



INTERIM FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS



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FINANCIAL HIGHLIGHTS

Consolidated financial statements

<i>in millions of euros</i>	First-half 2016 published ⁽¹⁾	First-half 2017 restated ⁽¹⁾	First-half 2018	First-half 2019 **	First-half 2020 ***
Revenues	6,257	6,280	6,467	7,007	7,581
Operating expenses	(5,619)	(5,608)	(5,760)	(6,210)	(6,763)
Operating margin *	638	672	707	797	818
% of revenues	10.2%	10.7%	10.9%	11.4%	10.8%
Operating profit	510	538	521	658	577
% of revenues	8.1%	8.6%	8.0%	9.4%	7.6%
Profit for the period attributable to owners of the Company	366	375	314	388	311
% of revenues	5.8%	6.0%	4.8%	5.5%	4.1%
Earnings per share					
Average number of shares outstanding during the period	170,241,240	168,548,476	167,323,709	165,843,357	167,646,025
Basic earnings per share (in euros)	2.15	2.23	1.88	2.34	1.86
Normalized earnings per share * (in euros)	⁽²⁾ 2.52	2.81	2.64	2.90	2.80
GOODWILL AT JUNE 30	6,959	6,939	7,323	7,591	10,316
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY AT JUNE 30	6,350	6,845	6,992	7,466	5,922
(NET DEBT) / NET CASH AND CASH EQUIVALENTS * AT JUNE 30	(2,278)	(1,929)	(2,192)	(1,621)	(6,008)
ORGANIC FREE CASH FLOW * AT JUNE 30	31	64	11	90	106
Average number of employees	182,685	195,059	201,318	213,470	239,086
Number of employees at June 30	184,899	196,376	205,574	216,801	265,073

(1) Only first-half 2017 figures have been restated for the retrospective application of IFRS 15, Revenue from contracts with customers effective starting January 1, 2018.

(2) Excluding tax income (net) of €32 million in respect of goodwill arising on legal restructurings.

* Operating margin, normalized earnings per share, net debt / net cash and cash equivalents and organic free cash flow, alternative performance measures monitored by the Group, are defined in Note 3 - Alternative performance measures, to the condensed interim consolidated financial statements for the half-year ended June 30, 2020.

** First-half 2019 data reflects the application of IFRS 16, Leases, using the modified retrospective method.

*** First-half 2020 data reflects the consolidation of Altran from April 1, 2020.



STATUTORY AUDITORS' REPORT ON THE 2020 INTERIM FINANCIAL INFORMATION

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

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual 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 condensed half-year consolidated financial statements of **CAPGEMINI SE**, for the six months ended 30 June 2020;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements were prepared under the responsibility of the Board of directors on 2 September 2020, based on information available at that date in the evolving context of the COVID-19 crisis and difficulties in understanding its impacts and future prospects. 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. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

II - Specific verification

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements prepared on 2 September 2020 subject to our review.

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

French original signed by

Neuilly-sur-Seine and Courbevoie, 7 September 2020

The Statutory Auditors

PricewaterhouseCoopers Audit

Mazars

Richard Béjot

Itto El Hariri

Dominique Muller

Anne-Laure Rousselou



INTERIM FINANCIAL REVIEW

FIRST-HALF 2020 HIGHLIGHTS

During H1 2020, Capgemini successfully completed the friendly tender offer for Altran Technologies ("Altran"), which is fully consolidated in the Group accounts from April 1, 2020. This major transaction positions the Group as the partner of choice for the digital transformation of industrial and technology companies. Over the same period, the Group also dealt with the impact of the COVID-19 crisis on its various markets, while ensuring the safety of its employees and the continuity of services to all its clients.

In this unprecedented context, the Group demonstrated remarkable agility as well as the resilience of its operations and financial model. H1 2020 results clearly highlight the quality of this resilience, which has been considerably reinforced since the 2009 crisis:

- Revenues of €7.6 billion, up +7.9% year-on-year at constant exchange rates and moderately down by -3.4% on a like-for-like basis;
- Operating margin up +3% in value to €818 million and down a limited 0.6 points to 10.8% of revenues;
- Organic free cash-flow of €106 million vs. €90 million in H1 2019.

COVID-19 PANDEMIC AND ACTIVITY TRENDS OVER THE HALF-YEAR

Momentum at the beginning of the year was broadly in line with Q4 2019. However, the COVID-19 epidemic began to develop at the end of January before being recognized by the World Health Organization as a pandemic on March 11, when several European countries were preparing to take measures to lock down their populations.

In this context, Capgemini's priority was to ensure the health and safety of its employees as well as the continuity of services to its clients. The Group therefore set up prevention and protection measures even before lockdown decisions were made, and is constantly monitoring the decisions and recommendations of local public authorities for their implementation. Through proper planning and timely execution, leveraging its internal investments, Capgemini was among the fastest in the industry to massively deploy working-from-home (close to 95% of productive headcount at April 28, Q1 publication date) across its activities worldwide.

The Group was thus in a position, particularly thanks to its digital capabilities, to provide all the services requested by its clients. Furthermore, the Group quickly implemented the client business continuity plans, that it had prepared well in advance. Activity in the first quarter was only slightly affected by the pandemic and the Group recorded growth of +3.1% compared with Q1 2019 revenues. Adjusted for the impact of exchange rates, growth was +2.3% and reached +2.0% on an "organic" basis, i.e. adjusted for the impact of exchange rates and changes in the scope of consolidation.

The following period was marked by the very rapid development of the pandemic and by the impact of the lockdown and/or restriction measures taken by public authorities on the activities of the Group's clients and, more generally, on the global economy. As a result, in the second quarter, the Group recorded a decline of -7.7% at constant Group scope and exchange rates, reflecting a decline of -6.9% on Capgemini's legacy scope and -11.6% on Altran's scope (see below).

Against the backdrop of a global crisis combining unprecedented scale and speed, the Group's organic growth rate therefore slowed in the second quarter (-7.7%) compared to the first quarter of 2020 (+2.0%). As evidenced by this visible but contained impact, the sector and geographic diversification of the client base combined with the high quality offer portfolio developed in recent years have clearly reinforced the resilience of Capgemini's revenues. In particular, momentum remains strong for Digital and Cloud services, which increased over 7% in Q2, illustrating the structural nature of demand for these services (growth at constant exchange rates for the Group scope excluding Altran; Altran Digital and Cloud services will be included from January 1, 2021).

Geographically, organic growth slowed significantly in **France** in Q2 compared with Q1. Despite strong momentum at the beginning of the year, France recorded the Group's greatest decline in organic growth in the second quarter. By contrast, the **North America, United Kingdom and Ireland, and Asia-Pacific and Latin America** regions weathered much better, with Q2 organic growth rates comparatively closer to those recorded in Q1. This disparity may be attributed to differences in the duration and severity of lockdown measures and the sector mix in different countries.

The sectors also reveal highly contrasted trends, although comparable across most regions. Growth in the Public sector (13% of the new Group's revenues, see below) accelerated in the second quarter. Financial Services (the largest sector generating 24% of Group revenues) and TMT (Telecom, Media & Technology, significantly strengthened by the acquisition of Altran to 13% of Group revenues) showed good resilience, well above the Group average. Conversely, Manufacturing (22% of Group revenues, including Altran) and the Services sector (5% of Group revenues, which notably includes transportation services and hospitality) were the most affected.

As expected in a crisis environment, organic growth rates for Cloud infrastructure services and Business Services (the Operations businesses) were relatively unaffected by the context, while the slowdown in Engineering and Strategy & Transformation consulting services tended to exceed the Group average. Applications & Technology services, the Group's core business, proved slightly more resilient than the Group average.



In terms of sales activity, bookings - which had recorded +0.8% growth at constant exchange rates in Q1 - were not substantially impacted in Q2. They grew +18.8% at constant exchange rates in Q2 year-on-year, corresponding to a book-to-bill ratio of 110% and reflecting an encouraging level of client demand for the coming quarters.

Solidarity measures with stakeholders

In view of this unique situation and the strict cost containment actions put in place, Capgemini also took several decisions aimed at building solidarity between the various stakeholders.

On April 27, 2020, the Board of Directors decided to reduce by 29% the dividend proposed for approval at the Shareholders' Meeting, from €1.90 to €1.35 per share.

Furthermore, Paul Hermelin and Aiman Ezzat decided to go beyond the AFEP recommendations by taking two decisions regarding their compensation. They each waived 25% of their 2020 total compensation as executive directors. In addition, during the period of implementation of partial unemployment in France, their unpaid compensation as executive directors is being paid to the Institut Pasteur to finance COVID-19 research initiatives. These measures were approved by the Capgemini Board of Directors. Significant efforts have also been requested from all the Group's senior executives with respect to their variable compensation.

Capgemini also announced on April 24, 2020 the creation of a "social response unit" aimed at accelerating and amplifying the numerous initiatives already launched by the Group and its employees. The unit is initially focusing on the most urgent needs in terms of public health. It is also working on longer-term projects aimed at developing solutions to address the economic and social impacts on society in the aftermath of the pandemic.

ACQUISITION OF ALTRAN

Capgemini's friendly takeover bid for Altran was successfully completed in H1 2020. A detailed description of this €3.7 billion transaction and its implementation is provided in Note 2 to the Condensed Interim Consolidated Financial Statements.

Altran is a world leader in Engineering and Research & Development (R&D) services, with revenues of €3.2 billion in 2019 and a strong client base, considerable sector expertise and in-depth knowledge of new product developments, industry business processes and operational technologies.

With the acquisition of Altran, Capgemini benefits from a unique ability to support industrial and technology companies in their digital transformation. The new Group can rely on its in-depth knowledge of its clients' businesses, its privileged access to decision-makers and its portfolio of businesses covering consulting services in innovation and transformation, a wide range of digital and cloud-based offerings as well as recognized product and software engineering capabilities. With these strong points, Capgemini is strengthening its role as a strategic partner for its clients in the Intelligent Industry segment.

Impact on the Group's operations

The takeover of Altran became effective on March 13, 2020 and Altran's results are fully consolidated in the Group financial statements from April 1, 2020. Capgemini therefore benefited in the second quarter from the full impact of the consolidation of Altran in the Group scope, which more than offset the pandemic's impact on revenues. Consequently, Q2 revenues grew +13.1% year-on-year on a reported basis, and +13.4% at constant exchange rates.

Given the relatively comparable geographic mix of the two companies, Altran's consolidation does not significantly alter the breakdown of Capgemini revenues by region. On a combined basis, North America remains the Group's leading region in Q2 2020 (31% of Group revenues vs. 32% in Q2 2019), followed by the Rest of Europe (30% vs. 27% in Q2 2019), France (21% vs. 22% in Q2 2019), the United Kingdom and Ireland (11% vs. 12% in Q2 2019) and Asia-Pacific and Latin America (7% in Q2 2020 and Q2 2019).

The Group's business mix changed noticeably in Q2 2020 with the integration of Altran which primarily delivers Engineering services. While Strategy & Transformation consulting services continued to generate 7% of Group total revenues, Operations & Engineering services now account for 33% of Group business (vs. 22% in Q2 2019). Applications & Technology services remain the Group's core business, but now only represent 60% of total business (vs. 71% in Q2 2019).

Synergies

The integration process was launched immediately and is progressing in line with Group expectations. Full-year cost and operating model synergies of between €70 million and €100 million, before tax, are expected as communicated on the announcement of the acquisition project. Capgemini now expects to reach a run-rate of two-thirds of these synergies in June 2021. Moreover, based on the many commercial opportunities already identified, and in certain cases already signed, the Group is confident it can achieve the commercial synergies announced, which represent additional annual revenues of between €200 million and €350 million within three years.

Deal Financing

Since the announcement of the Altran acquisition project in June 2019, and in line with the financing plan presented (€5.4 billion, encompassing €3.7 billion for the purchase of securities and €1.7 billion of gross debt carried by Altran), Capgemini has used available cash of approximately €1.0 billion (including €0.4 billion for the purchase of securities in 2019) and issued bonds for the balance. In April 2020, the Group performed a €3.5 billion multi-tranche bond issue, €2.8 billion of which was used to finance the acquisition (with €0.7 billion allocated to the redemption of the bond issue maturing in July 2020). The Altran term loans were then refinanced in June 2020 through a second multi-tranche bond issue of €1.6 billion.



These refinancing transactions extended the average maturity of the Group's bond debt to 6.6 years, with a low average cost of 1.8%. Their strong success reflects investor confidence in Capgemini's financial profile and the relevance of its growth strategy.

FINANCIAL PERFORMANCE

Capgemini generated revenues of €7,581 million in H1 2020. As mentioned above, after a Q1 2020 that was broadly in line with Q4 2019 trends, the impact of the pandemic is clearly visible but, all things considered, contained in Q2 2020. The consolidation of Altran had a material impact on Q2 revenues. For the whole of H1, growth reached +8.2% on a reported basis and +7.9% at constant exchange rates. "Organic" growth (adjusted for scope and exchange rate impacts) for the combined Group saw a limited decline of -3.4%. Momentum nonetheless remains strong for Digital and Cloud services, which increased over 10% in H1.

Bookings totaled €7,841 million in the first six months of 2020, a +10.3% increase at constant exchange rates year-on-year. At 103%, the book-to-bill ratio exceeds the 2019 ratio for the same period, demonstrating the strength of commercial activity in the context of the pandemic.

The operating margin increased by +3% in value to €818 million, representing 10.8% of revenues. The year-on-year decrease in the operating margin rate is limited to 60 basis points, in line with the Group's plan to demonstrate in 2020 its enhanced resilience.

Other operating income and expenses represent a net expense of €241 million, up €102 million year-on-year. This significant increase is mainly due to the Altran acquisition and integration costs, the inclusion of restructuring expenses specific to Altran and greater seasonality of restructuring costs in the first half of 2020.

Capgemini operating profit is therefore down -12% to €577 million, or 7.6% of revenues.

The net financial expense is €64 million, compared with €39 million for the same period in 2019. This increase is due to the cost of financing the acquisition and the debt carried by Altran.

The income tax expense is €204 million and includes €26 million due to the transitional impact of the US tax reform, compared with €30 million last year. Adjusted for this transitional expense, the effective tax rate is 34.6%, compared with 32.6% in H1 2019 and FY 2019. This increase in the effective tax rate is mainly due to the temporary consequences of the consolidation of Altran in the Group scope.

Net profit (Group share) is down -20% year-on-year to €311 million for the first six months of the year. Basic earnings per share fell by -21% year-on-year to €1.86, while normalized earnings per share withstood well with a moderate decline of -4% to €2.80. The Group defines Normalized net profit as the Group share in net profit for the period adjusted for the impact of items recognized in "Other operating income and expense", net of tax calculated using the effective tax rate. Normalized earnings per share adjusted for the transitional tax expense also fell -4% to €2.95.

The Group generated organic free cash flow of €106 million, compared with €90 million in 2019, despite the increase in financial and other operating expenses related to the acquisition of Altran.

Return to shareholders totaled €426 million in H1 2020, with €200 million allocated to the multi-year Capgemini SE share buyback program and €226 million allocated to the payment of dividends. In addition, the Group disbursed a net amount of €3,234 million for external growth transactions during the period, mainly comprising 2020 outflows for the acquisition of Altran.

HEADCOUNT

At June 30, 2020, the Group's total headcount stood at 265,100, up +22% year-on-year, mainly following the integration of 50,000 Altran team members. Nearly 139,500 employees work in offshore centers, i.e. 53% of the total headcount.



OPERATIONS BY REGION

	Revenues	Year-on-year growth		Operating margin rate	
	H1 2020 (in millions of euros)	Reported	At constant exchange rates	H1 2019	H1 2020
North America	2,400	+6.8%	+4.2%	12.9%	14.4%
United Kingdom and Ireland	853	+0.5%	+0.6%	15.9%	14.3%
France	1,612	+7.6%	+7.6%	9.6%	6.9%
Rest of Europe	2,172	+14.4%	+15.1%	11.3%	10.2%
Asia-Pacific and Latin America	544	+5.8%	+11.4%	11.4%	10.5%
TOTAL	7,581	+8.2%	+7.9%	11.4%	10.8%

Revenues in North America grew by +4.2% at constant exchange rates. This increase was driven by Altran's contribution to revenues, mainly in the TMT sector. Financial Services also continued to recover and even experienced slight organic growth. The operating margin rate improved further to 14.4%, compared with 12.9% in the first half of 2019.

The United Kingdom and Ireland region reported a slight increase in revenues, growing +0.6% at constant exchange rates, supported by Altran's contribution (mainly in the Manufacturing and TMT sectors) and favorable Public sector momentum on an organic basis. Although declining, the operating margin remained high at 14.3%, compared with 15.9% a year earlier.

France reported revenue growth of +7.6% at constant exchange rates following the consolidation of Altran revenues (particularly in Manufacturing, TMT and the Energy & Utilities sectors). On a like-for-like basis, the Manufacturing sector was by far the most affected by the slowdown. By contrast, the Public sector continued its strong growth, while the Energy & Utilities sector showed great resilience. Within the Group, however, France was the hardest hit by the pandemic. Both revenues at constant scope and operating margin contracted sharply, with the latter falling 270 basis points year-on-year to 6.9%.

The Rest of Europe region grew +15.1% at constant exchange rates, including Altran revenues. Organically, regional dynamics demonstrated strong resilience consistent with that of the Group, driven by organic growth in the Public sector and Energy & Utilities. The region reported a slightly lower operating margin of 10.2%, compared with 11.3% a year earlier.

Finally, momentum remained strong in the Asia-Pacific and Latin America region, with revenues increasing +11.4% at constant exchange rates. This performance is particularly noteworthy as the Altran acquisition had a more limited impact in this region. Organic growth was sustained, boosted particularly by Financial services, as well as the Services sector and, to a lesser extent, Energy & Utilities. The region's operating margin reported a limited decline to 10.5%, from 11.4% in H1 2019.

OPERATIONS BY BUSINESS

When determining activity trends by business and in accordance with internal operating performance measures, growth at constant exchange rates is calculated based on total revenues, i.e. before elimination of inter-business billing. The Group considers this to be more representative of activity levels by business. As its businesses change, an increasing number of contracts require a range of business expertise for delivery, leading to a rise in inter-business flows.

	Total revenues	Year-on-year growth
	H1 2020 (% of Group revenues)	At constant exchange rates in Total revenues of the business
Strategy & Transformation	7%	+8.6%
Applications & Technology	65%	-1.3%
Operations & Engineering	28%	+37.2%

Strategy & Transformation consulting services benefited from the integration of high value added consulting services developed by Altran in recent years, recording +8.6% growth in total revenues at constant exchange rates.

Applications & Technology services, the Group's core business, reported a -1.3% decline in total revenues at constant exchange rates. The Altran acquisition had only a limited impact on this business.

Finally, Operations & Engineering total revenues grew +37.2% at constant exchange rates boosted by the consolidation of Altran, which primarily delivers Engineering services.



ANALYSIS OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2020

Consolidated Income Statement

Revenues for the first-half 2020 totaled €7,581 million, compared with €7,007 million for the first-half 2019. Growth at current Group scope and exchange rates is 8.2% year-on-year, with revenue increasing 7.9% at constant exchange rates.

The **operating margin** for the first six months of 2020 was €818 million, compared with €797 million for the same period in 2019, representing a margin rate of 10.8% compared with 11.4%.

Operating profit is €577 million for the first-half 2020, compared with €658 million for the first-half 2019, after taking into account **other operating income and expense** amounting net expense of €241 million in the first-half 2020 compared with €139 million in the first-half 2019, up €102 million over the period.

The **net financial expense** was €64 million in the first-half 2020, compared with €39 million for the same period in 2019. The increase was mainly due to the coupons on the 2020 bond issues and the interest on the Altran Technologies' Term Loans.

The **income tax expense** for the first-half of 2020 is €204 million, compared with €232 million for the first-half 2019. The effective tax rate of 39.7% compares with 37.4% for the first-half 2019.

Profit for the period attributable to owners of the Company is therefore €311 million for the first-half 2020, compared with €388 million for the first-half 2019. Normalized earnings per share are therefore €2.80 based on an average of 167,646,025 ordinary shares outstanding in the first-half 2020, compared with €2.90 based on an average of 165,843,357 ordinary shares outstanding in the first-half of 2019.

Consolidated Statement of Financial Position

Equity attributable to owners of the Company totaled €5,922 million at June 30, 2020, down €2,502 million on December 31, 2019. The decrease was mainly due to:

- ▶ the impact of the subsequent acquisition of Altran shares after the initial takeover for €2,134 million,
- ▶ the net profit for the period of €311 million;
- ▶ the negative impact of other comprehensive income of €265 million;
- ▶ the payment to shareholders of dividends of €226 million;
- ▶ the elimination of treasury shares in the amount of €204 million;
- ▶ the impact of incentive and employee share ownership instruments of €48 million.

Non-current assets totaled €14,545 million at June 30, 2020, up €2,973 million on December 31, 2019 mainly due to a €2,654 million increase in goodwill. This rise was mainly attributable to the provisional goodwill on Altran takeover during the first-half of 2020 in the amount of €2,577 million.

Non-current liabilities amounted to €10,235 million at June 30, 2020, up €5,639 million on December 31, 2019, due to the 2020 bond issues in the context of acquiring Altran.

Trade receivables and contract assets totaled €3,925 million at June 30, 2020 compared with €3,380 million at December 31, 2019. Trade receivables and contract assets excluding contract costs and net of contract liabilities totaled €2,993 million at June 30, 2020, compared with €2,461 million at December 31, 2019.

Accounts and notes payable mainly consist of trade payables and related accounts, personnel costs and accrued taxes other than income tax and total €3,255 million at June 30, 2020, compared with €3,011 million at December 31, 2019.

Consolidated net debt was €6,008 million at June 30, 2020, compared with €1,621 million at June 30, 2019 and €600 million at December 31, 2019. This €5,408 million increase in net debt on December 31, 2019 chiefly reflects:

- ▶ cash outflows in respect of the acquisition of Altran shares (including additional consideration granted on the shares purchased in 2019) of €3,280 million, plus Altran net debt of €1,556 million,
- ▶ the payment to shareholders of dividends of €226 million,
- ▶ cash outflows on business combinations, net of cash and cash equivalents acquired, of €109 million;
- ▶ net cash outflows of €204 million in respect of transactions in Capgemini SE shares, partially offset by an organic free cash flow generation of €106 million.



Related parties

No material transactions with related parties took place in the first-half 2020.

MAIN RISKS AND UNCERTAINTIES FOR THE SECOND-HALF 2020

The nature and degree of risks to which the Group is exposed have not changed from those presented on pages 120 to 136 of the 2019 Universal Registration Document, with the exception of the of inspection operations by the Competition Authority (cf. Note 16- Off-Balance Sheet Commitments).

OUTLOOK FOR FISCAL YEAR 2020

In an environment that remains uncertain, the Group anticipates a gradual recovery in the second half of 2020, compared with the second quarter.

The Group has therefore set the following objectives for 2020 as a whole:

- ▶ Revenue growth at constant exchange rates of between +12.5% and +14.0%, with an estimated contribution from acquisitions of 17,0%;
- ▶ An operating margin reduction of 0.6 to 0.9 points compared to the 2019 rate of 12.3%, illustrating a clear improvement in our resilience;
- ▶ Organic free cash flow above €900 million.

However, a sharp deterioration in health conditions and/or the economic environment in the coming months could undermine the attainment of these objectives.



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2020

CONSOLIDATED INCOME STATEMENT

<i>in millions of euros</i>	Notes	2019		First-half 2019		First-half 2020	
		Amount	%	Amount	%	Amount	%
Revenues	4 - 5	14,125	100	7,007	100	7,581	100
Cost of services rendered		(10,274)	(72.7)	(5,105)	(72.9)	(5,616)	(74.1)
Selling expenses		(1,123)	(8.0)	(571)	(8.1)	(569)	(7.5)
General and administrative expenses		(987)	(7.0)	(534)	(7.6)	(578)	(7.6)
Operating expenses	6	(12,384)	(87.7)	(6,210)	(88.6)	(6,763)	(89.2)
Operating margin *		1,741	12.3	797	11.4	818	10.8
Other operating income and expense	7	(308)	(2.2)	(139)	(2.0)	(241)	(3.2)
Operating profit		1,433	10.1	658	9.4	577	7.6
Net finance costs	8	(3)	-	1	-	(31)	(0.4)
Other financial income and expense	8	(76)	(0.6)	(40)	(0.6)	(33)	(0.4)
Net financial expense		(79)	(0.6)	(39)	(0.6)	(64)	(0.8)
Income tax income (expense)	9	(502)	(3.5)	(232)	(3.3)	(204)	(2.7)
PROFIT FOR THE PERIOD		852	6.0	387	5.5	309	4.1
<i>Attributable to:</i>							
<i>Owners of the Company</i>		856	6.0	388	5.5	311	4.1
<i>Non-controlling interests</i>		(4)	-	(1)	-	(2)	-
EARNINGS PER SHARE							
Average number of shares outstanding during the period		166,171,198		165,843,357		167,646,025	
Basic earnings per share (in euros)		5.15		2.34		1.86	
Diluted average number of shares outstanding		171,047,762		170,864,789		172,704,349	
Diluted earnings per share (in euros)		5.00		2.27		1.80	

* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3– Alternative performance measures.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>in millions of euros</i>	2019	First-half 2019	First-half 2020
Actuarial gains and losses on defined benefit pension plans, net of tax ⁽¹⁾	(35)	(86)	(101)
Remeasurement of hedging derivatives, net of tax ⁽²⁾	1	26	(30)
Translation adjustments ⁽²⁾	108	41	(132)
Other, net of tax ⁽¹⁾	1	-	(1)
OTHER ITEMS OF COMPREHENSIVE INCOME	75	(19)	(264)
Profit for the period (reminder)	852	387	309
Total comprehensive income for the period	927	368	45
<i>Attributable to:</i>			
<i>Owners of the Company</i>	931	369	46
<i>Non-controlling interests</i>	(4)	(1)	(1)

(1) Other items of comprehensive income that will not be reclassified subsequently to profit or loss.

(2) Other items of comprehensive income that may be reclassified subsequently to profit or loss.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>in millions of euros</i>	Notes	June 30, 2019	December 31, 2019	June 30, 2020
Goodwill	10	7,591	7,662	10,316
Intangible assets		658	645	811
Property, plant and equipment		749	738	846
Lease right-of-use assets		827	762	917
Deferred taxes assets		1,102	999	1,153
Other non-current assets	14	320	766	502
Total non-current assets		11,247	11,572	14,545
Contract costs	11	86	83	102
Contract assets	11	1,519	1,176	1,619
Trade receivables	11	1,907	2,121	2,204
Current tax receivables		123	45	221
Other current assets	14	559	464	590
Cash management assets	12	204	213	332
Cash and cash equivalents	12	1,669	2,461	2,149
Total current assets		6,067	6,563	7,217
TOTAL ASSETS		17,314	18,135	21,762

<i>in millions of euros</i>	Note	June 30, 2019	December 31, 2019	June 30, 2020
Share capital		1,338	1,355	1,356
Additional paid-in capital		2,979	3,150	3,149
Retained earnings and other reserves		2,761	3,063	1,106
Profit for the period		388	856	311
Equity (attributable to owners of the Company)		7,466	8,424	5,922
Non-controlling interests		(2)	(5)	9
Total equity		7,464	8,419	5,931
Long-term borrowings	12	3,237	2,564	7,619
Deferred taxes liabilities		183	185	210
Provisions for pensions and other post-employment benefits	13	1,132	1,046	1,202
Non-current provisions		20	17	112
Non-current lease liabilities		638	592	715
Other non-current liabilities	14	278	192	377
Total non-current liabilities		5,488	4,596	10,235
Short-term borrowings and bank overdrafts	12	260	717	866
Accounts and notes payable		2,786	3,011	3,255
Contract liabilities	11	727	836	830
Current provisions		86	99	95
Current tax liabilities		199	153	134
Current lease liabilities		232	221	277
Other current liabilities	14	72	83	139
Total current liabilities		4,362	5,120	5,596
TOTAL EQUITY AND LIABILITIES		17,314	18,135	21,762



CONSOLIDATED STATEMENT OF CASH FLOWS

<i>in millions of euros</i>	Notes	2019	First-half 2019	First-half 2020
Profit for the period		852	387	309
Depreciation, amortization and impairment of fixed assets and lease right-of-use assets		545	273	291
Change in provisions		(48)	(19)	(33)
Losses on disposals of assets and other		19	3	43
Expenses relating to share grants		88	47	48
Net finance costs	8	3	(1)	31
Unrealized (gains) losses on changes in fair value and other financial items		20	11	13
Income tax expense/(income)	9	502	232	204
Cash flows from operations before net finance costs and income tax (A)		1,981	933	906
Income tax paid (B)		(217)	(98)	(166)
Change in trade receivables, contract assets net of liabilities and contract costs		(98)	(360)	16
Change in accounts and notes payable		(26)	65	(57)
Change in other receivables/payables		154	(203)	(337)
Change in operating working capital (C)		30	(498)	(378)
NET CASH FROM (USED IN) OPERATING ACTIVITIES (D=A+B+C)		1,794	337	362
Acquisitions of property, plant and equipment and intangible assets		(222)	(120)	(99)
Proceeds from disposals of property, plant and equipment and intangible assets		3	2	1
Acquisitions of property, plant and equipment and intangible assets, net of disposals		(219)	(118)	(98)
Cash outflows on business combinations net of cash and cash equivalents acquired	2	(165)	(152)	(1,547)
Cash outflows in respect of cash management assets		(30)	(19)	(134)
Cash outflows in respect of the acquisition of Altran Technologies shares	2	(413)	-	(15)
Other cash outflows, net		(41)	(25)	(22)
Cash outflows from investing activities		(649)	(196)	(1,718)
NET CASH FROM (USED IN) INVESTING ACTIVITIES (E)		(868)	(314)	(1,816)
Proceeds from issues of share capital		253	-	(1)
Dividends paid		(282)	(281)	(226)
Net payments relating to transactions in Capgemini SE shares		(134)	(132)	(204)
Proceeds from borrowings	2	430	217	9,032
Repayments of borrowings	2	(448)	(24)	(5,585)
Subsequent acquisition of Altran Technologies securities	2	-	-	(1,672)
Repayments of lease liabilities		(272)	(142)	(139)
Interest paid		(77)	(19)	(49)
Interest received		62	32	30
NET CASH FROM (USED IN) FINANCING ACTIVITIES (F)		(468)	(349)	1,186
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (G=D+E+F)		458	(326)	(268)
Effect of exchange rate movements on cash and cash equivalents (H)		(12)	(15)	(66)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD (I)	12	2,004	2,004	2,450
CASH AND CASH EQUIVALENTS AT END OF PERIOD (G+H+I)	12	2,450	1,663	2,116



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>in millions of euros</i>	Number of shares	Share capital	Additional paid-in capital	Treasury shares	Consolidated retained earnings and other reserves	Income and expense recognized in equity		Equity (attributable to owners of the Company)	Non-controlling interests	Total equity
						Translation adjustments	Other			
At December 31, 2019	169,345,499	1,355	3,150	(30)	4,899	(80)	(870)	8,424	(5)	8,419
Dividends paid out for 2019		-	-	-	(226)	-	-	(226)	-	(226)
Incentive instruments and employee share ownership	104,200	1	(1)	-	48	-	-	48	-	48
Elimination of treasury shares		-	-	(203)	(1)	-	-	(204)	-	(204)
Takeover of Altran Technologies ⁽¹⁾		-	-	-	-	-	-	-	(459)	(459)
Subsequent acquisition of Altran Technologies securities ⁽¹⁾		-	-	-	(2,134)	-	-	(2,134)	462	(1,672)
Transactions with non-controlling interests and others		-	-	-	(32)	-	-	(32)	12	(20)
Transactions with shareholders and others	104,200	1	(1)	(203)	(2,345)	-	-	(2,548)	15	(2,533)
Income and expense recognized in equity		-	-	-	-	(133)	(132)	(265)	1	(264)
Profit for the period		-	-	-	311	-	-	311	(2)	309
At June 30, 2020	169,449,699	1,356	3,149	(233)	2,865	(213)	(1,002)	5,922	9	5,931

<i>in millions of euros</i>	Number of shares	Share capital	Additional paid-in capital	Treasury shares	Consolidated retained earnings and other reserves	Income and expense recognized in equity		Equity (attributable to owners of the Company)	Non-controlling interests	Total equity
						Translation adjustments	Other			
At December 31, 2018	167,293,730	1,338	2,979	(50)	4,237	(188)	(836)	7,480	(1)	7,479
Impact of first-time application of IFRS 16 ⁽²⁾		-	-	-	(16)	-	-	(16)	-	(16)
At January 1, 2019 including impact of IFRS 16	167,293,730	1,338	2,979	(50)	4,221	(188)	(836)	7,464	(1)	7,463
Dividends paid out for 2018		-	-	-	(281)	-	-	(281)	-	(281)
Incentive instruments and employee share ownership		-	-	-	47	-	-	47	-	47
Elimination of treasury shares		-	-	(134)	1	-	-	(133)	-	(133)
Transactions with shareholders	-	-	-	(134)	(233)	-	-	(367)	-	(367)
Income and expense recognized in equity		-	-	-	-	41	(60)	(19)	-	(19)
Profit for the period		-	-	-	388	-	-	388	(1)	387
At June 30, 2019	167,293,730	1,338	2,979	(184)	4,376	(147)	(896)	7,466	(2)	7,464

(1) See Note 2 - Changes in consolidation scope and major events. The €(459) million include the integration of €3 million of non-controlling interests.

(2) Equity at January 1, 2019 has been restated for the application of IFRS 16, Leases, using the modified retrospective method.



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED JUNE 30, 2020

NOTE 1 ACCOUNTING BASIS

The condensed interim consolidated financial statements for the half-year ended June 30, 2020 and the notes thereto were drawn up under the responsibility of the Board of Directors and reviewed by the Board of Directors' meeting of September 2, 2020.

A) IFRS standards base

The condensed interim consolidated financial statements for the first-half 2020 have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB), and endorsed by the European Union.

The Group also takes account of the positions adopted by Syntec Numérique, an organization representing major consulting and computer services companies in France, regarding the application of certain IFRS.

These condensed interim consolidated financial statements for the half-year ended June 30, 2020 should be read in conjunction with the 2019 consolidated financial statements.

B) New standards and interpretations applicable in 2020

a) New standards, amendments and interpretations of mandatory effect at January 1, 2020

The accounting policies applied by the Capgemini Group are unchanged on those applied for the preparation of the December 31, 2019 consolidated financial statements. The standards, amendments, and interpretations which entered into mandatory effect on January 1, 2020 did not have a material impact on the Group financial statements.

b) Other new standards not yet in effect at January 1, 2020 and not adopted early

The Group did not adopt early any new standards not yet in effect at January 1, 2020.

C) Use of estimates

The preparation of consolidated financial statements involves the use of estimates and assumptions which may have an impact on the reported values of assets and liabilities at the period end or on certain items of either net profit or the income and expenses recognized directly in equity for the period. Estimates are based on economic data and assumptions which are likely to vary over time and interpretations of local regulation when necessary. They have notably been made in an economic and health context that remains uncertain, due to the global coronavirus pandemic. These estimates are subject to a degree of uncertainty and mainly concern revenue recognition on a percentage-of-completion basis, provisions, measurement of the recoverable amount of intangible assets and deferred tax assets, provisions for pensions and other post-employment benefits, the fair value of derivatives and the calculation of the tax expense, notably in the context of the US tax reform.



NOTE 2 CHANGES IN CONSOLIDATION SCOPE AND MAJOR EVENTS

A) Changes in consolidation scope during the half-year

On February 12, 2020, Capgemini announced the signing of an agreement to acquire Purpose, one of the world's leading social impact agencies and hub for campaign innovation, headquartered in New York with outlets across the globe. The expertise of Purpose's 100 campaigners, creatives, strategists and technologists, combined with Capgemini Invent, the digital innovation, consulting and transformation brand of the Capgemini Group, will further support clients to transform their business models and practices for impact, and engage their stakeholders in making meaningful contributions to society.

On February 18, 2020, Capgemini announced the signing of an agreement to acquire Advectas, a leading business in Artificial Intelligence and data science in Scandinavia. By joining Capgemini's Insights & Data global business line, the 200+ strong Advectas team help to further meet growing client demand for Capgemini's business intelligence and data analytics services across the region.

On March 25, 2020, Capgemini announced the signing of an agreement to acquire WhiteSky Labs, one of the largest independent MuleSoft full-service consultancies in the world, with operations across Australia and Asia. By joining the Group, the 150+ WhiteSky Labs team help Capgemini to realize the potential of API powered enterprise integration across the region, to support the digital transformation of public and private sector organizations.

B) Acquisition of the Altran Technologies group

Description of the transaction:

On June 24, 2019, Capgemini SE and Altran Technologies S.A. (from now on Altran Technologies S.A.S., "Altran"), the global leader in Engineering and R&D services, jointly announced the proposed acquisition of Altran by Capgemini, through a friendly tender offer at €14.00 per Altran share, payable in cash. This acquisition, unanimously approved by the Boards of Directors of the two companies, seeks to create a global digital transformation leader for industrial and tech companies. On July 2, 2019, following settlement and delivery of the off-market acquisition of a block of shares from shareholders led by Apax Partners and in accordance with the announcement of June 24, 2019, the Group acquired 29,378,319 Altran shares representing 11.43% of Altran's share capital.

Capgemini filed its draft offer and the related offer document with the French Financial Markets Authority (AMF) on September 23, 2019. On October 14, 2019, the AMF issued its clearance on the draft offer and approved Capgemini's offer document (AMF visa no. 19-489) and Altran's response document (AMF visa no. 19-490).

On January 14, 2020, Capgemini increased the offer price from €14.00 to €14.50 per share.

Following settlement and delivery on February 4 and 21, 2020, respectively, Capgemini held 54.17% of the share capital and at least 54.04% of voting rights. Taking into account the shares owned by Altran, Capgemini held 55.13% of Altran's share capital and at least 55.00% of voting rights.

On March 13, 2020, the Paris Appeal Court issued a ruling rejecting the action brought by certain minority shareholders of Altran to annul the AMF's clearance decision on Capgemini's friendly tender offer for Altran Technologies shares. The Appeal Court confirmed the validity of the offer with respect to applicable legislative and regulatory provisions and of the visa issued by the AMF on Altran's response document. Accordingly, the takeover of Altran by Capgemini, which held 55.13% of the Altran share capital and at least 55.00% of voting rights at this date, came into effect. As a practical expedient, Altran Technologies group is fully integrated in the Capgemini's consolidation scope from April, 1 2020.

The offer was reopened between March 16 and 27, 2020 (inclusive), under the same financial terms and conditions, enabling shareholders that had not yet contributed their shares to the offer to do so.

On April 1, 2020, the AMF announced that 110,571,163 Altran shares were tendered following the new reopening of Capgemini's offer. Following settlement and delivery on April 8, 2020, Capgemini held 98.15% of the share capital and at least 98.03% of Altran voting rights. This new reopening was recognized in the Group's accounts as a subsequent acquisition of non-controlling interests.

Capgemini then implemented a squeeze-out on the remaining Altran shares not yet held after the closure of its offer. Following this procedure, Capgemini now holds the entire share capital and voting rights of Altran and the Altran shares were delisted after the market close on April 15, 2020. This last operation was also recognized in the Group's accounts as a subsequent acquisition of non-controlling interests.



Accounting recognition of the transaction:

Within the context described above, the Group recognized provisional goodwill in respect of this transaction and in accordance with the partial goodwill method.

a) Initial take over: provisional allocation of the purchase price

The provisional allocation of the purchase price, based on a 55% owned interest, is as follows:

<i>in millions of euros</i>	
Fair value of previously-held investment ⁽¹⁾	426
Acquisition of a controlling interest on March 13, 2020	1,593
Cash consideration paid at initial take over	2,019
Non-controlling interest ⁽²⁾	(462)
TOTAL CONSIDERATION TRANSFERRED (A)	1,557
Intangible assets	206
Property, plant and equipment	139
Deferred taxes, net	171
Cash and cash equivalents	175
Short- and long-term borrowings and bank overdrafts	(1,731)
Current and non-current provisions	(197)
Other assets and liabilities	217
PROVISIONAL NET ASSETS AT DATE OF INITIAL TAKE OVER (B)	(1,020)
PROVISIONAL GOODWILL (A)-(B)	2,577

(1) As all shares were purchased at a price of €14.50, the fair value of the previously held investment is equal to the net carrying amount of the share block (29,378,319 shares) purchased off-market from shareholders led by Apax Partners on July 2, 2019.

(2) This amount is corresponding to the minority share (45% of the provisional net assets) at the date of initial take over.

The fair value remeasurement of the assets and liabilities and the purchase price allocation pursuant to IFRS 3 are being assessed by an independent expert and are still on-going. At this date, no identifiable intangible asset has been recognized and the measurement of certain assets and/or liabilities is still being assessed. Thus, the information given above is provisional.

Since its acquisition on April 1, 2020, Altran has contributed €712 million and €78 million, respectively, to Group revenues and its operating margin.

Acquisition costs relating to the transaction totaled €35 million in the first-half of 2020.

b) Subsequent acquisition of non-controlling interests in Altran Technologies

Following settlement and delivery on April 8, 2020 and the delisting of Altran shares after the market close on April 15, 2020, Capgemini acquired the remaining 45% interest. This subsequent acquisition of non-controlling interests was therefore recognized as a reduction in Group equity amounting to €2,134 million, corresponding to the purchase of the remaining 115,320,381 shares for €1,672 million and the non-controlling interests at the initial take over (cf. above) for €462 million.

Transaction financing:

a) Deal financing:

To finance this acquisition, the Group used available cash and notably performed the following transactions:

- Negotiation on June 24, 2019 of a €5.4 billion bridge loan covering the purchase of securities and Altran's gross debt, with an initial term of one year and two consecutive six-month extension options exercisable at Capgemini's initiative. Following a partial cancellation, the bridge loan totaled €4.4 billion and was available in full at December 31, 2019.
- On April 8, 2020 Capgemini priced a four-tranche bond issue with a total nominal value of €3.5 billion and settlement/delivery on April 15, 2020. The main terms of this issue's four tranches are as follows:
 - €500 million 2-year notes (the 2022 tranche), with a coupon of 1.250% (issue price 99.794%),
 - €800 million 6-year notes (the 2026 tranche), with a coupon of 1.625% (issue price 99.412%),
 - €1 billion 9-year notes (the 2029 tranche), with a coupon of 2.000% (issue price 99.163%) and
 - €1.2 billion 12-year notes (the 2032 tranche), with a coupon of 2.375% (issue price 99.003%).

The proceeds of this bond issue were primarily used to repay the bridge loan secured for the acquisition of Altran Technologies and to redeem the €676 million principal amount outstanding under the bonds maturing on July 1, 2020.



- On June 18, 2020 Capgemini priced a dual-tranche bond issue with a total nominal value of €1.6 billion and settlement/delivery on June 23, 2020. The main terms of this issue's two tranches are as follows:
 - €800 million 5-year notes (the 2025 tranche), with a coupon of 0.625% (issue price 99.887%),
 - €800 million 10-year notes (the 2030 tranche), with a coupon of 1.125% (issue price 99.521%),
 The proceeds of this bond issue were primarily used to repay Altran Technologies' Term Loan B and a bank loan secured by Altran in March 2020 (following the exercise by certain Term Loan B lenders of their early repayment rights following the acquisition of Altran Technologies by Capgemini), both maturing in March 2025 and with a total outstanding principal of €1.6 billion at the repayment date (the "Term Loans").

At June 30, 2020, the bridge loan secured to finance the acquisition of Altran, the Term Loans and a €250 million revolving credit facility set-up by Altran Technologies and not drawn, were repaid in full and canceled.

b) Impact on the Statement of Cash Flows:

The transaction impacted the Statement of Cash Flows as follows:

	2019	First-half 2020
Cash outflows in respect of the acquisition of Altran Technologies shares ⁽¹⁾⁽²⁾	(413)	(15)
Cash outflows on business combinations net of cash and cash equivalents acquired	(165)	(1,547)
<i>o/w: Takeover of Altran Technologies ⁽²⁾</i>	-	(1,593)
<i>o/w: Altran Technologies cash and cash equivalents net of overdrafts at date of acquisition of control</i>	-	155
Proceeds from borrowings	430	9,032
<i>o/w: Bridge loan</i>	400	3,055
<i>o/w: April and June 2020 bond issues</i>	-	5,045
Repayments of borrowings	(448)	(5,585)
<i>o/w: Redemption of drawings on bridge loan</i>	(400)	(3,055)
<i>o/w: Redemption of the Altran Technologies Term Loans</i>	-	(1,592)
<i>o/w: Early redemption of bond maturing in July 2020</i>	-	(676)
Subsequent acquisition of Altran Technologies securities	-	(1,672)

(1) including financial transaction taxes totaling €2 million in 2019 and the increase from €14 to €14.50 per share for the 11.43% share block purchased on July 2, 2019 for €15 million in the first-half of 2020.

(2) The cash consideration paid at initial take over amounting €2,019 million is corresponding to the cash outflows in respect of the acquisition of Altran shares in 2019 and during first-half of 2020 for respectively €411 million and €15 million as well as the cash outflow linked to the take over date of March 13, 2020 of €1,593 million.

Employee incentive instruments

Altran Technologies set up several Free Share grant plans between 2017 and 2019, with vesting periods still running at the takeover date.

Capgemini Group undertook to modify the terms and conditions of the 2017 plan (the "2017 Plan"), the 2018 plan (the "2018 Plan") and the 2019 plan (the "2019 Plan") to lift the condition of presence in the event of dismissal (except for gross negligence or serious misconduct) and in the event of a substantial change to the employment contract resulting in its termination due to the actions of the employer (*constructive dismissal*).

Capgemini Group also undertook, within one month of the settlement-delivery of the Offer, to propose to each of the beneficiaries of Free Shares to waive their rights to receive such Free Shares in exchange for the payment by Capgemini of cash compensation in accordance with the terms below (the "Compensation Mechanism"). The beneficiaries may only accept the Compensation Mechanism during a three-month period commencing the settlement-delivery date of the Offer and will only benefit from it, as the case may be, at the end of the applicable vesting period for each plan.

No later than fifteen working days following expiry of the vesting period provided by the 2017 Plan, the 2018 Plan and the 2019 Plan, respectively, the Company undertakes:

- with respect to the 2017 Plan, subject to the satisfaction of the presence condition (amended as detailed above) at the end of the vesting period (the "2017 Eligible Rights"), to apply the performance conditions provided under the 2017 Plan for fiscal years 2017, 2018 and 2019 to all the 2017 Eligible Rights;



- with respect to the 2018 Plan, subject to the satisfaction of the presence condition (amended as detailed above) at the end of the vesting period (the “2018 Eligible Rights”), to apply the performance conditions as provided under the 2018 Plan for fiscal years 2018 and 2019 to two-thirds of the 2018 Eligible Rights, and not to apply the performance conditions for fiscal year 2020 for the remaining third of the 2018 Eligible Rights (which would therefore vest in full); and
- with respect to the 2019 Plan, subject to the satisfaction of the presence condition (amended as detailed above) at the end of the vesting period (the “2019 Eligible Rights”), to apply the performance conditions as provided under the 2019 Plan for fiscal year 2019 to one-third of the 2019 Eligible Rights, and not to apply the performance conditions for fiscal years 2020 and 2021 for the remaining two-thirds of the 2019 Eligible Rights (which would therefore vest in full).

For each beneficiary having accepted the Compensation Mechanism, the Company will pay, no later than the forty-fifth working day following the end of the applicable vesting period provided under the 2017 Plan, the 2018 Plan and the 2019 Plan, a gross cash amount equal, for each right to receive Free Shares, to the Offer price (i.e. €14.50 per share) indexed to the change in the Capgemini share price between the settlement-delivery date of the Offer and the end of the relevant vesting period. This change cannot exceed +20% or be lower than (-20%).

The total estimated expense (including related social security contributions) of €31.2 million for instruments in the course of vesting, is allocated between the different grant dates and the different vesting dates. A provision of €15.4 million was therefore recognized in the opening balance sheet for the period, covering services rendered between the grant date and the Altran acquisition date. The estimated expense of €15.8 million for the period after the acquisition date will be taken to profit or loss progressively, as Integration costs for companies acquired included in Other operating income and expense, over the period from April 1, 2020 to the different vesting dates for the relevant rights. An expense of €2.2 million was recognized in the first-half of 2020.



NOTE 3 ALTERNATIVE PERFORMANCE MEASURES

The alternative performance measures monitored by the Group are defined as follows:

- ▶ **Organic growth**, or like-for-like growth, in revenues is the growth rate calculated at constant Group scope and exchange rates. The Group scope and exchange rates used are those for the reported period.
- ▶ **Growth at constant exchange rates** in revenues is the growth rate calculated at exchange rates used for the reported period.
- ▶ **Operating margin** is equal to revenues less operating expenses. It is calculated before “Other operating income and expense” which include amortization of intangible assets recognized in business combinations, the charge resulting from the deferred recognition of the fair value of shares granted to employees (including social security contributions and employer contributions), and non-recurring revenues and expenses, notably impairment of goodwill, negative goodwill, capital gains or losses on disposals of consolidated companies or businesses, restructuring costs incurred under a detailed formal plan approved by the Group's management, the cost of acquiring and integrating companies acquired by the Group, including earn-outs comprising conditions of presence, and the effects of curtailments, settlements and transfers of defined benefit pension plans.
- ▶ **Normalized earnings per share** are calculated by dividing normalized profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares. Normalized net profit or loss is equal to profit for the year attributable to owners of the Company corrected for the impact of items recognized in “Other operating income and expense” (see Note 7 - Other operating income and expense), net of tax, calculated using the effective tax rate:

<i>in millions of euros</i>	First-half 2019	First-half 2020
Profit for the period attributable to owners of the Company	388	311
Other operating income and expenses, net of tax calculated at the effective tax rate ⁽¹⁾	93	158
Normalized profit for the year attributable to owners of the Company	481	469
Weighted average number of ordinary shares outstanding	165,843,357	167,646,025
NORMALIZED EARNINGS PER SHARE (in euros)	2.90	2.80

(1) See Note 9 - Income Tax.

In the first-half of 2020, the Group recognized an income tax expense of €26 million in respect of the transitional impact of the US tax reform, reducing normalized earnings per share by €0.15. Excluding this tax charge, normalized earnings per share would have been €2.95 in the first-half of 2020.

<i>in millions of euros</i>	First-half 2019	First-half 2020
NORMALIZED EARNINGS PER SHARE (in euros)	2.90	2.80
Tax expense due to the transitional impact of the US tax reform	30	26
Weighted average number of ordinary shares outstanding	165,843,357	167,646,025
Impact of the tax expense due to the transitional impact of the US tax reform	0.18	0.15
NORMALIZED EARNINGS PER SHARE - excl. the tax expense due to the transitional impact of the US tax reform (in euros)	3.08	2.95

- ▶ **Net debt** (or net cash and cash equivalents) comprises (i) cash and cash equivalents, as presented in the Consolidated Statement of Cash Flows (consisting of short-term investments and cash at bank) less bank overdrafts, (ii) cash management assets (assets presented separately in the Consolidated Statement of Financial Position due to their characteristics), less (iii) short- and long-term borrowings. Account is also taken of the impact of hedging instruments when these relate to borrowings and own shares. Lease liabilities (including finance lease liabilities) are excluded from net debt at January 1, 2019.



- **Organic free cash flow** calculated based on items in the Statement of Cash Flows is equal to cash flow from operations less acquisitions of property, plant, equipment and intangible assets (net of disposals) and repayments of lease liabilities and adjusted for flows relating to the net interest cost.

<i>in millions of euros</i>	First-half 2019	First-half 2020
Net cash from operating activities	337	362
Acquisitions of property, plant and equipment and intangible assets	(120)	(99)
Proceeds from disposals of property, plant and equipment and intangible assets	2	1
Acquisitions of property, plant, equipment and intangible assets (net of disposals)	(118)	(98)
Interest paid	(19)	(49)
Interest received	32	30
Net interest cost	13	(19)
Repayments of lease liabilities	(142)	(139)
ORGANIC FREE CASH FLOW	90	106

The impact of the health crisis on the condensed interim consolidated financial statements for the first-half 2020 is not isolated. The definition of the above alternative performance measures is therefore unchanged and, in accordance with past practice, these condensed interim consolidated financial statements for the first-half 2020 include in other operating income and expense a non-material amount of incremental and non-recurring costs related to this crisis (See Note 7 – Other operating income and expense).



NOTE 4 OPERATING SEGMENTS

Group Management analyzes and measures activity performance in the geographic areas where the Group is present.

The geographic analysis enables management to monitor the performance:

- ▶ of commercial development: it focuses on trends in major contracts and clients in Group markets across all its businesses. This monitoring seeks to coordinate the service offering of the different businesses in the countries, given their considerable interaction and to measure the services rendered;
- ▶ at operational and financial level: management of treasury and support services, the operating investment and financing policies and the acquisition policy are decided and implemented by geographic area.

Accordingly, the Group presents segment reporting for the five geographic areas where it is located.

Costs relating to operations and incurred by Group holding companies on behalf of geographic areas are allocated to the relevant segments either directly or on the basis of an allocation key. Items not allocated correspond to headquarter expenses.

Inter-segment transactions are carried out on an arm's length basis.

The performance of operating segments is measured based on the operating margin*. This indicator enables the measurement and comparison of the operating performance of operating segments, irrespective of whether their business results from internal or external growth.

The operating margin* realized by the main offshore delivery centers (India and Poland) is reallocated to the geographic areas managing the contracts to enable a better understanding of the performance of these areas.

* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3– Alternative performance measures.

The Group communicates segment information for five geographic areas: North America, France, United Kingdom and Ireland, the Rest of Europe, Asia-Pacific and Latin America.

First-half 2020 (in millions of euros)	North America	France	United Kingdom and Ireland	Rest of Europe	Asia-Pacific and Latin America	Headquarter expenses	Eliminations	Total
Revenues								
▶ external	2,400	1,612	853	2,172	544	-	-	7,581
▶ inter-geographic area	78	148	109	179	828	-	(1,342)	-
TOTAL REVENUES	2,478	1,760	962	2,351	1,372	-	(1,342)	7,581
OPERATING MARGIN *	346	112	122	221	57	(40)	-	818
% of revenues	14.4	6.9	14.3	10.2	10.5	-	-	10.8
OPERATING PROFIT	278	65	107	167	34	(74)	-	577

* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3– Alternative performance measures.

First-half 2019 (in millions of euros)	North America	France	United Kingdom and Ireland	Rest of Europe	Asia-Pacific and Latin America	Headquarter expenses	Eliminations	Total
Revenues								
▶ external	2,248	1,498	849	1,898	514	-	-	7,007
▶ inter-geographic area	60	128	93	160	793	-	(1,234)	-
TOTAL REVENUES	2,308	1,626	942	2,058	1,307	-	(1,234)	7,007
OPERATING MARGIN *	290	144	135	215	59	(46)	-	797
% of revenues	12.9	9.6	15.9	11.3	11.4	-	-	11.4
OPERATING PROFIT	235	114	111	198	48	(48)	-	658

* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3– Alternative performance measures.



2019 (in millions of euros)	North America	France	United Kingdom and Ireland	Rest of Europe	Asia-Pacific and Latin America	Headquarter expenses	Eliminations	Total
Revenues								
▶ external	4,567	3,017	1,653	3,809	1,079	-	-	14,125
▶ inter-geographic area	135	257	190	340	1,645	-	(2,567)	-
TOTAL REVENUES	4,702	3,274	1,843	4,149	2,724	-	(2,567)	14,125
OPERATING MARGIN *	637	366	251	451	120	(84)	-	1,741
% of revenues	13.9	12.1	15.2	11.8	11.2	-	-	12.3
OPERATING PROFIT	519	296	214	402	103	(101)	-	1,433

* Operating margin, an alternative performance measure monitored by the Group, is defined in Note 3– Alternative performance measures.

NOTE 5 REVENUES

In the first-half 2020, revenues increased by 8.2% year-on-year at current Group scope and exchange rates. Revenues increased by 7.9% at constant exchange rates*, while organic growth* was negative by 3.4%.

in millions of euros	First-half 2019	Change		First-half 2020
		Reported	at constant exchange rates (*)	
North America	2,248	6.8%	4.2%	2,400
France	1,498	7.6%	7.6%	1,612
United Kingdom and Ireland	849	0.5%	0.6%	853
Rest of Europe	1,898	14.4%	15.1%	2,172
Asia-Pacific and Latin America	514	5.8%	11.4%	544
TOTAL	7,007	8.2%	7.9%	7,581

* Organic growth and growth at constant exchange rates, alternative performance measures monitored by the Group, are defined in Note 3 - Alternative performance measures.



NOTE 6 OPERATING EXPENSES BY NATURE

<i>in millions of euros</i>	2019		First-half 2019		First-half 2020	
	Amount	% of revenues	Amount	% of revenues	Amount	% of revenues
Personnel expenses	8,833	62.5%	4,437	63.3%	5,110	67.4%
Travel expenses	534	3.8%	274	3.9%	152	2.0%
	9,367	66.3%	4,711	67.2%	5,262	69.4%
Purchases and sub-contracting expenses	2,299	16.3%	1,146	16.4%	1,114	14.7%
Rent and local taxes	176	1.3%	91	1.3%	93	1.2%
Charges to depreciation, amortization, impairment and provisions and proceeds from asset disposals	542	3.8%	262	3.7%	294	3.9%
OPERATING EXPENSES	12,384	87.7%	6,210	88.6%	6,763	89.2%

NOTE 7 OTHER OPERATING INCOME AND EXPENSE

<i>in millions of euros</i>	2019	First-half 2019	First-half 2020
Amortization of intangible assets recognized in business combinations	(73)	(38)	(35)
Expenses relating to share grants	(105)	(55)	(52)
Restructuring costs	(82)	(26)	(76)
Integration costs for companies acquired	(31)	(16)	(25)
Acquisition costs	(19)	(2)	(36)
Other operating expenses	(12)	(3)	(20)
Total operating expenses	(322)	(140)	(244)
Other operating income	14	1	3
Total operating income	14	1	3
OTHER OPERATING INCOME AND EXPENSE	(308)	(139)	(241)

Amortization of intangible assets recognized in business combinations

The fair value remeasurement of the assets and liabilities and the purchase price allocation pursuant to IFRS 3 for the Altran acquisition (see Note 2 - Changes in consolidation scope and major events) are still being assessed by an independent expert and will be finalized within 12 months of the acquisition date, thus no amortization of intangible asset is recognized in the first-half of 2020.

Restructuring costs

Restructuring costs total €76 million compared to €26 million in the first-semester 2019. This increase is mainly due to the integration of Altran restructuring costs and a higher seasonal weighting of restructuring costs over the first-half of 2020.

Integration costs for companies acquired

Integration costs for companies acquired total €25 million, including €16 million in respect of the integration of Altran in the first-half of 2020.

Acquisition costs

Acquisition costs mainly include the costs relating to the acquisition of the Altran Technologies group (see Note 2 - Changes in consolidation scope and major events) of €35 million.

Other operating expenses

In this unprecedented and evolving context of the global coronavirus pandemic, Capgemini's priority is the health and safety of its employees while ensuring the continuity of services to its clients.

The Group therefore implemented prevention and protection measures even before lockdown was announced and is constantly monitoring compliance with the decisions and recommendations of local public authorities.

These protection, health and safety and business continuity measures generated non-recurring incremental costs of €17 million in the first-half of 2020.



NOTE 8 NET FINANCIAL EXPENSE

<i>in millions of euros</i>	2019	First-half 2019	First-half 2020
Income from cash, cash equivalents and cash management assets	62	32	30
Net interest on borrowings	(57)	(27)	(56)
Net finance costs at the nominal interest rate	5	5	(26)
Impact of amortized cost on borrowings	(8)	(4)	(5)
Net finance costs at the effective interest rate	(3)	1	(31)
Net interest cost on defined benefit pension plans	(27)	(13)	(12)
Interest on lease liabilities	(22)	(11)	(11)
Exchange (losses) gains on financial transactions	(31)	(27)	3
Gains (losses) on derivative instruments	14	14	(6)
Other	(10)	(3)	(7)
Other financial income and expense	(76)	(40)	(33)
NET FINANCIAL EXPENSE	(79)	(39)	(64)

Net interest on borrowings (€56 million) and the impact of amortized cost on borrowings (€5 million) total €61 million and mainly comprise:

- ▶ coupons on the 2015 bond issues of €17 million, plus an amortized cost accounting impact of €1 million,
- ▶ the coupon on the 2016 bond issue of €1 million, with a negligible amortized cost accounting impact,
- ▶ coupons on the 2018 bond issues of €8 million, plus an amortized cost accounting impact of €3 million,
- ▶ coupons on the 2020 bond issues of €14 million, plus an amortized cost accounting impact of €1 million,
- ▶ interest on the bridge loan covering the purchase of Altran shares of €4 million,
- ▶ interest on the Altran Term Loans of €11 million.

Exchange losses on financial transactions and gains on derivative instruments primarily concern inter-company loans denominated in foreign currencies and their related hedging arrangements.



NOTE 9 INCOME TAX EXPENSE

The effective tax rate for the half-year is calculated by applying the estimated effective tax rate for the fiscal year to pre-tax net profits for the half-year to June 30.

The effective income tax rate for the first-half 2020 is 39.7% based on pre-tax net profit of €513 million, compared with 37.1% at December 31, 2019 and 37.4% at June 30, 2019.

The effective income tax rate used to calculate normalized earnings per share at June 30, 2020 is 34.6% as it is adjusted for the tax expense of €26 million due to the transitional impact of the US tax reform, compared with 32.6% at June 30, 2019.

NOTE 10 GOODWILL

The €2,654 million increase is mainly due to the provisional goodwill on the Altran takeover during the first-half of 2020 in the amount of €2,577 million (see Note 2 - Changes in consolidation scope and major events).

In the unprecedented context of the global coronavirus pandemic, the Group conducted reverse sensitivity analyses on impairment tests performed at December 31, 2019. Based on 2019 recoverable amounts and the net carrying amount of goodwill at June 30, 2020, the reasonably probable scenarios associated with the COVID-19 crisis are less pessimistic than the changes in critical operating assumptions that would be necessary for the recognition of goodwill impairment.

Accordingly, the Group did not recognize any impairment losses in value in the condensed interim consolidated financial statements for the first-half 2020.

NOTE 11 TRADE RECEIVABLES, CONTRACT ASSETS AND CONTRACT COSTS

<i>in millions of euros</i>	June 30, 2019	December 31, 2019	June 30, 2020
Trade receivables	1,927	2,140	2,241
Provisions for doubtful accounts	(20)	(19)	(37)
Contract assets	1,519	1,176	1,619
Trade receivables and contract assets, excluding contract costs	3,426	3,297	3,823
Contract costs	86	83	102
TRADE RECEIVABLES AND CONTRACT ASSETS	3,512	3,380	3,925

Total trade receivables and contract assets net of contract liabilities can be analyzed as follows in number of days' annual revenue:

<i>in millions of euros</i>	June 30, 2019	December 31, 2019	June 30, 2020
Trade receivables and contract assets, excluding contract costs	3,426	3,297	3,823
Contract liabilities	(727)	(836)	(830)
TRADE RECEIVABLES AND CONTRACT ASSETS NET OF CONTRACT LIABILITIES	2,699	2,461	2,993
In number of days' annual revenue	69	63	64

At June 30, 2020, receivables totaling €312 million were assigned with transfer of risk as defined by IFRS 9 to financial institutions. These receivables were therefore derecognized in the Statement of Financial Position at June 30, 2020.

The increase compared to the derecognized receivables of €75 million at December 31, 2019 is linked to the integration of Altran Technologies's derecognized receivables amounting to €225 million at April 1, 2020 (date of first consolidation).



NOTE 12 NET DEBT / NET CASH AND CASH EQUIVALENTS

<i>in millions of euros</i>	June 30, 2019	December 31, 2019	June 30, 2020
Short-term investments	1,271	1,920	991
Cash at bank	398	541	1,158
Bank overdrafts	(6)	(11)	(33)
Cash and cash equivalents	1,663	2,450	2,116
Cash management assets	204	213	332
Bonds	(3,237)	(2,564)	(7,613)
Draw-downs on bank and similar facilities and other borrowings	-	-	(6)
Long-term borrowings	(3,237)	(2,564)	(7,619)
Bonds	(44)	(703)	(48)
Draw-downs on bank and similar facilities and other borrowings	(210)	(3)	(785)
Short-term borrowings	(254)	(706)	(833)
Borrowings	(3,491)	(3,270)	(8,452)
Derivative instruments	3	7	(4)
NET DEBT *	(1,621)	(600)	(6,008)

* Net debt/net cash and cash equivalents, an alternative performance measure monitored by the Group, is defined in Note 3 - Alternative performance measures.

The €5,408 million increase in net debt during the first six months of 2020 chiefly reflects:

- ▶ cash outflows in respect of the acquisition of Altran shares (including the earn-out granted on the shares purchased in 2019) of €3,280 million, plus Altran net debt of €1,556 million,
- ▶ net cash outflows of €204 million in respect of transactions in Capgemini SE shares,
- ▶ the payment to shareholders of a dividend of €226 million;
- ▶ cash outflows on business combinations, net of cash and cash equivalents acquired (excluding Altran), of €109 million, partially offset by organic free cash flow* generation of €106 million.

Financial asset and liability fair value measurement methods and classifications are unchanged on December 31, 2019.

* Organic free cash flow, an alternative performance measure monitored by the Group, is defined in Note 3 - Alternative performance measures.



NOTE 13 PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

<i>in millions of euros</i>	June 30, 2019	December 31, 2019	June 30, 2020
NET OBLIGATION AT BEGINNING OF PERIOD	1,011	1,011	1,046
Expense for the period recognized in the Income Statement	40	101	53
Cost of services rendered	28	74	43
Curtailments, settlements and plan transfers	(1)	-	(2)
Interest cost	13	27	12
Impact on income and expense recognized in equity	115	49	134
Benefits and contributions	(44)	(140)	(69)
Translation adjustments	10	34	(45)
Business combinations	-	-	83
Other movements	-	(9)	-
NET OBLIGATION AT END OF PERIOD	1,132	1,046	1,202



NOTE 14 OTHER CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

"Other non-current assets", "Other current assets", "Other non-current liabilities" and "Other current liabilities" presented in the Consolidated Statement of Financial Position break down as follows:

OTHER CURRENT AND NON-CURRENT ASSETS

<i>(in millions of euros)</i>	June 30, 2019	December 31, 2019	June 30, 2020
Derivative instruments	133	106	59
Shares in associates	44	74	73
Social security and tax-related receivables, other than income tax	204	208	187
Prepaid expenses	227	143	275
Long-term deposits, receivables and other investments	117	128	163
Non-current tax receivables	78	89	189
Altran Technologies non-consolidated shares	-	413	-
Other	76	69	146
OTHER CURRENT AND NON-CURRENT ASSETS	879	1,230	1,092

The variation of "other current and non-current assets" on the period came mainly from:

- ▶ The consolidation of Altran since April 1, 2020 offset by
- ▶ The derecognition of the non-consolidated Altran shares following the takeover (See Note 2 – Changes in consolidation scope and major events).

OTHER CURRENT AND NON-CURRENT LIABILITIES

<i>(in millions of euros)</i>	June 30, 2019	December 31, 2019	June 30, 2020
Special employee profit-sharing reserve	53	45	39
Derivative instruments	14	24	51
Liabilities related to acquisitions of consolidated companies	189	106	139
Non-current tax payables	29	23	166
Other	65	77	121
OTHER CURRENT AND NON-CURRENT LIABILITIES	350	275	516

The variation of "other current and non-current liabilities" on the period is mainly explained by the consolidation of Altran, including the non-current tax payables on tax audit and litigation proceedings in particular in India and France.



NOTE 15 NUMBER OF EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES BY GEOGRAPHIC AREA

	First-half 2019		2019		First-half 2020	
	Number of employees	%	Number of employees	%	Number of employees	%
North America	17,828	8%	17,887	8%	18,373	8%
France	24,874	12%	25,038	12%	30,574	13%
United Kingdom and Ireland	8,726	4%	8,796	4%	9,673	4%
Rest of Europe	37,847	18%	38,461	18%	46,816	20%
Africa and Middle East	1,820	1%	1,855	1%	2,746	1%
Asia-Pacific and Latin America	122,375	57%	124,067	57%	130,904	54%
AVERAGE NUMBER OF EMPLOYEES	213,470	100%	216,104	100%	239,086	100%

NUMBER OF EMPLOYEES AT THE PERIOD END BY GEOGRAPHIC AREA

	June 30, 2019		December 31, 2019		June 30, 2020	
	Number of employees	%	Number of employees	%	Number of employees	%
North America	17,829	8%	17,848	8%	18,763	7%
France	24,956	12%	25,518	12%	37,365	14%
United Kingdom and Ireland	8,837	4%	8,869	4%	10,628	4%
Rest of Europe	38,407	18%	39,434	18%	56,407	21%
Africa and Middle East	1,797	1%	1,940	1%	3,791	1%
Asia-Pacific and Latin America	124,975	57%	125,705	57%	138,119	53%
NUMBER OF EMPLOYEES AT PERIOD-END	216,801	100%	219,314	100%	265,073	100%



NOTE 16 OFF-BALANCE SHEET COMMITMENTS

COMMITMENTS GIVEN

<i>in millions of euros</i>	June 30, 2019	December 31, 2019	June 30, 2020
On client contracts	1,813	1,847	1,992
On non-cancelable leases ⁽¹⁾	107	112	125
Other commitments given	13	28	33
COMMITMENTS GIVEN	1,933	1,987	2,150

(1) Following the application of IFRS 16, *Leases*, at January 1, 2019, the amounts presented as commitments given mainly comprise the non-lease component of the Group's real estate leases.

COMMITMENTS RECEIVED

<i>in millions of euros</i>	June 30, 2019	December 31, 2019	June 30, 2020
On client contracts	2	4	5
Other commitments received	27	19	14
COMMITMENTS RECEIVED	29	23	19

CONTINGENT LIABILITIES

In the normal course of their activities, certain Group companies underwent tax audits, leading in some cases to revised assessments in the first-half of 2020 and in the previous fiscal years.

Proposed adjustments were challenged and litigation and pre-litigation proceedings were in progress at June 30, 2020, notably in France and India.

In France, the tax authorities consider that Capgemini SE's reinsurance subsidiary located in Luxembourg takes advantage of a preferential tax regime and therefore that its profits should be taxed at in France, at Capgemini SE level.

The Indian subsidiaries of the Group have received several revised assessments or proposed revised assessments for income tax in the recent years.

Most often, no amounts have been booked for these disputes in the consolidated financial statements in so far as the Group considers it justifies its positions that the likelihood of winning is high.

On November 8, 2018, Altran Technologies and other companies were the subject of inspection and seizure operations by the Competition Authority related to alleged anti-competitive practices in the sectors of engineering and technology consulting.

As of this date, a complaint has not been notified to Altran Technologies. No provision has been booked for this matter as of June 30, 2020.

NOTE 17 SUBSEQUENT EVENTS

The US tax reform enacted in December 2017 introduced principally three taxation principles: Global Intangible Low-Taxed Income ("GILTI"), "BEAT" ("Base Erosion and Anti-abuse Tax") and the "Transition Tax on Foreign Earnings" (a one-time charge on accumulated undistributed earnings and profit of US owned foreign subsidiaries) applicable as from 2018. Regarding GILTI, since then, any US shareholder owning at least 10% in a foreign subsidiary must add to its taxable income, subject to standard tax, its prorata share of the subsidiary's GILTI. This GILTI inclusion is calculated as the excess of the foreign subsidiary's taxable income over a 10% return on income on its tangible assets. A 50% deduction applies to this inclusion and 80% of the foreign tax credits attributable to such GILTI income can be offset; however, this deduction and the offsetting of the foreign tax credits cannot apply where tax losses are offset against the taxable income. In 2019, the US Treasury Department and the IRS proposed new draft GILTI regulations which would provide for a possibility to elect for a GILTI "high-taxed exclusion," which would consist in excluding from a US shareholder's GILTI amount certain income of its foreign subsidiaries that are subject to a foreign effective tax rate of at least 18.9%. The final additional regulations have been released on July 20, 2020 and the possible application of these regulations, including any adjustment relative to prior years, would apply to the Group as from the second semester of 2020 onwards.



DECLARATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

"I hereby declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the half-year ended June 30, 2020 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the other companies included in the scope of consolidation and that the interim financial review gives a fair description of the material events that occurred in the first six months of the fiscal year and their impact on the financial statements, the main related party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the year".

Aiman Ezzat

Chief Executive Officer