdown of tax charge

€000	H1 2020	H1 2019
Current tax	(315)	(1,588)
Deferred taxes	933	927
Tax income/(charge)	618	(661)

2.5 Provisions

€000	Provisions b/fwd	Changes in consolidation scope	Additions	Reversals	Provisions not used	Other changes	Provisions c/fwd
Provisions for pensions and similar obligations	25,350	82	1,501	(1,118)	(312)	39	25,542
Non-current provisions	25,350	82	1,501	(1,118)	(312)	39	25,542
Provisions for contingent liabilities	3,116		1,163	(206)		26	4,099
Other provisions for charges	267		96	(12)			351
Current provisions	3,383		1,259	(218)		26	4,450

At 30 June 2020, a €1 million contingency provision was recorded in relation to restructuring, not related to COVID-19.

Provisions for pensions and similar obligations consist mainly of provisions for retirement indemnities and are calculated at each balance sheet date.

They are valued (including social security contributions) according to the following main parameters:

- probability of retirement, staff turnover and mortality;
- projected salary increases;
- discounting the resulting liability at 0.67%.

The amounts paid to insurance organisations are deducted from provisions.

Net change in the provision for pensions and similar obligations

€000	H1 2020	2019
Liability b/fwd	25,350	23,457
Cost of services rendered	1,152	2,659
Financial expense	192	467
Changes for the period	(1,148)	(1,584)
→ o/w new recruits	19	688
→ o/w departures during the period	(1,167)	(2,272)
Liability excluding actuarial gains and losses	25,546	24,999
Actuarial gains and losses under comprehensive income	(4)	351
Liability c/fwd	25,542	25,350

The recorded liability includes €20,007,000 of obligations under the plan applicable to French companies and €5,535,000 under plans applicable to foreign companies.

2.6 Bank loans and borrowings

Statement of liquidity risk

€000	< 1 year	1-5 years	> 5 years	Total
Loans from financial institutions	34,279	107,717	36,237	178,233
Lease liabilities	8,208	20,668	3,434	32,310
Other borrowings	68	4,509		4,577
Bank loans and overdrafts	6,134			6,134
Subtotal	48,689	132,894	39,671	221,254
Shareholder loan accounts (credit balance)	2,001		25,000	27,001
Accrued interest	168			168
Total	50,858	132,894	64,671	248,423
<i>Estimated interest to maturity</i>				<i>3,647</i>

Medium and long-term financing excluding IFRS 16 lease liabilities consists of loans negotiated at fixed rates.

The liability related to the Fizzer minority interests put option was valued at the estimated option exercise price and recognised under “Other borrowings” in an amount of €4,500,000.

The fair value of borrowings is equal to the book value.

Change in borrowings

€000	31/12/2019	Cash flow	Non-cash items			30/06/2020
			Changes in consolidation scope	New leases	Foreign exchange losses	
Bank loans and overdrafts	34,430	(28,416)	120	-	-	6,134
Loans from financial institutions	157,986	19,992	180	-	75	178,233
Lease liabilities	36,843	(5,548)	-	1,045	(30)	32,310
Total bank borrowings	229,259	(13,972)	300	1,045	45	216,677
Shareholder loans	29,500	(2,499)	-	-	-	27,001
Other payables	188	(111)	4,500	-	-	4,577
Total other borrowings	29,688	(2,610)	4,500	-	-	31,578
Accrued interest	38					168
Total borrowings	258,985	(16,582)	4,800	1,045	45	248,423

2.7 Issuance & financial instruments programmes

Commercial paper

Short-term needs are financed by commercial paper issued by Exacompta Clairefontaine. A fixed rate determined at the moment of issue is paid on the commercial paper, which has a maximum term of 365 days.

At the interim balance sheet date, no commercial paper had been issued out of a maximum authorised outstanding amount of €125 million.

Lines of credit

Lines of credit are in place with several banks for a total amount of €135 million, with maturities not exceeding five years. Lines of credit are indexed to Euribor and the average commitment fee charged is 0.22%. Drawdowns are charged on the basis of the amount and the maturity date of each line of credit.

The term of drawdowns ranges from ten days to twelve months. No amounts were drawn as at 30 June 2020.

Related covenants are not relevant to the half-year financial statements, as the associated ratios are calculated on the basis of the annual financial statements.

Financial instruments

The Group may use options contracts to hedge forecast transactions, in particular for purchases of raw materials in US dollars which constitute its main exposure to currency risk. The Group implemented no currency hedging arrangements during first half 2020. Other transactions performed to hedge exchange rate risks are non-material.

2.8 Other current liabilities

€000	30/06/2020	31/12/2019
Advances and down payments received	2,349	1,736
Taxes and social security contributions payable	45,808	34,745
Fixed asset payables	2,477	3,892
Other liabilities	17,925	16,575
Deferred income	1,260	1,385
Total	69,819	58,333

2.9 Fair value of financial instruments

Accounting classes and fair value

The table below shows the fair value of financial assets and liabilities as well as their book value as recorded in the statement of financial position.

€000	Note	Assets at acquisition cost	Measured at FVTPL	Loans and receivables	Total book value	Fair value
Unconsolidated equity interests	2.1.3	1,588			1,588	1,588
Loans	2.1.3			912	912	825
Other receivables	2.1.3			2,402	2,402	2,402
Cash and cash equivalents	Assets		97,666		97,666	97,666
Trade and intercompany receivables	2.2.2			143,270	143,270	143,270
Total assets		1,588	97,666	146,584	245,838	245,751

€000	Note	Fair value of derivatives	Other financial liabilities	Total book value	Fair value
Loans from financial institutions	2.6		178,233	178,233	178,233
Lease liabilities	2.6		32,310	32,310	32,310
Other borrowings	2.6		4,577	4,577	4,577
Bank loans and overdrafts	2.6		6,134	6,134	6,134
Shareholder loan accounts (credit balance)	2.6		27,001	27,001	27,001
Amounts payable on fixed assets	2.8		2,477	2,477	2,477
Trade payables	Liabilities		72,337	72,337	72,337
Total liabilities		–	323,069	323,069	323,069

Ranking of fair values

The table below shows the breakdown of financial instruments recognised at fair value based on their valuation method. The levels are defined as follows:

- Level 1: fair value measured using (unadjusted) prices quoted on active markets for identical assets and liabilities.
- Level 2: fair value measured using observable data, other than the quoted prices included in level 1, for the asset or liability, either directly (prices) or indirectly (derived from prices).
- Level 3: fair value measured using data not based on observable market data.

€000	Note	Level 1	Level 2	Level 3
<u>Assets</u>				
Cash and cash equivalents	Assets	97,666	–	–
<u>Liabilities</u>	–	–	–	–

2.10 Financial income and expenses

€000	30/06/2020	30/06/2019
Equity interests and income from other financial assets	-	2
Income from other receivables and marketable securities	211	346
Other financial income	231	32
Reversal of provisions and write-downs	84	-
Foreign exchange losses	1,134	852
Total financial income	1,660	1,232
Increase in provisions and write-downs	85	21
Interest and financial expenses	689	540
Foreign exchange losses	2,021	746
Total financial expenses	2,795	1,307

2.11 Off-balance sheet commitments

➤ Greenhouse gas emission allowances

The quantities allocated for 2020 amount to 62,160 tonnes, while first half CO₂ emissions totalled 45,136 tonnes.

There are no more allowances due for phase 3, which ends in 2020.

The number of allowances due for phase 4 covering the 2021-2030 period is not yet known.

➤ Sureties and guarantees

Exacompta Clairefontaine jointly and severally guarantees payment to Exeltium of all liabilities in respect of purchases of blocks of electricity contracted by Papeteries de Clairefontaine.

2.12 Related parties

Group companies benefit from the leadership provided by Ets Charles Nusse and pay a fee equal to 0.6% of the added value for the previous year.

Manufacturing, logistics and office facilities are leased to certain Group companies on arm's length terms. These leases have been adjusted following the application of IFRS 16.

Transactions carried out by the Group with Etablissements Charles Nusse.

€000	30/06/2020 (6 months)	30/06/2019 (6 months)
<u>Balance sheet</u>		
Current account balances:		
Interest-bearing debt	25,000	25,000
Short-term portion of interest-bearing debt	2,000	8,000
<u>Income statement</u>		
Financial expenses	75	137
Fees	721	645
Leases excluding expenses	3,487	3,403

3. Segment information

As in the financial statements, segment information is presented for the prevailing consolidation scope at each balance sheet date.

In the processing division, the H1 2019 consolidation scope did not include Eurowrap, Biella and their subsidiaries. Papeteries du Coutal and Fizzer were consolidated for the first time in the first half 2020 financial statements.

Correspondence with the consolidated balance sheet:

- "Other assets allocated" includes inventories and advances;
- "Unallocated assets" consists of tax receivable and deferred tax assets.

➤ Segment information by business – 30/06/2020 (6 months)

€000	Paper	Processing	Inter-segment transactions	Total
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Segment income statement

Revenue	130,464	248,473	(65,422)	313,515
Depreciation/amortisation (net of reversals)	6,177	10,407		16,584
Write-downs and provisions	(132)	319		187
Operating income/(loss) (excl. goodwill impairment)	9,896	(12,484)	(425)	(3,013)
Goodwill impairment				

Segment assets

Net PP&E and intangible assets	113,693	185,966		299,659
<i>o/w capex</i>	5,378	8,907		14,285
Goodwill		42,181		42,181
Trade receivables	42,130	132,098	(30,958)	143,270
Other receivables	2,774	16,564	(76)	19,262
<i>Balance sheet total</i>	44,904	148,662	(31,034)	162,532
Other assets allocated	75,304	171,976	(3,562)	243,718
<i>Unallocated assets</i>				4,355
Total assets	233,901	548,785	(34,596)	752,445

Segment liabilities

Current provisions	834	3,616		4,450
Trade payables	25,595	77,719	(30,977)	72,337
Other payables	18,198	51,680	(59)	69,819
<i>Unallocated liabilities</i>				40
Total liabilities	44,627	133,015	(31,036)	146,646

➤ Segment information by geographic area – 30/06/2020 (6 months)

€000	France	Europe	Outside Europe	Total
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Revenue	167,944	131,950	13,621	313,515
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Net PP&E and intangible assets	244,749	49,075	5,835	299,659
<i>o/w capex</i>	12,171	2,014	100	14,285
Goodwill	31,015	11,166		42,181
Trade receivables	115,122	26,212	1,936	143,270
Other receivables	12,932	4,018	2,312	19,262
<i>Balance sheet total</i>	128,054	30,230	4,248	162,532
Other assets allocated	206,316	30,322	7,080	243,718
<i>Unallocated assets</i>				4,355
Total assets	610,134	120,793	17,163	752,445

➤ Segment information by business – 30/06/2019 (6 months)

€000	Paper	Processing	Inter-segment transactions	Total
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Segment income statement

Revenue	149,588	226,587	(68,298)	307,877
Depreciation/amortisation (net of reversals)	5,896	12,813		18,709
Write-downs and provisions	(1,951)	(213)		(2,164)
Operating income/(loss) (excl. goodwill impairment)	7,225	(3,147)	(123)	3,955
Goodwill impairment				

Segment assets

Net PP&E and intangible assets	111,629	153,743		265,372
<i>o/w capex</i>	6,850	9,914		16,764
Goodwill		26,924		26,924
Trade receivables	50,036	132,115	(32,759)	149,392
Other receivables	3,164	13,577	(137)	16,604
<i>Balance sheet total</i>	53,200	145,692	(32,896)	165,996
Other assets allocated	70,661	140,587	(3,315)	207,933
<i>Unallocated assets</i>				2,689
Total assets	235,490	466,946	(36,211)	668,914

Segment liabilities

Current provisions	581	1,072		1,653
Trade payables	25,430	76,372	(32,768)	69,034
Other payables	19,100	47,768	(134)	66,734
<i>Unallocated liabilities</i>				153
Total liabilities	45,111	125,212	(32,902)	137,574

➤ Segment information by geographic area – 30/06/2019 (6 months)

€000	France	Europe	Outside Europe	Total
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Revenue	189,473	102,555	15,849	307,877
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Net PP&E and intangible assets	245,682	13,063	6,627	265,372
<i>o/w capex</i>	14,858	1,128	778	16,764
Goodwill	26,924			26,924
Trade receivables	129,698	16,689	3,005	149,392
Other receivables	13,826	646	2,132	16,604
<i>Balance sheet total</i>	143,524	17,335	5,137	165,996
Other assets allocated	195,054	5,849	7,030	207,933
<i>Unallocated assets</i>				2,689
Total assets	611,184	36,247	18,794	668,914

4. Consolidated entities

All companies are fully consolidated and wholly owned except for Fizzer, in which the Group holds a 60% equity stake.

Name	Address
EXACOMPTA CLAIREFONTAINE	88480 ETIVAL CLAIREFONTAINE
A.B.L.	132 Quai de Jemmapes - 75010 PARIS
A.F.A.	132 Quai de Jemmapes - 75010 PARIS
CARTOREL	384 Rue des Chênes Verts - 79410 ECHIRE
CFR Ile Napoléon	RD 52 - 68490 OTTMARSHEIM
PAPETERIES DE CLAIREFONTAINE	19 Rue de l'Abbaye - 88480 ETIVAL CLAIREFONTAINE
CLAIREFONTAINE RHODIA	RD 52 - 68490 OTTMARSHEIM
CLAIRCELL	ZI – Rue de Chartres - 28160 BROU
COGIR	10 Rue Beauregard - 37110 CHATEAU-RENAULT
REGISTRES LE DAUPHIN	27 Rue George Sand - 38500 VOIRON
MADLY	6 Rue Henri Becquerel - 69740 GENAS
EVERBAL	2 Route d'Avaux - 02190 EVERGNICOURT
EXACOMPTA	138-140 Quai de Jemmapes - 75010 PARIS
FACIMPRIM	15 Rue des Ecluses Saint Martin - 75010 PARIS
LALO	138 Quai de Jemmapes - 75010 PARIS
LAVIGNE	139-175 Rue Jean Jacques Rousseau - 92130 ISSY-LES-MOULINEAUX
PAPETERIE DE MANDEURE	14 Rue de la Papeterie - 25350 MANDEURE
MANUCLASS	ZI d'Etriché - 49500 SEGRE-EN-ANJOU-BLEU
CLAIRCELL INGENIERIE	ZI – Rue de Chartres - 28160 BROU
EDITIONS QUO VADIS	14 Rue du Nouveau Bêle - 44470 CARQUEFOU
RAYNARD	6 Rue de la Peltière – 35130 LA GUERCHE DE BRETAGNE
RAINEX	Lieudit Saint-Mathieu – ZI - 78550 HOUDAN
ROLFAX	ZI Route de Montdidier - 60120 BRETEUIL
PAPETERIES SILL	Rue du Moulin - 62570 WIZERNES
PHOTOWEB	1 Rue des Platanes - 38120 SAINT-EGREVE
INVADERS CORP	144 Quai de Jemmapes -75010 PARIS
PAPETERIES DU COUTAL	ZI du Coutal - 24120 TERRASSON-LAVILLEDIEU
FIZZER	15 Rue Edouard Herriot - 14160 DIVES-SUR-MER
BRAUSE PRODUKTION	51149 KÖLN – (DE)
EXACLAI R GmbH (Germany)	51149 KÖLN – (DE)
RODECO	51149 KÖLN – (DE)
MAKANE BOUSKOURA	Parc industriel de Bouskoura, lot n°4 - 20180 BOUSKOURA – (MA)
CLAIR MOROCCO	Parc industriel de Bouskoura, lot n°4 - 20180 BOUSKOURA – (MA)

PUBLIDAY MULTIDIA	Parc industriel de Bouskoura, lot n°4 - 20180 BOUSKOURA – (MA)
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EXACLAIIR (Belgium)	Boulevard Paepsem, 18D - 1070 ANDERLECHT – (BE)
EXACLAIIR Inc. (USA)	143 West 29th Street - NEW YORK - (USA)
EXACLAIIR Ltd (UK)	Oldmedow Road - KING’S LYNN, Norfolk PE30 4LW - (UK)
QUO VADIS International Ltd	1055 Rue Begin - Ville Saint Laurent - QUEBEC H4R 1V8 – (CA)
EXACLAIIR Italia Srl	Via Soperga 36 - 20127 MILANO – (IT)
QUO VADIS Japan Co Ltd	Sangenjaya Combox 4F, 1-32-3 Kamjuma Setagaya-Ku, TOKYO - (JP)
QUO VADIS Editions Inc.	120 Elmview Avenue - HAMBURG, NY 14075-3770 - (USA)
SCHUT PAPIER (Netherlands)	Kabeljauw 2, 6866 HEELSUM – (NL)
BIELLA SCHWEIZ (Switzerland)	Erlenstrasse 44, 2555 BRÜGG – (CH)
FALKEN (Germany)	Am Bahnhof 5, 03185 PEITZ – (DE)
DELMET PROD (Romania)	Industriei 3, 070000 BUFTEA – (RO)
AE4 2012 HOLDING (Sweden)	Hamilton Advokatbyrå, Box 715, 101 33 STOCKHOLM – (SE)
EUROWRAP A/S (Denmark)	Odinsvej 30, 4100 RINGSTED – (DK)
EURO WRAP Ltd (UK)	Unit 2 Pikelaw Place, West Pimbo Industrial Estate, SKELMERSDALE WN8 9PP – (GB)

Exacompta Clairefontaine S.A.

Certification of the half-year financial report

I hereby certify that, to the best of my knowledge, the summary consolidated financial statements for the half year ended have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets and liabilities, financial position and earnings of the company and all the companies included in the consolidation. I also certify that this Half-year Activity Report presents a true and fair view of the main events occurring during the first six months of the year, their impact on the financial statements and the main related party transactions and that it includes a description of the main risks and uncertainties affecting the remaining six months of the year.

Jean Marie Nusse
Executive Vice President

Exacompta Clairefontaine S.A.

Statutory auditors' report on the half-
year financial report

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Statutory Auditor
Member of the Paris Institute of Statutory Auditors
Auditors

38 Avenue de l'Opéra
75002 PARIS

BATT AUDIT
Statutory Auditor
Member of the Nancy Institute of Statutory

58 Boulevard d'Austrasie
54000 NANCY

Statutory auditors' report
on the half-year financial report
Period from 1 January to 30 June 2020

EXACOMPTA CLAIREFONTAINE
A French limited company (*société anonyme*)
88480 ETIVAL CLAIREFONTAINE

**STATUTORY AUDITORS' REPORT
ON THE FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

EXACOMPTA CLAIREFONTAINE
A French limited company (*société anonyme*)
88480 ETIVAL CLAIREFONTAINE

To the Shareholders,

In accordance with our engagement by your Shareholders' General Meeting, and in application of Article L. 451-1-2 III of the French Monetary and Financial Code, we have:

- conducted a limited review of the attached summary consolidated financial statements of **EXACOMPTA CLAIREFONTAINE** for the period from 1 January to 30 June 2020; and
- verified the information contained in the half-year activity report.

These summary consolidated half-year financial statements were prepared under the responsibility of the Board of Directors on 17 September 2020 on the basis of the information available at that date, amid changing circumstances related to the COVID-19 crisis that rendered it difficult to estimate the consequences and outlook for the future. It is our responsibility, based on our limited review, to express an opinion on those statements.

Opinion on the financial statements

We performed our limited review in accordance with professional standards applicable in France. A limited review mainly involves the conducting of interviews with the senior executives responsible for accounting and financial matters and the implementation of analytical procedures. The work is of limited scope compared to the work required for an audit performed in accordance with auditing standards applicable in France. Accordingly, a limited review provides only a moderate degree of assurance, less than that provided by an audit, that the financial statements, taken as a whole, are free from material misstatements.

On the basis of our limited review, we did not identify any material misstatements that cause us to question the compliance of the summary consolidated half-year financial statements with IFRS standard IAS 34 - Interim financial reporting, as adopted by the European Union.

Specific verifications

We have also verified the information provided in the half-year activity report prepared on 17 September 2020 commenting on the summary consolidated half-year financial statements on which we performed our limited review.

We have no comments to make about the accuracy of said activity report or its consistency with the summary consolidated half-year financial statements.

Executed in Paris and Nancy, 29 September 2020

The Statutory Auditors,

ADVOLIS

BATT AUDIT

Patrick Iweins Hugues de Noray

Pascal François