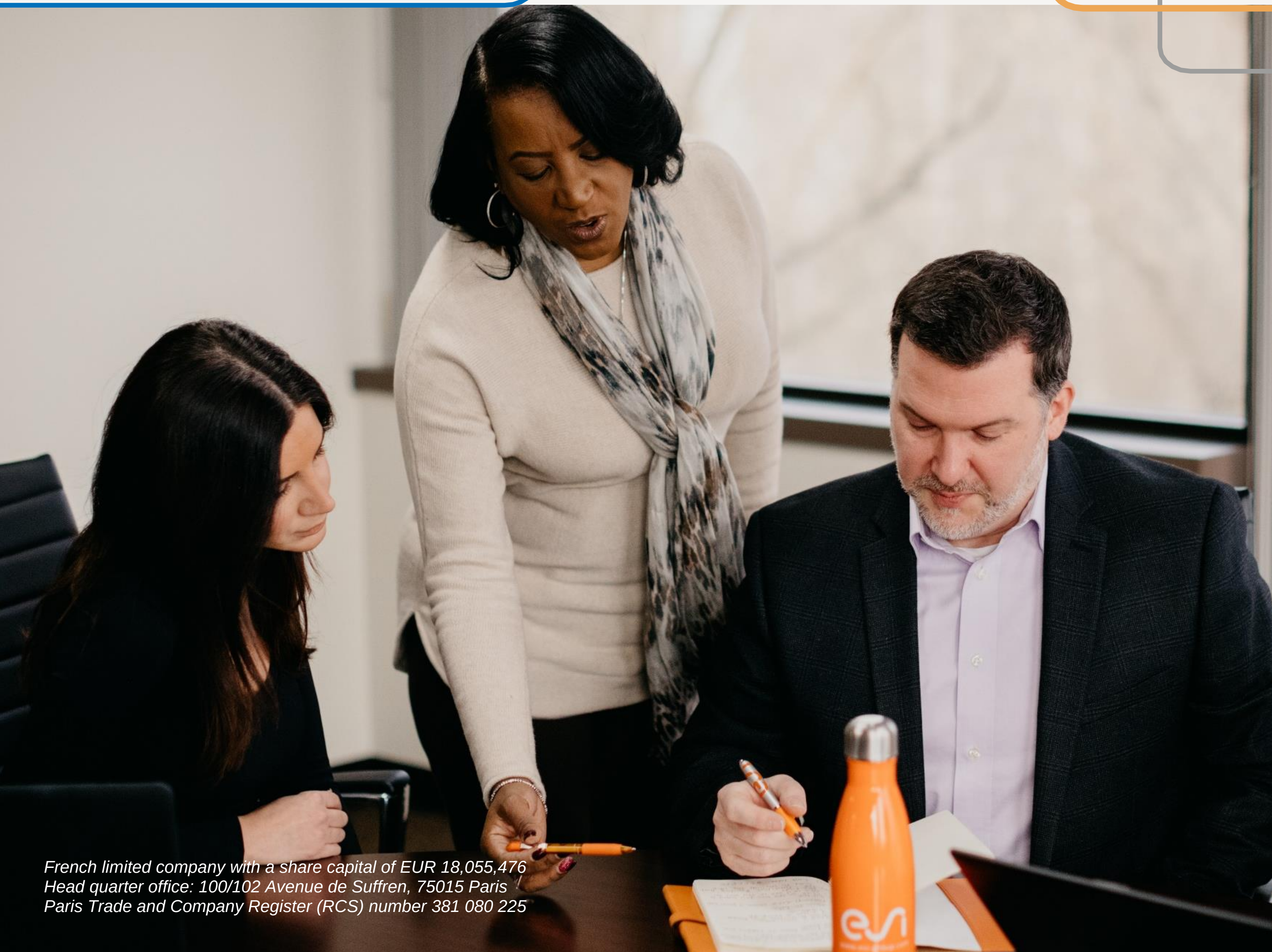
HALF-YEAR FINANCIAL REPORT

AS OF JUNE 30, 2020



French limited company with a share capital of EUR 18,055,476
Head quarter office: 100/102 Avenue de Suffren, 75015 Paris
Paris Trade and Company Register (RCS) number 381 080 225

SUMMARY

This document is a non-binding "free" translation from French into English and has no legal value other than an informative one. Should there be any difference between the French and the English version, only the text in French language shall be deemed authentic and considered as expressing the exact information published by ESI Group.

1. MANAGEMENT REPORT

Preamble

The financial information below presents the activity and the financial statements of ESI Group, a French "*société anonyme*", registered with the Paris Trade and Company Register under number 381 080 225. The Group's headquarters are located 100-102, avenue de Suffren, 75015 Paris, France. The company is listed in compartment B of Euronext Paris, under the ISIN code: FR 0004110310.

In this report, ESI Group is hereinafter referred to as "ESI Group" or the "Company". The Company and all its affiliated companies are hereinafter referred to as the "Group" or "ESI".

1.1. Overall presentation

Founded in 1973, ESI Group is a leading innovator in Virtual Prototyping solutions and a global enabler of industrial transformation. Thanks to the company's unique know-how in the physics of materials, the Company has developed and refined, over the last 45 years, advanced simulation capabilities. Having identified gaps in the traditional approach to Product Lifecycle Management (PLM), ESI has introduced a holistic methodology centered on industrial productivity and product performance throughout its entire lifecycle, i.e. Product Performance Lifecycle™, from engineering to manufacturing and in operation.

Present in more than 20 countries, and in major industrial sectors, ESI employs 1200 high level specialists.

1.2. Revenues and consolidated financial statements

Key figures

Half year closed on June 30, 2020

Reminder: in accordance with the decision of the Shareholders' meeting dated July 18, 2019, the Group fiscal year closing date has been shifted from January 31 to December 31. Consequently, half-year financial statements refer to period from January 1 to June 30 (previously February 1 to July 31).
Due to important seasonality of Licensing activity in January, results comparison between first half of 2019 and 2020 is not relevant, thus proforma information have been computed (January – June 2020 compared to January - June 2019), such as presented here below.

Further to this change of annual closing, when a figure is mentioned in reference to the year in the following pages, it implies the new closing period of January to December.

In € millions	H1-FY 20	H1-FY 19 proforma	Δ at current exchange rates	Δ at constant exchange rates
Revenues	**80.8**	**88.3**	**(8.5%)**	**(9.1%)**
Licenses	69.2	73.3	(5.6%)	(6.3%)
Services	11.6	15.0	(22.5%)	(22.9%)
Gross margin	**62.4**	**68.6**	**(9.1%)**	**(9.8%)**
% Revenue	*77.3%*	*77.7%*		
EBITDA (before IFRS 16)	**15.0**	**21.3**	**(29.5%)**	**(31.4%)**
% Revenue	*18.6%*	*24.2%*		
Operating result (before IFRS 16)	**12.5**	**19.6**	**(36.3%)**	**(38.4%)**
% Revenue	*15.4%*	*22.2%*		
IFRS 16 Impacts				
EBITDA	3.0	2.8		
Operating result	0.2	0.0		
Net Result	**8.9**			
% Revenue	*11.0%*			
Available cash	**24.7**	**16.3**	**51%**	

These figures were approved by the Board of Directors' meeting held on September 8, 2020.

Revenue by quarter

In € millions	Q1 2020 ended March 31	Q1 2019 proforma	% chg.	% chg. (cer*)
Licenses	48.8	50.8	**(4.0%)**	*(4.8%)*
Services	6.1	7.6	**(20.3%)**	*(20.9%)*
Total	**54.9**	**58.4**	**(6.1%)**	*(6.9%)*

In € millions	Q2 2020 ended June 30	Q2 2019 proforma	% chg.	% chg. (cer*)
Licenses	20.4	22.5	**(9.4%)**	*(9.7%)*
Services	5.5	7.4	**(24.8%)**	*(24.9%)*
Total	**25.9**	**29.9**	**(13.2%)**	*(13.5%)*

* cer: constant exchange rates

First half 2020 revenues

ESI Group's sales for the first half of 2020 amounted to €80.8m, down 8.5% (at current rates) from the same period last year. As the entire world entered confinement in Q2, revenue decreased by €4m (-13.2%), the similar absolute value as in Q1 over a smaller revenue. Overall in H1:

- **In licenses, representing 85.6% of revenues, Repeat Business (€70.2m) increased by 1.2%, while New Business (€5m) dropped by 53%.** Confinement delayed decisions about new engagements, though customer interaction and conversations continued, anchored on a solid foundation of repeat business.
- **In services, revenues decreased 22.5%,** as industrialists temporarily shut offices and postponed certain engagements.

Despite this exceptional context, the Group once again demonstrated the resilience of its business model, driven by a high level of licensing recurrence (87.7%[1]). The solid dynamic of repeat business, proof of the strategic value of ESI Group's solutions, was particularly strong among the group's key customers. The Top 20 customers booking increased by 3.9% and represented 56% of total booking. These customers showed a continuous interest for the Group's innovative solutions helping them to accelerate their digital transformation as illustrated by the 21% of services booking (vs. 15% for all customers).

Geographic and sector footprint unchanged

The geographical breakdown of half-year revenues is almost identical to that of the first half of 2019: the EMEA region represents 51.6% (vs. 52.7%) of total revenues, Asia represents 34.1% (vs. 33.2%) and the Americas represent 14.3% (vs. 14.1%). The EMEA region decreased the most during the half-year, followed by Asia and the Americas.

The Group's four priority industries - Automotive & Ground Transportation, Aeronautics & Aerospace, Heavy Industry, Energy - accounted for approximately 87% of total orders during the period. The Automotive and Ground Transportation activity, the group's leading industry, remained relatively stable despite a difficult sector context. The other priority industries suffered more from the current crisis, with a significant slowdown in orders in the Aerospace industry.

[1] *Repeat business N / (Repeat + New business) N-1*

Financial results

- H1 EBITDA (before IFRS 16) is €15.0m (18.6%) compared to €21.3m (24.2%) over the same period last year.
- H1 EBIT (before IFRS 16) is €12.5m (15.4%) vs. €19.6m (22.2%) in H1FY19.
- Gross margin is stable, at 77.3% (vs. 77.7%). Costs to EBIT are also stable (€68.3m in H1FY20 compared to €68.7m in H1FY19, before IFRS 16).

The Group reinforced cost measures over the semester. Immediately pivoting to work-from-home and adopting new methods for marketing enabled a greater than 50% reduction in travel and marketing costs. Automatic links between variable compensation and revenue growth also accounted for cost reductions. Additionally, the group continued aligning costs to priorities to reinforce a path to sustainable growth. Together, these measures will have a larger impact on H2FY20 and FY21.

1.3. Reconciliation of EBIT with EBITDA before IFRS 16 impact

	(In € million)	H1 2020 *Jan to June*	H1 2019 *Jan to June PROFORMA*	H1 2019 *Feb to July*
A	**EBIT**	**12.7**	**19.6**	**(8.3)**
B	Depreciation & Amortization before net depreciation of accounts receivable and amortization of capitalized development costs	(5.3)	(4.5)	(4.6)
A-B=C	**EBITDA**	**18.0**	**24.1**	**(3.7)**
D	Lease retreatment IFRS 16	3.0	2.8	2.8
E	Amortization IFRS 16	(2.8)	(2.8)	(2.8)
D+E=F	IFRS 16 impact on EBIT	0.2	0.0	0.0
A-F	**EBIT before IFRS 16 impact**	**12.5**	**19.6**	**(8.3)**
C-D	**EBITDA before IFRS 16 impact**	**15.0**	**21.3**	**(6.5)**

Reminder:

- EBITDA presented every half-year include net depreciation of accounts receivable (net allowance of -€0.4m in H1 2020) and net impact of development costs capitalization (IAS38 capitalization net of amortization, impact of -€11 thousand in H1 2020)
- IFRS 16: Applicable since fiscal year 2019, IFRS 16 specifies how to recognize and measure lease assets and liabilities (property, plant and equipment – real estate and vehicles – and lease liabilities). The lease expense is now broken down between amortization and depreciation and the interest on the debt. ESI recognized the assets and liabilities related to the right to use offices and leased vehicles. The impact of IFRS 16 on EBIT remains limited.

1.4. Cash-flows

Cash position amounted to €24.7m as at June 30, 2020, compared with €16.3m at June 30, 2019 and €20.2m at December 31, 2019.

Evolution of cash position between December 31, 2019 and June 30, 2020 is mainly due to:

- A net cash margin of €15.7m (before impact of IFRS 16 standard) compared to €19.8m in 2019 first half (proforma, from January to June 2019), this decrease resulting mostly from drop in EBITDA;
- A change in WCR of €0.3m compared to -€1.3m in 2019 first half (proforma). It has to be noted that despite the current economic situation, there is no deterioration of account receivables aging as compared with December 31, 2019;
- Capital expenditures of -€1.3m compared to -€1.7m in 2019 first half (proforma);
- Revolving credit (which is part of the syndicated loan) reimbursement of €10m during the semester.

Increase by €8.4m of cash position between June 30, 2019 and June 30, 2020 results mostly from postponed payments during 2020 first half further to French Covid-related governmental measures: postponed payment of payroll taxes and some office rentals (impact of approximately €6m) and agreement of our banking pool to post-pone by 6 months repayment of syndicated loan yearly installment (€3.5m, to be paid in October instead of April 2020).

As of June 30, 2020, ESI Group held 6.3% of its capital in treasury shares.

ESI Group requested a State-guaranteed loan (PGE) from its French banking pool and Bpifrance. At the date of the Board of Directors of September 8th, 2020, the PGE granted by Bpifrance has been received (€1.75m) and the agreements of all the banks in the pool have been obtained for a syndicated PGE of €12m - the contract was being drafted.

1.5. Balance sheet

Gross financial debt is €39.6m (vs. €49.6m as of December 2019) and net debt decreased to €14.9m (vs. €29.4m) related to business seasonality. The main flow of the period is the €10m reimbursement of revolving credit.
Gearing (net debt-to-equity) thus stood at 15.6% compared with 34.4% at end 2019.

1.6. Significant events of the period

ESI Group is accelerating the execution of its transformation plan on a global scale centered on the development of its sales and the improvement of its margins, by focusing on four main solutions (Pre-certification, Smart Manufac-turing, Human Centric and Pre -experience) in four priority industries (Automotive and Land Transport, Aeronautics and Aerospace, Heavy Industry and Energy).

Special point about Coronavirus (COVID-19) – Dealing with business "not as usual" and deploying a business continuity plan toward a "new normal"

ESI was ahead of the curve in ensuring the health and safety of colleagues, customers and partners, and swiftly implemented strict internal measures, some global measures like travel restrictions and work-from-home policy, some other local measures to comply with national regulations, so that the Group experienced no damaging interruption in operations.

In this time of business not as usual, the Group has implemented a Business Continuity Plan:

- managing costs according to global priorities, from reductions in travel, marketing & external costs to the reallocation of resources.
- demonstrating adaptability and inventiveness for pursuing new business, from digital trainings, short term 'from home' licenses and new forms of digital marketing.

The financial impact of the COVID-19 health crisis is presented in Note 2 of section "2.5. Notes to the consolidated financial statements".

1.7. Outlook

ESI Group is recognized as providing among the most performing mission critical solutions on the market and benefits from a growing number of solid customer references:

- ESI's collaboration with Kion Group, the global leader in industrial trucks, is a great illustration. ESI enables Kion Group to accelerate its digital transformation and increase productivity by reducing or even eliminating the need for physical prototypes during production processes.
- In Aerospace, a very challenging sector, ESI secured 100% of the annual software renewal from a major American Aerospace company, including a part of New Business, at the peak of the pandemic. This illustrates the strategic importance of ESI's solutions.

ESI 's key customers seek to improve performance of products throughout the lifecycle, as they know the imperative of transforming to provide outcomes. In this perspective, ESI Group collaborates with one of the leading manufacturers of construction and mining equipment, to reduce their power consumption. Thanks to a dedicated project based on the Hybrid Twin™ concept, ESI's teams help this manufacturer in the full lifespan of their product – from design to in-service performance improvement.

The mission of ESI Group is to enable manufacturers to commit to outcomes, by focusing on priority industries - Automotive & Ground Transportation, Aeronautics & Aerospace, Heavy Industry, Energy. ESI Group's value proposition is structured around specific solutions for each of these industries (Pre-certification, Smart Manufacturing, Human Centric and Pre-experience) across these four industries. This value proposition will be illustrated at the "ESI Live" event, World Digital Forum, on November 5, 2020.

1.8. Risk factors

A detailed analysis of the different risk factors can be found in the 2019 Universal Registration Document (filed with the AMF on April 23, 2020) in Chapter 3 “Risks and Risk Management”, also available on our website http://www.esi-group.com.

The Group has not identified any additional risk during this first half-year and for the remaining six months of the fiscal year.

1.9. Transactions with related parties

The nature of the transactions with related parties has not changed significantly during 2020 first half, as compared to December 31, 2019.

1.10. Information on shareholding

Breakdown of share capital and voting rights as of June 30, 2020:

	Number of shares	% of capital	Number of voting rights	% of voting rights
de Rouvray Family	1,824,385	30.29%	3,648,770	46.01%
Succession Dubois Jacques	380,619	6.26%	761,238	9.53%
FOUNDING GROUP SUB-TOTAL (registered shares)	**2,205,004**	**36.60%**	**4,410,008**	**55.61%**
Chaillou Vincent	21,197	0.35%	34,794	0.44%
des Isnards Charles-Helen	3,951	0.07%	7,702	0.10%
d'Hotelans Éric	1,589	0.03%	3,178	0.04%
Jacq Véronique	157	0.00%	158	0.00%
Ramanathan Rajani	1	0.00%	2	0.00%
de Balmann Yves	1	0.00%	2	0.00%
MEMBERS OF THE BOARD OF DIRECTORS (EXCL. FOUNDERS) (registered shares)	**26,896**	**0.45%**	**45,836**	**0.58%**
Public (registered shares)	26,245	0.44%	68,035	0.86%
Public (bearer shares)	3,309,403	54.94%	3,309,403	41.73%
PUBLIC SUB-TOTAL	**3,335,648**	**55.37%**	**3,377,438**	**42.59%**
Treasury shares	377,691	6.27%	0	0.00%
TOTAL	**6,023,892**	**100.00%**	**7,930,438**	**100.00%**

Crossing of thresholds:

Since January 1st, 2020 until the filing date of this Half-year Financial Report, the following crossing of thresholds have been declared:

- *Long Path Partners:*

- By letter dated January 5, 2020 sent by Vigilant Compliance, LLC, acting on behalf of the Long Path Partners fund, declared that the latter had crossed the legal and statutory threshold of 5% of the company's voting rights upwards with 414,752 shares representing 6.89% of the shares and 5.01% of the voting rights.
- By letter dated February 13, 2020 sent by Vigilant Compliance, LLC, acting on behalf of the Long Path Partners fund, declared that the latter had crossed the statutory threshold of 7.50% of the company's capital upwards with 451,475 shares representing 7.50% of the shares and 5.46% of the voting rights.
- By letter dated August 3, 2020 sent by the Long Path Partners fund, the latter declared having crossed the legal and statutory threshold of 10% of the company's capital upwards with 604,303 shares representing 10.03% of the shares and 7.27% of the voting rights.

- *LOYS Investment SA:*

- By letter dated March 9, 2020, the LOYS Investment SA fund declared that it had crossed below the legal and statutory threshold of 5% of the company's capital downwards with 288,458 shares representing 4.79% of the shares and 3.49% of the voting rights.
- By letter dated March 26, 2020, the LOYS Investment SA fund declared that it had crossed the legal and statutory threshold of 5% of the company's capital upwards with 305,739 shares representing 5.08% of the shares and 3.70% of the voting rights.
- By letter dated April 6, 2020, the LOYS Investment SA fund declared having crossed the legal and statutory threshold of 5% of the company's capital downwards with 291,614 shares representing 4.84% of the shares and 3.52% of the voting rights.
- By letter dated April 15, 2020, the LOYS Investment SA fund declared having crossed the legal and statutory threshold of 5% of the company's capital upwards with 308,079 shares representing 5.12% of the shares and 3.72% of the voting rights.
- By letter dated April 17, 2020, the LOYS Investment SA fund declared having crossed the legal and statutory threshold of 5% of the company's capital downwards with 271,079 shares representing 4.50% of the shares and 3.28% of the voting rights.

- *Briarwood Chase Management:*

- By letter dated July 22, 2020, the Briarwood Chase Management fund declared having crossed the statutory threshold of 2.5% of the company's capital upwards with 187,685 shares representing 3.12% of the shares and 2.37% of the voting rights.
- By letter dated August 24, 2020, the Briarwood Chase Management fund declared having crossed the statutory threshold of 2.5% of the company's voting rights upwards with 268,600 shares representing 4.46% of the shares and 3.39% of the voting rights.
- By letter dated September 8, 2020, the Briarwood Chase Management fund declared having crossed the legal and statutory threshold of 5% of the company's capital upwards with 313,525 shares representing 5.20% of the shares and 3.95% of the voting rights.

2. FINANCIAL STATEMENTS

2.1. Consolidated income statement

Half year closed on June 30, 2020

Reminder: in accordance with the decision of the Shareholders' meeting dated July 18, 2019, the Group fiscal year closing date has been shifted from January 31 to December 31. Consequently, half-year financial statements refer to period from January 1 to June 30 (previously February 1 to July 31).
Due to important seasonality of Licensing activity in January, results comparison between first half of 2019 and 2020 is not relevant, thus proforma information have been computed (January – June 2020 compared to January - June 2019), such as presented in Note 2.

(In € thousands)	Note	**H1 2020** *Jan to June*	H1 2019 *Feb to July*	Dec 31, 2019 *Feb to Dec*
Licenses and maintenance		69,214	40,854	75,320
Consulting		11,341	13,585	25,718
Other		256	369	1,159
REVENUE	4.1	**80,811**	**54,809**	**102,197**
Cost of sales		(18,378)	(17,886)	(33,873)
Research and development costs	5.2	(15,485)	(16,078)	(29,832)
Selling and marketing expenses		(21,613)	(19,539)	(38,841)
General and administrative costs		(12,643)	(9,650)	(21,476)
CURRENT OPERATING RESULT		**12,692**	**(8,345)**	**(21,825)**
Other operating income and expenses		6	28	1
OPERATING RESULT		**12,698**	**(8,317)**	**(21,824)**
FINANCIAL RESULT	6.2	**(822)**	**(961)**	**(2,563)**
Share of profit of associates		(189)	(264)	26
INCOME BEFORE INCOME TAX EXPENSE AND MINORITY INTERESTS		**11,687**	**(9,542)**	**(24,360)**
Provision for income tax	7.1	(2,813)	2,501	3,446
NET INCOME BEFORE MINORITY INTERESTS		**8,874**	**(7,041)**	**(20,914)**
Minority interests		(5)	103	32
NET INCOME (GROUP SHARE)		**8,880**	**(7,144)**	**(20,946)**
Earnings per share (in euros)		1,57	(1,27)	(4,06)
Diluted earnings per share (in euros)		1,55	(1,26)	(4,01)

Statement of comprehensive income

(In € thousands)	**H1 2020** *Jan to June*	H1 2019 *Feb to July*	Dec 31, 2019 *Feb to Dec*
NET INCOME BEFORE MINORITY INTERESTS	**8,874**	**(7,041)**	**(20,914)**
OTHER COMPREHENSIVE INCOME RECYCLED TO INCOME			
Change in the fair value of hedging instruments	9	(16)	(12)
Translation differences	(559)	737	866
OTHER COMPREHENSIVE INCOME (LOSS) NOT RECYCLED TO INCOME			
Actuarial gains and losses	(15)	4	(688)
Income and expenses recorded directly in equity	**(565)**	**725**	**166**
COMPREHENSIVE INCOME	**8,309**	**(6,316)**	**(20,748)**
Attributable to Group equity holders	8,318	(6,439)	(20,792)
Attributable to minority interests	(9)	123	44

The notes are an integral part of the consolidated financial statements.

2.2. Balance sheet

Half year closed on June 30, 2020

(In € thousands)	Note	**H1 2020** *June 30, 2020*	Dec 31, 2019	H1 2019 *June 30, 2019*
ASSETS				
NON-CURRENT ASSETS		**146,120**	**152,176**	**152,224**
Goodwill	3.1	41,438	41,448	41,550
Intangible assets	5.1	61,843	62,139	61,708
Property, plant and equipment		5,181	5,633	5,889
Rights-of-use assets		18,320	20,680	22,077
Shares in affiliated companies		807	1,099	823
Deferred tax assets	7.2	15,254	17,204	14,603
Other non-current assets		3,271	3,264	5,570
Cash-flow hedging instruments		7	6	3
CURRENT ASSETS		**79,710**	**82,183**	**72,818**
Trade receivables		32,845	44,733	38,729
Other current receivables		19,078	13,720	14,663
Prepaid expenses		3,094	3,489	3,939
Cash and cash equivalents		24,692	20,241	15,487
TOTAL ASSETS		**225,830**	**233,655**	**225,042**
LIABILITIES				
EQUITY		**95,673**	**85,983**	**99,555**
Equity (Group share)		**95,611**	**85,912**	**98,661**
Capital		18,055	18,055	18,053
Additional paid in capital		25,833	25,833	25,818
Reserves and retained earnings		42,392	61,982	61,422
Net income (loss)		8,880	(20,946)	(7,144)
Translation differences		450	987	512
Minority interests		**62**	**71**	**894**
NON-CURRENT LIABILITIES		**55,675**	**65,941**	**69,883**
Long-term share of financial debt	6.1	25,957	30,457	33,157
Non-current finance lease obligation		13,503	20,002	21,821
Provision for employee benefits		11,328	11,016	10,315
Deferred tax liabilities	7.2	3,761	3,761	3,763
Cash-flow hedging instruments		16	28	55
Other long-term debt		1,109	677	772
CURRENT LIABILITIES		**74,463**	**81,731**	**55,605**
Short-term share of financial debt	6.1	13,601	19,143	7,670
Current finance lease obligation		4,350	631	324
Trade payables		8,011	8,632	6,740
Accrued compensation; taxes and others short-term liabilities		27,295	24,230	17,771
Provisions for contingencies, risks and disputes		507	675	701
Deferred income		20,716	28,421	22,400
TOTAL LIABILITIES		**225,830**	**233,655**	**225,042**

The notes are an integral part of the consolidated financial statements.

2.3. Consolidated statement of changes in equity

(In € thousand except number of shares)	Number of shares	Share capital	Additional paid in capital	Net income, reserves and retained earnings	Translation differences	Equity attributable to parent company owners	Minority interests	Total Equity
AT JANUARY 31, 2019	**6,017,892**	**18,053**	**25,818**	**61,197**	**(205)**	**104,861**	**771**	**105,633**
Change in fair value of hedging instruments				(12)		(12)		(12)
Translation differences					848	848	18	866
Actuarial gains and losses				(682)		(682)	(6)	(688)
Income and expenses recognized directly in equity				**(694)**	**848**	**154**	**12**	**166**
Net income				(20,946)		(20,946)	32	(20,912)
COMPREHENSIVE INCOME				**(21,640)**	**848**	**(20,792)**	**44**	**(20,748)**
Proceeds from issue of shares	600	2	15			17		17
Treasury shares				22		22		22
Share-based payments				690		690		690
Transactions with non-controlling interests				927		927	(750)	177
Other movements				187		187	6	193
AT DECEMBER 31, 2019	**6,018,492**	**18,055**	**25,833**	**41,383**	**643**	**85,912**	**71**	**85,983**
Change in fair value of hedging instruments				9		9		9
Translation differences					(555)	(555)	(4)	(559)
Actuarial gains and losses				(15)		(15)		(15)
Income and expenses recognized directly in equity				**(6)**	**(555)**	**(561)**	**(4)**	**(565)**
Net income				8,880		8,880	(5)	8,874
COMPREHENSIVE INCOME				**8,874**	**(555)**	**8,309**	**(9)**	**8,310**
Proceeds from issue of shares								
Treasury shares				(12)		(12)		(12)
Share-based payments				424		424		424
Transactions with non-controlling interests				(39)		(39)		(39)
Other movements				1,006		1,006		1,006
AT JUNE 30, 2020	**6,018,492**	**18,055**	**25,833**	**51,636**	**88**	**95,611**	**62**	**95,673**

CHANGES IN FIRST-HALF 2019

(In € thousand except number of shares)	Number of shares	Share capital	Additional paid in capital	Net income, reserves and retained earnings	Translation differences	Equity attributable to parent company owners	Minority interests	Total Equity
AT JANUARY 31, 2019	**6,017,892**	**18,053**	**25,818**	**61,197**	**(205)**	**104,861**	**771**	**105,633**
Change in fair value of hedging instruments				(16)		(16)		(16)
Translation differences					717	717	20	737
Actuarial gains and losses				4		4		4
Income and expenses recognized directly in equity				**(12)**	**717**	**705**	**20**	**725**
Net income				(7,144)		(7,144)	103	(7,041)
COMPREHENSIVE INCOME				**(7,156)**	**717**	**(6,439)**	**123**	**(6,316)**
Proceeds from issue of shares								
Treasury shares				(114)		(114)		(114)
Share-based payments				359		359		359
Transactions with non-controlling interests				(41)		(41)		(41)
Other movements				35		35		35
AT JULY 31, 2019	**6,017,892**	**18,053**	**25,818**	**54,280**	**512**	**98,661**	**894**	**99,556**

The notes are an integral part of the consolidated financial statements.

2.4. Consolidated statement of cash flows

(In € thousands)	**H1 2020** *Jan to June*	H1 2019 *Feb to July*	Dec 31, 2019 *Feb to Dec*
Net income before minority interests	**8,874**	**(7,041)**	**(20,946)**
Share of profit of associates	(189)	(264)	(32)
Amortization and provisions[1]	6,042	5,096	8,882
Net impact of capitalization of development costs	11	(82)	(1,300)
Income taxes (current and deferred)	2,813	(2,501)	(3,446)
Income taxes paid	(401)	(415)	(1,980)
Unrealized financial gains and losses	359	(368)	120
Share-based payment transactions	424	358	690
Gains and losses on assets disposals and other components	4	16	114
Operating cash flow	**18,316**	**(4,722)**	**(17,879)**
Trade receivables	10,873	26,703	19,446
Trade payables	(549)	(2,058)	(293)
Other receivables and other liabilities	(9,979)	(18,534)	(865)
Changes in working capital requirements	**345**	**6,101**	18,288
NET CASH FROM OPERATING ACTIVITIES	**18,661**	**1,379**	**409**
Purchase of intangible assets	(577)	(566)	(591)
Purchase of property, plant and equipment	(754)	(713)	(1,390)
Acquisition of subsidiaries, net of cash acquired	-	33	(795)
Other investment operations	190	(785)	(7)
NET CASH USED FOR INVESTING ACTIVITIES	**(1,141)**	**(2,032)**	**(2,784)**
Proceeds from loans	-	8,034	14,422
Repayment of borrowings	(12,763)	(10,030)	(10,148)
Proceeds from issue of shares	-	-	17
Purchase and proceeds from disposal of treasury shares	(12)	(114)	22
NET CASH USED FOR FINANCING ACTIVITIES	**(12,775)**	**(2,110)**	**4,312**
Effect of exchange rate changes on cash and cash equivalents	(294)	164	216
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**4,452**	**(2,599)**	**2,153**
Opening cash position	20,241	18,086	18,087
Closing cash position [(1)]	24,692	15,487	20,241
NET CHANGE IN CASH AND CASH EQUIVALENTS	**4,452**	**(2,599)**	**2,154**

[(1)] The impact of IFRS 16 for 2020 first half is an increase of +€2.7 million in the amortization and provision retreatment and thus an improvement in operating cash-flow, against the repayment of finance lease obligation in the financing part of the Cash Flow Statement for -€2.7 million.

The notes are an integral part of the consolidated financial statements.

2.5. Notes to the consolidated financial statements

Half year consolidated financial statements are subject to a limited review performed by legal auditors.

Note 1. Accounting principles

Note 1.1. General information

The ESI Group is the world's leading creator of Virtual Prototyping software and services. A specialist in materials physics, ESI developed a unique and innovative know-how to help manufacturers replace real prototypes with virtual prototypes, enabling them to manufacture, assemble and test their products in different environments.

It should be noted that the Group's activity is subject to significant seasonal fluctuations, in accordance with the decision of the Shareholders' meeting dated July 18, 2019, the Group fiscal year closing date has been shifted from January 31 to December 31. Consequently, half-year financial statements refer to period from January 1 to June 30 (previously February 1 to July 31). Due to important seasonality of Licensing activity in January, results comparison between first half of 2019 and 2020 is not relevant, thus proforma information have been computed (January – June 2020 compared to January - June 2019), such as presented in Note 2.

ESI Group is a French company, with its headquarters at 100-102 Avenue de Suffren, Paris (75015), France. It is listed on the Euronext market in Paris compartment B under the code ISIN FR 0004110310.

ESI Group's half-year consolidated financial statements were approved by the Board of Directors on September 8, 2020.

Note 1.2. Accounting standards applied

ESI Group's half-year consolidated accounts as of June 30, 2020 were established in accordance with the standard IAS 34 for interim financial reporting. This standard provides that, for summary accounts, these do not include all the information required by the IFRS repository for the preparation of annual consolidated accounts. These summary accounts must therefore be read in relation to the consolidated accounts for the year ended December 31, 2019.

The annual consolidated accounts as of December 31, 2019 and the summary half-year consolidated accounts as of June 30, 2020 are established in accordance with the IFRS (International Financial Reporting Standards) framework as adopted in the European Union. Normative changes applicable for 2020 first half-year have no impact on Group consolidated accounts as of June 30, 2020.

The summary half-year consolidated accounts are presented in thousands of euros, unless otherwise stated. Some totals may show rounding differences.

Note 1.3. Use of estimates and assumptions

Preparation of the consolidated financial statements requires the use of various estimates and assumptions made by the Group's management. These estimates and assumptions have an impact on the valuation of assets and liabilities, as well as on the amounts recorded as income or expenses throughout the fiscal year. Estimates include, but are not limited to, assumptions used to determine the impact of options and free shares granted to employees, revenue recognition, depreciation of non-current assets, valuation of deferred tax assets, capitalized development costs, provisions for impairment of doubtful receivables, taxes, risks and disputes, as well as provisions for post-employment benefits.

The estimates used as of June 30, 2020, with an uncertain context related to Covid-19 crisis situation, could be significantly changed for year-end closing.

Note 2. Significant events for the first half-year

Covid-19 crisis impacts

Covid-19 pandemic and the resulting overall slowdown in activity are impacting the Group's half-year results.

For revenue, the trend announced at the 2020 first quarter results' publication continues, with a decline in the new business of Licensing and Services activities.

For costs, travel restrictions and the implementation of a generalized working from home, have made it possible to reduce the corresponding costs. Same trend is to be noted for marketing costs, with the replacement of face-to-face events by digital events. Other actions on cost control have been launched to limit the impact of the activity slowdown on profitability, with an impact on the second half of 2020 and fiscal year 2021.

Regarding cash flow, the impact of the activity slowdown and the risk of delay in customer payments led the Group to request a State Guaranteed Loan (PGE) from its banking pool and from BPI France. At the date of the Board of directors approving the half-year accounts on September 8, 2020, the BPI France PGE had already been cashed-in (€1.75m received in August 2020) and all agreements of the banking pool had been obtained for a syndicated PGE of €12m – draft of the contract was in progress. Moreover, the banking pool had accepted a 6-months delay in the repayment of yearly installment of syndicated loan (€3.5m, to be repaid in October 2020 instead of April).

Based on the latest cash flow forecast prepared by management, including the estimate of the impact of the crisis, there is no indication of impairment of fixed assets (including goodwill) as of June 30, 2020.

Change of closing date - proforma information

Further to change of closing date, half-year financial statements refer to period from January 1 to June 30 (previously February 1 to July 31). As January is a significant month in terms of sales (renewal of almost half of the contracts in the licensing business), result for the new half-year differ substantially from those of the previous half-year.

To ensure good comparability of information and in accordance with AMF Recommendation 2013-08, the main aggregates of the financial statements have been recalculated on proforma basis from January to June 2019.

Thus, proforma data makes it possible to reflect the Group's financial performance and its development over two comparable periods.

In accordance with AMF recommendation 2013-08, the 6-month proforma information was established on the new half-year end date.

(in € million)	**H1 2020** *Jan to June*	H1 2019 Proforma *Jan to June*	Variation	Var %
Revenue	**80.8**	**88.3**	**(7.5)**	**(8.5%)**
Gross margin	62.4	68.6	(6.2)	(9.1%)
Research and development costs	(15.5)	(17.0)	1.5	(9.1%)
Selling and marketing expenses	(21.6)	(21.4)	(0.2)	0.8%
General and administrative expenses	(12.6)	(10.8)	(1.9)	17.4%
Operating result	**12.7**	**19.6**	**(6.9)**	**(35.2%)**
Out of which IFRS 16 impact	*0.2*	*0.0*		

(in € million)	**June 30, 2020**	June 30, 2019
Gross financial debt	39.6	39.3
Cash & cash equivalent	24.7	16.3
Net financial debt	14.9	23.0

(in € million)	**H1 2020** *Jan to June*	H1 2019 Proforma *Jan to June*
Operating cash-flow	**18.3**	**22.6**
Out of which IFRS 16 impact	*2.8*	*2.8*
Change in working capital requirement	**0.3**	**(1.3)**
Acquisitions of intangible and tangible assets	(1.3)	(1.7)
Revolving credit reimbursment	(10)	(10)
Syndicated loan yearly installment repayment	-	(2.0)
Other investment and financing flows	(2.6)	(3.7)
Out of which IFRS 16 impact	*(2.8)*	*(2.8)*
Total change in cash explained	**4.5**	**3.9**
Opening cash position at January 1, 2020	20.2	12.4
Closing cash position at June 30, 2020	24.7	16.3
Change in cash position	**4.5**	**3.9**

Proforma data are presented mainly on the income statement, the cash flow statement and on financial debt.

H1 2019 proforma data have been prepared using the same methodology as for 2019 12-months proforma data presented end 2019:

- Additional consolidation closings have been made for ESI Group and all subsidiaries as of December 31, 2018 and June 30, 2019, completing "historical" closings done as of January 31, 2019 and July 31, 2019. These additional closings enabled to produce income statement from January to June 2019 and balance sheet as of June 30, 2019, directly comparable with the balance sheet as of June 30, 2020.
- The process applied for additional consolidation closings was the same as for a usual "historical" closing, for all Group subsidiaries.
- More specifically, the following methods have been applied:
    - Licensing revenue is related to two performance obligations: access to the software (or license it-self) and the maintenance service. Revenue for the access to the license is recognized at a point in time at the moment when control is transferred to the client, and the revenue from maintenance

service is recognized on a straight-line basis over the one-year term of the support agreement – which is the usual method of each closing, in accordance with IFRS 15;

- Service revenue consists mainly of consulting fees. The consulting revenue is recognized according the percentage of completion method at end June 2019, for all entities with monthly monitoring. In the absence of monthly monitoring, a prorata by month has been calculated – this approach being acceptable given the month-to-month linearity of this activity's sales;
- Costs directly linked to revenue (such as royalties paid to third parties or commissions paid to agents) were calculated on the basis of monthly revenue;
- Staff costs excluding bonuses result from the payroll and social security charges paid each month, related accruals have been calculated according to the actual situation existing at each closing date. Bonus accruals have been adjusted end June 2019 using same hypothesis than calculation done end June 2020;
- The net impact of the capitalization of development costs and net charges to amortization, depreciation and provisions were calculated at each closing date;
- Some other external costs may result from prorata temporis estimates, such as office rental expenses which are invoiced quarterly.

Components of the cash flow were determined through a cash flow statement drawn up according to the usual consolidation process.

Changes in the scope of consolidation

During the half-year closed on June 30, 2020, the Group sold 10% of its participation in the JV AECC-ESI with no significant impact on the accounts.

Note 3. Scope of consolidation

Note 3.1. Changes in Goodwill

(in € thousands)	Dec 31, 2019	Increase	Decrease	Foreign exchange gain/loss	June 30, 2020
Gross values	41,448			(11)	41,437
TOTAL NET VALUES	**41,448**			**(11)**	**41,437**

Note 3.2. List of entities in the scope of consolidation

The table below presents the dates of creation of head offices of Group subsidiaries and the percentage of capital directly or indirectly held:

Subsidiaries	Date of creation or acquisition	Subsidiary head office	% of capital held		
			H1 2020 ***June 30, 2020***	H1 2019 *July 31, 2019*	December 31, 2019
FULLY CONSOLIDATED SUBSIDIARIES					
Engineering System International	April 1973	Paris, France	100%	100%	100%
Engineering System International GmbH	July 1979	Neu-Isenburg, Germany	100%	100%	100%
ESI Japan, Ltd	July 1991	Tokyo, Japan	97%	97%	97%
ESI North America, Inc.	March 1992	Troy, Michigan, United States	100%	100%	100%
Hankook ESI Co., Ltd.	September 1995	Seoul, South Korea	99%	99%	99%
ESI Group Hispania s.l.	February 2001	Madrid, Spain	100%	100%	100%
STRACO	April 2001	Compiègne, France	98%	98%	98%
Mecas ESI s.r.o.	May 2001	Plzen, Czech Republic	95%	95%	95%
ESI UK Limited	January 2002	London, England	100%	100%	100%
ESI US Holding, Inc.	August 2002	Dover, Delaware, United States	100%	100%	100%
ESI US R&D, Inc.	August 2002	San Diego, California, United States	100%	100%	100%
Calcom ESI SA	December 2002	Lausanne, Switzerland	99%	99%	99%
Zhong Guo ESI Co., Ltd	February 2004	Guangzhou, China	0%	100%	0%
Hong Kong ESI Co., Limited	February 2004	Hong Kong, China	100%	100%	100%
ESI Software (India) Private Limited	February 2004	Bangalore, India	100%	100%	100%
ESI-ATE Holdings Limited	July 2006	Hong Kong, China	100%	100%	100%
ESI-ATE Technology (China), Ltd	August 2006	Beijing, China	100%	100%	100%
ESI South America Comercio e Servicios de Informatica, Ltda	June 2008	São Paulo, Brazil	95%	95%	95%
ESI Italia s.r.l.	September 2008	Bologna, Italy	100%	100%	100%
Pacific Mindware Engineering Private Limited	December 2008	Pune, India	0%	100%	0%
ESI Services Tunisia	April 2009	Tunis, Tunisia	95%	95%	95%
ESI Group Beijing Co., Ltd	October 2010	Beijing, China	100%	100%	100%
ESI Software Germany GmbH	August 2011	Stuttgart, Germany	100%	100%	100%
ESI Nordics AB	December 2011	Sollentuna, Sweden	100%	100%	100%
ESI US, Inc.	February 2012	Farmington Hills, Michigan, United States	0%	100%	0%
OpenCFD Limited	September 2012	Berkshire, England	100%	100%	100%
ESI Services Vietnam Co., Ltd	December 2013	Ho Chi Minh City, Vietnam	100%	100%	100%
Civitec	March 2015	Versailles, France	80%	80%	80%
ITI GmbH	January 2016	Dresden, Germany	100%	96%	100%
ITI Southern Europe	January 2016	Rungis, France	100%	96%	100%
Mineset Inc	February 2016	Milpitas, United States	100%	100%	100%
Scilab Enterprises	February 2017	Paris, France	100%	100%	100%
SUBSIDIARY ACCOUNTED FOR USING THE EQUITY METHOD					
JV AECC-ESI (Beijing) Technology Co. Ltd	February 2014	Beijing, China	35%	45%	45%

Note 4. Operating data

Note 4.1. Revenue

(in € thousands)	**H1 2020** *Jan to June*	H1 2019 *Feb to July*	Dec 31, 2019 *Feb to Dec*
TOTAL LICENSES AND MAINTENANCE	**69,214**	**40,854**	**75,320**
Consulting	11,341	13,585	25,718
Other revenue	256	369	1,159
TOTAL SERVICES	**11,597**	**13,954**	**26,877**
CONSOLIDATED REVENUE	**80,811**	**54,809**	**102,197**
O/w total co-financed research and development projects included in service revenue	***2,087***	***2,396***	***4,102***

Note 4.2. Information by geographic area

Revenue is split between regions where it is actually produced.

(in € thousands)	Europe, Middle-East and Africa	Asia-Pacific	Americas	Eliminations	Consolidated
HALF-YEAR ENDED JUNE 30, 2020					
External clients	41,711	27,534	11,566	-	80,811
Affiliate companies	53,752	3,820	3,499	(61,071)	-
NET SALES	**95,463**	**31,354**	**15,065**	**(61,071)**	**80,811**
ASSETS ALLOCATED	**355,275**	**48,845**	**25,545**	**(203,835)**	**225,830**
11-MONTHS YEAR ENDED DECEMBER 31, 2019					
External clients	43,538	41,076	17,583	-	102,203
Affiliate companies	48,888	8,053	6,478	(63,420)	-
NET SALES	**92,425**	**49,129**	**24,062**	**(63,420)**	**102,203**
ASSETS ALLOCATED	**276,090**	**41,735**	**14,306**	**(98,476)**	**233,655**
HALF-YEAR ENDED JULY 31, 2019					
External clients	23,069	22,637	9,103	-	54,809
Affiliate companies	26,256	4,448	3,456	(34,161)	-
NET SALES	**49,325**	**27,085**	**12,559**	**(34,161)**	**54,809**
ASSETS ALLOCATED	**294,543**	**45,261**	**28,111**	**(142,872)**	**225,042**

Note 4.3. Personnel costs

Personnel costs are presented by destination in the income statement. Their break down by nature is as follows:

(in € thousands)	**H1 2020** ***Jan to June***	H1 2019 *Feb to July*	Dec 31, 2019 *Feb to Dec*
Salaries	(37,839)	(34,835)	(69,556)
Payroll taxes	(8,585)	(7,907)	(15,914)
Share-based payments	(424)	(358)	(689)
Post-employment benefits	(440)	(232)	(627)
TOTAL PERSONNEL COSTS	**(47,288)**	**(43,332)**	**(86,787)**

Note 5. Intangible assets

Note 5.1. Change in intangible assets

(in € thousands)	December 31, 2019	Increase	Decrease	Foreign exchange gain/loss	Other mouvements	**June 30, 2020**
GROSS VALUES						
Development costs	69,525	14,374			272	84,170
Intangible assets with an indefinite useful life	12,044					12,044
Other intangible assets	22,143	577	(393)	(84)	110	22,353
TOTAL	**103,712**	**15,333**	**(393)**	**(84)**	**382**	**118,537**
AMORTIZATION						
Development costs	(21,990)	(14,385)			(272)	(36,647)
Intangible assets with an indefinite useful life	(73)	-				(73)
Other intangible assets	(17,427)	(852)	376	83	(103)	(17,923)
TOTAL	**(39,490)**	**(15,509)**	**376**	**83**	**(375)**	**(54,643)**
NET CARRYING AMOUNTS						
Development costs	45,452	(12)				45,440
Intangible assets with an indefinite useful life	11,971					11,971
Other intangible assets	4,716	(275)	(17)	(1)	7	4,430
TOTAL	**62,139**	**(287)**	**(17)**	**(1)**	**7**	**61,843**

Note 5.2. Research and development costs

NET IMPACT OF THE CAPITALIZATION OF DEVELOPMENT COSTS

(in € thousands)	**H1 2020** ***Jan to June***	H1 2019 *Feb to July*	Dec 31, 2019 *Feb to Dec*
Development costs capitalized during the period	14,374	14,565	28,323
Development costs amortized during the period	(14,385)	(14,482)	(27,024)
NET IMPACT OF THE CAPITALIZATION OF DEVELOPMENT COSTS	**(11)**	**83**	**1,300**

RECONCILIATION OF R&D COSTS INCURRED AND ACCOUNTED FOR IN THE INCOME STATEMENT

(in € thousands)	**H1 2020** *Jan to June*	H1 2019 *Feb to July*	Dec 31, 2019 *Feb to Dec*
R&D costs incurred during the period	**(16,263)**	**(17,141)**	(33,646)
Development costs capitalized during the period	14,374	14,565	28,323
Development costs amortized during the period	(14,385)	(14,482)	(27,024)
French R&D tax credit	1,338	1,286	3,086
Amortizations acquired software assets	(548)	(307)	(562)
TOTAL R&D COSTS RECOGNIZED AS EXPENSES DURING THE FISCAL YEAR	**(15,484)**	**(16,079)**	**(29,832)**

Note 6. Financing

Note 6.1. Gross financial debt

Detail and maturity of financial debt at June 30, 2020

	Maturity at June 30,					
(in € thousands)	**2021**	**2022**	**2023**	**2024**	**2025 and beyond**	**Total**
Syndicated loan	8,268	4,888	4,888	4,888	4,886	27,818
Revolving loan						-
Other bank borrowings	2,900	800	800	2,375	1,200	8,075
Factoring of 2016 French R&D tax credit receivable	2,433					2,433
Repayable advances and other financial debts		492			740	1,232
TOTAL	**13,601**	**6,180**	**5,688**	**7,263**	**6,826**	**39,558**
	CURRENT: 13,601					**NON-CURRENT: 25,957**

During 2020 first half, main flow impacting gross financial debt was the reimbursement of €10 million of revolving credit during first quarter.

Detail and maturity of financial debt at December 31, 2019

	Maturity at December 31					
(in € thousands)	2020	2021	2022	2023	2024 and beyond	Total
Syndicated loan	3,500	4,405	4,905	4,905	9,810	27,525
Short-term revolving loan	10,000					10,000
Other bank borrowings	2,900	800	800	800	2,775	8,075
Factoring of 2016 French R&D tax credit receivable	2,433					2,433
Repayable advances		451			740	1,191
Other financial debts	309	65				374
TOTAL	**19,142**	**5,021**	**5,705**	**5,705**	**13,325**	**49,598**
	CURRENT: 19,142					**NON-CURRENT: 30,457**

Note 6.2. Financial income and expenses

(in € thousands)	H1 2020 Jan to Jun	H1 2019 Feb to Jul	December 31, 2019 Feb to Dec
Interest and related expenses on borrowings	(707)	(598)	(994)
Interest income	12	22	16
Foreign exchange gain/(loss)	161	(238)	(998)
Other financial expenses	(288)	(147)	586
FINANCIAL RESULT	**(822)**	**(961)**	**(2,563)**

Interest and related expenses on borrowings are composed of interests paid on bank loans and costs related to hedging instruments for the syndicated loan.

Other financial expenses include:

– Interest charges calculated on employee benefit commitments;

– Factoring expenses for receivables related to the French R&D tax credit;

– Overdraft interest charges.

Details on foreign exchange gains and losses are as follows:

(in € thousands)	H1 2020 Jan to Jun	H1 2019 Feb to Jul	December 31, 2019 Feb to Dec
USD	(363)	48	(708)
JPY	392	182	(23)
KRW	(139)	105	44
Autres devises	270	(573)	(311)
TOTAL	**161**	**(238)**	**(998)**

Note 7. Tax

Note 7.1. Income tax expense

The tax recorded in the Consolidated P&L is broken down as follows:

(in € thousands)	H1 2020 Jan to Jun	H1 2019 Feb to Jul	December 31, 2019 Feb to Dec
Current taxes	(1,150)	(1,125)	(2,372)
Deferred taxes	(1,663)	3,626	5,818
TOTAL	**(2,813)**	**2,501**	**3,446**

As noted in Note 1.1, the Group's activity is subject to seasonal fluctuations that generate deferred tax assets as of June 30, 2020.

Note 7.2. Deferred tax

Breakdown of deferred taxes by tax base:

(in € thousands)	**H1 2020 Jan to Jun**	H1 2019 Feb to Jul	December 31, 2019 Feb to Dec
Tax loss carryforwards	4,542	5,275	8,801
Temporary differences related to tax treatment of maintenance	3,115	3,944	2,632
Provisions for employee benefit commitments	3,438	3,633	3,322
Others	398	(1,845)	(1,311)
NET DEFERRED TAX	**11,493**	**10,840**	**13,443**

Note 8. Subsequent events

No subsequent events to be reported.

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3. STATUTORY AUDITORS' REVIEW REPORT ON THE 2020 HALF YEAR FINANCIAL INFORMATION

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
S.A. au capital de € 2.510.460
672 006 483 R.C.S Nanterre

Statutory auditor
Member of the regional
company of Versailles

ERNST & YOUNG Audit
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S.A.S à capital variable
344 366 315 R.C.S. Nanterre

Statutory auditor
Member of the regional
company of Versailles

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

ESI Group

Period from January 1 to June 30, 2020

Statutory auditors' review report on the condensed consolidated interim financial statements

To the shareholders,

In compliance with the engagement entrusted to us by your general meeting, and in application of article L. 451-1-2 III of the Monetary and Financial Code, we have performed:

• the limited review of the condensed consolidated interim financial statements of ESI Group, relating to the period from January 1 to June 30, 2020, as appended to this report;

• the verification of the information given in the half-year activity report.

The preparation of these condensed consolidated interim financial statements is the responsibility of your Management, and were approved by your Executive Board on September 8th , 2020, on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion

We conducted our review in accordance with professional standards applicable in France and the professional guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS34 – standard of the IFRSs as adopted by the European Union applicable to interim financial reporting.

2. Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information given in the Board of Directors's Group management report, as approved on September 8th, 2020.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, September 16, 2020

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG AUDIT
Thierry Charron	Pierre-Henri Pagnon

4. DECLARATIONS BY THE PERSON RESPONSIBLE OF THE HALF YEAR FINANCIAL REPORT

“I hereby certify that, to the best of my knowledge, the half year consolidated financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit and loss of the Company and all the companies included in the scope of consolidation, and that this Half year Activity Report includes a fair review of the important events which occurred during the first six months of the year, their impact on the half-year financial statements and the main transactions between related parties, and describes the principal risks and uncertainties for the remaining six months of the year.”

Paris, September 24, 2020

Cristel de Rouvray
Chief Executive Officer of ESI Group