



HUMAN RESOURCES MANAGEMENT

2020
HALF YEAR
FINANCIAL REPORT
30 JUNE



synergie.com

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ACTIVITY REPORT

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HALF-YEAR GROUP ACTIVITY REPORT AS AT 30 JUNE 2020

The Executive Board of SYNERGIE, which met on 14 September 2020 under the chairmanship of Daniel AUGEREAU, approved the 2020 consolidated half-year financial statements.

A limited review was performed of these interim financial statements. The report of this limited review is currently being issued.

Overview

The first half of 2020 was marked by the Covid-19 pandemic which started to have an impact from mid-March, a health crisis that transformed into an economic crisis.

SYNERGIE was quick to adapt its organisation to preserve its teams and ensure continuity of service for customers in their ongoing business.

Country-specific action plans were set up, including the implementation of government measures aimed at preserving employment and supporting companies. In addition, costs were cut in all of the subsidiaries.

The Group's positioning as a multi-specialist and its responsiveness enabled it to diversify its customer base and extend its services in sectors such as the environment, renewable energies, agri-food and logistics, as well as the medical sector, in order to offset the slowdown in aeronautics-related industries and, to a lesser extent, automotive construction industries.

This resilience helped it to limit the decline in activity to 22.8% over the half-year and to post a consolidated net profit of €10 million.

1. 2020 HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

In € thousand	30 june 2020	30 june 2019
Turnover	1,000,637	1,295,628
Ebitda	64,838	64,838
Current operating profit ⁽¹⁾	24,611	52,146
Operating profit	24,532	51,580
Financial result	(1 886)	(983)
Profit before tax	22,645	50,597
Tax expenses ⁽²⁾	(12,628)	(23,417)
Net profit of consolidated companies	10,018	27,180

⁽¹⁾ current operating profit before amortisation and impairment of intangible assets linked to acquisitions

⁽²⁾ including CVAE of €6.058 thousand in 2020 and €8.514 thousand in 2019

The financial statements are presented in accordance with IFRS.

All documents comprising the half-year financial statements are presented in thousands of euros.

Dividends

Given the Covid-19 health crisis and based on the recommendation of SYNERGIE S.E.'s Executive Board, which met on 6 May 2020, the Shareholders' Meeting of 18 June 2020 decided not to pay a dividend for the 2019 financial year.

Scope

The Spanish digital services group TIGLOO acquired by DCS EASYWARE was consolidated from November 2019.

The impact of this acquisition during the first half of 2020 was €8,772 thousand on turnover and €841 thousand on current operating profit.

There were no other changes in the consolidation scope over the period.

2. TURNOVER

The trend by quarter is as follows:

In € thousand	30 June 2020	30 June 2019	Change
First Quarter turnover	576,523	621,239	-7.2%
Second Quarter turnover	424,114	674,389	-37.1%
TOTAL	1,000,637	1,295,628	-22.8%

After a first quarter during which business performed particularly well, the Covid-19 pandemic significantly affected the temporary employment market in France and abroad.

Against this exceptionally challenging backdrop, SYNERGIE posted consolidated turnover of €1,000.6 million, down 22.8% on 2019 (23.3% on a like-for-like basis).

France

In France, turnover reached €454 million (-28%), with temporary work picking up slowly and gradually, after plummeting in the second half of March.

At the height of the public health crisis in April, it plunged by as much as 63.4%. In June, the gap compared to 2019 return to only 26.8%, thanks in particular to the increase in construction activity.

Digital Services reported turnover of €21.4 million in France, very close to the figure in 2019 (-1.4%), illustrating successful diversification in these activities in which the Group has been operating since 2018.

International

International business reached €546.6 million (54.6% of the consolidated total) compared with €664.8 million in 2019 (-17.8%). The effects of the pandemic also caused a drop in activity on the European markets in which the Group operates, albeit to a lesser extent than in France.

This resulted in some contrasting developments: -21% in northern and eastern Europe and -14% in southern Europe.

Turnover breaks down as follows:

In € thousand	30 June 2020	30 June 2019	Change
France	454,029	630,812	-28.0%
Belgium	105,296	133,204	-21.0%
Others Northern and Eastern Europe	128,340	163,156	-21.3%
Italy	191,655	217,522	-11.9%
Spain, Portugal	91,542	111,782	-18.1%
Canada, Australia	29,775	39,152	-23.9%
Total	1,000,637	1,295,628	-22.8%

Southern Europe

Despite a particularly difficult environment, the Italian subsidiary maintained high turnover over the period of €191.7 million, down by only 11.9%.

In contrast, activity in the Iberian Peninsula declined by 18.1%, with Spain particularly affected by strict lockdown measures and their impact on tourism, the biggest sector in the country's economy.

Benelux

The Benelux countries generated turnover of €122.6 million (of which €105.3 million in Belgium), compared with €158.1 million in 2019 (-22,4%).

Northern and Eastern Europe

Activity in the UK fell by 12.2% to €52.2 million compared with €59.5 million in 2019, showing good resilience in a difficult environment, with the unemployment rate rising sharply.

In Germany, where legislative changes introduced in 2018 (final stage of implementation of the equal pay measure, limit on the duration of employment contracts) significantly impacted the temporary employment landscape and client behaviour, turnover reached €20.3 million, a decrease of 24.2%, also attributable to the crisis in the automotive industry, a traditional barometer of the local economy.

Difficulties in this economic sector were also evident in Austria where our subsidiary generated turnover of €28.3 million (-28.7%).

The activity of the other countries in this zone (Switzerland and Eastern European countries) is less significant, with Switzerland suffering from an almost complete halt in building during lockdown.

Canada and Australia

Activity is grouped into two divisions:

- In Australia, turnover fell by 19.8% on a like-for-like basis, with certain large accounts significantly limiting their use of temporary employees while remaining clients of SYNACO Group;
- In Canada, turnover reached €8.9 million compared with €13.1 million in 2019, with growth in the logistics, transport and healthcare activities failing to offset the decline in the manufacturing sector.

3. CURRENT OPERATING PROFIT (BEFORE AMORTISATION AND IMPAIRMENT OF INTANGIBLES)

In € thousand	30 June 2020	30 June 2019
France	13,805	34,068
Belgium	4,873	7,660
Others Northern and Eastern Europe	326	1,706
Italy	8,124	9,438
Spain, Portugal	533	1,318
Canada, Australia	2,363	359
Total	30,023	54,548

During the first half of 2020, SYNERGIE generated current operating profit of €30.0 million compared with €54.5 million in 2019.

The sudden fall in turnover linked to Covid-19 had a very significant impact on current operating profit, however, thanks to its quick response, the Group succeeded in mitigating the effects, helped by the government measures introduced to preserve employment and support companies. The main measures can be summarised as follows:

- Direct grants mainly provided to help maintain jobs, and based on several criteria, including a decrease in turnover;
- The assumption of charges relating to part-time work of structural employees, thus reducing fixed costs;
- Compensation of temporary wages (including open-ended contracts for temporary employees) for contracts in place when the relationship with the client was interrupted due to *force majeure* or health reasons, to neutralise the impact on the gross margin of non-billable wages.

In France and abroad, the implementation of cost cutting measures helped to underpin the results:

- Stoppage of investment;
- Limited use of external service providers;
- A sharp cut in travel expenses due to employees working from home and the use of effective IT and telecommunication tools;
- Renegotiation of rental payments (premises, vehicles, etc.).

Current operating profit for France was hit more heavily by the loss of activity during lockdown than that of the international activity.

The contribution by the digital services company DCS EASYWARE stayed at a high level (current operating profit reaching more than 10% of turnover); the TIGLOO Group also turned in a very good performance during this first full half-year period of consolidation within the Group, with turnover up in relation to 2019 and current operating profit almost at 10% of turnover.

Depreciation and amortisation (excluding the impact of IFRS 16) remained at a similar level to 2019.

The client loss ratio came to just 0.11% of turnover (compared with 0.16% in 2019) with strict management of client credit in all regions.

3.1 Operating profit

Depreciation and amortisation of intangible assets linked to acquisitions accounts for the difference between current operating profit and operating profit, which came out at €24.5 million (compared with €51.6 million in 2019).

Depreciation and amortisation reached €3.2 million compared with €2.4 million in 2019, incorporating the impact of recent acquisitions.

Impairment reached €2.2 million and relates to Switzerland and Canada.

Other non-current income and expenses were immaterial.

3.2 Financial result

The net cost of financial debt was very similar to 2019 (-€1 million).

Exchange rate parity, including the euro/pound sterling exchange rate, gave rise to an expense of €0.9 million at the period closure date.

3.3 Net profit

Consolidated net profit for the period reached €10 million (versus €27.2 million on 30 June 2019), with net profit (Group share) reaching €8.9 million.

This difference stems from the items set out above and corporate income tax of €12.7 million versus €23.4 million in 2019.

In France, the tax expense incorporates the CVAE (value added contribution for businesses) which amounted to €6.1 million for the first six months of the year (compared with €8.5 million at 30 June 2019).

4. FINANCIAL STRUCTURE

In € thousand	30 June 2020	31 Dec 2019	30 June 2019
Consolidated shareholders' equity	552,859	544,672	508,147
Net cash position	241,361	127,000	71,262
Financial debt excluding IFRS 16	194,747	78,100	30,141
Leasing liabilities	(45,032)	(40,200)	(42,248)
Cash position net of any debt	149,715	37,900	(12,108)
Cash position including CICE	254,678	161,100	102,531
Self-financing capacity	28,194	86,400	38,184
Change in working capital requirement	100,013	50,950	30,011
"Industrial" investments	2,831	17,600	12,180
Cost of net debt/turnover	0.10%	0.07%	0.07%

The high level of resilience shown by SYNERGIE at a time of sharp decline in activity and the positive variation in the working capital requirement helped to strengthen its financial structure, most notably the following items:

- Consolidated shareholders' equity stands at €552.9 million (of which Group share of €533.5 million); net profit of €10 million and the lack of a dividend pay-out explain the change in relation to the balance at the close of the previous period (€544.7 million);
- Cash net of bank debt is substantially positive at €241.4 million, thanks in particular to a decrease in the working capital requirement of €100 million.
- Net cash after taking account of all debt stands at €254.7 million, incorporating CICE receivables that will be collected or become available in the short term.

This solid financial situation means the Group has the necessary resources to pursue its growth and to carry out new acquisitions, particularly abroad.

At 30 June 2020, SYNERGIE SE owned 378,971 of its own shares, including 26,508 under the liquidity contract and 352,463 as part of the share buyback programme approved by the Shareholders' Meeting of 18 June 2020.

5. MAIN RISKS AND UNCERTAINTIES FACED OVER THE NEXT SIX MONTHS

5.1 Economic risk linked to Covid-19

The lack of visibility and the possibility of further lockdowns, even partial measures, may impact the Group's business development, while the gradual recovery seen after the exit from lockdown moderates this risk.

Moreover, client risk will continue to be watched very closely given that the risk around company bankruptcies is stronger in the second half of the year if the crisis proves more persistent.

The fact that SYNERGIE Group's clients are well dispersed and diversified (only two clients contribute more than 1% of consolidated turnover) is also a factor that mitigates this risk.

5.2 Other risks

An assessment of the other risks and uncertainties to which SYNERGIE is exposed is provided in the 2019 annual report and has not changed.

The following is a reminder of the main risks identified.

5.2.1 Liquidity risk

Given the Group's cash position at 30 June 2020, underpinned by the potential transfer of CICE receivables recognised under its assets and prudent management of investments, liquidity risk can be ruled out in the short term.

5.2.2 Currency risk

Activity outside the Eurozone accounted for 9.1% of consolidated turnover as at 30 June 2020 (compared with 8.5% as at 30 June 2019).

Our expansion in the UK through acquisitions, partly financed by current account contributions, have made the Group more sensitive to exchange rate fluctuations.

Brexit had an impact on the euro/pound sterling exchange rate and gave rise to the recognition of a financial expense to reflect the impact of a fall in value of pound sterling-denominated current accounts, which will be updated in the 2020 annual financial statements on the basis of the exchange rate on 31 December.

5.2.3 Interest rate risk

Loans requiring repayment at 30 June 2020 were all taken out at a fixed rate, with one exception.

The average interest rate on the Group's loans is 0.87%.

5.2.4 Risk relating to Brexit

The victory of the UK referendum to leave the European Union ("Brexit") on 23 June 2016 could have a negative impact on the economy, the financial markets and the international foreign exchange markets. Legal uncertainties have already emerged concerning the flow of European personnel into the United Kingdom.

Nevertheless, the UK subsidiary contributed just 5.2% of SYNERGIE Group's consolidated turnover in 2020 (4.6% in full-year 2019).

The financial risks have already been studied, with the economic risks set out in Note 4.1 of the notes to the consolidated financial statements (impact of changes in discount rates and of growth and Ebit on future cash flows).

5.2.5 Legislative environment

During this crisis period, most governments introduced laws with almost immediate effect to support businesses and employment, the effects of which are already evident in the first-half of the year, with mechanisms enabling short-time work having been extended to the second half of the year in most countries in which SYNERGIE operates.

Also of note is the entry into force on 30 July 2020 of new European rules adopted in 2018 aimed at tightening regulations governing secondment in order to strengthen employee protection and create equitable employment conditions. To effectively combat the effects of potential distortion of competition, this directive draws on the principle of equal remuneration for equal work.

We are aware of no other legal developments that would have a significant impact on the first-half financial statements.

6. MAIN TRANSACTIONS BETWEEN RELATED PARTIES

There were no transactions between related parties that had a significant impact on SYNERGIE's financial situation or consolidated statement of income.

7. ANTICIPATED DEVELOPMENTS DURING THE YEAR

In an environment in which visibility remains uncertain but there is nevertheless a slow and gradual recovery of activity, the Group has maintained its target to achieve turnover in excess of €2 billion.

It will pay particularly close attention to government measures, such as France's recovery plan, the various elements of which should be beneficial for its activity and results.

SYNERGIE may also benefit from the acceleration of the transformation and greening of the economy, for which support measures are aimed at industries and services in which it has a significant presence, such as renewable energies, healthcare, transport, aeronautics and the automotive industry, and which promote the energy renovation of buildings.

8. EVENTS AFTER THE REPORTING PERIOD

No significant events likely to affect the financial statements for the first half of 2020 took place after the end of the reporting period.

9. FINANCIAL PUBLICATIONS IN 2020

The financial data as at 30 September 2020 will be published on 28 October 2020 (after market close).

CONSOLIDATED FINANCIAL STATEMENTS

OF SYNERGIE GROUP

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FINANCIAL DATA AT 30 JUNE 2020

1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	Notes N°	30/06/2020	31/12/2019
In € thousand			
Goodwill	4.1	103,870	112,636
Other intangible assets	4.1	49,900	45,222
Property, plant and equipment	4.2	67,108	68,257
Right of use relating to lease contracts	4.2	45,257	40,451
Non-current financial assets	4.3	42,785	89,872
Deferred tax assets	6.2	3,321	5,638
Non-current Assets		312,242	362,076
Trade receivables	4.4	416,829	565,974
Other receivables	4.5	125,081	70,723
Cash and cash equivalents	4.6	252,150	162,166
Current Assets		794,061	798,863
Total Assets		1,106,303	1,160,940

Liabilities	Notes N°	30/06/2020	31/12/2019
In € thousand			
Share capital	4.7	121,810	121,810
Reserves and carryforwards		402,770	342,967
Consolidated net profit		8,912	60,098
Non-controlling interests		19,368	19,797
Shareholders' equity	4.7	552,859	544,672
Provisions and payables for employee benefits	4.9	6,070	6,304
Non-current borrowings	4.8	37,650	38,641
Medium and Long-term lease debt	4.8	33,220	30,320
Deferred tax liabilities	6.2	13,289	12,060
Non-current Liabilities		90,230	87,325
Provisions		1,874	1,907
Current borrowings	4.8	8,965	10,312
Short-term lease debt	4.8	11,812	9,920
Current bank debt	4.8	10,789	35,148
Trade payables	4.10	23,238	26,125
Tax and social security payables	4.11	373,965	424,238
Other payables	4.11	32,571	21,293
Current Liabilities		463,214	528,943
Total Liabilities		1,106,303	1,160,940

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

2.1 Consolidated income statement

In € thousand	Notes N°	30/06/2020	30/06/2019
Revenue	5.2	1,000,637	1,295,628
Other income	5.3	5,374	2,049
Purchases		44	(43)
Personnel costs	5.4	(901,569)	(1,168,266)
External expenses		(39,985)	(37,968)
Taxes and similar levies		(23,583)	(24,783)
Depreciation and amortisation		(9,846)	(10,291)
Provisions		(1,143)	(1,677)
Inventory change of goods		369	-
Other expenses		(276)	(102)
Current operating profit before amortisation and impairment of intangible assets	5.3	30,023	54,548
Amortisation of intangible assets related to acquisitions		(3,176)	(2,402)
Impairment of intangible assets related to acquisitions		(2,236)	-
Current operating profit		24,611	52,146
Other operating income and expenses		(80)	(566)
Operating profit		24,532	51,580
Income from cash and cash equivalents		231	491
Cost of gross financial debt		(1,197)	(1,407)
Cost of net financial debt	5.5	(966)	(916)
Other financial income and expenses	5.5	(920)	(67)
Net profit before tax		22,645	50,597
Tax expense	6.1	(12,628)	(23,417)
Consolidated net profit		10,018	27,180
Group share		8,912	25,820
Non-controlling interests		1,106	1,360
Earnings per share (in €) (*)		0.37	1.06
Diluted earnings per share (in €) (*)		0.37	1.06

(*) divided by 24,362,000 shares.

2.2 Statement of net profit and gains and losses recognized directly in shareholders' equity

In € thousand	30/06/2020	30/06/2019
Net profit	10,018	27,180
Gains and losses resulting from translation of the financial statements of foreign subsidiaries	(441)	251
Liquidity contract	(217)	132
Subtotal of recyclable gains and losses	(658)	383
Actuarial differences net of tax	291	(263)
Subtotal of non-recyclable gains and losses	291	(263)
Total gains and losses recognised directly in shareholders' equity	(366)	120
Net comprehensive income	9,651	27,300
Group share of total comprehensive income	8,554	26,069
Non-controlling interests' share of total comprehensive income	1,097	1,230

3. CONSOLIDATED STATEMENT OF CASH FLOWS

In € thousand	Notes N°	30/06/2020	31/12/2019	30/06/2019
Consolidated net profit		10,018	63,360	27,180
Derecognition of expenses and income without an impact on cash or not related to business activity		1	203	157
Depreciation, amortisation and provisions		9,296	14,000	5,806
Cost of financial debt		945	1,277	542
Deferred tax position		1,480	(3,030)	(317)
IFRS 16 rents restatement		6,597	10,583	6,245
Other expenses and income not generating short-term flows		(142)	-	(1,429)
Self-financing capacity		28,194	86,392	38,184
Change in working capital requirement	7	100,013	50,950	30,011
Net cash flow from operating activities		128,207	137,342	68,195
Purchases of fixed assets		(2,531)	(17,632)	(12,180)
Sales of fixed assets		22	69	16
Sales of non-current financial assets		(19)	(8)	-
Impact of changes in scope (and price supplements) ⁽¹⁾		-	(15,431)	(4,511)
Cash flow from investments activities		(2,528)	(33,002)	(16,675)
Dividends paid out to shareholders of the Parent Company	4.7	-	(19,188)	(19,188)
Dividends paid out to minority shareholders of the consolidated companies		(1,526)	(2,208)	(2,208)
Purchase of treasury shares		71	187	108
Loan issues	4.8	87	18,189	6,500
Loan repayments	4.8	(2,425)	(7,622)	(3,863)
Lease liabilities repayments		(6,193)	(9,973)	(5,843)
Net interests paid on lease liabilities		(405)	(610)	(402)
Cost of net financial debt	5.5	(945)	(1,277)	(542)
Net cash flow from financing activities		(11,335)	(22,501)	(25,438)
Change in net cash position		114,343	81,839	26,083
Opening cash position	4.8	127,018	45,179	45,179
Closing cash position	4.8	241,361	127,018	71,262

⁽¹⁾ including:

Disbursing price on acquisition	-	(15,088)	(4,500)
Acquired cash	-	(343)	
Impact of changes in scope	-	(15,431)	(4,500)

4. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In € thousand	Capital	Capital reserves	Treasury securities	Consolidated reserves	Gains and losses recognised directly in shareholders' equity	Total Group share	Non-controlling interests	Total
Position at 01/01/2019	121,810	12,181	(3,983)	352,616	793	483,417	18,348	501,766
Appropriation of earnings n-1		-	-	-	-	-	-	-
Dividends		-	-	(19,188)	-	(19,188)	(2,208)	(21,396)
Transactions on treasury shares		-	98	-	88	187	-	187
Overall net profit for the year		-	-	60,098	-	60,098	3,262	63,360
Currency translation adjustment		-	-	-	559	559	4	563
Change in scope		-	-	112	(310)	(198)	391	193
Position at 31/12/2019	121,810	12,181	(3,885)	393,638	1,130	524,875	19,797	544,673
Position at 01/01/2020	121,810	12,181	(3,885)	393,638	1 130	524,875	19,797	544,673
Appropriation of earnings n-1		-	-	-	-	-	-	-
Dividends		-	-	-	-	-	(1,526)	(1,526)
Transactions on treasury shares		-	71	-	(217)	(146)	-	(146)
Overall net profit for the year		-	-	8,912	-	8,912	1,106	10,018
Currency translation adjustment		-	-	-	(439)	(439)	(10)	(448)
Change in scope		-	-	(1)	291	289	(1)	289
Position at 30/06/2020	121,810	12,181	(3,814)	402,548	765	533,491	19,367	552,859

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Accounting principles and methods

1.1 Overview

The consolidated half-year financial statements at 30 June 2020 were approved by resolution of the Executive Board on 14 September 2020.

These are the condensed half-year financial statements which do not include all the notes required for the annual financial statements but rather a selection of explanatory notes. They should be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2019, as shown in the annual report.

They have been approved in accordance with IAS 34 and with the rules and principles established under the IFRS as adopted by the European Union.

1.2 Accounting principles and methods applicable to the financial statements

The accounting principles and methods used are those which are set out in the notes to the 2019 consolidated annual financial statements, with the exception of new standards and interpretations the application of which became mandatory from 1 January 2020.

New IFRS and IFRIC interpretations that were published

Standards applicable no later than 1 January 2020:

- IFRS 3 amendments - Business combinations: definition of a business;
- IAS 1 amendment - Presentation of financial statements, and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of material;
- Amendments to IAS 39 and IFRS 9 - Reform of interbank offered rates and its impact (elimination of EURIBOR, EONIA, etc.) on hedge accounting in particular.

IFRS, amendments and interpretations applicable after 2020 and not anticipated by the Group:

- IFRS 17 - Insurance contracts;
- IAS 1 amendments - Presentation of financial statements - Classification of liabilities as current or non-current;
- IAS 37 amendment - Onerous contracts;
- IAS 16 amendment - Proceeds before intended use.

Disclosure of interests in other entities pursuant to IFRS 10, 11 and 12

All entities within the scope of consolidation are controlled by SYNERGIE SE, with a percentage of voting rights of no less than 66% held by the parent company.

In the absence of any agreement, contract or local legal measure limiting the exercise of control, all of these companies are regarded as controlled within the meaning of IFRS 10 and have been fully consolidated.

The Group is not party to any joint arrangement likely to be accounted for under IFRS 11. SYNERGIE is not a stakeholder in any structured entity and does not meet the criteria for investment companies under the regulatory provisions.

Barring DCS EASYWARE (34%), there is no significant percentage of non-controlling interests (equity interests that do not confer control) in any subsidiary.

1.3 Main judgements and estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the amounts reported in these financial statements.

This mainly concerns the valuation of the recoverable value of intangible assets and the calculation of provisions for risks and charges. Actual results may differ from these assumptions and estimates.

These estimates were revised at 30 June to incorporate the effects of Covid-19 on the first-half results and the projections for the second half of the year and following years. These estimates may therefore be revised in the event of a negative change in the health situation and the economic environment.

Concerning IFRS 16, the review of remaining terms on a statistical rather than a legal basis could lead to gaps in relation to the provisional estimates used as at 30 June 2020. The residual lease terms were remeasured pursuant to the decision by the IFRS Interpretations Committee on the notion of enforceable lease period.

Based on its analysis of the allocation of the acquisition price of TIGLOO, which was acquired in November 2019, the Group recognised the brand and the client base as well as residual goodwill; the Group recorded the valuations and amortisation periods in line with the practices of the digital services sector.

Lastly, the contract for the acquisition of an Australian company signed in January 2019 includes an earn-out clause based on EBITDA performance goals in three years.

Note 2 Changes in the consolidation scope

Merger

SYNERGIE BELGIUM absorbed its wholly-owned Belgian subsidiary SYNERGIE SERVICES on 1 January 2020.

This operation had no effect on the consolidated financial statements.

Change in scope

The Spanish digital services group TIGLOO, acquired by DCS EASYWARE, was consolidated from November 2019.

The impact of this acquisition during the first half of 2020 was €8,772 thousand on turnover and €841 thousand on current operating profit.

There were no other changes in the consolidation scope over the period.

Note 3 Information on the consolidated companies

Information on the consolidated companies is provided in the table below, it being specified that the ISGSY economic interest grouping, which is fully controlled by Group companies, covers general-interest administrative services.

CONSOLIDATED COMPANIES	REGISTERED OFFICE	SIREN No (1)	% CONTROL HELD BY SYNERGIE		% INTEREST HELD BY SYNERGIE		CONSOLIDATION METHOD (2)	
			june-20	dec-19	june-20	dec-19	june-20	dec-19
PARENT COMPANY								
SYNERGIE S.E	Paris 75016	329 925 010						
FRENCH SUBSIDIARIES								
AILE MEDICALE	Paris 75016	303 411 458	100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE CONSULTANTS	Paris 75016	335 276 390	100.00	100.00	100.00	100.00	FULL	FULL
DIALOGUE & COMPETENCES	Paris 75016	309 044 543	100.00	100.00	100.00	100.00	FULL	FULL
INTERSEARCH France	Paris 75016	343 592 051	100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE INSERTION	Paris 75016	534 041 355	100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE PROPERTY	Paris 75016	493 689 509	100.00	100.00	100.00	100.00	FULL	FULL
JOINT SUBSIDIARY								
I.S.G.S.Y.	Paris 75016	382 988 076	100.00	100.00	100.00	100.00	FULL	FULL
FOREIGN SUBSIDIARIES								
SYNERGIE ITALIA SPA	Turin ITALY		85.00	85.00	85.00	85.00	FULL	FULL
SYNERGIE BELGIUM	Anvers BELGIUM		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE s.r.o	Prague CZECH REPUBLIC		98.85	98.85	98.85	98.85	FULL	FULL
SYNERGIE TEMPORARY HELP	Prague CZECH REPUBLIC		98.00	98.00	98.00	98.00	FULL	FULL
SYNERGIE TEMPORARY HELP SLOVAKIA	Bratislava SLOVAKIA		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE INTERNATIONAL EMPLOYMENT SOLUTIONS (SIES)	Barcelona SPAIN		100.00	100.00	100.00	100.00	FULL	FULL
SIES SUBSIDIARIES								
DCS EASYWARE	Lyon 69003 FRANCE	797 080 397	66.00	66.00	66.00	66.00	FULL	FULL
SYNERGIE TT	Barcelona SPAIN		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE E.T.T.	Porto PORTUGAL		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE Travail Temporaire	Esch/Alzette LUXEMBOURG		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE PARTNERS	Esch/Alzette LUXEMBOURG		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE HUNT INTERNATIONAL	Montréal CANADA		100.00	100.00	100.00	100.00	FULL	FULL
ACORN (SYNERGIE) UK	New port UNITED KINGDOM		94.67	94.67	94.67	94.67	FULL	FULL
SYNERGIE PERSONAL DEUTSCHLAND	Karlsruhe GERMANY		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE (SUISSE)	Lausanne SWITZERLAND		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE HUMAN RESOURCES	Schijndel NETHERLANDS		100.00	100.00	100.00	100.00	FULL	FULL
VÖLKER BETEILIGUNGS	St. Pölten AUSTRIA		100.00	100.00	100.00	100.00	FULL	FULL

(1) SIREN No: ID number on the French national companies register

(2) Consolidation method: full consolidation, abbreviated to FULL, or equity method, abbreviated to EM

CONSOLIDATED COMPANIES	REGISTERED OFFICE	SIREN No (1)	% CONTROL HELD BY SYNERGIE		% INTEREST HELD BY SYNERGIE		CONSOLIDATION METHOD (2)	
			june-20	dec-19	june-20	dec-19	june-20	dec-19
SYNERGIE PRAGUE SUBSIDIARY								
SYNERGIE SLOVAKIA	Bratislava SLOVAKIA		78.00	78.00	77.10	77.10	FULL	FULL
SYNERGIE ITALIA SPA SUBSIDIARY								
SYNERGIE HR SOLUTIONS	Turin ITALY		100.00	100.00	85.00	85.00	FULL	FULL
SYNERGIE TT SUBSIDIARY								
SYNERGIE HUMAN RESOURCE SOLUTIONS	Barcelona SPAIN		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE HRS SUBSIDIARY								
SYNERGIE OUTSOURCING Espagne	Barcelona SPAIN		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE ETT SUBSIDIARY								
SYNERGIE OUTSOURCING	Porto PORTUGAL		100.00	100.00	100.00	100.00	FULL	FULL
ACORN (SYNERGIE) UK SUBSIDIARIES								
ACORN RECRUITMENT	New port UNITED KINGDOM		100,00	100,00	94.67	94.67	FULL	FULL
ACORN RAIL	"		100,00	100,00	94.67	94.67	FULL	FULL
ACORN GLOBAL RECRUITMENT	"		75.00	75.00	71.00	71.00	FULL	FULL
CONCEPT STAFFING	"		100.00	100.00	94.67	94.67	FULL	FULL
SHR BV SUBSIDIARIES								
SYNERGIE LOGISTIEK BV	Schijndel NETHERLANDS		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE INTERNATIONAL RECRUITMENT BV	Schijndel NETHERLANDS		100.00	100.00	100.00	100.00	FULL	FULL
SYNERGIE BELGIUM SUBSIDIARY								
SYNERGIE SERVICES	Anvers BELGIUM		-	100.00	-	100.00	-	FULL
ACORN GLOBAL RECRUITMENT SUBSIDIARY								
SYNACO GLOBAL RECRUITMENT PTY	Adelaide AUSTRALIA		90.00	90.00	63.90	63.90	FULL	FULL
SYNACO GLOBAL RECRUITMENT PTY SUBSIDIARIES								
SYNERGIE RESOURCES PTY	Adelaide AUSTRALIA		100.00	100.00	63.90	63.90	FULL	FULL
ENTIRE RECRUITMENT SYNACO PTY LTD	Brisbane AUSTRALIA		100.00	100,00	63.90	63.90	FULL	FULL
SYNERGIE SUISSE SUBSIDIARY								
SYNERGIE INDUSTRIE & SERVICES	Lausanne SWITZERLAND		100.00	100.00	100.00	100.00	FULL	FULL
VÖLKER BETEILIGUNGS SUBSIDIARY								
VÖLKER	St. Pölten AUSTRIA		80.00	80.00	80.00	80.00	FULL	FULL
DCS EASYWARE SUBSIDIARIES								
DCS BELGIUM	Brussels BELGIUM		100.00	100.00	66.00	66.00	FULL	FULL
DCS IT IBERICA	St Cugat del Valles SPAIN		100.00	100.00	66.00	66.00	FULL	FULL
DCS IBERICA SUBSIDIARIES								
SEIN	Pamplona SPAIN		100.00	100.00	66.00	66.00	FULL	FULL
CONTIGO	"		100.00	100.00	66.00	66.00	FULL	FULL
TRES60	"		100.00	100.00	66.00	66.00	FULL	FULL

(1) SIREN No: ID number on the French national companies register

(2) Consolidation method: full consolidation, abbreviated to FULL, or equity method, abbreviated to EM

Note 4 Statement of financial position

4.1 Intangible assets

An impairment test is conducted at least once a year on unamortised intangible assets and goodwill and whenever there is an indication of an impairment loss. The value-in-use is calculated by discounting the future cash flows that will be generated by the assets being tested, based on a discount rate of between 7.82% and 10.16% depending on the country.

These cash flows are determined on the basis of economic assumptions and forecast operating conditions which give rise to re-estimated budgets proposed by the Operational Division of the subsidiary concerned for use by the Group Management.

The impairment tests were reviewed on 30 June 2020 due to the current health crisis arising from Covid-19, based on different recovery scenarios anticipated by the management.

These led to an impairment of €2,227 thousand, with €1,766 thousand concerning Switzerland and €461 thousand concerning Canada.

A sensitivity analysis was performed to establish the consequences of changing the above parameters on goodwill impairment, testing:

- a 0.5% increase in the discount rate;
- a 1% reduction in the growth rate.

A 0.5% increase in the discount rate, together with a decrease in the perpetual growth rate of 1%, would result in additional impairment of €2,431 thousand, breaking down as follows:

In € thousand	30/06/2020
France	
Southern Europe	682
Northern and Eastern Europe	1,749
Canada / Australia	
Total	2,431

The impact of impairment following a growth in the discount rate and decrease rate mainly concerns Portugal and Germany.

- a decrease in the EBIT rate.

Additional impairment of €345 thousand would be created if the EBIT rate declined by 5%, breaking down as follows:

In € thousand	30/06/2020
France	
Southern Europe	345
Northern and Eastern Europe	
Canada / Australia	
Total	345

The impact of impairment following a decrease in the EBIT rate concerns Portugal activities.

The following changes in key assumptions underlying turnover projections would have the effect of matching the value-in-use with the net book value:

Country	headroom (In € thousand)	Cumulated increase in turnover projected ⁽¹⁾	Cumulated increase in turnover required ⁽²⁾
Canada	1,935	47%	42%
Germany	2,210	36%	33%
Portugal	-	41%	42%

(*) The cumulated increase in turnover entered in the budget projections for 2020 to 2025 (used for the terminal value).

(**) The cumulated increase in turnover required for the recoverable value to be equal to the book value of the CGU.

4.1.1 Goodwill

The changes in goodwill recorded in the balance sheet are as follows:

In € thousand	31/12/2019	Increase	Decrease (*)	30/06/2020
Goodwill on securities	107,347	-	8,641	98,706
Business	5,289	-	124	5,165
Net goodwill	112,636	-	8,765	103,870

(*) of which €334 thousand recognised under translation gains or losses

The decrease in goodwill mainly concerns the allocation of goodwill on the TIGLOO Group under client bases and brands (€6.2 million) and goodwill impairment of €2.2 million relating to Canada and Switzerland.

4.1.2 Other intangibles assets

The changes in gross values are analysed as follows:

In € thousand	31/12/2019	Scope entries	Increase	Decrease (*)	30/06/2020
Software and licences	13,295	-	797	134	13,958
Client base	65,797	-	5,418	618	70,596
Brands	14,076	-	2,851	159	16,767
Rights to leases	446	-	-	-	446
Total	93,614	-	9,065	911	101,768

(*) of which translation losses of €850 thousand.

The changes in amortisation are analysed as follows:

In € thousand	31/12/2019	Scope entries	Increase	Decrease (*)	30/06/2020
Software and licences	8,879	-	940	103	9,717
Client base	30,930	-	2,979	351	33,557
Brands	2,258	-	240	16	2,482
Rights to leases	-	-	-	-	-
Total	42,068	-	4,158	470	45,756

(*) of which translation losses of €409 thousand.

Changes in impairment break down as follows:

In € thousand	31/12/2019	Scope entries	Increase	Decrease (*)	30/06/2020
Software and licences	-	-	-	-	-
Client base	4,646	-	-	136	4,510
Brands	1,678	-	-	77	1,601
Rights to leases	-	-	-	-	-
Total	6,324	-	-	213	6,111

(*) of which translation losses of €213 thousand.

The net values break down as follows:

In € thousand	30/06/2020	31/12/2019
Software and licences	4,242	4,416
Client base	32,529	30,220
Brands	12,684	10,139
Rights to leases	446	446
Total	49,900	45,222

The client bases of the companies acquired are amortised on a straight-line basis over their estimated useful life, while brands tend to be amortised when the useful life has been defined.

The "Brands" item represents the brands acquired and operated by SYNERGIE Group.

4.2 Property, plant, equipment and rights of use

4.2.1 Breakdown of the item by category

The changes in gross values are analysed as follows:

In € thousand	31/12/2019	Scope entries	Increase	Decrease	30/06/2020
Land, buildings and technical facilities	50,633	-	52	249	50,436
Fixtures, furniture, office equipment & computer equipment	47,379	-	2,063	769	48,674
Total	98,012	-	2,115	1,018	99,110
of which fixed assets under finance leases	2,300	-	-	-	2,300

The changes in amortisation are analysed as follows:

In € thousand	31/12/2019	Scope entries	Increase	Decrease	30/06/2020
Land, buildings and technical facilities	3,864	-	531	36	4,359
Fixtures, furniture, office equipment & computer equipment	25,891	-	2,361	609	27,643
Total	29,755	-	2,891	645	32,001
of which fixed assets under finance leases	94	-	11	-	105

The net values break down as follows:

In € thousand	30/06/2020	31/12/2019
Land, buildings and technical facilities	46,077	46,769
Fixtures, furniture, office equipment & computer equipment	21,031	21,488
Total	67,108	68,257
of which fixed assets under finance leases	2,196	2,207

4.2.2 Rights of use relating to lease contracts

Since 1 January 2019, the Group has applied IFRS 16 - Leases, which is reflected as follows:

- In the balance sheet, the entry of rights of use (operating lease contracts under IAS 17) under assets and lease obligations under liabilities;
- In the income statement, the elimination of corresponding rental amounts and their replacement by the amortisation of rights of use and interest expenses relating to leasing commitments.

Moreover, the Group was able to negotiate reduced rental payments on certain leases due to the Covid-19 crisis but these arrangements were not material and therefore did not give rise to any changes in its contracts.

The changes in gross values are analysed as follows:

In € thousand	31/12/2019	Increase	Decrease	Revaluations	30/06/2020
Real estate	46,502	5,654	6,651	175	45,681
Vehicles and other property	3,666	5,450	-	6,122	15,238
Net value	50,168	11,104	6,651	6,297	60,919

The changes in amortisation are analysed as follows:

In € thousand	31/12/2019	Increase of Depreciation costs	Reversal/ Assets sales	30/06/2020
Real estate	(8,556)	(4,069)	(437)	(13,062)
Vehicles and other property	(1,161)	(2,074)	635	(2,599)
Net value	(9,717)	(6,143)	199	(15,661)

The net values break down as follows:

In € thousand	31/12/2019	Reclassification	Change in the period	30/06/2020
Gross value	50,168	-	10,750	60,919
Amortisation	9,717	-	5,944	15,661
Net value	40,451	-	4,806	45,257

4.3 Non-current financial assets

The changes in non-current financial assets break down as follows:

In € thousand	31/12/2019	Scope entries	Increase	Decrease	30/06/2020
Investments in associates	-	-	-	-	-
Other equity investments	225	-	-	-	225
Other fixed investments	62	-	1	-	63
Loans	179	-	-	80	99
Other financial assets	89,406	-	1,335	48,342	42,398
Total	89,872	-	1,335	48,422	42,785

At 30 June 2020, other financial assets mainly comprised the discounted balances of the 2018 CICE, i.e. €39,934 thousand.

They also include security deposits on commercial rents.

4.4 Trade receivables

Trade receivables and related accounts break down as follows:

In € thousand	30/06/2020	31/12/2019
Clients	424,816	573,337
Unbilled revenue	9,200	9,332
Impairment	(17,187)	(16,695)
Total	416,829	565,974

The impact of IFRS 9 on profit before tax is €945 thousand:

At 1 st January 2020:	€2,197 thousand
At 30 June 2020:	€1,252 thousand
Reversal of impairment	€945 thousand

4.5 Other receivables

Other receivables break down as follows:

In € thousand	30/06/2020	31/12/2019
Employee-related liabilities	1,217	273
Social security and other benefits	23,108	31,866
Corporate income tax	69,930	27,123
Other taxes	14,667	220
Sundry debtors	9,239	6,699
Prepaid expenses	7,163	5,613
Total other receivables - Gross value	125,324	71,795
Provision for impairment	(243)	(1,072)
Total others receivables - Net value	125,081	70,723

The “Corporate income tax” item mainly comprises the balance of the CICE receivable for 2016 (€17,666 thousand), which is expected to be paid during the first half of 2020 and the balance of the 2017 receivable (€47,044 thousand).

4.6 Cash and cash equivalents

In € thousand	30/06/2020	31/12/2019
Term deposits	13,664	13,745
Available cash	238,486	148,421
Cash recorded as assets (*)	252,150	162,166

(*) Net cash is presented in note 4.8.3.

Pursuant to IAS 7, deposits and term accounts (€13.7 million) were classified as cash and cash equivalents due to their liquidity (option of sale at any time) and the lack of a risk of loss.

They are measured at fair value at the period-end.

4.7 Shareholders' equity

4.7.1 Share capital

At 30 June 2020 the share capital comprises 24,362,000 shares with a par value of five euros each, and amounts to €121,810,000.

The shares have double voting rights attached if they have been registered for at least two years.

4.7.2 Appropriation of earnings in 2019

As a result of the Covid-19 health crisis, SYNERGIE S.E.'s Executive Board, which met on 6 May 2020, decided that it will not propose a dividend for the 2019 financial year during its Shareholders' Meeting of 18 June 2020.

4.8 Financial liabilities

4.8.1 Non-current borrowings

In € thousand	Total		1 yr <= 5 yrs		> 5 yrs	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019	30/06/2020	31/12/2019
Lending institutions	35,470	37,387	29,045	30,465	6,425	6,922
Other loans and borrowings	2,179	1,254	1,648	629	532	625
Non-current financial debts	37,650	38,641	30,693	31,094	6,957	7,547
Medium and long-term rental debts	33,220	30,320				
Total	70,870	68,961				

(*) Miscellaneous loans and borrowings mainly include financial debt related to a building.

The Group did not apply for any state-guaranteed loans.

4.8.2 Current loans and borrowings

In € thousand	30/06/2020	31/12/2019
Lending institutions	8,652	10,024
Other loans and borrowings	313	288
Current financial debts	8,965	10,312
Short-term rental debts	11,812	9,920
Total	20,777	20,232

4.8.3 Current bank debt and net cash

In € thousand	30/06/2020	31/12/2019	30/06/2019
Bank debt	10,756	35,096	36,116
Accrued interest	33	52	47
Total	10,789	35,148	36,163
Cash and cash equivalents	252,150	162,166	107,424
Net cash position	241,361	127,018	71,262

4.8.4 Off balance sheet financial commitments

The Group pledged no significant financial commitments

4.9 Provisions

4.9.1 Provisions and payables for employee benefits

The pension commitments of permanent personnel in relation to their defined benefit schemes are valued according to the projected unit credit method, pursuant to IAS 19; the following assumptions were used as at 30 June 2020:

- Salary increase rate: 0.36%
- Personnel turnover rate: calculated by age group
- Social security contribution rate: 45%
- Mortality table: TU-TD2011-2013
- Discount rate (based on iBoxx indices): 0.8%
- Estimate based on average departure age of 65 years
- Departure at the employee's initiative
- Retroactive application

In € thousand	30/06/2020	31/12/2019	Change
Retirement severance payment (France)	5,432	5,626	(193)
Severance payments in Germany and Austria	408	447	(39)
Severance payments (trattamento di fine rapporto) in Italy	220	220	(1)
Total provisions for employee benefits	6,060	6,293	(233)
Employee profit-sharing + 1yr	11	12	(1)
Total	6,070	6,304	(234)

4.9.2 Provisions for current risks and charges

There is no significant provision for risks and charges.

4.10 Trade payables and related accounts

Trade payables and related accounts break down as follows:

In € thousand	30/06/2020	31/12/2019
Suppliers	14,993	16,058
Invoices to be received	8,245	10,067
Total	23,238	26,125

4.11 Other current liabilities

Other liabilities, accruals and deferred income break down as follows:

In € thousand	30/06/2020	31/12/2019
Tax and social security payables	373,965	424,238
Liabilities on fixed asset and related	11,355	11,674
Other debts, account payable and credit notes to be issued	20,723	9,118
Deferred revenue	493	501
Total	406,536	445,531

Note 5 Income statement and segment information

5.1 Impact of the government measures relating to Covid-9

The application of the various government measures implemented in the context of Covid-19 had an impact on the following items:

- Other income from activities, specifically direct grants mainly provided to help maintain jobs, and based on several criteria, including a decrease in turnover;
- Personnel costs, specifically the allowance paid by social security bodies, in full or in part, in respect of short-time working applied to temporary or structural employees, as well as related social security contributions.

5.2 Turnover

Turnover comprises billing for human resources management services and services provided by the digital services group DCS, whose holding company is DCS EASYWARE.

At 30 June 2020, it included billing for business activities other than temporary employment (placement of permanent employees, outsourcing, training, digital services, etc.) of €45,107 thousand, or 4.5% of consolidated turnover.

For the time being, however, these activities are still being developed by the Group and as such are not material and do not represent a distinct business segment.

5.3 Segment information

Income statement items

In € thousand	Turnover		Current operating profit (*)	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
France	454,029	630,812	13,805	34,068
Belgium	105,296	133,204	4,873	7,660
Others Northern and Eastern Europe	128,340	163,156	326	1,706
Italy	191,655	217,522	8,124	9,438
Spain, Portugal	91,542	111,782	533	1,318
Canada, Australia	29,775	39,152	2,363	359
Total	1,000,637	1,295,628	30,023	54,548

(*) Current operating profit is shown before amortisation and impairment of intangible assets linked to acquisitions.

In € thousand	Depreciations		Impairments	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
France	5,165	5,552	(525)	750
Belgium	990	1,380	(25)	(155)
Others Northern and Eastern Europe	1,331	2,993	55	321
Italy	1,298	1,495	1,276	369
Spain, Portugal	440	704	347	479
Canada, Australia	622	569	12	(12)
Total	9,846	12,693	1,140	1,751

France is broken down in four regions:

Region 1: South East

Region 2: South West

Region 3: North West

Region 4: Greater Paris region, Centre, East

Giving for France:

In € thousand	Turnover		Current operating profit	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
South East	82,401	118,260	2,674	7,076
South West	73,247	101,716	2,166	6,427
North West	201,912	278,662	9,577	20,974
Greater Paris region, Centre, East	74,902	111,269	929	5,437
Digital Services	21,377	21,725	2,194	2,097
Unallocated	189	(821)	(3,735)	(7,943)
Total	454,029	630,812	13,805	34,068

In € thousand	Depreciations		Impairment	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
South East	256	208	-	9
South West	231	194	-	4
North West	412	323	-	36
Greater Paris region, Centre, East	(1)	363	-	8
Digital Services	290	1,083	-	-
Unallocated	3,977	3,381	(525)	692
Total	5,165	5,552	(525)	750

5.4 Personnel costs

In € thousand	30/06/2020	30/06/2019
Wages and salaries	711,518	923,360
Social security contributions	189,728	242,235
Employee profit-sharing	324	2,672
Total	901,569	1,168,266

The average temporary headcount stood at 51,712 (FTE).

At 30 June 2020, there were 4,036 permanent employees.

5.5 Financial result

In € thousand	30/06/2020	30/06/2019
Income from transferable securities	-	-
Income from receivables	231	491
Financial income	231	491
Interests on finance leases	405	402
Bank and miscellaneous charges	(593)	(828)
Interest on loans	(199)	(176)
Cost of gross financial debt	(1,197)	(1,407)
Cost of net financial debt	(966)	(916)
Translation gains or losses	(883)	(57)
Other income and expenses	(38)	(10)
Other income and expenses	(920)	(67)
Total	(1,886)	(983)

“Other financial income and expenses” were mainly impacted by changes in exchange rates, particularly in the pound sterling.

Note 6 Taxes

6.1 Tax expense

The tax expense of €12,628 thousand recognised in the income statement breaks down as follows:

In € thousand	30/06/2020	30/06/2019
Income tax	7,465	13,980
Deferred tax	(1,388)	317
Total Income tax	6,077	14,297
CVAE (France)	6,058	8,514
IRAP (Italy)	494	606
Total	12,628	23,417

6.2 Change in the deferred tax position

In € thousand	30/06/2020	31/12/2019
Deferred tax assets created for:		
Tax loss carry forwards	446	294
Temporary differences	2,875	5,344
Total deferred tax	3,321	5,638
Deferred tax liability	13,289	12,060
Total	(9,968)	(6,421)

For the sake of prudence, some tax losses that could be carried forward at the standard rate have not been retained. The corresponding tax saving would have amounted to €2,351 thousand, including €51 thousand relating to the first half of 2020.

Deferred tax liabilities totalling €13,289 thousand mainly relate to brands and client bases net of amortisation since acquisition (€10,457 thousand), accelerated depreciation (€792 thousand) and the fair value adjustment on a property asset (€694 thousand).

6.3 Tax proof

The gap between the amount of income tax calculated at the tax rate applicable in France and the effective tax amount is explained as follows:

In € thousand	30/06/2020	30/06/2019
Profit before tax expense	22,645	50,597
Profit before tax after CVAE and IRAP	16,094	41,477
Tax rate in force (in France)	32.02%	34.43%
Theoretical tax	5,154	14,280
CICE	(137)	(492)
Non-activated tax losses	51	168
Goodwill impairment	716	-
Consolidation entries without tax and miscellaneous	293	24
Total	6,077	13,980

Note 7 Statement of cash flow

The change in operating working capital requirements breaks down as follows:

In € thousand	Change		
	30/06/2020	31/12/2019	30/06/2019
Clients	149,145	(7,446)	(42,931)
Other receivables ⁽¹⁾	(7,252)	22,987	(4,701)
Increase in working capital	141,894	15,542	(47,632)
Suppliers	(2,886)	5,962	1,452
Tax and social security payables ⁽²⁾	(50,273)	34,543	68,502
Other payables	11,278	(5,096)	7,689
Increase in current liabilities	(41,881)	35,409	77,643
Change in WCR	100,013	50,950	30,011

⁽¹⁾ Other receivables under assets in the consolidated balance sheet were impacted by the 2017 CICE receivable in the amount of €47,107 thousand, which had been booked under non-current financial assets at December 2019.

⁽²⁾ In the context of the various government measures relating to Covid-19, the Group deferred the payment of tax and social security liabilities in the amount of €18,071 thousand as at 30 June 2020.

OTHER INFORMATION

Note 8 Related parties

There were no transactions between related parties that had a significant impact on SYNERGIE's financial situation or consolidated statement of income.

Note 9 Contingent commitments and liabilities

9.1 Commitments received and contingent assets

Banks guaranteed SYNERGIE and some of its temporary employment subsidiaries in respect of its clients for €94,200 thousand in France and €36,758 thousand for the foreign subsidiaries at 30 June 2020.

As from 1st July 2020, guarantees concerning France stand at €98,637 thousand.

9.2 Commitments given and contingent liabilities

The retirement and other benefits granted to the personnel are all covered by provisions (Note 4.9.1).

There are no other commitments that are likely to significantly affect the assessment of the consolidated financial statements.

Note 10 Events after 30 June 2020

No event likely to call into question the half-year financial statements as at 30 June 2020 took place after the reporting date.

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

I certify that, to my knowledge, the condensed consolidated financial statements presented in the half-year financial report were prepared in accordance with the applicable accounting standards and provide a fair view of the assets, financial position and results of SYNERGIE and of all companies included in the consolidation scope.

The half-year activity report therefore provides a fair picture of the main business developments during the first six months of the financial year and of their impact on the half-year financial statements, of the main risks and uncertainties faced over the next six months of the year, and of the main transactions between related parties.

Paris, 14 September 2020

Daniel AUGEREAU

Chairman of the Executive Board

STATUTORY
AUDITORS'
REPORT ON THE
HALF-YEAR
FINANCIAL
INFORMATION

PERIOD FROM 1 JANUARY
TO 30 JUNE 2020

SAINT HONORE BK&A

140, rue du Faubourg Saint-Honoré

75008 PARIS

Registered member of the Compagnie de Paris

APLITEC AUDIT & CONSEIL

4-14 rue Ferrus

75014 PARIS

Registered member of the Compagnie de Paris

SYNERGIE

STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION PERIOD FROM 1 JANUARY TO 30 JUNE 2020

SYNERGIE

A European Company (SE) with share capital of €121,810,000

Registered office: 11, avenue du Colonel Bonnet

75016 PARIS

PARIS TRADE AND COMPANIES REGISTER (RCS) NO. 329 925 010

STATUTORY AUDITORS' REPORT ON THE HALF-YEAR FINANCIAL INFORMATION PERIOD FROM 1 JANUARY TO 30 JUNE 2020

To the Shareholders,

Under the terms of the assignment entrusted to us by your Shareholders' Meeting and in accordance with article L.451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we have carried out:

- a limited review of the condensed consolidated half-year financial statements of SYNERGIE for the period from 1 January to 30 June 2020, as attached to this report;
- verifications of the information provided in the half-year activity report.

These condensed consolidated half-year financial statements were drawn up under the responsibility of your Executive Board on 14 September 2020 based on the information available at that date, in the context of the changing situation related to the Covid-19 crisis and the difficulties in appraising its impact and the future outlook. Our role is to express our conclusion on these financial statements based on our limited review.

1. Conclusion on the financial statements

We carried out our limited review in accordance with the professional standards applicable in France. A limited review essentially consists in making inquiries of the members of the management responsible for financial and accounting matters and applying analytical review procedures. A limited review is substantially less broad in scope than an audit conducted in accordance with professional standards applicable in France, and consequently does not enable us to obtain more than a moderate assurance, less than would be obtained in the case of an audit, that the financial statements do not contain significant anomalies.

Based on our limited review, no significant anomaly has come to our attention that would cause us to doubt that the accompanying condensed consolidated half-year financial statements are prepared in all material respects in accordance with IAS 34,

the IFRS standard as adopted by the European Union applicable to interim financial statements.

2. Specific verification

We also verified the information given in the half-year activity report drawn up on 14 September 2020 commenting on the condensed consolidated half-year financial statements submitted for our limited review.

We have no observations to make as to their sincerity and consistency with the condensed consolidated half-year financial statements.

Signed in Paris on 30 September 2020

The Statutory Auditors

SAINT HONORE BK&A

Registered member of the Compagnie de Paris

APLITEC AUDIT & CONSEIL

Registered member of the Compagnie de Paris

Frédéric BURBAND

Marie-Françoise BARITAUX-IDIR

Laurent GUEZ