



FREELANCE.COM

A public limited company with a capital of €2,913,895.92
Head office: 1, parvis de La Défense - 92044 Paris La Défense cedex
Identified under Nanterre R.C.S. No. B 384 174 348

HALF-YEARLY FINANCIAL REPORT

30 JUNE 2020

Euronext **GROWTH™**



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A. HALF-YEARLY ACTIVITY REPORT

Half-year results 2020

- Sustained growth in the 1st half-year: +19% organic (+28% pro forma)
- An operating margin affected by the health crisis: -35% organic (-12% pro forma)
- Stabilisation of the net cash position despite the acquisition of INOP'S

Unaudited consolidated data in K€ (French standards)	S1 2020	S1 2019	Change
Turnover	132,546	111,522	+19%
Operating income	2,650	4,109	-35%
<i>Operating income - as % of turnover</i>	2.0%	3.7%	
Financial income	-277	-47	
Exceptional income	104	-344	
Income tax	-286	-453	
Net income (group share)	2,190	3,266	-33%
<i>Net income - in % of turnover</i>	1.7%	2.9%	

At the end of the first half of 2020, Freelance.com achieved a consolidated turnover of €132.5M, with organic growth of +19% compared to 2019. Freelance.com thus continues its fifth consecutive year of double-digit growth. Pro forma growth including the recently acquired company INOP'S at the end of the half-year would have been 28%.

During the first half of the year, the Group's growth was mainly driven by business in France. International business, which generates higher margins, was more affected by lockdown measures related to the pandemic and the closure of airports.

Solidity of the business model

In the first half of the year, the Group decided to maintain its development and investment strategy. Despite the economic crisis, Freelance.com has maintained a positive operating result of €2.6M for a profitability rate of 2%.

This lower profitability than the previous year is explained by the support provided to freelancers and the change in the business mix, as the higher margin turnover was more particularly affected by the pandemic, especially internationally.

After taking into account income tax and profit-sharing, the net income for the group was €2.2M in 2020 (€3.1M pro forma), compared to a profit of €3.3M a year earlier.

Stabilisation of the net cash position at 30 June 2020

At 30 June 2020, the Group had a strong balance sheet structure with a total balance sheet of €181.4M (vs €130.7M at 31 December 2019) and shareholders' equity strengthened to €41.8m (vs. €39.7m at

31 December 2019). This consolidated balance sheet also includes the accounts of INOP'S, acquired on 18 June 2020.

Freelance.com had €36.5M in available cash flow at 30 June, compared with €21.9M in financial debt. Despite the acquisition of INOP'S on 18 June 2020, the net cash position of financial debts amounts to €14.6m (vs €15.1m at 31 December 2019).

INOP'S: strong growth in the 1st half-year

In the first half-year of 2020, INOP'S, which became part of Freelance.com on 18 June 2020, generated a turnover of €51.4m, with organic growth of 56%. INOP'S maintains a strong growth thanks to its high value-added activities (digital transformation, Big data, AI, dematerialisation...) as well as its close relationships with its key accounts from the public and private sectors.

INOP'S is profitable and allows the Group to achieve, on a pro forma basis, an operating profit of €4.0M vs €4.6M at 30 June 2019.

Unaudited consolidated data in K€ (French standards)	S1 2020 pro forma	Inop's Contributi on	Pro forma change vs 2019
Turnover	183,926	51,380	+28%
Operating income	3,977	1,328	-12%
<i>Operating income - as % of turnover</i>	2.2%	2.6%	
Financial income	-265	+12	
Exceptional income	85	-18	
Income tax	-658	-372	
Net income (group share)	3,139	949	-12%
<i>Net income - in % of turnover</i>	1.7%	1.9%	

Financial objectives: short-term uncertainties, confidence for the future

The first half-year of 2020 was strongly impacted by lockdown measures, health restrictions and their economic consequences. Despite some positive signals, the lack of visibility on growth prospects in the second half-year calls for caution and a lack of premature announcements.

However, the group's model is based on fundamental trends that are not being challenged, on the contrary: transformation of the relationship to work, quest for independence, increasingly agile and liberated companies, need for expertise, etc.

The group is confident in its ability to achieve a 2020 financial year that combines growth and profitability, and to continue its development in the longer term. Its ambition to exceed the €500M turnover threshold within 3 years is maintained.

B. CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS in K€	§	30/06/2020	31/12/2019
Goodwill	4.1	48,421	35,650
Uncalled Share Capital			
Intangible assets	4.2	3,895	3,172
Tangible assets	4.3	452	405
Long-term investments	4.4	1,563	1,360
Fixed assets		54,331	40,587
Inventories and work in progress	4.5	70,461	49,689
Trade receivables			
Deferred tax assets	4.5	57	
Other receivables	4.5	19,151	13,369
Marketable securities	4.6	204	505
Cash in bank and at hand	7	36,331	26,119
Current assets		126,204	89,682
Accruals	4.5	801	489
Total ASSETS		181,336	130,758

LIABILITIES in K€	§	30/06/2020	31/12/2019
Share capital		2,914	2,892
Issue, merger and acquisition premiums		29,399	29,421
Reserves		7,372	1,606
Group income		2,201	5,904
Treasury shares		-96	-85
Shareholders' equity - Group share	4.7	41,789	39,737
Minority interests	4.7	682	
Other equity			
Provisions for liabilities and charges	4.8	2,133	1,097
Borrowings and financial debts	4.9	21,944	11,482
Trade payables and related accounts	4.10	60,312	34,729
Tax and social security liabilities	4.10	52,194	41,764
Debts on fixed assets and related accounts	4.10	12	14
Other debts	4.10	994	1,126
Debts		135,457	89,115
Accruals		1,275	809
Total LIABILITIES		181,336	130,758

INCOME STATEMENT

NOTE TO THE CONSOLIDATED ACCOUNTS

All amounts in the appendix are expressed in thousands of euros (K€).

The notes below represent the appendix to the consolidated accounts at 30 June 2020, which show a balance sheet total of €181,336K and a net result - group share of €2,201K.

Note 1 - Significant events of the period and post balance sheet events

Growth dynamics

For the whole of the ^{first} half-year of 2020, FREELANCE.COM's consolidated turnover amounted to 132.5 million, up +18.9% compared to the turnover of the ^{first} half-year of 2019. FREELANCE.COM generated €105.4M in sales in France, representing 80% of the Group's consolidated total. The business grew organically by 26% domestically.

Internationally (Germany, Morocco, Switzerland), turnover remained stable at €27.1M, representing 20% of total turnover for the period.

Merger with INOP'S

On 18 June 2020, Freelance.com acquired a 75% majority stake in INOP'S, the leading network of digital experts (70,000 experts). As the takeover is deemed to be effective as of 30 June 2020, INOP'S does not contribute to the consolidated business and income flows for the first half-year of 2020.

With this operation, Freelance.com significantly strengthens its expertise in digital, complements its service offering (with an increased capacity in particular for fixed-price contracts, offers dedicated to the public sector, management of large-scale programmes, etc.) and will be able to draw on the largest ecosystem of 70,000 experts in SMEs and digital start-ups. Freelance.com thus strengthens its position as the leader in liberated work and offers talents and companies more intelligent solutions to facilitate value creation and innovation.

INOP'S achieved a turnover of €84M in 2019, up 52%. Given the date of the merger and its materiality in the Group's consolidated financial statements, Note 8 to the financial statements provides pro forma information and details the integration of the Group's accounts.

Covid-19 health crisis

Since the beginning of the 2020 financial year, a global health crisis related to the COVID-19 virus has erupted. This has created an unprecedented economic, social and operational situation both in France and internationally.

The Freelance.com group has adapted its organisation to guarantee the level of service expected by its clients, companies and talents, documented in a Business Continuity Plan (BCP), and thus secure all current benefits, while preserving its employees, and in particular:

- The introduction of remote working for all employees with dedicated tools,

- The production of specific documentation and training related to Covid-19 crisis management,
- The establishment of a business continuity service,
- The use of part-time working.

At the end of June, the impact on the Freelance.com group's activities seems limited, although a decline was noted in wage portage business. Nevertheless, there is still a lack of visibility on the course of the pandemic which makes it difficult to make any forecast for the end of the year.

Underwriting of state-guaranteed loans (PGE)

In the current crisis context related to Covid-19, the French government has put in place numerous measures to help companies to bear the effects of the crisis. One such measure is the State Guaranteed Loan (PGE). This loan is a fixed-rate bank loan with 90% of the amount borrowed guaranteed by the State via the Public Investment Bank (BPI). After a one-year grace period for amortisation and interest, the loan can be amortised over a period of 1 to 5 years at the Company's discretion. Depending on the chosen amortisation period and the size of the company, interest rates will be defined. At present these rates are not yet defined.

In view of the uncertainties linked to the crisis, the Group has decided to strengthen its cash position in order to give itself more flexibility to continue to support freelancers who place their trust in it and to envisage its future developments with confidence.

As at 30 June, the Group had subscribed to and released PGE funds for an amount of €10 million to its freelance administration subsidiaries.

Other highlights

There are no other events that have had, or are likely to have, a material impact on the consolidated financial statements or that should be disclosed in these notes.

Post closing events

- State-Guaranteed Loans

In line with the strategic decision to use the PGE, the Group also negotiated a total of €16.7M of PGEs for its other activities during the third quarter. This brings the outstanding PGE to €26.7M.

[Note 2 - Accounting principles and methods - consolidation arrangements](#)

2.1. Accounting standards

The consolidated financial statements are prepared in accordance with the accounting principles applicable in France and with the consolidation rules defined in Regulation 99-02 of the Accounting Regulatory Committee (CRC).

In particular, the following conventions have been observed:

- Going concern;
- Consistency of accounting methods from one year to the next;
- Independence of financial years.

The basic method used for the valuation of items recorded in the accounts is the historical cost method.

2.2. Consolidation arrangements

2.2.1. Consolidation methods

The accounts of companies over which FREELANCE.COM exercises exclusive control, directly or indirectly, de jure or de facto, are fully consolidated. However, entities with no significant activity or assets are not consolidated.

Companies that are jointly controlled by several shareholders are consolidated proportionally to the percentage of control.

The companies in which FREELANCE.COM exercises significant influence, presumed when it holds more than 20% of the capital, are accounted for by the equity method.

The closing date of the consolidated accounts is the closing date for the parent company of the group, i.e. 31 December of each year, and corresponds to the closing date of each of the entities included in the scope of consolidation.

2.2.2. Treatment of initial consolidation differences

Goodwill on initial consolidation recognised on the acquisition of an equity interest corresponds to the difference between the fair value of the acquisition price and the restated share of the net assets acquired. They are allocated to the appropriate asset and liability items.

The positive unallocated balance of these differences is presented on the assets side of the balance sheet under the heading “goodwill”.

The useful life of positive goodwill is determined based on a documented analysis of the relevant characteristics of the acquisition transaction in question. Where there is no foreseeable limit to the period over which goodwill will provide economic benefits to the group, it is not amortised. Where there is a foreseeable limit to its useful life at the time of acquisition, goodwill is amortised using the straight-line method over that period.

Goodwill is analysed at each balance sheet date in order to assess its net value and to apply any depreciation when the inventory value is lower than the book value, with any depreciation recorded never being reversed.

The valuation of goodwill of operating subsidiaries is assessed on the basis of profitability and development criteria. For portage subsidiaries, these criteria are applied to the entire division.

When the consolidation difference is negative, it is recorded under “provisions” on the liabilities side of the balance sheet and is reported in the income statement over a period that takes into account its nature.

2.2.3. Translation of the accounts of foreign companies outside the Euro zone

Translation of the accounts of foreign companies into euros was carried out as follows:

- Non-monetary items, with the exception of equity, and monetary balance sheet items have been translated at the exchange rate at the balance sheet date; equity has been translated at the historical rate;
- All income and expenses have been translated at the average exchange rate for the period.

2.3. Valuation methods and rules

2.3.1. Intangible assets

Intangible assets are valued at their historical purchase cost or historical production cost or at their fair value at the date of acquisition by the subsidiary that owns them.

They include mainly:

- The FREELANCE.COM trademarks and domain names, whose inventory value is assessed each year based on the group's prospects, and which are not subject to any amortisation,
- Specific software

Software is amortised using a straight-line method over its useful life, which does not exceed 5 years.

2.3.2. Tangible assets

Tangible assets are valued at their historical acquisition cost or at their fair value at the date of acquisition by the subsidiary that owns them.

They are subject to economic amortisation calculated using a straight-line method over their estimated useful lives. The usual rates used are as follows:

- | | |
|---------------------------------|---------------|
| • General fixtures and fittings | 5 years |
| • Office and computer equipment | 3 to 4 years |
| • Furnishings | 8 to 10 years |

Group entities do not use leasing as a method of financing fixed assets.

2.3.3. Receivables and payables

Receivables and payables are valued at their nominal value. Receivables and payables in foreign currencies are translated and recognised at the exchange rates prevailing at the end of the financial year or period, and the resulting translation differences are recognised as financial income or expense.

Receivables are subject, where appropriate, to a provision for depreciation to take account of collection and litigation difficulties.

FREELANCE.COM and INOP'S use the services of a factor (see Note 6.1).

2.3.4. Marketable securities

Marketable securities are recorded in the balance sheet at their acquisition cost.

They are subject to a provision for depreciation if their realisable value at the balance sheet date is less than their acquisition cost.

2.3.5. Provisions for liabilities and charges

Provisions are made for risks and expenses to the best of our knowledge, when an event has occurred or is in progress that makes them probable at the date of preparation of the accounts and when their amount can be estimated with sufficient precision.

Provisions are valued at each balance sheet date and are reversed when they are used (recognition of the corresponding expenses) or when the risk initially anticipated disappears.

2.3.6. Provisions for retirement benefits

Provisions are made for retirement benefits due to permanent staff working under permanent contracts. The valuation of these commitments results from an actuarial estimate of the potential rights acquired by employees at the balance sheet date, in application of the provisions of the collective agreement and the forecast of a departure at 65 years of age at the initiative of the employee.

This estimate takes into account, among other things, assumptions about life expectancy, staff turnover, salary trends and a discounting of the amounts payable.

2.3.7. Recognition turnover and margin

Turnover and associated margin are taken into account on a monthly basis, as and when assignments are completed.

2.3.8. Exceptional income

Exceptional income and expenses in the consolidated income statement include exceptional items arising from ordinary activities and exceptional items. Exceptional items arising from ordinary activities are those which do not arise from the ordinary operation of the business, either because they are abnormal in amount or impact, or because they occur rarely.

2.3.9. Deferred taxes

Deferred taxes are determined using the liability method at the tax rates prevailing at the end of the year. They are calculated on temporary differences between the book and tax values of assets and liabilities, as well as on consolidation adjustments, to the extent that they are material.

Deferred tax assets relating to tax loss carryforwards are only recognised insofar as they may be recovered within a reasonable period of time.

2.3.10. Earnings per share

Two types of results are presented: earnings per share and diluted earnings per share.

Earnings per share are calculated based on the weighted average number of shares outstanding during the period. Outstanding shares are shares issued, excluding treasury shares purchased by Freelance.com and included in equity.

For the calculation of diluted earnings per share, the weighted average number of shares is adjusted for the potential dilutive effect of shares to be issued upon translation of outstanding dilutive instruments.

This calculation is not performed in the intermediate situation.

The dilutive instruments existing at 30 June 2020 are summarised in the table below:

Award date	Type	Number	Price in €	Shares that can be subscribed	Quantities subscribed as at 30/06/20	Quantity remaining at 30/06/2018
18/05/2018	FSB (1)	327,164		279064	-279064	
19/04/2019	FSB (2)	306,000		306,000		306,000
30/04/2020	FSB (3)	528,000				
31/12/2016	CB (4)	10,548,984	1,05	10,548,984		10,548,984

(1) Of the 327,164 shares granted on 18/05/2019, 279,064 vested on 20/04/2020

(2) The 306,000 shares were granted on 30/04/2020 and will vest in April 2021

(3) The 528,000 shares may be allocated in April 2021, based on performance criteria (vesting period of 1 year)

(4) The CBs are described in Note 4.9 below

Note 3 - Scope of consolidation

All the companies in which FREELANCE.COM exercises, directly or indirectly, de jure control or a significant influence have been consolidated.

The list of consolidated companies as at 30 June 2020 and the percentages of interest held by the group are presented below; they are all fully consolidated.

Following the acquisition of INOP'S, the new group is now made up of 22 companies with the consolidation of TEOPHILE, dedicated to new wage portage services.

Entity	Head office	SIREN No.	% interest N	% interest N-1
ADMISSIONS ACCESS	Paroi Nord de la Grande Arche - 1 parvis de la Défense 92044 Paris La Défense	478,676,901	100.00	100.00
ADMISSIONS ETUDES ET PROJETS	Tour de l'Horloge 4 place L.Armand 75603 Paris cdx 12	487,531,659	100.00	100.00
ADMISSIONS SAVOIR FAIRE	Paroi Nord de la Grande Arche - 1 parvis de la Défense 92044 Paris La Défense	413,598,632	100.00	100.00
ADMISSIONS SUISSE	Rue François-Perréard 20, 1225 Chêne Bourg (Switzerland)		100.00	100.00
ADMISSIONS TECHNOLOGIES	9 place Alphonse Jourdain 31000 Toulouse	808,257,026	100.00	100.00
ADMISSIONS TRANSITIONS	107 Avenue Henri Freville 35200 Rennes	808,112,833	100.00	100.00
EGO INTERIM	221 boulevard Zerktoni Casablanca (Morocco)		100.00	100.00
EGO RECRUTEMENT	221 boulevard Zerktoni Casablanca (Morocco)		100.00	100.00
ERGONOS CONSULTING	Rue François-Perréard 20, 1225 Chêne Bourg (Switzerland)		100.00	100.00
ERGONOS GERMANY	Friedrichstrasse 95, 10117 Berlin, Germany		100.00	100.00
FREELANCE MAROC	221 boulevard Zerktoni Casablanca (Morocco)		100.00	100.00
FREELANCE UK	c/o James Cowper Kreston, Reading Bridge House, George Street, Reading, Berkshire, England, RG1 8LS		100.00	100.00
<u>FREELANCE.COM</u>		<u>384 174 348</u>	<u>100.00</u>	<u>100.00</u>
<u>FREELANCE ONE</u>	Paroi Nord de la Grande Arche - 1 parvis de la Défense	<u>431 960 251</u>	<u>100.00</u>	<u>100.00</u>
<u>ADMISSIONS ONE</u>	92044 Paris La Défense	<u>837,521,442</u>	<u>100.00</u>	<u>100.00</u>
<u>FREELANCE SERVICES</u>		<u>517,703,385</u>	<u>100.00</u>	<u>100.00</u>
INOP'S	9 Boulevard Gouvion St Cyr - 75017 Paris	513,082,503	75.00	
PROVIGIS	Paroi Nord de la Grande Arche - 1 parvis de la Défense 92044 Paris La Défense	431,960,251	100.00	100.00
SAGE	Rue François-Perréard 20, 1225 Chêne Bourg (Switzerland)		100.00	100.00
<u>TEOPHILE</u>		839 240 322	90.00	
<u>VALOR CONSULTANTS</u>	Paroi Nord de la Grande Arche - 1 parvis de la Défense	<u>311 810 816</u>	<u>100.00</u>	<u>100.00</u>
<u>VALOR ONE</u>	92044 Paris La Défense	<u>505,317,503</u>	<u>100.00</u>	<u>100.00</u>

Note 4 - Information on balance sheet items

4.1. Goodwill

The Freelance Group performs an annual impairment test at the end of each financial year. As a reminder, the latter had not led to any impairment at the end of 2019.

4.2. Intangible assets

Gross values in K€	Opening	Increase	Decreases	Change in scope	Other movements	Closing
Start-up costs and related	3				-	3
Research and development costs						
Concessions, patents and similar rights	3,075	2		699	1,196	4,972
Goodwill	481					481
Other intangible assets						
Intangible assets in progress	1,211	798			-1,196	813
Gross intangible assets	4,770	800		699	-	6,269

Depreciation and provisions	Opening	Increase	Decreases	Change in scope	Other movements	Closing
Amortisation of start-up costs	-1	0				-1
Research and development costs						
Concessions, patents and similar rights	-1,412	-184		-517	0	-2,114
Amort. of goodwill	-185	-74				-259
Amort.other intangible assets						
Intangible assets in progress						
Depreciation and provisions	-1,598	-259		-517		-2,374

Net values	Opening	Increase	Decreases	Change in scope	Other movements	Closing
Start-up costs and related	2	0			-	1
Research and development costs						
Concessions, patents and similar rights	1,662	-182		182	1,196	2,858
Goodwill	297	-74				223
Other intangible assets						
Intangible assets in progress	1,211	798			-1,196	813
Net values	3,172	541		182	0	3,895

The item “concessions, patents and similar rights” includes in particular:

- The “FREELANCE.COM” brand and associated trademarks and domain names were valued at €1,260K when they were first consolidated in 2002, a valuation confirmed by an annual impairment test.
- Specific software allowing:
 - The development of CSR data services under the PROVIGIS brand and freelance services on the global market by FREELANCE.COM.
 - The new management tool commissioned at the very end of the 2018 financial year for €479K, which is intended to be part of an evolution of freelance administration towards new services, was deployed on the 1st half-year of 2020. As a reminder, a portion of this was written down in 2019 for €118K. The net value of this asset amounts to €150K as at 30 June 2020.
 - The SMART software was commissioned in April 2020 at a cost of €973K.
This specific software supporting the operation is depreciated using a straight-line method over a period not exceeding 5 years.
- The acquisition at the end of 2018 of goodwill for €445K of services from CBV with straight-line depreciation over 3 years from 1 January 2019. The net value of this asset was €223K at 30 June 2020.
- The intangible assets in progress are related to the development of two new major IT projects for the group, SMART (digitalised freelance services) and TEOREME (automation of administrative processes; €544K as at 30/06/2020).

4.3. Tangible assets

Gross values in K€	Opening	Increase	Decreases	Change in scope	Other movements	Closing
Land						
Buildings						
Technical installations, equipment, tools	160					160
Other tangible assets	1,208	58		109	4	1,379
Assets in progress						
Advance payments and instalments						
Gross values	1,368	58		109	4	1,539

Depreciation and provisions	Opening	Increase	Decreases	Change in scope	Other movements	Closing
Land						
Buildings						
Technical installations, equipment, tools	-104	-7				-111
Other tangible assets	-859	-65		-48	-5	-977
Depreciation of tangible assets						
Advance payments and instalments						
Depreciation and provisions	-963	-72		-48	-5	-1,088

Net values	Opening	Increase	Decreases	Change in scope	Other movements	Closing
Land						
Buildings						
Technical installations, equipment, tools	56	-7				49
Other tangible assets	349	-7		61	-	402
Depreciation of tangible assets						
Advance payments and instalments						
Net values	405	-14		61	-	452

4.4. Long-term investments

The item “Long-term investments” breaks down as follows in net values at 30 June 2020:

Values in K€	Opening	Increase	Decrease	Change in scope	Other movements	Closing
Non-consolidated securities	45		-		-45	
Receivables from related entities						
Loans	586	41		2		629
Deposits and guarantees paid	398	2	-	185	-2	583
Other fixed assets	331	19	-4		5	352
Total	1,360	61	-4	187	-42	1,563

The other movements on the consolidated shares for €45K correspond to the TEOPHILE shares not consolidated at the previous closing.

The loans correspond to the sums paid by the wage portage companies under the 1% construction scheme.

At 30 June 2020, security deposits amounted to €583K, including €185K from the acquisition of INOP'S. They mainly include deposits paid in connection with movable property leases (including €107K on FREELANCE.COM for offices located at the Grande Arche de la Défense) and guarantees paid by the Moroccan temporary employment subsidiary.

The other fixed assets come from the Swiss subsidiaries for €278K (customer counter-guarantees) and from the company FREELANCE.COM for €73K (liquidity contract).

4.5. Operating receivables and accruals

Values in K€	Gross amount	Depreciation	30/06/2020	31/12/2019
Trade receivables	72,233	-1,772	70,461	49,689
Deferred tax assets	57		57	
Employee-related receivables	397		397	326
Tax receivables	13,254		13,254	8,846
Other receivables	851		851	484
Factor	4,649		4,649	3,712
Total other receivables	19,151		19,151	13,369
Prepaid expenses	801		801	489
GRAND TOTAL	92,242	-1,772	90,470	63,548

The bulk of the operating receivables are due within one year at inception. Receivables from the State mainly include deductible VAT of €11,032K and tax credits and advances of €2,222K. In particular, the Factor's accounts represent the sums left as collateral for the Factor until the clients pay the assigned invoices.

NB: Trade receivables do not include receivables assigned to the factor. At 30/06/2020, outstanding factoring amounts to €31,964K (including €31,713K from FREELANCE.COM and €251K from INOPS) for €21,214K at 31/12/2019.

4.6. Marketable securities

Values in K€	Gross amount	Depreciation	30/06/2020	31/12/2019
Marketable securities	204		204	505

4.7. Changes in equity

Values in K€	Capital	Reserves + Premiums	Treasury shares	Income	Translation differences	Total group share	Minority interest
Equity N-2	2,862	26,375	-86	4,448	-80	33	
Allocation to reserves		4,448		-4,448			
Commitment Pensions							
Change in capital	30	-30					
Change in treasury shares Change in scope			1				
Income N-1							
Change in translation differences							
Equity N-1	2,892	30					
Allocation to reserves							
Commitment Pensions							
Change in capital							
Change in treasury shares Change in scope							
Result N							
Change in t							

The number of shares making up the share capital of FREELANCE.COM SA is detailed as follows:

	No. of shares	Nominal value
As of 31/12/2019	36,144,635	€0.08
As of 30/06/2020	36,423,699	€0.08

Since ¹ January 2020, FREELANCE.COM's share capital has been increased by €22K through the issue of 279,064 new shares with a nominal value of €0.08 each (Free Share Distribution - FSD).

It thus goes from €2,892K composed of 36,144,635 shares with a nominal value of €0.08 to €2,914K composed of 36,423,699 shares with a nominal value of €0.08.

As a result of the transactions described above, FREELANCE.COM's share premium decreased by a total amount of €22K.

FREELANCE.COM holds a portion of its own shares under the liquidity contract entrusted to the company Gilbert Dupont. During the ^{first} half-year of 2020, FREELANCE.COM bought 157,295 shares and sold 162,134. At 30 June 2020, it held 31,443 shares valued at their purchase price, i.e. €96,000, according to the FIFO (First In First Out) method. Gains or losses on disposals are recognised directly in the income statement.

4.8. Provisions for liabilities and charges and provisions for depreciation

Values in K€	Opening	Increase	Decreases (1)	Change in scope (2)	Other movements (3)	Closing
Provisions for Liabilities and Charges	1,097	70	-82	911	137	2,133
Provisions for impairment of:						
- intangible assets	127					127
- tangible assets						
- long-term investments	16				0	16
- trade accounts receivable	1,912	389	-582	41	12	1,772
- other receivables	6		-6			
- securities						
Total	3,158	459	-671	952	149	4,047

Impact on income	Allowances	Reversal
Operating income	429	-588
Financial income		
Exceptional income	30	-82
	459	-671

- (1) Operating earnings after net provisions correspond mainly to provisions used
- (2) The change in scope column corresponds mainly to the dispute between INOP'S and the tax authorities (€627K)
- (3) Other movements mainly relate to currency fluctuations and the first recognition of IFCs in the consolidated accounts

Provisions and impairments mainly concern six types of risk:

- Regulatory risks (tax, Urssaf, etc.) for an amount of €1,218K
- Customer risks of non-recovery of receivables in the amount of €1,772K
- Social risks from disputes with employees in the amount of €361K
- Commercial contractual risks for €218K
- Technological risks related to IT developments for €127K
- Retirement benefits of €336K (including INOP'S for €203K and historical scope for €133K, determined with the following main assumptions: discount rate of 0.77% and rate of increase in remuneration of 2%)

Allowances and write-backs of provisions mainly relate to the risk of non-recovery of trade receivables.

Allowances and write-backs of provisions which impact the exceptional incomes are detailed in the note 5.6 and mainly concern other risks.

4.9. Borrowings and financial debts

Values in K€	Gross amount	Less than one year	More than 1 year and under 5	More than 5 years
Bond loans	11,076		11,076	
Bank loans	10,360	10,360		280
Bank overdrafts	9	9		
Other financial liabilities	498	498		
Financial lease liabilities				
Borrowings and financial debts	21,944	10,587	11,356	

On 22 December 2016, FREELANCE.COM issued 10,548,984 convertible bonds with a nominal value of €1.05 each, i.e. a total bond issue of €11,076K fully subscribed by CBV. Each convertible bond entitles the holder to one new FREELANCE.COM share at any time up to its 5-year maturity. Convertible bonds bear interest at 3% per annum. They will not be admitted to trading on Euronext Growth Paris or any other stock exchange.

The bank loans consist of €10M in PGE loans taken out by the wage portage subsidiaries and €360K in a loan taken out by INOP'S. The PGE loans, with an initial maturity of one year, may, at our initiative, be rescheduled over a maximum period of 5 years.

Other financial liabilities of €498K relate to accrued interest (18 months) on convertible bonds.

4.10. Operating liabilities

Operating liabilities are mainly due within one year, with the following breakdown:

Values in K€	30/06/2020	31/12/2019
Trade payables and related accounts	60,312	34,729
Social security liabilities (1)	32,230	26,823
Tax liabilities	19,964	14,942
Debts on fixed assets and related accounts	12	14
Other debts	994	1,126
Total other debts	53,201	42,904
Prepaid income	1,275	809
Total	114,788	78,442

¶ The increase in social security liabilities is mainly due to the impact of the health crisis with a payment schedule for social security liabilities at the end of June 2020 compared to 31 December 2019, as well as the entry of INOP'S into the scope for €1.6M. The impact will be reflected in the line "Change in working capital from operations" in the cash flow statement (Note 7).

Note 5 - Information on income statement items

5.1. Breakdown of turnover

Values in K€	30/06/2020	30/06/2019
Provision of services:	75,221	46,922
- France	63,209	36,023
- Export	12,012	10,899
Wage portage	56,143	63,574
- France	41,010	46,874
- Export	15,132	16,700
Other	1,182	1,025
Total	132,546	111,522

The line "Other" concerns the turnover of the compliance activity mainly borne by PROVIGIS.

5.2. Other operating revenue

They include reversals of provisions for doubtful debts amounting to €588K and expense transfers of €596K.

5.3. Details of other purchases and external charges

Values in K€	30/06/2020	30/06/2019
Purchases of services	71,357	41,513
Salesmen's commissions	286	522
Other	6,106	6,616
Total	77,749	48,651

5.4. Details of personnel expenses

Values in K€	30/06/2020	30/06/2019
Administrative staff	4,655	4,502
Ported and temporary staff	46,509	52,526
Total	51,165	57,028

Employee profit sharing amounts to €152K at the end of 2019 and nil at 30/06/2020.

5.5. Breakdown of financial income

Values in K€	30/06/2020	30/06/2019
Financial revenue from investments		
Revenue from other marketable securities & receivables from fixed assets	15	40
Other interest and similar revenue	9	11
Provision write-backs & Transfer of expenses		22
Exchange rate gains	350	243
Net income from disposals and marketable securities		2
Financial revenue	374	318
Depreciation allowance and provisions		0
Interest and similar expenses	237	246
Exchange rate losses	414	105
Net expenses from disposals of marketable securities		13
Financial expenses	651	365
Financial income	-277	-47

The Swiss subsidiaries contributed €214K to the net exchange rate differences, and FREELANCE.COM contributed €165K due to the impact of dividends paid by the Swiss subsidiaries.

Interest and similar expenses of €237K include €166K of interest calculated on FREELANCE.COM related to the bond loan issued on 31 December 2016 with CBV.

5.6. Breakdown of exceptional income

Values in K€	30/06/2020	30/06/2019
Exceptional income from general and administrative expenses	89	23
Other exceptional income on capital transactions	34	15
Provision write-backs & transfer of expenses	82	268
Exceptional revenue	205	306
Exceptional expenses from general and administrative expenses	72	511
Other exceptional expenses on capital transactions	0	13
Exceptional depreciation allowances & provisions	30	126
Exceptional expenses	102	650
Exceptional income	104	-344

The net exceptional result includes in particular €66K of unused provision write-backs on the Swiss subsidiaries and €53K of TEOPHILE losses prior to the entry into the scope of consolidation.

5.7. Income tax and deferred taxes

As of 1 January 2019, the French companies in the group have formed a tax consolidation group of which FREELANCE.COM is the parent. At 30 June 2020, the resulting savings amount to €205K.

The income tax recorded corresponds to the corporate taxes due by the Moroccan subsidiaries (€38K) and the Swiss-German subsidiaries (€248K).

A first deferred tax was recognised for €57K following the acquisition of INOP'S and the restatement of retirement benefits when calculating goodwill.

For information, the Group's deficit carry-forwards at the end of 2019 amount to €8,279K.

Note 6 - Other information

6.1. Off-balance sheet commitments

Commitments given	Amount in K€
Outstanding trade receivables assigned to a factoring organisation	31,964
Reimbursement of the rental exemption in case of departure before <u>31/01/2023</u>	738

Commitments received	Amount in K€
Asset and liability guarantee granted by the assignors of the SAVOIR FAIRE Group until <u>16/06/2021</u>	340

6.2. Contingent liabilities

All outstanding risks as at 30 June 2020 have been provisioned.

6.3. Permanent staff at the end of June 2020

	France	Foreign	Total 30/06/20	Total 31/12/19
Salaried staff:				
- executives	59	19	78	84
- employees	50	6	55	49
Total	108	25	133	133

The permanent workforce excludes ported employees and temporary workers. For information, 75 INOP'S employees are not included in the above data.

6.4. Statutory auditors' fees

Statutory auditors' fees represented an expense of €146K in 2019.

6.5. Related parties

All transactions with related parties are concluded under normal market conditions. The main operation concerned is described in § 4.9 above.

Note 7 - Consolidated cash flow statement

Valeurs en K€	30/06/2020	31/12/2019
Résultat net consolidé	2 190	5 904
Amortissements et provisions	318	152
Variation des impôts différés		
Plus et moins values de cession, nettes d'impôts	0	27
Autres flux non monétaires		-4
Marge brute d'autofinancement des sociétés intégrées	2 509	6 078
Variation du besoin en fonds de roulement lié à l'activité (1) (2)	6 205	1 045
Flux net de trésorerie généré par l'activité	8 714	7 124
Acquisitions d'immobilisations	-932	-1 309
Incidences des variations de périmètre (3)	-7 957	
Cessions d'immobilisations, nettes d'impôts	4	135
Flux net de trésorerie lié aux opérations d'investissement	-8 885	-1 174
Augmentations ou diminutions de capital en numéraire		
Emissions d'emprunts	10 166	332
Remboursements d'emprunts		-332
Flux net de trésorerie lié aux opérations de financement	10 166	
Autres flux de trésorerie	7	
Variation de trésorerie	10 002	5 950
Trésorerie - Ouverture	26 624	20 327
Concours bancaire courant - Ouverture	-73	-5
Trésorerie - Variation cours devises	-26	257
Trésorerie - Autres variations		22
Trésorerie - Clôture	36 535	26 624
Concours bancaire courant - Clôture	-9	-73
Variation comptes de trésorerie	10 002	5 950

(1) dont, au 30 juin 2020, impact de la crise sanitaire sur l'échéancier des dettes sociales et fiscale de l'ordre de + 6 200 K€.

(2) dont, au 31 décembre 2019, impact de l'anticipation du paiement des dettes sociales de l'ordre de - 2 000 K€.

(3) prix de revient des titres +/- trésorerie disponible à la date d'acquisition des sociétés entrées en périmètre sur la période.

Note 8 - Pro forma information

8.1. Impact on the balance sheet

The purchase price of the shares of €14,836K breaks down as follows:

ASSETS in K€	30/06/2020
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Intangible assets
Tangible assets
Long-term investments
Inventories and work in progress
Trade receivables

Fixed assets

Deferred tax assets
Other receivables
Marketable securities
Cash at bank and in hand

Current assets

Accruals

Total ASSETS

LIABILITIES in K€

Shareholders' equity - Group share

Minority interests

Other equity

Provisions for risks and liabilities

Loans and other financial liabilities
Trade accounts payable and other receivables
Tax and social security liabilities
Debts on fixed assets and related accounts
Other debts

Debts

Accruals



8.2. Pro forma income statement

In K€	30/06/2020	30/06/2020	30/06/2020
	Historical scope	Pro forma accounts	INOP'S contribution
Turnover	132,546	183,926	51,380
Other operating revenue	1,184	1,186	2
Purchases and inventory changes			
Other purchases and external expenses	77,749	124,661	46,912
Taxes and duties	1,407	1,555	149
Personnel expenses	51,165	54,062	2,897
Asset amortisation allowance	331	460	129
Allowance for provisions	429	396	-33
CL - operating income (Conso)			
Operating expenses	131,080	181,135	50,054
Operating income	2,650	3,977	1,328
Financial income	-277	-265	12
Earnings before tax and interest	2,373	3,712	1,339
Exceptional income	104	85	-18
Income tax	-286	-658	-372
Income of integrated companies	2,190	3,139	949
Goodwill amortisation allowance			
Consolidated overall income	2,190	3,139	949
Group income	2,201	2,913	712
Non-group income	-11	226	237

Historical scope: consolidation scope excluding INOP'S acquired in June 2020 and contributing to the group's activity and income flows as of 1 July 2020

Pro forma scope: consolidation scope with INOPS contribution from 1 January 2020