

# HALF-YEAR FINANCIAL REPORT JUNE 30, 2020



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## I. Group Business Results

### 1. H1 2020 ACTIVITY

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H1 2020 was marked by the contained impact of the pandemic thanks to diversification and ongoing asset management growth.

#### **3rd party Assets Under Management (AuM) up 4% compared to December 31, 2019**

- Fundraising: €1.1 billion - strong outlook, particularly for Eurazeo Growth in H2
- Total AuM virtually stable at €18.5 billion

#### **Steady growth in recurring management fees in H1**

- Management fees<sup>1</sup>: €116 million, +18% - Fee rate: 1.4% on average
- Fee-Related Earnings (FRE): €28 million, +56%

#### **Net Asset Value (NAV) per share of €70.7, down 12% compared to the end of 2019**

- Highly diversified portfolio (no assets >10% of NAV), 97% composed of unlisted assets
- NAV stable for 90% of the scope in value (i.e. excluding Travel and Leisure segment)

#### **Portfolio economic EBITDA up +5% excluding Travel and Leisure segment**

- High exposure to Technology, increasing steadily
- Increasing impact of digital in the rest of the portfolio, particularly Eurazeo Brands and PME
- Encouraging signs of business recovery, back to pre-crisis levels in June excluding T&L

#### **Solid financial position**

- Gross cash of €587 million as of June 30, 2020, including €400 million drawn on the €1.5 billion syndicated credit facility
- Dry powder of €4.0 billion
- Net income attributable to owners of the Company: -€390 million, of which 80% coming from the Travel and Leisure segment

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<sup>1</sup> Including calculated on balance sheet

## 2. FINANCIAL RESULTS

### Consolidated financial statements

	€ million	H1 2019 PF	H1 2020
A. Contribution of companies, net of finance costs		126.5	(134.6)
B. Contribution of the investment activity		191.6	(388.8)
C. Contribution of the asset management activity		67.7	40.6
- including fee-related earnings ("FRE")		18.2	28.2
Amortization of assets relating to goodwill allocation		(97.9)	(92.6)
Income tax expense		(32.6)	23.9
Non-recurring items		(63.0)	(89.0)
<b>Consolidated net income</b>		<b>192.2</b>	<b>(640.6)</b>
<i>Attributable to owners of the Company</i>		<b>163.6</b>	<b>(389.8)</b>
<i>Attributable to non-controlling interests</i>		28.7	(250.8)

#### A. CONTRIBUTION OF COMPANIES, NET OF FINANCE COSTS

Excluding Travel and Leisure sector companies, H1 2020 economic revenue would have declined by 4% and economic EBITDA would have risen by 5%.

In total, companies reported a 24% decline in economic revenue to €2,322 million. Economic EBITDA at constant Eurazeo scope fell by 53% during the period to €206 million.

Adjusted EBITDA<sup>1</sup> of fully-consolidated companies in H1 2020 decreased by 39% to €223.5 million. Adjusted EBIT<sup>1</sup> totaled €82.5 million.

Finance costs rose by 6% to €123.5 million due to new investments in 2019.

The contribution of companies, net of finance costs, was -€134.6 million in H1 2020 (+€111 million excluding Travel and Leisure)

	€ million	H1 2019 PF	H1 2020	% change
<b>Adjusted<sup>1</sup> consolidated EBITDA</b>		<b>367.6</b>	<b>223.5</b>	<b>-39%</b>
Adjusted <sup>1</sup> consolidated EBIT		246.2	82.5	-66%
(-) Net finance costs		(116.8)	(123.5)	+6%
<b>(=) Adjusted EBIT<sup>1</sup>, net of finance costs</b>		<b>129.4</b>	<b>(41.0)</b>	<b>n.m.</b>
(+) Net income of equity-accounted companies <sup>1</sup>		(2.9)	(93.6)	n.m.
<b>A. Contribution of companies, net of finance costs</b>		<b>126.5</b>	<b>(134.6)</b>	<b>n.m.</b>

<sup>1</sup> Excluding non-recurring items

## B. CONTRIBUTION OF THE INVESTMENT ACTIVITY

Investment activity net income was -€388.8 million in H1 2020, heavily impacted by the pandemic:

- > The absence of major divestments in H1 2020 due to the pandemic significantly reduced divestment gains, changes in fair value, dividends and other income which totaled €77 million (€249 million in H1 2019);
- > The €417.0 million impairment losses mainly reflect the impairment of WorldStrides securities for €333 million as part of its ongoing financial restructuring;
- > Investment activity expenses declined over the period to €49.1 million, compared to €56.6 million in H1 2019. This amount includes recurring costs relating to the Group's strategic management and listing of €6 million. The expense allocated to the investment activity via calculated management fees totaled -€41 million, up 18% compared to H1 2019 (-€35 million) considering investments over the past 12 months. This expense represents revenue for the asset management activity and cancels out on consolidation.

	€ million	H1 2019 PF	H1 2020
Net capital gains or losses & dividends and other investment revenue		248.6	77.4
(-) Impairment		(0.3)	(417.0)
(-) Costs		(56.6)	(49.1)
<b>B. Contribution of the investment activity</b>		<b>191.6</b>	<b>(388.8)</b>

## C. CONTRIBUTION OF THE ASSET MANAGEMENT ACTIVITY

The asset management activity posted another revenue growth (+18%), once again demonstrating the platform's appeal.

The development of this strategic business creates numerous synergies within the Group, mainly through risk diversification, a greater investment universe, the increase in the share of recurring foreseeable income, the leverage impact on costs and the appeal for talents.

The activity's contribution in H1 2020 totaled €41 million, compared to pro forma €68 million in H1 2019.

- > **Management fee revenue** increased by +18% to €116 million, in line with AUM growth and breaks down as follows i) management activities for third parties up significantly by +18% to €75 million, driven by private equity fundraising (Eurazeo Capital IV, IDF III) and private debt ii) management fees calculated on Eurazeo's balance sheet for €41 million, an increase of +18% due to completed investments;
- > The Group's **operating expenses** totaled €87 million. They comprise all Eurazeo Group recurring costs (excluding Group strategic management and listing costs), including Idinvest, iM Global Partner and the share of operating expenses of Rhône Group and MCH Private Equity.
- > **Fee Related Earnings (FRE)**, which measure the activity's net recurring income (management fees - operating expenses), rose 56% in H1 2020 to €28.2 million.

- > **Performance fee related earnings (PRE)** totaled €12.3 million in H1 2020, compared to €49.5 million in H1 2019 which had benefited from fees calculated on the balance sheet in respect of completed divestments (Moncler, Elis and Neovia). It is recalled that Eurazeo is entitled to carried interest on (i) Eurazeo Capital and PME co-investment funds (ii) Idinvest funds raised from 2018 and (iii) Rhône funds from Fund V. Performance fees from third parties should increase in the years to come when these funds reach maturity.

	€ million	H1 2019 PF	H1 2020	% change
<b>Management fees<sup>1</sup></b>		<b>98.6</b>	<b>116.1</b>	<b>17.7%</b>
(-) Operating expenses		(79.2)	(87.1)	<b>10.0%</b>
(+) Other		(1.3)	(0.7)	<b>n.m.</b>
<b>(=) FRE</b>		<b>18.2</b>	<b>28.2</b>	<b>55.6%</b>
(+) Realized performance fees <sup>2</sup>		49.5	12.3	<b>n.m.</b>
<b>C. Contribution of the asset management activity</b>		<b>67.6</b>	<b>40.6</b>	<b>-39.9%</b>

<sup>1</sup> including management fees calculated on the balance sheet of €41 million in H1 2020 (€35 million in H1 2019)

<sup>2</sup> including realized performance fees calculated on the balance sheet of €10 million in H1 2020 (€47 million in H1 2019)

## NON-RECURRING ITEMS AND DEPRECIATION AND AMORTIZATION

Non-recurring items, which almost exclusively relate to the portfolio companies, totaled -€89 million in H1 2020. They primarily comprise restructuring, and transformation project costs in the portfolio companies for €72 million, foreign exchange hedging impacts for €14 million and €7 million in financial and equipment donations to help combat COVID-19.

## Business analysis according to the pandemic impact

For analysis purposes in the context of the COVID-19 pandemic, the Group presented in April a breakdown of its activities into four categories, defined according to the current and potential impact of the crisis on their business and on the value of the Group's portfolio (see Press Release of April 27, 2020):

**Category 1:** Resilient activities, little impacted in the short term due to a high level of recurring income or limited exposure to the consequences of the epidemic;

**Category 2:** Companies indirectly impacted by the lockdown as a result of the economic environment;

**Category 3:** Companies directly impacted by the widespread lockdown but expected to recover fairly quickly once lockdown is lifted;

**Category 4:** Companies directly impacted by the widespread lockdown, where business recovery is expected to be more gradual, encompassing companies exposed to the Travel & Leisure sector.

### H1 2020 NET ASSET VALUE ANALYSIS BY CATEGORY

Net Asset Value per share totaled €70.7 as of June 30, 2020, down 12% compared to December 31, 2019, while maintaining the Group's standard methodology and historically prudent approach.

NAV (€M)	12/31/2019	Change in value		Change in scope	06/30/2020	% total H1 2020
		€M	%			
Category 1	2,430	86	+4%	201	2,716	49%
Category 2	1,592	-17	-1%	10	1,585	29%
Category 3	664	-91	-14%	31	603	11%
<b>sub-total excl. travel and leisure</b>	<b>4,685</b>	<b>-23</b>	<b>0%</b>	<b>241</b>	<b>4,904</b>	<b>89%</b>
Category 4	1,298	-728	-56%	-	569	10%
<b>Total activities</b>	<b>5,983</b>	<b>-751</b>	<b>-12.5%</b>	<b>241</b>	<b>5,473</b>	<b>99%</b>
Net cash and other items	334	-3		-241	92	1%
<b>Total Group</b>	<b>6,317</b>	<b>-754</b>	<b>-11.9%</b>	<b>-</b>	<b>5,564</b>	<b>100%</b>
<b>NAV per share (€)</b>	<b>80.3</b>		<b>-11.9%</b>		<b>70.7</b>	

The value of **category 1-3 assets**, representing around **90% of the Group's NAV**, was **stable in H1 2020**. The valuation was sustained by the 5% increase in economic EBITDA in these categories during the period. Technological assets and the asset management activities delivered excellent performances and their valuations only partially reflect the improved market multiples in these segments. The NAV of Eurazeo Growth (Doctolib, ManoMano, Back Market, ContentSquare, etc.), primarily driven by the latest financing rounds, was therefore revalued by 11% in a context of soaring technological indices (NASDAQ +14% YTD).

**Category 4**, which represents 10% of NAV, is heavily discounted (-56%), given the uncertain context surrounding the recovery of international travel:

- **Planet Payment:** decrease of -50% in NAV, due to the sharp decline in the VAT refund activity and, to a lesser extent, dynamic currency conversion. The company completed a promising acquisition in payment processing (3C), a business less exposed to tourism;

- **WorldStrides:** fully impaired in the NAV in connection with an ongoing financial restructuring plan (post-closing) to enable the company, which organizes student travels, to pursue its growth;

- **Grape Hospitality:** 35% decline in the value of hotel operations. The value of the premises remains unchanged. Sharp reduction in costs during the lockdown and gradual turnaround in occupancy rates, reaching more than 50% in reopened hotels (around 80% of the hotel base);

- the **Europcar** share price is down 51% since the start of the year.

## H1 2020 ECONOMIC REVENUE ANALYSIS BY CATEGORY

H1 2020 revenue trends in these categories confirm the relevance of this classification and the resilience of a large section of the portfolio.

Excluding companies exposed to the Travel & Leisure sector, revenue fell by 4% in H1 2020, and regained its pre-crisis level in June:

- **Category 1** revenue grew steadily over the period, driven by Technology companies, those exposed to staples, the healthcare and solar energy sectors as well as by the asset management activity. Eurazeo Growth portfolio companies (non-consolidated and not included in the figures below) posted revenue growth of over 60%, as a result of their digital native positioning;
- **Category 2** suffered a slowdown less intense than forecast in March-April, with a clear recovery from mid-May;
- in **Category 3**, several companies exposed to the consumer market rapidly developed their e-commerce business, offsetting the closure of their usual sales channels. This category enjoyed a recovery from mid-May;

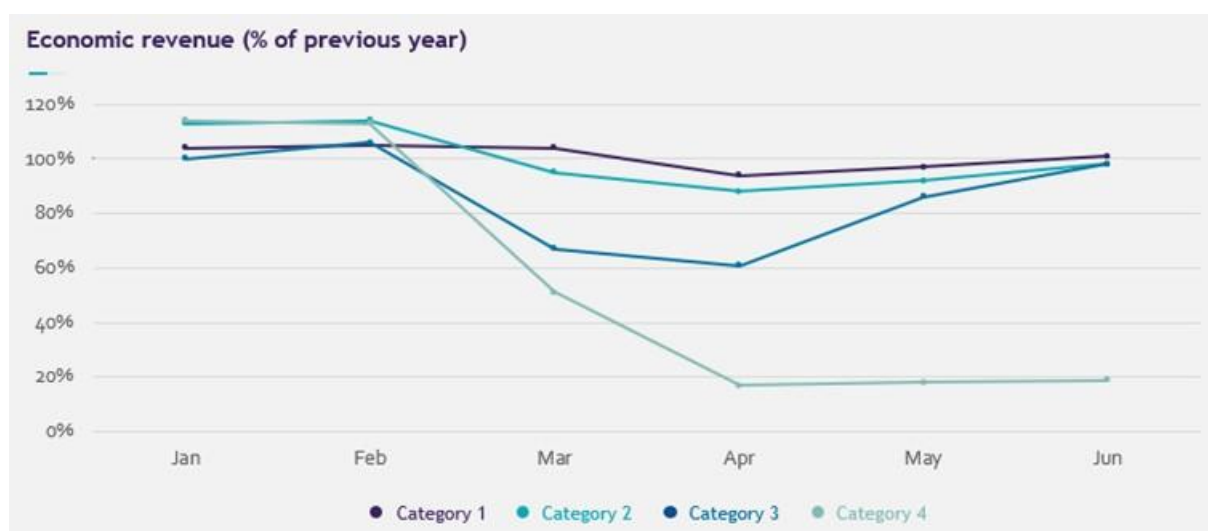
**Category 4** (Travel and Leisure) suffered the most in the portfolio as the pandemic impacted the high season for tourist and student travels. As expected, business recovery will be very gradual.



Revenue € million	1	2020			% change				
		Q1	April - May	June	Total H1	Q1	April - May	June	Total H1
Category 1 (49% of NAV)		443	283	141	866	4%	-4%	1%	1%
Category 2 (29% of NAV)		271	157	83	511	7%	-10%	-2%	-1%
Category 3 (11% of NAV)		227	122	82	430	-11%	-27%	-2%	-15%
<b>sub-total excl. travel and leisure</b>		<b>940</b>	<b>562</b>	<b>306</b>	<b>1,807</b>	<b>1%</b>	<b>-12%</b>	<b>0%</b>	<b>-4%</b>
Category 4 (10% of NAV)		381	82	51	514	-16%	-82%	-81%	-57%
<b>Total</b>		<b>1,321</b>	<b>643</b>	<b>357</b>	<b>2,322</b>	<b>-5%</b>	<b>-41%</b>	<b>-39%</b>	<b>-24%</b>

<sup>1</sup> monthly sales data by category based on unaudited management figures. Four companies in categories 2 and 3 were reclassified after Q1 2020 as their sensitivity was lower than forecast during lockdown.

### Monthly economic revenue trend by category



### SUPPORT FOR THE PORTFOLIO COMPANIES

With the Group's active support, measures were taken to maintain a maximum number of production sites in activity within portfolio companies, with optimal health protection. Close attention was also paid to preserving cash and controlling costs in each of our companies. Portfolio companies are already assessing the plans to be implemented in the short- and mid-term to adapt their strategic roadmap to the new context (M&A, costs, new offers, accelerated digitalization, etc.).

The Group only had to financially support a limited number of portfolio companies. A total of €18 million was therefore invested from the Eurazeo balance sheet in Nest New York and Sommet Education to improve their cash position. Post-closing, the Group could be bringing WorldStrides \$50 million in new financing.

Considering the pre-crisis healthy financial structure of most portfolio companies, equity financing needs for the entire portfolio in 2020 were limited and estimated at around 2% of Net Asset Value, including amounts already invested.

## Assets under Management (AuM)

Assets under Management amounted to €18.5 billion in H1 2020.

Eurazeo manages 3rd party AuM of €12.9 billion, up 4% from end 2019, and the Group's permanent capital (Net Asset Value, NAV) of €5.6 billion. The combination of these two financing sources boosts the Group's structure and growth outlook.

The Group invests in three asset classes, including over 70% in Private Equity.

Assets under Management (AuM) € million	12/31/2019	06/30/2020	% change	% AuM H1 2020 <sup>2</sup>
Private Equity <sup>1</sup>	12,799	12,378	-3%	71%
Private Debt	3 661	4,003	9%	23%
Real Assets	992	962	-3%	6%
Asset management	999	1,034	4%	-
Net cash and other items	334	92	n.m.	-
<b>Total AuM</b>	<b>18,785</b>	<b>18,469</b>	<b>-2%</b>	<b>100%</b>
<i>of which 3rd party AuM</i>	<i>12,468</i>	<i>12,905</i>	<i>4%</i>	<i>70%</i>
<i>of which permanent capital (NAV)</i>	<i>6,317</i>	<i>5,564</i>	<i>-12%</i>	<i>30%</i>

<sup>1</sup> Private Funds is included in Private Equity

<sup>2</sup> excluding the asset management activity and other

### A. THIRD-PARTY ASSETS UNDER MANAGEMENT

The asset management activity continued to develop in H1 2020 in an uncertain environment, with third-party AuM up 4% to €12.9 billion. This increase had a positive impact on management and performance fee revenue received or receivable by the Group.

In H1 2020, **the Group raised €1.1 billion** in new capital from third-party investors, close to the record H1 2019 performance, despite the lockdown which slowed or delayed fundraising by certain funds:

- > Private Debt activity raised over €140 million in a wide range of funds, mainly IPD V (direct lending) and ISD V (senior debt), and confirmed the Group's strong outlook in this segment;
- > Private Equity recorded fundraising of around €1 billion excluding Eurazeo commitments:
  - In partnership with the Chinese fund CIC and BNPP, the Eurazeo China Acceleration Fund (ECAAF) completed its first closing for €400 million (including a Eurazeo commitment of €200 million),
  - Rhône (30% owned by Eurazeo) commenced fundraising for its next private equity fund, with commitments to date of approximately €1 billion. Of this amount, Eurazeo's subscription represents up to €100 million,
  - MCH (25% held by Eurazeo) secured an initial fundraising of €200 million (including a Eurazeo share of €80 million) for MCH V,
  - Eurazeo Growth III launched its fundraising, benefiting from investor interest in Eurazeo's track record and outlook in this category.

The Group has a substantial fundraising program for all asset classes. Due to macro-economic uncertainties, fundraising by certain funds initially scheduled for 2020 may be pushed back.

Fundraising <sup>1</sup> (€M)	H1 2019	H1 2020	% change
Private Equity	704	980	39%
Private Debt	535	143	-73%
Real Assets	-	-	n.m.
<b>Total</b>	<b>1,239</b>	<b>1,123</b>	<b>-9%</b>

<sup>1</sup> excluding Eurazeo's commitments in the Group's programs

Furthermore, the Group manages **assets of around €5.4 billion under administrative mandates**, including approximately an additional €250 million raised in H1 2020. These Assets Under Administration (AuA) complete the management offering for major institutional clients and generate fees to cover a portion of asset management administration fixed costs.

## B. GROUP PERMANENT CAPITAL – NET ASSET VALUE (NAV)

**As of June 30, 2020, NAV per share totaled €70.7**, down 12% compared to December 31, 2019. Unlisted assets accounted for **over 97%** of the portfolio.

- > **Eurazeo Capital** : solid portfolio performance, excluding Travel and Leisure (-1% value creation). The Travel and Leisure sector is heavily impacted (-62%).
- > **Eurazeo PME**: portfolio resilient on the whole, despite exposure in the consumer sector;
- > **Eurazeo Growth**: further vigorous growth momentum for portfolio companies' sales (over +60% in H1 2020) and new rounds of financing with investors;
- > **Eurazeo Brands**: the rapid growth of e-commerce and alternative sales channels offset the decline in traditional sales channels, helping to preserve the value of the assets;
- > **Eurazeo Patrimoine (Real Assets)**: Value creation for clinics (C2S) and solar power plants (RedenSolar) offset by the impact of the crisis on the hotel group (Grape Hospitality)
- > **Asset management**: valuation of management fees was maintained due to the embedded impact of fundraising in 2019. Performance fees declined in H1 2020 due to the decrease in the valuation of short-term portfolios and less short-term value prospects.

NAV (€M)	2019	Change in value		Change in scope	H1 2020	% total H1 2020
		€M	%			
Private Equity	4,211	(687)	-16%	169	3,694	66%
<i>Capital</i>	2,850	(696)	-24%	14	2,169	39%
<i>private assets</i>	2,647	(601)	-23%	14	2,060	37%
<i>listed assets</i>	203	(95)	-47%	-	109	2%
<i>PME</i>	410	(54)	-13%	1	357	6%
<i>Growth</i>	684	72	11%	140	897	16%
<i>Brands</i>	259	(9)	-4%	5	255	5%
<i>Venture</i>	8	-	-	8	16	-
Private Debt	13	-	-	2	15	-
Real Assets	760	(21)	-3%	(8)	731	13%
Asset management	999	(43)	-4%	78	1,034	19%
<b>Total portfolio</b>	<b>5,983</b>	<b>(751)</b>	<b>-12.5%</b>	<b>241</b>	<b>5,472</b>	<b>99%</b>
Net cash and other items	334	(3)		(241)	92	1%
<i>Cash and cash equivalents</i>	533				587	
<i>Other securities and assets/liabilities<sup>1</sup></i>	(219)				(549)	
<i>Tax on unrealized capital gains</i>	(61)				(46)	
<i>Treasury shares</i>	80				100	
<b>Total</b>	<b>6,317</b>	<b>(754)</b>	<b>-</b>	<b>-</b>	<b>5,564</b>	<b>100%</b>
<b>NAV per share (€)</b>	<b>80.3</b>		<b>-11.9%</b>		<b>70.7</b>	

<sup>1</sup> including assets invested outside of the group as LP

## C. ASSET ROTATION

### 1. H1 2020 investments

The Group invested €908 million in H1 2020, including a balance sheet share of €313 million.

The Group contributed around €190 million (including a balance sheet share of €146 million) to new financing rounds conducted by the Eurazeo Growth portfolio such as Back Market, ManoMano, Vestiaire Collective and ContentSquare. These investments, mainly in connection with the launch of the Eurazeo Growth III fund, enable the Group to support the robust development of these companies which have maintained a high growth momentum over the recent period.

Eurazeo Patrimoine acquired the entire share capital of France Hostels and Les Piaules Belleville, two French hospitality market players redefining the accommodation offering for young travelers, for a total consideration of €22 million.

The Group also reinvested approximately €35 million of its balance sheet in portfolio companies to help them perform build-ups and €18 million to support certain companies and boost their liquidity.

The Group invested €88 million in H1 2020 in its asset management activity with the acquisition of an additional 10% of Idinvest to bring the shareholding to 80% (as announced in May) and in iM Global Partners in connection with build-ups to boost its development.

## 2. H1 2020 divestments

The Group divested €429 million in H1 2020, including a balance sheet share of €73 million.

At the beginning of the year, Eurazeo Patrimoine sold its entire investment in CIFA, one of Europe's leading wholesale centers in Aubervilliers. The deal generated sales proceeds of €57 million for Eurazeo, i.e., a return on the initial investment of 2.2x and an Internal Rate of Return (IRR) of around 18%. This is Eurazeo Patrimoine's first ever asset divestment.

€ million	Investments		Divestments	
	H1 2019	H1 2020	H1 2019	H1 2020
Private Equity	1,002	578	896	212
Private Debt	184	188	201	154
Real Assets	90	54	0	63
Other	58	88	100	-
<b>Total</b>	<b>1,334</b>	<b>908</b>	<b>1,197</b>	<b>429</b>
<i>o/w balance sheet share</i>	621	313	1,039	73

## Cash and cash equivalents

Eurazeo's gross cash totaled €587 million as of June 30, 2020, including €400 million drawn on the €1.5 billion syndicated credit facility. Gross cash totaled €533 million as of December 31, 2019.

The main changes compared to December 31, 2019 involved balance sheet investments totaling €313 million, balance sheet total or partial divestments for €73 million and share buybacks for €33 million.

At the end of June 2020, the Group held 2.84 million treasury shares, i.e. 3.61% of total outstanding shares (78,645,486 shares).

## 3. SUBSEQUENT EVENTS

On July 21, WorldStrides announced that it had filed a prepackaged plan to effect a financial restructuring. Prior to the filing, WorldStrides entered into a Restructuring Support Agreement with a majority of its secured lenders and with its controlling shareholders to provide access to significant new financing, which will support its business plan going forward, including navigating the COVID-19 pandemic. The financial reorganization plan is subject to US court approval and other conditions. Details of this plan are published in WorldStrides' press release. Eurazeo SE's contribution to the new financing is approximately \$50 million.

On July 23, Eurazeo PME entered into exclusive negotiations to acquire, through a special purpose vehicle, approximately 67.5% of the share capital and 71.8% of the voting rights of EasyVista and 125,000 convertible bonds at a price of €70 per share and €70 per convertible bond. This price values 100% of the share capital of EasyVista

at approximately €131 million. Subject to acquiring the Controlling Block, a simplified public offer targeting all remaining securities issued by the company will be filed. It should be filed at the end of the third quarter 2020.

On July 27, Eurazeo announced an €80 million investment by the Eurazeo China Acceleration Fund (ECAAF) in DORC (Dutch Ophthalmic Research Center), one of the world's leading specialists in vitreoretinal surgery. This investment is the first for the fund, whose aim is to invest alongside Eurazeo in French and European companies active in sectors with high growth potential in China and to accompany them in pursuing this strategy. The amount corresponding to this investment was previously carried on Eurazeo's balance sheet pending the establishment of the fund. This syndication has no impact on the other funds managed by Eurazeo, and in particular Eurazeo Capital IV, which is also an investor in DORC. At present, Eurazeo provides 50% of ECAAF's commitments. The positive impact on Eurazeo's cash position is therefore €40 million.

On July 28, Eurazeo Growth announced that it had invested \$33 million in the fintech company Thought Machine based in London, specializing in cloud native core banking technologies.

#### **4. TRANSACTIONS WITH RELATED PARTIES**

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The compensation set for members of the Executive Board for 2020 and share transactions covered by Article L. 621-18-2 of the Financial and Monetary Code (Code Monétaire et Financier) performed by these individuals are presented in the section "Compensation and Other Benefits received by Corporate Officers" of the Executive Board's report, in the 2019 Registration Document filed with the AMF on March 25, 2020.

#### **5. RISK MANAGEMENT AND DISPUTES**

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The Group's businesses are exposed to a number of macro-economic, sector, operational, market, industrial, environmental and legal risks. Due to the current economic and health crisis, the main risk factors facing the Group were updated compared to those detailed in the section "Risk management, internal control and main risk factors" of the 2019 Registration Document filed with the AMF on March 25, 2020. They are presented in Appendix 1.

## 6. OUTLOOK

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Faced with an unprecedented crisis in H1 2020, Eurazeo drew on its strengths: business complementarity, diversification of geographies and financing sources, and financial stability. Thanks to these particularly sound fundamentals, Eurazeo is able to pursue its growth, building on its strong long-term commitment to ESG and investment in technology companies, which now represent a quarter of its assets.

Eurazeo's priorities are to seize business recovery opportunities, transform its companies and create value, and maintain its fundraising momentum.

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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**JUNE 30, 2020**

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## Consolidated Statement of Financial Position

<i>(In thousands of euros)</i>	Notes	06/30/2020	06/30/2019	12/31/2019 restated <sup>(1)</sup>
<b>ASSETS</b>				
Goodwill	5	3,498,972	3,691,342	3,807,334
Intangible assets	5	2,067,880	1,769,416	2,149,898
Property, plant and equipment	5	1,478,376	1,604,600	1,491,239
Right-of-use assets	5	488,810	505,349	495,764
Investment properties	6	185,852	367,227	191,894
Investments in associates	7.1	1,165,888	1,200,844	1,338,206
Financial assets	7.2	1,780,698	1,258,987	1,419,487
Other non-current assets		25,474	43,039	29,403
Deferred tax assets		123,608	104,804	112,231
<b>Total non-current assets</b>		<b>10,815,557</b>	<b>10,545,609</b>	<b>11,035,456</b>
Inventories		488,044	431,966	457,755
Trade and other receivables		821,383	871,564	906,434
Current tax assets		33,065	46,386	41,313
Financial assets	7.2	136,399	149,629	40,670
Other financial assets		349	151	1,027
Other current assets		75,473	66,061	72,420
Other short-term deposits	11.1	971	299	887
Cash and cash equivalents	11.1	1,573,785	1,191,794	1,091,450
<b>Total current assets</b>		<b>3,129,469</b>	<b>2,757,850</b>	<b>2,611,957</b>
Assets classified as held for sale	2.2	5,543	205,350	258,361
<b>TOTAL ASSETS</b>		<b>13,950,569</b>	<b>13,508,809</b>	<b>13,905,773</b>
<b>EQUITY AND LIABILITIES</b>				
Issued capital		239,869	240,231	239,869
Share premium		143,390	143,390	143,390
Consolidated reserves		4,164,890	4,721,122	4,622,777
<b>Equity attributable to owners of the Company</b>		<b>4,548,149</b>	<b>5,104,742</b>	<b>5,006,036</b>
Non-controlling interests		1,367,502	1,583,623	1,613,311
<b>Total equity</b>	<b>10.1</b>	<b>5,915,651</b>	<b>6,688,366</b>	<b>6,619,347</b>
Provisions	9	19,921	14,475	22,058
Employee benefit liabilities	9	122,040	120,793	117,788
Long-term borrowings	8.1	4,034,853	3,238,490	3,359,564
Long-term lease liability	8.1	426,786	588,750	428,628
Deferred tax liabilities		424,646	424,732	461,727
Other non-current liabilities		301,718	294,223	309,293
<b>Total non-current liabilities</b>		<b>5,329,964</b>	<b>4,681,463</b>	<b>4,699,058</b>
Current portion of provisions	9	26,351	24,428	32,424
Current portion of employee benefit liabilities	9	2,938	6,752	3,591
Current income tax payable		42,898	31,495	31,025
Trade and other payables		1,373,629	902,419	1,280,593
Other liabilities		633,434	575,169	632,268
Short-term lease liability	8.1	74,576	79,314	74,648
Other financial liabilities		2,382	646	1,726
Bank overdrafts and current portion of long-term borrowings	8.1	546,112	365,410	360,310
<b>Total current liabilities</b>		<b>2,702,321</b>	<b>1,985,634</b>	<b>2,416,585</b>
Liabilities directly associated with assets classified as held for sale	2.2	2,633	153,347	170,783
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,950,569</b>	<b>13,508,809</b>	<b>13,905,773</b>

(1) Allocation of goodwill for Dorc and Emerige purchased in 2019

## Consolidated Income Statement

<i>(In thousands of euros)</i>	Notes	2020 (6 months)	2019 (6 months)	2019 (12 months) restated
Revenue	4.2	1,797,747	2,401,447	4,680,630
Other income	4.3	119,696	315,624	462,614
Cost of sales		(717,182)	(1,072,851)	(1,991,870)
Taxes other than income tax		(36,130)	(36,258)	(64,651)
Employee benefits expense		(540,448)	(582,331)	(1,183,879)
Administrative expenses		(370,768)	(397,067)	(830,686)
Depreciation and amortization (excluding intangible assets relating to acquisitions)		(144,869)	(126,415)	(268,417)
Additions to/(reversals of) provisions		3,955	(3,498)	(6,336)
Other operating income and expenses		1,878	(13,055)	(17,064)
<b>Operating income before other income and expenses</b>		<b>113,879</b>	<b>485,598</b>	<b>780,341</b>
Amortization of intangible assets relating to acquisitions		(88,388)	(74,312)	(170,869)
Impairment of goodwill/investments in associates		(411,938)	(249)	(163,342)
Other income and expenses	4.4	(48,002)	(38,237)	(88,757)
<b>Operating income</b>		<b>(434,449)</b>	<b>372,800</b>	<b>357,372</b>
Income and expenses on cash and cash equivalents and other financial instruments	8.2	(6,317)	(5,093)	(1,303)
Finance costs, gross	8.2	(113,646)	(105,527)	(226,858)
<b>Finance costs, net</b>		<b>(119,964)</b>	<b>(110,619)</b>	<b>(228,161)</b>
Other financial income and expenses	8.2	(2,694)	(15,375)	(17,072)
Share of income of associates	7.1	(103,951)	(8,901)	34,774
Income tax expense		23,868	(38,141)	(25,006)
<b>Net income (loss) before net income (loss) from discontinued operations</b>		<b>(637,190)</b>	<b>199,764</b>	<b>121,907</b>
Net income (loss) from discontinued operations		(3,387)	4,334	(799)
<b>NET INCOME (LOSS)</b>		<b>(640,577)</b>	<b>204,098</b>	<b>121,108</b>
Net income (loss) attributable to non-controlling interests		(250,769)	27,950	7,632
<b>NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>(389,808)</b>	<b>176,148</b>	<b>113,476</b>
Earnings per share	10.3	(5.44)	2.46	1.58
Diluted earnings per share	10.3	(5.37)	2.47	1.62

## Consolidated Statement of Other Comprehensive Income

Pursuant to IAS 1 revised, Eurazeo is required to present total income and expenses recognized indirectly (that is through net income (loss) for the period) and directly in equity:

<i>(In thousands of euros)</i>	Notes	06/30/2020 (6 months)	2019 (6 months)	2019 (12 months) restated
<b>Net income for the period</b>		(640,577)	204,098	121,108
Fair value gains (losses) on available-for-sale financial assets		(23,479)	(20,649)	(46,331)
Fair value reserves reclassified to profit or loss		-	-	-
<b>Total change in fair value reserves</b>		<b>(23,479)</b>	<b>(20,649)</b>	<b>(46,331)</b>
Tax impact		6,063	5,333	11,965
<b>Fair value reserve, net (not reclassifiable)</b>		<b>(17,416)</b>	<b>(15,316)</b>	<b>(34,366)</b>
<b>Recognition of actuarial gains and losses in equity</b>		<b>145</b>	<b>(13,784)</b>	<b>(22,947)</b>
Tax impact		(327)	3,402	2,828
<b>Actuarial gains and losses, net (not reclassifiable)</b>		<b>(182)</b>	<b>(10,382)</b>	<b>(20,119)</b>
Gains (losses) arising on the fair value measurement of hedging instruments		(2,922)	(13,182)	(5,928)
Hedging reserve reclassified to profit or loss		8,563	6,695	6,477
<b>Total change in hedging reserves</b>		<b>5,641</b>	<b>(6,487)</b>	<b>549</b>
Tax impact		(1,940)	1,124	749
<b>Hedging reserves, net (potentially reclassifiable)</b>		<b>3,701</b>	<b>(5,363)</b>	<b>1,298</b>
Gains (losses) arising on foreign currency translation		(9,011)	4,112	28,054
Foreign currency translation reserves reclassified to profit or loss		-	21,039	21,039
<b>Foreign currency translation reserves (potentially reclassifiable)</b>		<b>(9,011)</b>	<b>25,151</b>	<b>49,093</b>
<b>TOTAL INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY</b>		<b>(22,908)</b>	<b>(5,910)</b>	<b>(4,094)</b>
<b>TOTAL RECOGNIZED INCOME AND EXPENSES</b>		<b>(663,485)</b>	<b>198,188</b>	<b>117,014</b>
Attributable to:				
- Eurazeo shareholders		(409,003)	173,768	108,589
- Non-controlling interests		(254,482)	24,420	8,425

The change in the fair value reserve reflects the change in value of a put option on minority interests.

Actuarial gains and losses arising on the measurement of employee benefits correspond to the impact of changes in assumptions (obligation discount rate, pay increase rate, pension increase rate and expected return on plan assets) used to value defined benefit plan obligations.

The change in hedging reserves reflects fair value gains and losses on derivatives qualifying for hedge accounting.

## Consolidated Statement of Changes in Equity

<i>(In thousands of euros)</i>	Issued capital	Share premium	Fair value reserves	Hedging reserves	Foreign currency translation reserves	Share-based payment reserves	Treasury shares	Actuarial gains and losses	Deferred tax	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
<b>As of January 1, 2019 restated</b>	233,456	143,390	4,913	(14,716)	18,741	28,420	(73,307)	(57,038)	19,986	4,766,786	5,070,632	1,203,447	6,274,079
Net income for the period	-	-	-	-	-	-	-	-	-	176,148	176,148	27,950	204,098
Gains (losses) recognized directly in equity	-	-	(14,393)	(6,819)	22,767	-	-	(11,117)	7,182	-	(2,380)	(3,530)	(5,910)
<b>Total recognized income and expenses</b>	-	-	<b>(14,393)</b>	<b>(6,819)</b>	<b>22,767</b>	-	-	<b>(11,117)</b>	<b>7,182</b>	<b>176,148</b>	<b>173,768</b>	<b>24,420</b>	<b>198,188</b>
Treasury shares	6,775	-	-	-	-	-	9,832	-	-	(103,421)	(86,814)	-	(86,814)
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(91,551)	(91,551)	(4,485)	(96,036)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	23,386	23,386	269,923	293,309
Other changes	-	-	-	-	-	5,563	-	-	-	9,759	15,322	90,318	105,640
<b>As of June 30, 2019</b>	<b>240,231</b>	<b>143,390</b>	<b>(9,480)</b>	<b>(21,535)</b>	<b>41,508</b>	<b>33,983</b>	<b>(63,475)</b>	<b>(68,155)</b>	<b>27,168</b>	<b>4,781,106</b>	<b>5,104,742</b>	<b>1,583,623</b>	<b>6,688,366</b>
Net income for the period	-	-	-	-	-	-	-	-	-	(62,672)	(62,672)	(20,318)	(82,989)
Gains (losses) recognized directly in equity	-	-	(17,904)	5,605	15,319	-	-	(9,720)	4,193	-	(2,507)	4,323	1,816
<b>Total recognized income and expenses</b>	-	-	<b>(17,904)</b>	<b>5,605</b>	<b>15,319</b>	-	-	<b>(9,720)</b>	<b>4,193</b>	<b>(62,672)</b>	<b>(65,179)</b>	<b>(15,995)</b>	<b>(81,173)</b>
Treasury shares	(362)	-	-	-	-	-	(37,505)	-	-	7,289	(30,578)	-	(30,578)
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	-	-	(17,203)	(17,203)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	(862)	(862)	47,156	46,294
Other changes	-	-	-	-	-	4,772	-	-	3,934	(10,796)	(2,090)	15,730	13,641
<b>As of December 31, 2019</b>	<b>239,869</b>	<b>143,390</b>	<b>(27,384)</b>	<b>(15,930)</b>	<b>56,827</b>	<b>38,755</b>	<b>(100,980)</b>	<b>(77,875)</b>	<b>35,295</b>	<b>4,714,066</b>	<b>5,006,036</b>	<b>1,613,311</b>	<b>6,619,347</b>
Net income for the period	-	-	-	-	-	-	-	-	-	(389,808)	(389,808)	(250,769)	(640,577)
Gains (losses) recognized directly in equity	-	-	(18,680)	3,880	(6,806)	-	-	(447)	2,858	-	(19,195)	(3,714)	(22,908)
<b>Total recognized income and expenses</b>	-	-	<b>(18,680)</b>	<b>3,880</b>	<b>(6,806)</b>	-	-	<b>(447)</b>	<b>2,858</b>	<b>(389,808)</b>	<b>(409,003)</b>	<b>(254,482)</b>	<b>(663,485)</b>
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	(31,573)	-	-	-	(31,573)	-	(31,573)
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	-	-	(12,874)	(12,874)
Transactions with non-controlling interests	-	-	(4,567)	17	417	9	-	(10)	(6,015)	(8,497)	(18,646)	(1,451)	(20,097)
Changes in consolidation scope	-	-	-	-	(367)	-	-	-	-	367	-	(55,095)	(55,095)
Other changes	-	-	-	(568)	175	2,202	-	(492)	(7,381)	7,399	1,335	78,092	79,427
<b>As of June 30, 2020</b>	<b>239,869</b>	<b>143,390</b>	<b>(50,631)</b>	<b>(12,601)</b>	<b>50,246</b>	<b>40,966</b>	<b>(132,553)</b>	<b>(78,824)</b>	<b>24,757</b>	<b>4,323,526</b>	<b>4,548,149</b>	<b>1,367,502</b>	<b>5,915,651</b>

4,164,887

## Consolidated Statement of Cash Flows

<i>(In thousands of euros)</i>	Notes	06/30/2020 (6 months)	06/30/2019 (6 months)	12/31/2019 (12 months) restated
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Consolidated net income		(640,577)	204,098	121,108
Net depreciation, amortization and provision allowances		585,571	208,000	453,462
Impairments (including on available-for-sale assets)		74,290	(36)	207,195
Unrealized fair value gains (losses)	4.2	(83,592)	(93,183)	(168,999)
Share-based payments		2,082	6,717	11,399
Other calculated income and expenses		(3,485)	(4,084)	(8,653)
Capital gains (losses) on disposals, dilution gains (losses)		1,386	(194,990)	(291,689)
Share of income of associates		103,951	8,901	(34,774)
Dividends (excluding holding companies)		(3)	(3)	-
<b>Cash flows after net finance costs and income tax expense</b>		<b>39,623</b>	<b>135,418</b>	<b>289,049</b>
Net finance costs	8.2	119,964	110,619	228,161
Income tax expense		(23,868)	38,141	25,006
<b>Cash flows before net finance costs and income tax expense</b>		<b>135,718</b>	<b>284,179</b>	<b>542,216</b>
Income taxes paid		(21,500)	(27,574)	(69,073)
Change in operating WCR		23,625	(170,234)	6,426
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>11.2</b>	<b>137,843</b>	<b>86,370</b>	<b>479,569</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of intangible assets		(22,737)	(20,584)	(54,363)
Proceeds from sales of intangible assets		-	24	14
Purchases of property, plant and equipment		(70,962)	(154,776)	(228,021)
Proceeds from sales of property, plant and equipment		2,381	498	3,486
Purchases of investment properties		(10,384)	(10,286)	(57,865)
Proceeds from sales of investment properties		70,193	-	-
Purchases of non-current financial assets		-	-	-
. Investments		(97,319)	(773,029)	(1,443,789)
. Financial assets		(284,137)	(262,505)	(304,110)
. Other non-current financial assets		(47)	(62)	(328)
Proceeds from sales of non-current financial assets		-	-	-
. Investments		2,609	1,005,083	1,015,616
. Financial assets		61,704	206,267	206,967
. Other non-current financial assets		320	1,150	915
Impact of changes in consolidation scope		4,098	24,971	25,348
Dividends received from associates		13,441	14,664	15,885
Change in other short-term deposits		(97)	15,275	14,901
Other investment flows		-	-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>11.3</b>	<b>(330,937)</b>	<b>46,689</b>	<b>(805,342)</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of shares		-	-	-
- paid by parent company shareholders		-	-	-
- paid by minority interests in consolidated entities		1,722	77,624	154,859
Proceeds from syndication		-	-	365,289
Treasury share repurchases and sales		(32,027)	(89,501)	(120,322)
Dividends paid during the fiscal year		-	-	-
- paid to parent company shareholders		-	(91,551)	(91,551)
- paid to minority interests in consolidated entities		(10,973)	(4,143)	(22,588)
Proceeds from new borrowings		733,946	502,748	783,985
Repayment of borrowings		(64,123)	(210,609)	(412,131)
Payment of balancing amount		(608)	(665)	(930)
Net interest paid		(63,589)	(84,564)	(192,688)
Other financing flows		0	-	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>11.4</b>	<b>564,347</b>	<b>99,338</b>	<b>463,922</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>371,254</b>	<b>232,397</b>	<b>138,150</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,076,386</b>	<b>935,112</b>	<b>935,112</b>
Effect of foreign exchange rate changes		(3,138)	1,362	3,125
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (net of bank overdrafts)</b>	<b>11.1</b>	<b>1,444,502</b>	<b>1,168,872</b>	<b>1,076,386</b>
<i>Including restricted cash of:</i>		<i>29,911</i>	<i>18,469</i>	<i>25,908</i>

## Notes to the Consolidated Financial Statements

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The Eurazeo condensed interim consolidated financial statements for the half-year ended June 30, 2020 were drawn up in accordance with IAS 34, *Interim Financial Reporting*. Since these financial statements are condensed, they do not include all the information required under IFRS and should therefore be read alongside Eurazeo's consolidated financial statements for the year ended December 31, 2019, drawn up in accordance with IFRS as adopted by the European Union.

The consolidated financial statements were authorized for publication by the Eurazeo Executive Board on July 24, 2020. They were reviewed by the Audit Committee on July 27, 2020 and by the Supervisory Board on July 28, 2020.

### **Specific characteristics of interim financial statements**

At interim period-ends, the income tax expense (current and deferred) is calculated by applying the estimated annual average effective tax rate for the current year to taxable income for the period.

Revenue, operating income and all operating performance indicators (including working capital requirements) are subject to a certain degree of seasonality, which varies across Group business sectors.

As such, the interim results for the half-year ended June 30, 2020 are not necessarily indicative of the results which may be expected for fiscal year 2020.

### **Going concern / COVID-19 epidemic**

The health crisis generated by the COVID-19 epidemic did not call into question the application of the going concern principle in the Group financial statements.

Measures were implemented in each of the companies in which Eurazeo has invested, with notably the implementation of business continuity plans, increased liquidity monitoring and cost control.

The impacts of the crisis are not linear and the effects in the first-half of 2020 cannot be used to estimate the potential annual impacts.

For analysis purposes in the context of the COVID-19 pandemic, in April the Group allocated its activities to four categories, defined according to the impact of the crisis on their business and on the value of the Group's portfolio:

- **Category 1:** Resilient activities, little impacted in the short term due to a high level of recurring income or limited exposure to the consequences of the epidemic;
- **Category 2:** Companies indirectly impacted by the lockdown as a result of the economic environment;
- **Category 3:** Companies directly impacted by the widespread lockdown but expected to recover fairly quickly once lockdown is lifted
- **Category 4:** Companies directly impacted by the widespread lockdown, where business recovery is expected to be more gradual, encompassing companies exposed to the Travel and Leisure sector

As recommended by the accounting standards, idle capacity costs are presented in operating income before other income and expenses.

In the normal way, only impairment losses on goodwill, restructuring costs and major disputes are presented after operating income before other income and expenses. Nonetheless, certain costs relating to the COVID-19 epidemic were classified after operating income before other income and expenses based on the following three criteria:

- Incremental costs
- Costs that can be reliably identified and measured
- Material items

Accordingly, costs such as the cost of health protection items and donations to hospitals were presented after operating income before other income and expenses.

### **1.1. Basis of preparation of the consolidated financial statements**

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The accounting policies used to prepare the consolidated financial statements are compliant with IFRS standards and interpretations as adopted by the European Union on June 30, 2020, and available on the website:

[http://ec.europa.eu/finance/company-reporting/standards-interpretations/index\\_en.htm](http://ec.europa.eu/finance/company-reporting/standards-interpretations/index_en.htm).

The interim consolidated financial statements are prepared on an historical cost basis, except for investment properties, derivative financial instruments and financial assets which are measured at fair value. The financial statements are presented in euros, rounded to the nearest thousand. In certain cases, this rounding may lead to a slight difference in totals and variations.

The accounting principles adopted are consistent with those used to prepare the annual consolidated financial statements for the year ended December 31, 2019, updated for the

adoption of the following standards which are of mandatory application for fiscal years beginning on or after January 1, 2020.

- Amendments to references to the conceptual framework in IFRS, applicable to fiscal years beginning on or after January 1, 2020;
- Amendments to IAS 1 and IAS 8, *Amendment of the definition of material*, applicable to fiscal years beginning on or after January 1, 2020;
- Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest rate benchmark reform*, applicable to fiscal years beginning on or after January 1, 2020;
- Amendment to IFRS 3, *Definition of a business*, applicable to fiscal years beginning on or after January 1, 2020.

The principles adopted do not differ from the IFRS as published by the IASB. In addition, the Group did not opt for early application of the following standards and interpretations not of mandatory application in 2020:

- Amendment to IFRS 16, *Property, plant and equipment - proceeds before intended use*, applicable to fiscal years beginning on or after January 1, 2020 (not adopted by the European Union);
- IFRS 17, *Insurance contracts*, applicable to fiscal years beginning on or after January 1, 2021 (not adopted by the European Union).
- Amendment to IAS 1, *Presentation of financial statements - classification of liabilities as current or non-current*, applicable to fiscal years beginning on or after January 1, 2022 (not adopted by the European Union);
- Amendment to IFRS 3, *Update of the reference to the conceptual framework*, applicable to fiscal



- years beginning on or after January 1, 2022 (not adopted by the European Union);
- Amendment to IAS 37, *Costs to be considered when determining if a contract is onerous*, applicable to fiscal years beginning on or after January 1, 2022 (not adopted by the European Union);
- Annual improvements, applicable to fiscal years beginning on or after January 1, 2022 (not adopted by the European Union).
- IFRS 14, *Regulatory Deferral Accounts*, applicable to fiscal years beginning on or after January 1, 2016 (the European Commission has decided not to launch the adoption process for this standard considering it transitional);
- Amendments to IFRS 10 and IAS 28, *Sales or contributions of assets between an investor and its associate/joint venture*, (postponed by the European Union to an undefined date).

Eurazeo is currently determining the potential impacts of these new standards and standard amendments on the Group's consolidated financial statements.

## **1.2. Critical accounting estimates and judgments**

When preparing its interim consolidated financial statements, Eurazeo must

make estimates and assumptions that affect the carrying amount of certain assets, liabilities, revenue and expenses and can have an impact on the information contained in the Notes to the consolidated financial statements. Eurazeo regularly reviews these estimates and judgments, taking into consideration past experience and other factors deemed relevant in light of economic conditions.

Depending on changes in those assumptions or if conditions vary from those anticipated, amounts in future financial statements could differ from the current estimates.

The estimates and assumptions adopted for the preparation of the financial statements for the half-year ended June 30, 2020 concern:

- The fair value of identifiable assets and liabilities and contingent liabilities for the purpose of allocating the goodwill (see Note 1.3);
- The recoverable amount of goodwill and intangible assets with an indefinite useful life (see Note 5);
- The recoverable amount of investments in associates (see Note 7.1);
- The fair value of financial assets (see Note 7.2).

### 1.3. Presentation of restated comparative financial statements

The comparative financial statements (balance sheet, income statement and statement of cash flows) for the year ended December 31, 2019 have been restated for the allocation of goodwill for the Dorc and Emerige groups acquired in 2019.

#### RECONCILIATION OF THE PUBLISHED AND RESTATED COMPARATIVE FINANCIAL STATEMENTS

### Restated Consolidated Statement of Financial Position

<i>(In thousands of euros)</i>	Notes	12/31/2019 published	Dorc PPA	Emerige PPA	Total adjustments	12/31/2019 restated
<b>ASSETS</b>						
Goodwill	5	3,915,655	(108,321)		(108,321)	3,807,334
Intangible assets	5	2,024,339	125,559		125,559	2,149,898
Property, plant and equipment	5	1,491,239				1,491,239
Right-of-use assets	5	495,764				495,764
Investment properties	6	191,894				191,894
Investments in associates	7.1	1,339,954		(1,748)	(1,748)	1,338,206
Financial assets	7.2	1,419,487				1,419,487
Other non-current assets		29,403				29,403
Deferred tax assets		112,231				112,231
<b>Total non-current assets</b>		<b>11,019,966</b>	<b>17,238</b>	<b>(1,748)</b>	<b>15,490</b>	<b>11,035,456</b>
Inventories		457,755				457,755
Trade and other receivables		906,434				906,434
Current tax assets		41,313				41,313
Financial assets	7.2	40,670				40,670
Other financial assets		1,027				1,027
Other current assets		72,420				72,420
Other short-term deposits	11.1	887				887
Cash and cash equivalents	11.1	1,091,450				1,091,450
<b>Total current assets</b>		<b>2,611,957</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,611,957</b>
Assets classified as held for sale	2.2	258,361				258,361
<b>TOTAL ASSETS</b>		<b>13,890,283</b>	<b>17,238</b>	<b>(1,748)</b>	<b>15,490</b>	<b>13,905,773</b>
<b>EQUITY AND LIABILITIES</b>						
Issued capital		239,869				239,869
Share premium		143,390				143,390
Consolidated reserves		4,632,249	(7,734)	(1,738)	(9,472)	4,622,777
<b>Equity attributable to owners of the Company</b>		<b>5,015,507</b>	<b>(7,734)</b>	<b>(1,738)</b>	<b>(9,472)</b>	<b>5,006,036</b>
Non-controlling interests	10.2	1,615,599	(2,277)	(10)	(2,287)	1,613,311
<b>Total equity</b>	<b>10.1</b>	<b>6,631,106</b>	<b>(10,011)</b>	<b>(1,748)</b>	<b>(11,759)</b>	<b>6,619,347</b>
Provisions	9	22,058				22,058
Employee benefit liabilities	9	117,788				117,788
Long-term borrowings	8.1	3,359,564				3,359,564
Long-term lease liability	8.1	428,628				428,628
Deferred tax liabilities		434,478	27,249		27,249	461,727
Other non-current liabilities		309,293				309,293
<b>Total non-current liabilities</b>		<b>4,671,809</b>	<b>27,249</b>	<b>-</b>	<b>27,249</b>	<b>4,699,058</b>
Current portion of provisions	9	32,424				32,424
Current portion of employee benefit liabilities	9	3,591				3,591
Current income tax payable		31,025				31,025
Trade and other payables		1,280,593				1,280,593
Other liabilities		632,268				632,268
Short-term lease liability	8.1	74,648				74,648
Other financial liabilities		1,726				1,726
Bank overdrafts and current portion of long-term borrowings	8.1	360,310				360,310
<b>Total current liabilities</b>		<b>2,416,585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,416,585</b>
Liabilities directly associated with assets classified as held for sale	2.2	170,783				170,783
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,890,283</b>	<b>17,238</b>	<b>(1,748)</b>	<b>15,490</b>	<b>13,905,773</b>

## Restated Consolidated Income Statement

<i>(In thousands of euros)</i>	Notes	12/31/2019 (12 months) published	Dorc PPA	Emerige PPA	Total adjustments	12/31/2019 (12 months) restated
Revenue		4,680,630			-	4,680,630
Other income		462,614			-	462,614
Cost of sales		(1,991,870)			-	(1,991,870)
Taxes other than income tax		(64,651)			-	(64,651)
Employee benefits expense		(1,183,879)			-	(1,183,879)
Administrative expenses		(830,686)			-	(830,686)
Depreciation and amortization (excluding intangible assets relating to acquisitions)		(268,417)			-	(268,417)
Additions to/(reversals of) provisions		(8,461)	2,125		2,125	(6,336)
Other operating income and expenses		(17,064)			-	(17,064)
<b>Operating income before other income and expenses</b>		<b>778,216</b>	<b>2,125</b>	<b>-</b>	<b>2,125</b>	<b>780,341</b>
Amortization of intangible assets relating to acquisitions		(165,509)	(5,360)		(5,360)	(170,869)
Impairment of goodwill/investments in associates		(163,342)			-	(163,342)
Other income and expenses		(81,981)	(6,776)		(6,776)	(88,757)
<b>Operating income</b>		<b>367,383</b>	<b>(10,011)</b>	<b>-</b>	<b>(10,011)</b>	<b>357,372</b>
Income and expenses on cash and cash equivalents and other financial instrument		(1,303)			-	(1,303)
Finance costs, gross		(226,858)			-	(226,858)
<b>Finance costs, net</b>		<b>(228,161)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(228,161)</b>
Other financial income and expenses		(17,072)			-	(17,072)
Share of income of associates		36,522		(1,748)	(1,748)	34,774
Income tax expense		(25,006)			-	(25,006)
<b>Net income (loss) before net income (loss) from discontinued operations</b>		<b>133,666</b>	<b>(10,011)</b>	<b>(1,748)</b>	<b>(11,759)</b>	<b>121,907</b>
Net income (loss) from discontinued operations		(799)	-		-	(799)
<b>NET INCOME (LOSS)</b>		<b>132,867</b>	<b>(10,011)</b>	<b>(1,748)</b>	<b>(11,759)</b>	<b>121,108</b>
Net income (loss) attributable to non-controlling interests		9,920	(2,277)	(10)	(2,287)	7,632
<b>NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>122,948</b>	<b>(7,734)</b>	<b>(1,738)</b>	<b>(9,472)</b>	<b>113,476</b>
Earnings per share	10.3	1.71				1.58
Diluted earnings per share	10.3	1.76				1.62

## Restated Consolidated Statement of Cash Flows

<i>(In thousands of euros)</i>	Notes	12/31/2019 (12 months) published	Adjustments	12/31/2019 (12 months) restated
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Consolidated net income</b>		<b>132,867</b>	<b>(11,759)</b>	<b>121,108</b>
Net depreciation, amortization and provision allowances		455,587	(2,125)	453,462
Impairments (including on available-for-sale assets)		201,835	5,360	207,195
Unrealized fair value gains (losses)	4.2	(168,999)	-	(168,999)
Share-based payments		11,399	-	11,399
Other calculated income and expenses		(8,653)	-	(8,653)
Capital gains (losses) on disposals, dilution gains (losses)		(291,689)	-	(291,689)
Share of income of associates		(36,522)	1,748	(34,774)
Dividends (excluding holding companies)		-	-	-
<b>Cash flows after net finance costs and income tax expense</b>		<b>295,825</b>	<b>(6,776)</b>	<b>289,049</b>
Net finance costs	8.2	228,161	-	228,161
Income tax expense		25,006	-	25,006
<b>Cash flows before net finance costs and income tax expense</b>		<b>548,992</b>	<b>(6,776)</b>	<b>542,216</b>
Income taxes paid		(69,073)	-	(69,073)
Change in operating WCR		(350)	6,776	6,426
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>11.2</b>	<b>479,569</b>	<b>-</b>	<b>479,569</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>				
		-		-
Purchases of intangible assets		(54,363)	-	(54,363)
Proceeds from sales of intangible assets		14	-	14
Purchases of property, plant and equipment		(228,021)	-	(228,021)
Proceeds from sales of property, plant and equipment		3,486	-	3,486
Purchases of investment properties		(57,865)	-	(57,865)
Proceeds from sales of investment properties		-	-	-
Purchases of non-current financial assets		-	-	-
. Investments		(1,443,789)	-	(1,443,789)
. Financial assets		(304,110)	-	(304,110)
. Other non-current financial assets		(328)	-	(328)
Proceeds from sales of non-current financial assets		-	-	-
. Investments		1,015,616	-	1,015,616
. Financial assets		206,967	-	206,967
. Other non-current financial assets		915	-	915
Impact of changes in consolidation scope		25,348	-	25,348
Dividends received from associates		15,885	-	15,885
Change in other short-term deposits		14,901	-	14,901
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>11.3</b>	<b>(805,342)</b>	<b>-</b>	<b>(805,342)</b>
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of shares		-	-	-
- paid by parent company shareholders		-	-	-
- paid by minority interests in consolidated entities		154,859	-	154,859
Proceeds from syndication		365,289	-	365,289
Treasury share repurchases and sales		(120,322)	-	(120,322)
Dividends paid during the fiscal year		-	-	-
- paid to parent company shareholders		(91,551)	-	(91,551)
- paid to minority interests in consolidated entities		(22,588)	-	(22,588)
Proceeds from new borrowings		783,985	-	783,985
Repayment of borrowings		(412,131)	-	(412,131)
Payment of balancing amount		(930)	-	(930)
Net interest paid		(192,688)	-	(192,688)
Other financing flows		-	-	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>11.4</b>	<b>463,922</b>	<b>-</b>	<b>463,922</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>138,150</b>	<b>-</b>	<b>138,150</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>935,112</b>	<b>-</b>	<b>935,112</b>
Other changes		-	-	-
Effect of foreign exchange rate changes		3,125	-	3,125
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (net of bank overdrafts)</b>	<b>11.1</b>	<b>1,076,386</b>	<b>-</b>	<b>1,076,386</b>
<i>Including restricted cash of:</i>		<i>25,908</i>	<i>-</i>	<i>25,908</i>

## NOTE 2 CONSOLIDATION SCOPE

Non-consolidated entities are not material compared with the consolidated financial statements of the companies included in the scope of consolidation.

### 2.1. Changes in consolidation scope

The main changes in the scope of consolidation in the half-year ended June 30, 2020 are as follows:

#### EURAZEO PATRIMOINE

In March 2020, Eurazeo acquired the entire share capital of France Hostels and Les Piaules Belleville.

This investment is fully consolidated in the financial statements. As the impact on the Income Statement for the three months from April to June was not considered material with respect to the

Eurazeo Group financial statements as a whole, only the opening balance sheet is recorded in the half-year financial statements.

### 2.2. IFRS 5 reclassification - group of assets classified as held for sale

Certain assets and liabilities of Eurazeo PME group investments and one of the Asian businesses of the Seqens group were classified as assets and liabilities held for sale as of June 30, 2020.

Assets and liabilities classified as held for sale as of December 31, 2019 include certain assets and liabilities of Eurazeo PME group investments, one of the Asian businesses of the Seqens group and the assets of CIFA Asset and CIFA 4 Asset (sold on February 18, 2020).

The related assets and liabilities were measured at the lower of net carrying amount and fair value less costs to sell in accordance with IFRS 5 and are presented below:

<i>(In thousands of euros)</i>	Note	06/30/2020	12/31/2019
<b>Non-current assets</b>			
Intangible assets		11	3,631
Property, plant and equipment		713	4,114
Right-of-use assets		31	48
Investment properties		-	229,073
Financial assets		-	47
Other non-current assets		-	23
Deferred tax assets		-	3,612
<b>Current assets</b>			
Inventories		3,046	6,343
Trade and other receivables		182	6,875
Current tax assets		-	7
Other current assets		585	492
Cash and cash equivalents		975	4,095
<b>ASSETS CLASSIFIED AS HELD FOR SALE</b>		<b>5,543</b>	<b>258,361</b>

<i>(In thousands of euros)</i>	Note	06/30/2020	12/31/2019
<b>Non-current liabilities</b>			
Employee benefit liabilities		-	12
Long-term borrowings		-	148,602
Long-term lease liability		21	27
Deferred tax liabilities		-	2
Other non-current liabilities		52	8,897
<b>Current liabilities</b>			
Current portion of provisions		-	231
Trade and other payables		1,433	3,836
Other liabilities		1,114	9,153
Short-term lease liability		12	23
Bank overdrafts and current portion of long-term borrowings		-	-
<b>LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS</b>		<b>2,632</b>	<b>170,783</b>

### NOTE 3 SEGMENT REPORTING

Pursuant to IFRS 8, *Operating Segments*, segment reporting is presented in line with internal reporting and information presented to the chief operating decision maker (Eurazeo's Executive Board) for the purposes of allocating resources to the segment and assessing its performance.

Eurazeo's business model has significantly changed in recent years, with the development of third-party management (asset management) and the growing importance of monitoring by activity or division rather than investment. The income statement by business reflects the operating segments as monitored by Eurazeo's Executive Board. Net income is

identical to IFRS consolidated net income. A reconciliation is presented in Note 3.1.2.

Eurazeo also remains an investment company, as demonstrated by the allocation of its assets. Its asset management activity is mainly attributable to its subsidiary, Idinvest, and to a lesser extent, to its own third-party management activity and the contribution of its investments in Rhône Group and MCH. The Income Statement by business presented below seeks to provide a transversal perspective and enable our analysts and investors to more precisely value the Eurazeo group.

### 3.1. Consolidated Income Statement by business

<i>(In thousands of euros)</i>	H1 2020	H1 2019 PF
<b>Adjusted EBITDA</b>	<b>223.5</b>	<b>367.5</b>
<b>Adjusted EBIT</b>	<b>82.5</b>	<b>246.2</b>
<b>Net income of equity-accounted companies (*)</b>	<b>(93.6)</b>	<b>(2.9)</b>
<b>1. Contribution of portfolio companies, net of finance costs</b>	<b>(134.6)</b>	<b>126.5</b>
Net capital gains or losses & Dividends and other investment revenue	77.4	248.6
Impairment	(417.0)	(0.3)
Transaction costs, cost of calculated fees and other	(49.1)	(56.6)
<b>2. Contribution of the investment activity</b>	<b>(388.8)</b>	<b>191.6</b>
Management fees	116.1	98.8
Performance fees	12.3	49.5
Opex related to the asset management activity	(87.1)	(79.4)
Finance costs and other income	(0.7)	(1.2)
<b>3. Contribution of the asset management activity</b>	<b>40.6</b>	<b>67.7</b>
Amortization of contracts and other assets relating to GW allocation	(92.6)	(97.9)
Income tax expense	23.9	(32.6)
Non-recurring items	(89.0)	(63.0)
<b>Consolidated net income/(loss)</b>	<b>(640.6)</b>	<b>192.2</b>
<b>Attributable to owners of the Company</b>	<b>(389.8)</b>	<b>163.6</b>
Attributable to non-controlling interests	(250.8)	28.7

(\*) Excluding non-recurring items

	H1 2020	H1 2019 PF
<b>Fee-Related Earnings (FRE)</b>	<b>28.2</b>	<b>18.1</b>
Management fees	116.1	98.8
Opex related to the asset management activity	(87.1)	(79.4)
Finance costs and other income	(0.7)	(1.2)
<b>Performance-Related Earnings (PRE)</b>	<b>12.3</b>	<b>49.5</b>

Net income in the Income Statement by business is identical to IFRS consolidated net income. The identified segments represent each of the three businesses, as follows:

- **Contribution of portfolio companies:** EBIT/EBITDA of fully-consolidated groups and the net income of equity-accounted companies, net of finance costs;

The Contribution of portfolio companies is also allocated to the different investment strategies:

- **Eurazeo Capital:** invests in market leaders and supports them with their extensive transformations.
- **Eurazeo PME:** invests in SMEs and supports their transformation into international companies.

- **Eurazeo Patrimoine:** specializes in management and investment activities for tangible assets and particularly real estate.
  - **Eurazeo Brands:** specializes in European and U.S. consumer brands with global growth potential.
- **Contribution of the investment activity:** this comprises Eurazeo net income from investment activities using its own balance sheet, as if it had entrusted the management of its investments to an asset manager under market conditions. The investment activity receives realized and accrued capital gains (on a consolidated basis) and dividends (from non-consolidated companies) and pays management fees to the asset

manager, as well as performance fees when the hurdle is attained. Accordingly, calculated management fees are recognized in income in "Management fees" received by the asset management activity and in expenses in "Transaction costs, cost of calculated fees and other" paid by the investment activity. Performance fees are recognized in income in "Performance fees" received by the asset management activity and are deducted from "Net capital gains and losses & Dividends and other investment revenue" received by the investment activity. These two reclassifications are therefore neutral in Eurazeo's consolidated income statement by business;

- "Calculated management fees" total €41.3 million in the first-half of 2020, compared with €35.1 million in the first-half of 2019. "Calculated performance fees" total €10.3 million in the first-half of 2020, compared with €46.9 million in the first-half of 2019.
- The contribution of the investment activity also includes Group strategic management and listing costs of €6.0 million in the first-half of 2020, compared with €4.6 million in 2019;
- **Contribution of the asset management activity:** this comprises Eurazeo's net income as an asset manager using its own balance sheet and on behalf of investment partners. It therefore includes income relating to management fees and performance fees calculated on the Eurazeo balance sheet and deducted from the contribution of the investment activity (see above).

The amortization of assets relating to goodwill allocation, the income tax

expense and other non-recurring items are allocated directly and in full to Group net income.

The amortization of assets relating to goodwill allocation almost exclusively concerns the allocation of goodwill of portfolio companies. These expenses result from the application of IFRS and are excluded from the key performance monitoring aggregates (EBITDA/EBIT for portfolio companies). Non-recurring items also almost exclusively concern the portfolio companies. Expenses incurred by the investment activity that could potentially be classified as non-recurring are transaction costs and impairments, included in the investment activity's contribution. The asset management activity does not incur non-recurring expenses.

This contribution is presented in Note 3.2, together with a reconciliation of key aggregates (EBIT/EBITDA) with the IFRS consolidated financial statements.

Furthermore, the additional table breaks down asset management results between two profit sources: Fee-related earnings and Performance-related earnings. This presentation primarily seeks to value these two revenue sources separately, as they respond to different dynamics given their nature.

Fee-Related Earnings (FRE) comprise all management fees (i) on third-party funds and (ii) calculated on balance sheet investment activities, less operating expenses of the asset management activity.

Performance-Related Earnings (PRE) are equal to (i) performance fees on third party funds and (ii) performance fees calculated on Eurazeo's balance sheet for consolidated companies or performance fees measured for investments at fair value through profit or loss (i.e. recognized under IFRS).



### 3.1.1. Pro forma information

Comparative information is presented at **Constant Eurazeo scope**, i.e. it corresponds to half-year 2019 published data restated for the following movements:

- 2019 scope entries: Dorc (May 2019) and Elemica (October 2019) for Eurazeo Capital; Euston House (April 2019) and Emerige (July 2019) for Eurazeo Patrimoine; Bandier (February 2019) and Q Mixers (April 2019) for Eurazeo Brands; MCH Private Equity (July 2019) for Eurazeo Development. These companies are consolidated for a 6-month period in the pro forma comparative financial statements;
- 2019 scope exits and discontinued operations: Smile (July 2019) and Leon de Bruxelles (October 2019) for

Eurazeo PME. These companies are excluded from the pro forma consolidated financial statements;

- 2020 scope entries: Herschel (January 2020) for Eurazeo Brands. This company is consolidated for an equivalent period in the pro forma comparative financial statements;

2019 comparative information is presented at constant exchange rates (average monthly rate for the first six months of 2020) for the six companies that prepare their financial statements in U.S. dollars (Bandier, Herschel, Nest, Trader Interactive, Q Mixers and WorldStrides), Swiss francs (Sommet) and GBP (Euston House).

### 3.1.2. Reconciliation of the Income Statement by business and the IFRS Income Statement

<i>(In millions of euros)</i>	2020.06
<b>Adjusted EBITDA</b>	<b>223.5</b>
Portfolio company amortization	(141.1)
<b>Adjusted EBIT</b>	<b>82.5</b>
Net capital gains and losses & Dividends and other investment revenue	88.1
Cost of calculated management fees	(41.3)
Other costs	(16.5)
Contribution of the investment activity – before impairment, transaction costs and financial items	30.3
Management fees	106.8
Calculated performance fees	10.3
Operating expenses of the asset management activity	(81.1)
Other	0.0
Contribution of the asset management activity – before financial items and share of income of associates	35.9
Non-recurring items	(29.7)
Reclassification of hedging and foreign currency translation reserves - impact of sales of securities and other	(5.1)
<b>Operating income before other income and expenses</b>	<b>113.9</b>
Amortization of assets relating to goodwill allocation	(88.4)
Impairment	(417.0)
Transaction costs	(12.5)
Non-recurring items - other income and expenses	(30.4)
<b>Other operating income and expenses</b>	<b>(548.3)</b>
<b>Operating income</b>	<b>(434.4)</b>
Finance costs, net	(123.5)
Financial items of investment and asset management activities	12.3
Fair value gains (losses) on derivatives	(8.7)
Other financial income and expenses	(2.7)
<b>Net financial expense</b>	<b>(122.7)</b>
Share of income of associates - contribution of portfolio companies	(93.3)
Share of income of associates - asset management activity	(1.7)
Non-recurring items	(9.0)
<b>Share of income of associates</b>	<b>(104.0)</b>
Income tax expense	23.9
Net income (loss) from discontinued operations	(3.4)
<b>NET INCOME (LOSS)</b>	<b>(640.6)</b>
Non-controlling interests	250.8
<b>NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>(389.8)</b>

### 3.2. Segment aggregates for the contribution of portfolio companies

The main performance indicators for portfolio companies are as follows:

- adjusted EBITDA (earnings before interest, taxes, depreciation and amortization);
- adjusted EBIT (earnings before interest and taxes);
- IFRS net debt

Adjustments between operating income before other income and

expenses and the income statement performance indicators mainly concern non-recurring items. These adjustments were calculated directly based on the IFRS contributions of each operating segment and can be reconciled directly with the published consolidated financial statements.

## SEGMENT INCOME STATEMENT FOR THE HALF-YEAR ENDED JUNE 30, 2020

(In millions of euros)	2020 (6 months)	Investment activity	Asset management activity	Contribution of portfolio companies			
				Eurazeo Capital	Eurazeo PME	Eurazeo Brands	Eurazeo Patrimoine
Revenue	1,797.7	7.0	65.4	1,074.4	464.3	15.4	171.3
Contribution of investment and asset management companies*	66.3	30.3	35.9	-	-	-	-
Other items	(5.6)	(5.4)	(0.2)	-	-	-	-
Operating income before other income & expenses	113.9	24.9	35.8	28.8	33.4	(3.2)	(5.9)
Restructuring and transaction costs				22.5			
Acquisition costs and earn-out				-	-	-	-
Non-recurring employee benefits expense				-	-	-	-
Reclassification of reserves following disposals				-	-	-	-
COVID - donations and equipment				2.9	-	-	-
Other non-recurring items				3.2	0.3	0.9	(0.6)
Adjusted EBIT	82.5			57.5	33.7	(2.3)	(6.5)
Charges to/reversals of deprec, amort & provisions	141.1			92.2	23.7	1.1	24.0
Adjusted EBITDA	223.5			149.7	57.4	(1.2)	17.6
Impairment		(417.0)					
Net income of associates		-	(1.7)				
Transactions costs and financial items		3.4	6.5				
Contribution of investment and asset management activities		(388.8)	40.6				

\* Before impairment, transaction costs and financial items (for the investment activity) – before financial items and net income of associates (for the asset management activity).

## SEGMENT NET DEBT AS OF JUNE 30, 2020

(In millions of euros)	06/30/2020	Investment activity	Asset management activity	Contribution of portfolio companies			
				Eurazeo Capital	Eurazeo PME	Eurazeo Brands	Eurazeo Patrimoine
Borrowings	4,581.0	496.6	0.1	2,481.4	896.3	7.1	699.5
Cash assets	(1,574.8)	(684.8)	(30.3)	(510.6)	(234.4)	(7.5)	(107.2)
IFRS net debt	3,006.2	(188.2)	(30.1)	1,970.7	661.9	(0.4)	592.3
Lease liabilities	501.4	12.8	12.2	290.9	77.8	1.6	106.0
IFRS net debt PF of lease liabilities	3,507.6	(175.4)	(18.0)	2,261.7	739.7	1.2	698.3

Detailed information on debt maturities and the nature of covenants is presented in Note 8.1.

## SEGMENT INCOME STATEMENT FOR THE HALF-YEAR ENDED JUNE 30, 2019

(In millions of euros)	2019 (6 months)	Investment activity	Asset management activity	Contribution of portfolio companies			
				Eurazeo Capital	Eurazeo PME	Eurazeo Brands	Eurazeo Patrimoine
Revenue	2,401.4	10.4	56.1	1,457.5	631.1	13.3	233.0
Contribution of investment and asset management companies*	271.1	190.1	81.0	-	-	-	-
Other items	(0.3)	(0.1)	(0.1)	-	-	-	-
Operating income before other income & expenses	485.6	190.0	80.9	141.3	45.3	(1.4)	29.5
Restructuring and transaction costs				16.6	-	-	-
Acquisition costs and earn-out				4.6	-	-	-
Other non-recurring personnel costs				1.6	-	-	-
Reclassification of reserves following disposal				(21.3)	-	-	-
Other non-recurring items				16.8	(0.8)	0.6	2.0
Adjusted EBIT	234.8			159.5	44.5	(0.7)	31.5
Charges to/reversals of deprec, amort & provisions	122.6			71.5	29.5	0.4	21.3
Adjusted EBITDA	357.5			231.0	74.0	(0.4)	52.8
Impairment		(0.3)					
Net income of associates		-	(1.3)				
Transactions costs and financial items		5.4	(16.4)				
Contribution of investment and asset management activities		195.1	63.2				

\* Before impairment, transaction costs and financial items (for the investment activity) – before financial items and net income of associates (for the asset management activity).

## SEGMENT NET DEBT AS OF DECEMBER 31, 2019

<i>(In millions of euros)</i>	12/31/2019	Investment activity	Asset management activity	Contribution of portfolio companies			
				Eurazeo Capital	Eurazeo PME	Eurazeo Patrimoine	Eurazeo Brands
Borrowings	3,719.9			2,281.4	784.4	649.4	4.6
Cash assets	(1,092.3)	(535.4)	(50.3)	(326.3)	(105.9)	(73.1)	(1.3)
<b>Net debt</b>	<b>2,627.5</b>	<b>(535.4)</b>	<b>(50.3)</b>	<b>1,955.1</b>	<b>678.6</b>	<b>576.3</b>	<b>3.3</b>
Lease liabilities	503.3	14.2	11.0	296.4	80.9	99.4	1.4
<b>IFRS net debt</b>	<b>3,130.8</b>	<b>(521.2)</b>	<b>(39.3)</b>	<b>2,251.5</b>	<b>759.5</b>	<b>675.8</b>	<b>4.7</b>

## NOTE 4 OPERATING DATA

### 4.1. COVID-19 impacts

The COVID-19 epidemic had a range of impacts in the Eurazeo group financial statements. These include a decrease in revenue (Note 4.2), asset impairment (Notes 5.2 and 7), an increase in non-recurring expenses (Note 4.4) and additional financing and refinancing (Notes 8.1 and 8.2)

### 4.2. Revenue

Eurazeo group revenue is €1,798 million for the first-half of 2020 compared with €2,401 million for the first-half of 2019. The drop in revenue is mainly due to the impact of the COVID-19 epidemic. Changes in consolidation scope had little effect.

<i>(In thousands of euros)</i>	06/30/2020 (6 months)	06/30/2019 (6 months)
Category 1	715,388	701,833
Category 2	501,437	565,544
Category 3	324,079	367,413
Category 4	256,843	766,656
<b>REVENUE</b>	<b>1,797,747</b>	<b>2,401,447</b>

Excluding companies exposed to the Travel and Leisure sector (category 4), revenue fell 5% in the first-half of 2020 (reported growth).

### 4.3. Other income

Other income for the half-years ended June 30, 2020 and 2019 breaks down as follows:

<i>(In thousands of euros)</i>	Notes	06/30/2020 (6 months)	06/30/2019 (6 months)
Capital gains (losses) on the securities portfolio		(1,092)	211,767
Fair value gains (losses) on investment properties	6	(8,884)	(778)
Fair value gains (losses) on financial assets		92,476	93,961
Other income and expenses		37,196	10,674
<b>OTHER INCOME</b>		<b>119,696</b>	<b>315,624</b>

#### 4.3.1. Capital gains (losses) on the securities portfolio

In the first-half of 2020, capital gains on the securities portfolio primarily concern the sale of Moncler shares (€92.0 million, net of disposal costs) and Neovia shares (€94.7 million, net of disposal costs and before the release of foreign currency translation and hedging reserves).

#### 4.3.2. Fair value gains (losses) on financial assets at fair value through profit or loss

Fair value gains and losses on financial assets mainly concern the Eurazeo Growth and Eurazeo Development investment divisions and Colyzeo securities (see Note 7).

In the first-half of 2019, fair value gains and losses on financial assets mainly concerned the Eurazeo Growth and Eurazeo Development investment divisions and Elis and Colyzeo securities.

### 4.4. Operating income and other income and expenses

Operating income totaled -€434,4 million in the first-half of 2020, compared with €372.8 million in the first-half of 2019.

Other income and expenses break down as follows:

<i>(In thousands of euros)</i>	06/30/2020 (6 months)	06/30/2019 (6 months)
Restructuring/relocation/reorganization	(2,714)	(1,310)
Transaction costs	(12,572)	(25,791)
Impairment of trademarks and other assets	(12,998)	-
COVID-19 epidemic	(4,519)	-
Other income and expenses	(15,199)	(11,136)
<b>OTHER INCOME AND EXPENSES</b>	<b>(48,002)</b>	<b>(38,237)</b>

Operating expenses relating to the COVID-19 epidemic essentially comprise exceptional donations (€3.3 million, including €1.0 million to the Samu Social de Paris, €1.0 million to the APHP foundation and US\$0.6 million to Bowery Mission and Youth-Ink.).

## NOTE 5 INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

### 5.1. Goodwill, Intangible assets, Property, plant and equipment and Right-of-use assets

Goodwill totals €3,499 million as of June 30, 2020, compared with €3,807 million as of December 31, 2019. The decrease is mainly due to the impairment of the WorldStrides group goodwill in the amount of €333 million.

Other intangible assets, property, plant and equipment and right-of-use assets total €4,035 million as of June 30, 2020, compared with €4,137 million on December 31, 2019.

Goodwill breaks down as follows:

<i>(In thousands of euros)</i>	06/30/2020	12/31/2019 restated
Eurazeo PME Gestion	4,927	4,927
iM Global Partner	21,536	11,196
Idinvest	221,822	221,822
Other	-	2
<b>Asset management activity</b>	<b>248,285</b>	<b>237,947</b>
CPK	35,733	35,733
Dorc	224,929	224,132
Elemica	188,805	186,846
Planet	509,133	509,971
Iberchem	266,608	266,608
Seqens	388,900	387,091
Sommet Education	229,700	225,465
WorldStrides	563,133	889,727
<b>Eurazeo Capital</b>	<b>2,406,940</b>	<b>2,725,572</b>
Eurazeo PME	578,899	599,845
<b>Eurazeo PME</b>	<b>578,899</b>	<b>599,845</b>
C2S	188,483	188,483
Grape Hospitality	39,590	39,590
France Hostels	20,825	-
<b>Eurazeo Patrimoine</b>	<b>248,898</b>	<b>228,073</b>
Nest	15,948	15,897
<b>Eurazeo Brands</b>	<b>15,948</b>	<b>15,897</b>
<b>TOTAL GOODWILL</b>	<b>3,498,972</b>	<b>3,807,334</b>

## 5.2. Impairment losses on fixed assets

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The Group considered that the COVID-19 epidemic was not in itself an indication of loss in value. Nonetheless, a review of the consequences of this epidemic was conducted for all companies (plants at a standstill or operating at reduced levels, below-budget results, etc.) based on the classification of the investments by category (see Note 1 – 1.2).

Goodwill and non-amortizable brands of companies presenting indications of loss in value were tested.

### 5.2.1. Impairment tests

Pursuant to IAS 36, Eurazeo allocates goodwill to Cash-Generating Units (CGUs) for the purpose of conducting impairment tests.

Each investment represents a CGU.

Based on the classification of investments according to the impact of the crisis on their activities, Eurazeo looked for indications of loss in value, using both internal and external information sources:

- External information sources primarily consist of the Group's general assessment of the economic situation in a specific country or market.
- Internal information sources include NAV procedures and the main types of reporting: a significant drop in revenue/profitability or failure to meet the budget are indications of loss in value.

### TEST METHODOLOGY

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The test methodology adopted as of June 30, 2020 is unchanged on the methodology described in the consolidated financial statements for the year ended December 31, 2019.

In particular, Eurazeo used the same WACC calculation parameters but updated the market data at the period-end.

Business plans were also updated taking a prudent approach for 2020 and incorporating dates for a return to normal spread over time according to the classification of companies by category (category 2: end 2020, category 3: start 2021, category 4: 2022-2023).

Finally, investment values were compared with NAVs.

### 5.2.2. Impairment tests

Impairment of €430 million was recognized following completion of impairment tests:

- €361 million on fixed assets (including €343 million on goodwill, €10 million on non-amortizable brands and €8 million on other assets). WorldStrides group goodwill was impaired in the amount of €333 million, as this group - classified in category 4 - was severely affected by the epidemic's impact on tourism.
- €69 million on investments in associates (see Note 7.1)

With the exception of the €13.0 million recognized in other income and expenses (see Note 4.4), impairment of €417.0 million is recognized in the lines "Impairment of goodwill/investments in associates" and "Other income".

The sensitivity of impairment tests was tested with respect to changes in the two main assumptions: WACC and the perpetual growth rate.

For the main subsidiaries tested, excluding WorldStrides, test margins (difference between the recoverable amount and the carrying amount)

subject to the sensitivity of assumptions are presented below:

		Perpetual growth rate		
		1.0%	1.5%	2.0%
Planet	in M€			
	WACC	9.31%	217	261
		<b>9.81%</b>	<b>156</b>	<b>194</b>
		10.31%	102	135

		Perpetual growth rate		
		1.0%	1.5%	2.0%
Sommet Education	in M€			
	WACC	6.20%	21	-41
		<b>6.70%</b>	<b>72</b>	<b>22</b>
		7.20%	113	74

		Perpetual growth rate		
		1.0%	1.5%	2.0%
Iberchem	in M€			
	WACC	6.68%	368	436
		<b>7.18%</b>	<b>295</b>	<b>349</b>
		7.68%	196	278

		Perpetual growth rate		
		1.3%	1.8%	2.3%
Eurazeo PME	in M€			
	WACC	8.58%	323	435
		<b>9.08%</b>	<b>206</b>	<b>300</b>
		9.58%	106	186

The sensitivity analyses presented at investment level demonstrate that the recoverable amount of Eurazeo's investments remains higher than the carrying amount.

For each CGU, no reasonably likely change in assumption (i.e. within the sensitivity range presented) would lead to the recognition of additional impairment.

## NOTE 6 INVESTMENT PROPERTIES

Group investment properties consist of real estate holdings held by Eurazeo Patrimoine, measured as of June 30, 2020 at fair value (level 3) based on appraisal reports.

<i>(In thousands of euros)</i>	06/30/2020	12/31/2019 restated
CIFA Fashion Business Center	-	229,073
Euston House	<b>104,118</b>	111,660
Highlight	<b>81,734</b>	80,234
<b>TOTAL INVESTMENT PROPERTIES</b>	<b>185,852</b>	<b>420,967</b>
<i>Investment properties</i>	<b>185,852</b>	<b>191,894</b>
<i>Investment properties classified as held for sale</i>	-	<b>229,073</b>



**7.1. Investments in associates**

<i>(In thousands of euros)</i>	<b>06/30/2020</b>	<b>12/31/2019 restated</b>
Albingia	291,873	285,948
Europcar	106,067	220,450
Trader Interactive	136,893	141,132
Other	81,415	84,455
<b><i>Eurazeo Capital associates</i></b>	<b>616,248</b>	<b>731,985</b>
<b><i>Eurazeo PME associates</i></b>	<b>1,049</b>	<b>889</b>
Emerige	97,753	105,340
Reden Solar	98,232	86,426
<b><i>Eurazeo Patrimoine associates</i></b>	<b>195,985</b>	<b>191,766</b>
<b><i>Eurazeo Brands associates</i></b>	<b>98,006</b>	<b>113,419</b>
MCH	13,640	13,423
Rhône	179,064	216,728
<b><i>Eurazeo Development associates</i></b>	<b>192,704</b>	<b>230,151</b>
<b><i>Eurazeo Growth associates</i></b>	<b>69,996</b>	<b>69,996</b>
<b>INVESTMENTS IN ASSOCIATES</b>	<b>1,176,988</b>	<b>1,338,206</b>

**7.1.1. Impairment tests on investments in associates**

As the COVID-19 epidemic was not considered an indication of a loss in value, the Eurazeo Group analyzed each of its investments in associates with regard to items representing an indication of loss in value (an actual or expected decrease in EBITDA, or an unfavorable change in one or more market data potentially impacting the value of an investment).

Each investment in an associate was compared with its NAV and impairment of €69.2 million was recognized.

After taking account of net income for the period, other reserve movements and an additional impairment of €27 million, Europcar share cost price is €2.00 per share as of June 30, 2020.

As of June 30, 2020, the stock market price of listed associates was as follows:

<i>(In thousands of euros)</i>	<b>Number of shares held</b>	<b>Stock market price as of 06/30/2020</b>	<b>Total</b>
Europcar (shares held by Eurazeo)	48,988,240	2.12	103,659

## 7.2. Financial assets

The fair value of financial assets breaks down as follows:

<b>(In thousands of euros)</b>	<b>06/30/2020 Net carrying amount</b>	<b>12/31/2019 restated</b>
<i>Fair value by direct reference to published prices in an active market (Level 1)</i>		
Farfetch (Eurazeo Growth)	57,455	32,700
<b>Listed securities</b>	<b>57,455</b>	<b>32,700</b>
<i>Fair value according to valuation techniques based on non-observable data (Level 3)</i>		
Colyzeo and Colyzeo II	11,111	12,903
Eurazeo Growth	910,781	752,552
Eurazeo Development	619,491	403,084
Other unlisted assets	244,919	191,477
<b>Unlisted securities</b>	<b>1,786,303</b>	<b>1,360,016</b>
<b>Financial assets at fair value through profit or loss</b>	<b>1,843,758</b>	<b>1,449,053</b>
<b>Debt instruments at amortized cost</b>	<b>73,339</b>	<b>77,624</b>
<b>FINANCIAL ASSETS</b>	<b>1,843,758</b>	<b>1,392,716</b>
Available-for-sale financial assets - non-current	1,780,698	1,419,487
Available-for-sale financial assets – current	136,399	40,670

Movements in Eurazeo Development financial assets mainly concern investments in the MCH and Rhône funds, as well as build-ups performed by the IM Global Partners group.

Movements in Eurazeo Growth financial assets (excluding Farfetch) are due to both reinvestments and changes in fair value through profit or loss (€70 million).

### 8.1. Net debt

To deal with the potential economic consequences of the COVID-19 epidemic, some Group companies decided to draw on their credit lines as a precautionary measure and benefited from loans guaranteed by the French State (total of €141.2 million for all Group companies). The loans guaranteed by the French State are recognized in accordance with IFRS 9, at fair value based on market rates.

The majority of consolidated groups entered into agreements with the banks not to test the covenants before December 2020 and in some cases 2021.

Eurazeo had also drawn €400 million on its syndicated credit facility as of June 30, 2020.

(In thousands of euros)	30/06/2020			Comments/Nature of main covenants
	Gross debt	Cash assets	Net debt	
Eurazeo	509 375	(683 395)	(174 020)	- Maturity : 2026 - Covenants: ~ LTV <sup>(4)</sup>
Other companies	-	(1 358)	(1 358)	
<b>Total "Investment companies" net debt</b>	<b>509 375</b>	<b>(684 753)</b>	<b>(175 378)</b>	
Idinvest	8 099	(7 983)	115	
iM Global Partner	2 163	(14 192)	(12 029)	
Eurazeo PME	-	(224)	(224)	
Other companies	2 060	(7 898)	(5 838)	
<b>Total "Asset management companies" net debt</b>	<b>12 322</b>	<b>(30 297)</b>	<b>(17 976)</b>	
CPK	24 240	(47 908)	(23 667)	- Maturities: 2023 to 2024
Dorc	187 507	(50 550)	136 957	- Maturities: 2026 - Covenants: ~ Net debt / EBITDA <sup>(1)</sup>
Planet	433 244	(102 846)	330 398	- Maturities: 2020 (credit facility), 2020-2025 (others) * - Cov-Lite Loan
Iberchem	164 028	(44 601)	119 427	- Maturities: 2024 - Covenants: ~ Net debt / EBITDA <sup>(1)</sup>
Elemica	147 484	(2 830)	144 654	- Maturities: 2021 (credit facility), 2025 (others) - Covenants: ~ Secured leverage ratio
Seqens	804 917	(86 111)	718 806	- Maturities: 2023 (credit facility), 2024 (others) - Cov-Lite Loan
Sommet Education	379 676	(55 466)	324 210	- Maturities: 2023 - Covenants: ~ Net debt / EBITDA <sup>(1)</sup> ~ Capex <sup>(3)</sup> ~ Minimum cash amount
WorldStrides	625 707	(117 561)	508 146	- Maturities: 2024 (credit) - Cov-Lite Loan
Other companies	5 514	(2 774)	2 740	
<b>Total « Eurazeo Capital » net debt</b>	<b>2 772 318</b>	<b>(510 647)</b>	<b>2 261 671</b>	

	06/30/2020			
(In thousands of euros)	Gross debt	Cash assets	Net debt	Comments/Nature of main covenants
Eurazeo PME Capital	974,078	(234,362)	739,715	- Maturity: 2021 to 2034* - Covenants: ~ Debt service coverage ratio ~ Net debt / EBITDA <sup>(1)</sup> ~ EBITDA <sup>(1)</sup> / net interest expenses ~ Liquidity ratio ~ Capex <sup>(3)</sup>
<b>Eurazeo PME</b>	<b>974,078</b>	<b>(234,362)</b>	<b>739,715</b>	
Grape Hospitality	392,418	(56,827)	335,591	- Maturity: 2024 to 2028 (acquisition debt and capex) - Covenants: ~ LTV <sup>(4)</sup> ~ Debt service coverage ratio ~ Net debt / EBITDAR <sup>(2)</sup> ~ Capex <sup>(3)</sup> ~ Hedging
C2S	254,779	(31,192)	223,587	- Maturity: 2028 (borrowings) - Covenants: ~ Net debt / EBITDA <sup>(1)</sup>
Highlight	60,535	(326)	60,209	- Maturity: 2023 - Covenants: ~ LTV <sup>(4)</sup>
Dazeo	22,665	(2,901)	19,764	- Maturity: 2051
France Hostels	13,090	(6,166)	6,924	- Maturity: 2027 (credit facility)
Euston	62,061	(4,481)	57,580	- Maturity: 2024 - Covenants: ~ LTV <sup>(4)</sup> ~ Interest Coverage Ratio <sup>(5)</sup>
Other Eurazeo Patrimoine companies	-	(5,323)	(5,323)	
<b>Eurazeo Patrimoine</b>	<b>805,549</b>	<b>(107,216)</b>	<b>698,333</b>	
Nest Fragrances	8,685	(6,008)	2,677	- Maturities: 2020 (credit facility)
Other Eurazeo Brands companies	0	(1,472)	(1,472)	
<b>Eurazeo Brands</b>	<b>8,686</b>	<b>(7,480)</b>	<b>1,206</b>	
<b>Contribution of portfolio companies</b>	<b>4,560,631</b>	<b>(859,706)</b>	<b>3,700,925</b>	
<b>TOTAL NET DEBT</b>	<b>5,082,327</b>	<b>(1,574,756)</b>	<b>3,507,571</b>	
<i>o/w borrowings maturing in less than one year</i>	620,688			
<i>o/w borrowings maturing in more than one year</i>	4,461,639			
Cash and cash equivalents	11.1	1,543,874		
Restricted cash	11.1	29,911		
Other short-term deposits	11.1	971		

<sup>(1)</sup> EBITDA: Earnings before interest, taxes, depreciation and amortization; adjusted where applicable in accordance with bank documents.

<sup>(2)</sup> EBITDAR: Earnings before interest, taxes, depreciation, amortization and rent; adjusted where applicable in accordance with bank documents.

<sup>(3)</sup> Capex: Capital Expenditure.

<sup>(4)</sup> LTV: Loan To Value.

<sup>(5)</sup> ICR: Interest Coverage Ratio.

\* Covenant holiday

The debt repayment schedule was drawn up based on current scheduled maturity dates. Borrowings maturing in less than one year primarily consist of credit facilities repayable in 2020 and short-term debt maturities.

The companies' debts are without recourse against Eurazeo SE, except for the guarantee given on the

renegotiation of the Europcar debt (see Note 12.2).

Loans extended to Group companies may be subject to requests for early repayment in the event of payment default or failure to fulfill contractual obligations.

In addition to cash flows relating to new borrowings secured and principal payments on borrowings (see Note 11.4), the change in total borrowings is

mainly due to changes in scope (€15.4 million) and foreign exchange impacts (€2.5 million).

## 8.2. Net financial expense

<i>(In thousands of euros)</i>	Note	06/30/2020 (6 months)	06/30/2019 (6 months)
Interest on borrowings		(113,646)	(105,527)
<b>Total finance costs gross</b>		<b>(113,646)</b>	<b>(105,527)</b>
Income and expenses on changes in derivatives		(161)	428
Hedging reserve reclassified to profit or loss		(8,563)	(6,695)
Other financial income and expenses		2,407	1,174
<b>Total income and expenses on cash, cash equivalents and other financial instruments</b>		<b>(6,317)</b>	<b>(5,093)</b>
<b>Total finance costs net</b>		<b>(119,964)</b>	<b>(110,619)</b>
Foreign exchange losses		(15,669)	(21,269)
Foreign exchange gains		12,674	24,961
Interest expense relating to the employee benefits obligation		(103)	696
Reclassification of the hedging reserve - impact of share disposals		0	(7,668)
Reclassification of the foreign currency translation reserve - impact of share disposals		0	(13,371)
Other		404	1,275
<b>Total other financial income and expenses</b>		<b>(2,694)</b>	<b>(15,375)</b>
<b>NET FINANCIAL EXPENSE</b>		<b>(122,658)</b>	<b>(125,995)</b>

## NOTE 9 PROVISIONS

Provisions break down as follows:

<i>(In thousands of euros)</i>	Employee benefit liabilities	Disputes	Other	Total
<b>Opening balance</b>	<b>121,380</b>	<b>14,022</b>	<b>40,460</b>	<b>175,862</b>
<b>Closing balance</b>	<b>124,978</b>	<b>13,001</b>	<b>33,272</b>	<b>171,251</b>
Due in less than one year	2,938	7,999	18,353	<b>29,290</b>
Due in more than one year	122,040	5,002	14,919	<b>141,961</b>

### 9.1. Employee benefit liabilities

The nature of employee benefits is similar to that described in the Notes to the consolidated financial statements for the year ended December 31, 2019.

The increase in employee benefit liabilities is partly due to actuarial gains

and losses, charges for the period and changes in consolidation scope.

### 9.2. Provisions for litigation and other provisions

Provisions for litigation and other provisions primarily concern litigation, restructuring and miscellaneous provisions.

## NOTE 10 EQUITY AND EARNINGS PER SHARE

### 10.1. Equity and share capital

Equity attributable to owners of the Company is €4,548.1 million, or €60.00 per share, as of June 30, 2020.

As of June 30, 2020, the share capital was €239,869 thousand, comprising 78,645,486 fully paid-up shares of two classes: 78,629,243 ordinary shares and 16,243 preference shares.

Eurazeo holds 2,838,442 treasury shares as of June 30, 2020.

### 10.2. Non-controlling interests

Non-controlling interests break down by division as follows:

<i>(In thousands of euros)</i>	06/30/2020	12/31/2019 restated
Investment and asset management activities	106,597	96,777
Eurazeo Capital	898,141	1,119,742
Eurazeo PME	246,186	261,194
Eurazeo Patrimoine	104,957	123,134
Eurazeo Brands	11,621	12,465
<b>Non-controlling interests</b>	<b>1,367,502</b>	<b>1,613,311</b>

<i>(In thousands of euros)</i>	2020 (6 months)	2019 (6 months)
Investment and asset management activities	7,579	22,727
Eurazeo Capital	(229,998)	(8,336)
Eurazeo PME	(13,644)	(412)
Eurazeo Patrimoine	(13,810)	1,828
Eurazeo Brands	(896)	12,144
<b>Net income (loss) attributable to non-controlling interests</b>	<b>(250,769)</b>	<b>27,950</b>

The Group has identified four entities or sub-groups where non-controlling interests are the most material:

- the Dorc group is controlled by Eurazeo. It is one of the global leading specialists of vitreoretinal surgery. Dorc designs, manufactures and distributes ophthalmic surgery equipment, consumables and instruments worldwide. Investment partners at Eurazeo group level are entitled to 22.99% of this group's net income;
- the Planet group is controlled by Eurazeo. Its main business is helping travelers claim back VAT on retail purchases (Tax Free Shopping).

Investment partners at Eurazeo group level are entitled to 31.51% of this group's net income;

- the Seqens group is controlled by Eurazeo. It is a major player in pharmaceutical synthesis and the specialty chemicals industry. Investment partners at Eurazeo group level are entitled to 53.27% of this group's net income;
- the WorldStrides group is controlled by Eurazeo. It is a leader in educational travel. Investment partners at Eurazeo group level are entitled to 52.96% of this group's net income;

<i>(In thousand of euros)</i>	Dorc	Planet	Seqens	WorldStrides
Total Assets	517 390	920 447	1 521 867	1 188 146
Total equity	48 758	38 469	166 082	(175 668)
<i>o/w minority interests</i>	63 131	114 166	226 954	15 138
Revenue	51 617	91 874	489 144	119 384
Net income (loss)	(4 681)	(23 167)	(602)	(372 399)
<i>o/w minority interests</i>	(1 076)	(6 544)	(33)	(209 064)
Net cash flows from operating activities	13 043	12 948	75 216	17 851
Net cash flows from investing activities	(7 725)	(9 527)	(33 148)	187
Net cash flows from financing activities	25 170	25 679	7 159	19 611
<i>o/w dividends paid to minority interests</i>	-	-	-	-

### 10.3. Earnings per share

<i>(In thousands of euros)</i>	2020 (6 months)	2019 (6 months)	2019 restated (12 months)
Net income attributable to owners of the Company	(389,808)	176,148	113,476
Net income from continuing operations attributable to owners of the Company	(387,556)	174,137	113,535
Weighted average number of ordinary shares outstanding	71,596,331	71,592,658	71,825,469
Reported basic earnings per share	-5.44	2.46	1.58
Reported basic earnings per share from continuing operations	-5.41	2.43	1.58
Weighted average number of potential ordinary shares	72,115,864	72,494,497	72,900,068
Reported diluted earnings per share	-5.37	2.47	1.62
Reported diluted earnings per share from continuing operations	-5.34	2.44	1.63

## NOTE 11 BREAKDOWN OF CASH FLOWS

### 11.1. Cash assets

The cash flow statement analyzes changes in cash presented net of bank overdrafts and including restricted cash.

As of June 30, 2020, restricted cash mainly consists of cash allocated to the Eurazeo liquidity contract and the restricted cash of the Eurazeo Capital companies.

<i>(In thousands of euros)</i>	Note	06/30/2020	12/31/2019 restated
Demand deposits		1,524,100	1,051,177
Term deposits and marketable securities		19,774	14,365
<b>Cash and cash equivalent assets</b>	8.1	<b>1,543,874</b>	<b>1,065,542</b>
<b>Restricted cash</b>	8.1	<b>29,911</b>	<b>25,908</b>
Bank overdrafts		(129,282)	(15,064)
<b>Cash and cash equivalent liabilities</b>	8.1	<b>(129,282)</b>	<b>(15,064)</b>
<b>NET CASH AND CASH EQUIVALENTS</b>		<b>1,444,502</b>	<b>1,076,386</b>
Other short-term deposits	8.1	971	887
<b>TOTAL GROSS CASH ASSETS</b>		<b>1,574,756</b>	<b>1,092,337</b>

### **11.2. Net cash flows from operating activities**

Cash flows from operating activities totaled €137.8 million (compared with €86.4 million in the first-half of 2019).

### **11.3. Net cash flows from investing activities**

Purchases of investments and financial assets total €381.5 million and mainly reflect the acquisition of additional investments in Reden 2020 (€58.1 million), Idinvest (€46.9 million), Back Market (€29.9 million), Mano Mano (€19.0 million) and Doctolib (€18.8 million) and the acquisition of France Hostels (€16.5 million) by Eurazeo.

The impact of changes in consolidated scope mainly concern the entry into the

consolidation scope of the France Hostels group and acquisitions in IM Square (Zadig AM and iM Global Partner Asset Management SA).

Finally, dividends received from associates were distributed by the Rhône (€7.5 million) and Reden (€5.9 million) groups.

### **11.4. Net cash flows from financing activities**

Net cash flows from financing activities mainly comprise financing flows relating to the drawdown on the Eurazeo syndicated credit facility (€400.0 million) and loans guaranteed by the French State in the context of the COVID-19 epidemic (€141.2 million).



## 12.1. Post-balance sheet events

Post-balance sheet events are presented in Section I.3 of the Half-Year Financial Report.

## 12.2. Off-balance sheet commitments

	06/30/2020						12/31/2019
	Total	Investment activity	Asset management activity	Contribution of portfolio companies			
						Eurazeo Capital	Eurazeo PME
<i>(In thousands of euros)</i>							
<b>Commitments given</b>	<b>(1,893.6)</b>	<b>(120.0)</b>	<b>(100.0)</b>	<b>(932.5)</b>	<b>(17.0)</b>	<b>(724.1)</b>	<b>(2,052.8)</b>
Pledges, mortgages and collateral	-	-	-	-	-	-	-
- Other pledges, mortgages and collateral	(1,509.2)	-	-	(815.0)	(1.3)	(693.0)	(1,475.1)
Sureties, deposits and guarantees given	(82.7)	(68.6)	-	-	(8.7)	(5.4)	(68.0)
Operating leases	-	-	-	-	-	-	-
- Minimum lease payments under noncancellable operating leases (< 1 year)	(1.3)	-	-	(1.3)	-	-	(1.2)
- Minimum lease payments under noncancellable operating leases (1 to 5 years)	(1.7)	-	-	(1.7)	-	-	(1.7)
- Minimum lease payments under noncancellable operating leases (< 5 years)	(7.2)	-	-	(7.2)	-	-	(7.4)
Vendor warranties	(17.9)	(15.3)	-	(2.6)	-	-	(44.8)
Other commitments given	-	-	-	-	-	-	-
- Purchase commitments	(136.1)	(36.1)	(100.0)	-	-	-	(339.0)
- Other	(137.4)	-	-	(104.8)	(7.0)	(25.7)	(115.6)
<b>Commitments received</b>	<b>1,276.9</b>	<b>1,100.0</b>	<b>-</b>	<b>30.0</b>	<b>71.7</b>	<b>75.2</b>	<b>1,715.5</b>
Sureties, deposits and guarantees received	22.8	-	-	19.9	2.9	-	22.0
Vendor warranties	4.3	-	-	-	4.3	-	4.9
Syndicated credit facility	1,100.0	1,100.0	-	-	-	-	1,500.0
Other commitments received	149.7	-	-	10.1	64.5	75.2	188.7

The main changes in off-balance sheet commitments since December 31, 2019 are detailed below:

### Investment and asset management activities

#### Commitments involving Eurazeo SE

##### Europcar

Pursuant to the grant by four banks to Europcar Holding SAS of an additional credit facility of a principal amount of €20 million:

- Eurazeo undertook to compensate each of these banks in the event Europcar Holding SAS defaults on payment at maturity, up to a total maximum amount of €20 million (potentially reduced in certain cases), expiring on June 9, 2023; and
- Should the Europcar group perform a share capital increase satisfying certain criteria underwritten by the lenders, Eurazeo has agreed to compensate these lenders in the amount of the difference between the subscription price and the price at which the shares are sold on the

market, up to December 31, 2023. This commitment would cease to apply if Eurazeo were to reduce its investment below 10% of the share capital and voting rights in Europcar Mobility Group SA.

##### France China Cooperation Fund

Eurazeo SE undertook to invest certain amounts in France China Cooperation Fund Umbrella SCSp (approximately €199 million), France China Cooperation Fund A SCSp (approximately €60,000) and France China Cooperation Fund B SCSp (approximately €139,000).

Under the terms of the FCCF Joint Advisors S.à.r.l. shareholders' agreement entered into with BNP Paribas SA and Beijing Shunrong Investment Corporation, Eurazeo SE granted a warranty to BNP Paribas and Beijing Shunrong Investment Corporation that may be exercised

should certain events occur relating to BNP Paribas' and Beijing Shunrong Investment Corporation's compliance with certain of their regulatory obligations or if the FCCF fund is not dissolved in the year it expires.

Under the terms of the FCCF Joint Advisors S.à.r.l. shareholders' agreement entered into on April 30, 2020 with BNP Paribas SA and Beijing Shunrong Investment Corporation, Eurazeo SE received a call option over the shares held by BNP Paribas and Beijing Shunrong Investment Corporation that may be exercised should certain events occur relating to BNP Paribas' and Beijing Shunrong Investment Corporation's compliance with certain of their regulatory obligations, if the FCCF fund is not dissolved in the year it expires, or if BNP Paribas SA and Beijing Shunrong Corporation's investment decreases by half.

Under the terms of the FCCF Joint Advisors S.à.r.l. shareholders' agreement entered into on April 30, 2020 with BNP Paribas SA and Beijing Shunrong Investment Corporation, Eurazeo SE also undertook to hold the shares in the company until expiry of the FCCF fund.

## **Eurazeo Patrimoine**

### **Commitments involving TopCo Hermes SAS (France Hostels – Les Piaules)**

#### **Commitments given**

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Pursuant to the acquisition of several youth hostels in Paris, TopCo Hermes SAS entered into on March 6, 2020:

- an acquisition agreement to purchase the shares in Just Like Home Belleville SAS, providing for the payment of the acquisition price in two installments, an initial payment on the acquisition completion date, March 19, 2020, and the residual balance on November 18, 2020.
- a unilateral purchase commitment and a unilateral sales commitment covering the shares in Just Like Home Nation SAS, comprising a commitment by TopCo Hermès SAS to purchase the shares in the company (if the conditions precedent set out in the contract are realized and the commitments exercised) and to pay the corresponding purchase price.

#### **Commitments received**

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In the same context, TopCo Hermes SAS received standard representations and warranties from the vendors for durations depending on the type of warranty.

### III. Statutory Auditors' review report on the half-year financial information

**EURAZEO SE**  
1, Rue Georges Berger  
75017 PARIS

#### **Statutory auditors' review report on the half-year financial information**

Period from January 1<sup>st</sup> to June 30<sup>th</sup> 2020

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

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholder's meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (*code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Eurazeo SE, for the six months ended June 30 2020;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements were prepared under the responsibility of the Executive board on July 24, 2020 based on information available at that date in the evolving context of the COVID-19 crisis and difficulties in understanding its impacts and future prospects. Our role is to express a conclusion on these financial statements based on our review.

#### **I - Conclusion on the financial statements**

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not

prepared, in all material respects, in accordance with IAS 34, the standard of IFRSs as adopted by the European union applicable to interim financial information.

## **II - Specific verification**

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements prepared on July 24, 2020 subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

*Neuilly-sur-Seine and Courbevoie, July 30, 2020*

The Statutory Auditors

PricewaterhouseCoopers Audit

Mazars

David Clairotte

Isabelle Massa

#### **IV. Declaration by the person responsible for the half-year financial report**

I hereby certify that, to the best of my knowledge, the condensed interim consolidated financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all consolidated companies, and that the appended Half-Year Financial Report provides a fair review of the major events that occurred during the first six months of the fiscal year, their impact on the financial statements, the main transactions between related parties, as well as a description of the main risks and uncertainties concerning the remaining six months of the fiscal year

Virginie Morgon  
Chairwoman of the Executive Board

## Appendix 1: Risk factors

A summary table of the main Eurazeo risk factors is presented below; it contains the risk factors deemed significant when making investment decisions, with regard to the effects they could have on the Company, particularly its business continuity, the successful conduct and performance of its activities (financial impacts, particularly for Net Asset Value) or its development (particularly reputation and human factors).

The risk factors are classified in a limited number of categories depending on their nature: (i) strategic and operational risks linked to activity, (ii) image and compliance risks, and (iii) financial risks. In each presented category, the risks are ranked based on their criticality (i.e. presented in decreasing order of importance).

The level of criticality is evaluated during a risk mapping exercise, based on a combination of the probability of occurrence and the estimated impact of each risk, and considering measures put into place to mitigate the risk. The risk criticality is assessed on a four-point scale (low, moderate, high, significant). Only risks with a "moderate", "high" or "significant" criticality level are set out in this chapter. The risk presentation, ranking and description only provides a snapshot at a given moment. Depending, in particular, on changes in the economic environment and market conditions, exposure to a risk factor and the magnitude of related risks are likely to vary.

Information on financial risks is also presented pursuant to the French Commercial Code (Article L. 225-100). Other risks, not known or not considered material by Eurazeo at the date of this Half-Year Financial Report, could also impact its activities. Other risks - not identified, emerging or currently appearing less significant - could also negatively affect the Group.

### Strategic and operational risks linked to activity

Crisis linked to the COVID-19 pandemic	Significant	1.1
Vetting of investment projects	High	1.2
Ability to raise funds	High	1.3
Dependency on key personnel	High	1.4
Competition from other private equity firms	Moderate	1.5
Technologies and data	Moderate	1.6
Fraud	Moderate	1.7.

### Image and compliance risks

Ethical responsibility of portfolio company activity	High	2.1
Failure to comply with laws and regulations	High	2.2
Conflicts of interest	Moderate	2.3
Climate change	Moderate	2.4
Disputes with investment partners	Moderate	2.5
Change in regulations	Moderate	2.6

### Financial risks

Equity market	High	3.1
Liquidity at portfolio company level	High	3.2
Other financial risks: interest-rate, foreign exchange, debt, counterparty	Moderate/High	3.3

# 1 STRATEGIC AND OPERATIONAL RISKS LINKED TO ACTIVITY

## 1.1 Crisis linked to the COOVID-19 pandemic

### SIGNIFICANT

**Risk that the crisis linked to the COOVID-19 pandemic (i) negatively affects the performance of Eurazeo portfolio companies and/or (ii) alters the portfolio companies' investment, transformation, enhancement and divestment conditions.**

Generally speaking, an adverse change in the political and economic environment and a deterioration in the business climate, particularly in Europe, can alter investment conditions. Unfavorable economic prospects are also liable to have an adverse impact on the future performance of certain investments, which for Eurazeo could be reflected in the consolidated financial statements and NAV.

As regards the geographic spread of the current portfolio, investments operate mainly in Europe and the United States, making their performance particularly sensitive to economic growth in these regions. Depending on their business model, the activities of Eurazeo's portfolio investments have differing levels of sensitivity to changes in the economic environment. Eurazeo has elected to favor investment in growing companies with a resilient business model. Several avenues of growth have been identified: targets benefiting from major societal trends (ageing population, development of healthcare and renewable energies, rise of the middle classes in emerging markets, changing consumer patterns) such as healthcare, luxury and brands, technology and digital, financial services, the environment and energy transition.

The crisis linked to the COVID-19 epidemic, which began at the beginning of 2020, has become global. Lockdown and social distancing measures imposed by nearly all countries led to the slowdown and/or temporary closure of a large number of businesses, with major consequences for the entire global economy. From the beginning of the crisis, Eurazeo set up procedures to constantly monitor the impacts of the COVID-19 epidemic on its portfolio companies and particularly those exposed to the Travel and Leisure sector. With Eurazeo's support, measures were taken to maintain a maximum number of production sites in activity in the portfolio companies, with optimal health protection. Close attention was also paid to preserving cash and controlling costs in each of the companies.

The investments exposed to the Travel and Leisure sector were most affected by the widespread lockdown and their recovery is more gradual; the main companies concerned are Planet Payment, WorldStrides (see 1.5.3.2), Grape Hospitality and Europcar. In the remainder of the portfolio, we can observe encouraging signs of business recovery; excluding the companies exposed to the Travel and Leisure sector, revenue fell only 4% in the first-half of 2020 and returned to its pre-crisis level in June 2020. This trend confirms the resilience of a large portion of Eurazeo's portfolio. The portfolio companies are already considering the resources to be implemented in the short- and mid-term to adapt their strategic roadmap to the new context (M&A, costs, new offers, acceleration of digitalization, etc.).

Finally, at the date of the Half-Year Financial Report, the risk of a resurgence of the epidemic and therefore a "second wave" is not excluded by the majority of scientists.

<i>Potential effects</i>	<i>Examples of risk mitigation measures</i>
<ul style="list-style-type: none"><li>• Change in the ability to transform, monetize and divest our portfolio companies in line with the investment vision</li><li>• Reduced fund performance</li><li>• Decline in portfolio companies' performance, likely to be reflected in Eurazeo's financial statements and NAV.</li><li>• Liquidity problems for some portfolio companies</li></ul>	<ul style="list-style-type: none"><li>• Investment strategy partially in resilient business models</li><li>• Diversified portfolio</li><li>• Geographic balance of portfolio company activity</li><li>• Cautious debt ratio and/or level of covenants</li><li>• Procedures to monitor the impacts of COVID-19</li></ul>

## 1.2 Vetting of investment projects

### HIGH

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**Risk that analysis and due diligence work conducted for an investment project does not identify existing risks at the transaction date, which materialize later and ultimately result in a loss of investment value.**

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Making investments in target companies may expose the Company to a number of risk factors, potentially leading over time to a loss of value for the relevant investment. These risks include:

- the overvaluation of the acquisition target, due for example to:
  - the insufficient capacity of the target company and its management to meet its business plan targets,
  - the undermining of the target company's business model (i.e. technology break, adverse change in the regulatory environment, etc.) or any other unknown factor liable to lessen the consistency and reliability of management's business plan,
  - the failure to identify or under-estimation of a significant liability or the incorrect valuation of certain assets;
- the lack of reliability of financial and accounting information on the target company: erroneous information may be provided when prospective investments are vetted, deliberately or otherwise;
- litigation and disputes liable to arise with sellers or third parties: these may relate to the insolvency of the sellers and their guarantors when applicable (making it difficult to implement guarantees), or to a change in management (which may threaten contracts with key suppliers or clients).

Eurazeo's policies for managing these risks rely in large part on in-depth due diligence procedures and compliance with strict investment criteria. Prior to any acquisition, during the period when a prospective investment is vetted, Eurazeo performs a comprehensive analysis of the investment risks. In addition to the investment team responsible for the deal, the CSR, Risk Management, Human Resources and Legal Departments are systematically involved in this process under the supervision of the General Secretary. Based on this analysis, in-depth due diligence procedures are conducted in strategic, operating, financial, legal and tax areas, generally by third parties. This comprehensive work notably encompasses social, environmental, compliance, digital and governance issues. On a case-by-case basis, risks identified can be covered by warranties negotiated with sellers or insurers. At the same time, in reviewing prospective investments, Eurazeo pays special attention to the following investment criteria: barriers to entry, profitability, recurrence of cash flows, growth potential and a shared investment vision with management. At the various stages of the vetting process, the risks associated with the target investment are assessed, documented and reviewed regularly during Investment Committee meetings, up until presentation to the Finance Committee, and/or the Supervisory Board.

Eurazeo has developed an approach to identifying investment opportunities well in advance of a sales process. This enables it to form an opinion about the vendor and the fundamentals of the target.

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*Potential effects*

- Capital loss on the investment
- Reduced investment program performance
- Teams and management diverted from strategic priorities to tackle the risk

*Examples of risk mitigation measures*

- In-depth due diligence process
  - Seniority of Investment Committees
  - Understanding of sectors
  - Approaching potential targets well in advance of a sales process
-



### 1.3 Ability to raise funds

#### HIGH

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**Risk that Eurazeo is unable to achieve its objectives to raise funds to finance its investment programs.**

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As of December 31, 2019, Eurazeo's assets under management (AuM) stood at nearly €18.8 billion, a 16% increase compared with December 31, 2018. In 2019, as part of its Eurazeo Capital IV investment program, the Company raised nearly €700 million from investors. In line with its ambitions in third-party management, on the fundraising market Eurazeo is exposed to the behavior of international investors with regard to private equity. Whilst their appetite for this type of asset might be very high now, we cannot predict their future behavior. If performance declined, these investors might turn to other asset classes.

To mitigate the effects of this risk, Eurazeo must be able to reinforce and expand its international investor network, and continue to deliver attractive performance to benefit investment partners.

The effects of the COVID-19 epidemic on the global economy could slow and/or postpone Eurazeo's fundraising program.

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#### *Potential effects*

- Negative effects on Eurazeo's results, the valuation of its third-party management activities, due to management fee levels (stagnation or decrease)
- Change in Eurazeo's ability to deploy a dual investment strategy in the long term

#### *Examples of risk mitigation measures*

- Track record (i.e. performance in previous years)
  - Strengthening of teams dedicated to fundraising
  - Stability of investment teams
  - Broad geographic coverage of international institutional investment partners
  - Variety of investor profiles: asset managers, sovereign funds, insurance companies, family offices
-

## 1.4 Dependency on key personnel

### HIGH

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**Risk that the departure or prolonged absence of one or several key personnel (*de facto* or *de jure*) affects the successful conduct of Eurazeo's activities and/or the activities of one of its portfolio companies**

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Eurazeo's capacity to seize the right investment opportunities, to optimize the engineering of its acquisitions and to capitalize on the value-creation potential of its investments relies on its reputation, its networks, the skill and expertise of its Executive Board members and its Investment Officers. As such, the departure of one or several of these key people could have an adverse impact on Eurazeo's business and organization. Such a departure could alter not only the deal flow and projects underway at the time, but could also affect the management of Eurazeo's teams and the Company's relations with the management of its investments or with its investment partners in the case of third-party management activities. Moreover, with regard to third-party management, key people clauses are generally included in fund rules. If there are significant changes to the management team overseeing an investment program, activation of the key people clause can entitle investment partners to review their fund liabilities (e.g. suspension of investments until a suitable successor is found for the departing key personnel).

Similarly, the departure, prolonged absence or loss of confidence of key people in the management team of one of our investments, for whatever reason, could have an impact on operations and the implementation of the investment's strategy. The existence of a shared investment vision with management is central to Eurazeo's investment criteria. During the development phase, Eurazeo's teams and the management teams of each investment work to set out a clear vision of the goals to be achieved and action to be taken in the short-, medium- and long-term. The management of the Company's investments plays an important role in adapting to economic conditions.

To minimize this risk, Eurazeo makes the alignment of the interests of investment shareholders, teams and management a key factor in promoting the continuity of management teams and value creation, notably through co-investment mechanisms and the progressive vesting of rights under instruments, such as performance shares.. The Company also places emphasis on its close, regular and strong relations with management teams in its investments and the preparation of the succession of key people. Finally, close attention is paid to the drafting of key people clauses in the co-investment fund rules.

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<i>Potential effects</i>	<i>Examples of risk mitigation measures</i>
<ul style="list-style-type: none"><li>• The investments of one or several investment funds are suspended until the key personnel is/are replaced, pursuant to the key people clause</li><li>• Negative effect on Eurazeo's deal flow</li><li>• Negative effect on Eurazeo's image, affecting its ability to recruit talent and/or raise funds</li><li>• Under-performing portfolio company</li></ul>	<ul style="list-style-type: none"><li>• Alignment of interests through co-investment contracts</li><li>• Succession plans / Competitive job conditions</li><li>• Drafting quality of key people clauses in fund rules</li><li>• Sharing the investment vision with portfolio company management</li></ul>

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## 1.5 Competition from other private equity firms

### MODERATE

#### **Risk that Eurazeo's ability to deploy its private equity investment programs over the desired time horizon is altered due to increased competition from other industry firms and inflated valuations.**

The Company operates in a competitive market due to the existence of a large number of private equity players. Strong competition for the most sought-after assets, in a context of plentiful capital, can lead to very high acquisition prices, particularly for assets in the most sought-after sectors. The excellent performance shown in the asset class representing private equity attracts newcomers looking for returns which they cannot achieve in other asset classes. This increased competition, associated with inflated valuations, is likely to reduce the field of attractive investment opportunities - it can also result in Eurazeo spending considerable time and expense on investment candidates where Eurazeo's proposal is not selected or see the loss of some opportunities.

With five different private equity investment strategies, as well as investment teams working in Europe and North America, Eurazeo has a wide range of opportunities. By opening a subsidiary in New York in 2016 (Eurazeo North America) and pursuing the goal of direct investment in North American companies, Eurazeo is now active in the number one private equity market in the world which has numerous players and a wide variety of opportunities. The Capital and Brands investment strategies have made no fewer than eight direct investments in North America over the past three years.

Also, by structuring its activity around different investment strategies focusing investment on growth companies with positive underlying economic trends, Eurazeo is able to identify and examine opportunities, and better understand vendors at a very early stage. This approach of identifying non-brokered deals, offers a competitive edge in the sales process and can reduce exposure to competition inherent to brokered deals.

To effectively support its deal flow, Eurazeo also aims to reinforce its business network and continually seeks to further its understanding of strategic sectors. Teams are dedicated to creating investment opportunities, relying on a digital deal flow monitoring process. Eurazeo has formed a team of American and French investors as part of the roll-out of its activities in the United States (Capital and Brands divisions). This team is supported by senior advisors with considerable experience in the industrial sector and an extensive business network in the United States, valuable in understanding the specific characteristics of the American private equity market. Finally, the strategic investment in the management firm MCH in Spain in 2019 marks a new stage in Eurazeo's ambition to develop its international network and become a major European player.

#### *Potential effects*

- Increase in dead deal costs
- Acquisition of overvalued assets in the event of an economic downturn
- Reduced performance of investment programs/loss of confidence by investment partners
- Competition in human resources/headhunting

#### *Examples of risk mitigation measures*

- Range of opportunities in more countries: Europe and North America
- Diversification of investment strategies
- Deal sourcing: dedicated team, digital deal flow
- Business network: strategic partnerships, senior advisors
- Competitive job conditions for investment teams

## 1.6 Technologies and data

### MODERATE

**Risk that IT system attacks and/or outages affect the confidentiality, availability and/or integrity of Eurazeo's digital data and that of its partners, and notably prevent Eurazeo from ensuring business continuity, compliance with personal data and/or insider information regulations, or limiting the effect on its image/reputation with regard to partners and stakeholders.**

In the conduct of its activities, Eurazeo uses IT infrastructures and applications to collect, process and produce data and, in particular, confidential and strategic data. Technical failures (equipment, software, network, etc.) or IT attacks (malware, intrusions, etc.) could impair the availability, integrity and confidentiality of data and have negative consequences for the Company's business and reputation. The Company's digital transformation, the development of cloud system data storage, or the increased use of key and/or business solutions in SaaS mode increase Eurazeo's vulnerability to cyber-attacks. They also increase Eurazeo's dependency on the reliability of third-party IT systems.

IT security is a priority for Eurazeo. For several years, a certain number of initiatives have aimed to implement suitable measures to protect its digital assets, as well as those of its portfolio companies. The cyber risk prevention system is notably supported by: a Digital Security Committee (chaired by the Chief Financial Officer and member of the Executive Board, bringing together the Risks, Digital, Security and IT Departments), a Chief Information Security Officer (CISO), an Information Systems Security Policy (ISSP), and the deployment of various technical measures reinforcing the security of access to digital resources. To check that this system is effective, IT security audits and intrusion tests are regularly performed and corrective action is taken where vulnerabilities are identified. Eurazeo has also taken out cyber and fraud insurance policies.

With regard to continuity, the Eurazeo disaster recovery plan (based on redundant infrastructure located at two remote sites) is tested annually; this should enable the Company to continue its activities in the event of an IT incident and avoid data loss.

<i>Potential effects</i>	<i>Examples of risk mitigation measures</i>
<ul style="list-style-type: none"><li>• Leak of confidential and/or strategic data relating to the activities of Eurazeo, its portfolio companies, its investment partners or other stakeholders</li><li>• Use of insider information by a hacker</li><li>• Use of sensitive and confidential data by a hacker for fraudulent purposes (see 1.5.1.7)</li><li>• Infringement of personal data protection regulations</li></ul>	<ul style="list-style-type: none"><li>• Cyber threat prevention system: Eurazeo Digital Security Committee, Cybersecurity Audits, ISSP, CISO, Cyber Roadmap, awareness campaigns for employees and portfolio companies, etc.</li><li>• Disaster Recovery Plan, tested annually</li><li>• Insurance policies: Cyber, Fraud</li><li>• Governance: cyber-security issues feature on the Audit Committee agenda at least twice a year.</li></ul>

## 1.7 Fraud

### MODERATE

**Risk that Eurazeo falls victim to fraud (usually embezzlement), particularly for payments made as part of closing and/or distribution operations.**

During transaction closing operations or fund distributions, payment orders are given for sums sometimes totaling several hundred million euros, which are transferred to third-party bank accounts. These transactions expose Eurazeo to a greater risk of embezzlement by fraudsters. Criminal organizations have developed increasingly sophisticated fraud techniques which can include identity theft, strategic intelligence and cyber-attacks.

To mitigate this risk, Eurazeo has established a strict internal control framework for payment processes, and regularly raises employee awareness regarding fraud. Alongside this, the cyber risk prevention system developed by Eurazeo (see 1.5.1.6) aims to secure data linked to sensitive transactions and payments.

Finally, Eurazeo has also taken out cyber and fraud insurance policies.

#### *Potential effects*

- Losses linked to embezzlement
- Impact on reputation with regard to banks, insurers, investment partners and other stakeholders

#### *Examples of risk mitigation measures*

- Cyber risk prevention system
- Internal controls governing payment
- Insurance policies: Cyber, Fraud
- Risk awareness/training

## 2 IMAGE AND COMPLIANCE RISKS

### 2.1 Ethical responsibility linked to portfolio company activity

#### HIGH

**Risk that the business of one or several portfolio companies harms customers, employees or a community (psychological and/or physical harm) due to shortcomings likely to offend consumers and the population.**

Some portfolio companies operate in sectors where consumers and the general public are particularly mindful of the way that health and safety issues are taken into account by organizations. This can include activities linked to education, early childhood, medical treatment, food, etc. For this type of portfolio company, incidents relating to the health and/or safety of customers, employees and/or local communities are likely to receive very negative media coverage which could damage the image of the portfolio company and Eurazeo.

Regardless of sector, portfolio companies ensure they implement effective programs to comply with regulatory standards and industry best practices in terms of health and safety. From the acquisition phase, Eurazeo performs in-depth due diligence on societal, health and safety risks in relation to the target's business activities; these risks and the associated action plans are subject to post-acquisition follow-up.

#### *Potential effects*

- Physical or psychological harm to portfolio companies' stakeholders (customers, employees, communities)
- Damage to the reputation and image of the portfolio company and Eurazeo
- Invoking of Eurazeo SE's responsibility
- Lengthy negative media coverage

#### *Examples of risk mitigation measures*

- Inclusion of aspects linked to societal, health and safety impacts during acquisition due diligence
- Post-acquisition follow-up of action plans
- Conditions of stakeholder dialogue
- Crisis management policy
- Monitoring the product or service quality approach

## 2.2 Failure to comply with laws and regulations

**HIGH**

**Risk that, as part of a procedure, Eurazeo is held liable for prohibited actions which are subject to heavy penalties under the laws and regulations in force.**

Eurazeo and its majority-owned investments operate throughout the world, and are subject to national and regional laws and regulations, depending on the country. These activities are liable to be affected by a wide range of texts to which they must comply: primarily relating to corporate law, tax law, employment law, anti-trust law, consumer law, environmental law, corporate social responsibility, export controls and the fight against corruption.

For some regulations, such as anti-trust law, anti-corruption law, export controls or international sanctions, Eurazeo's liability as a controlling entity may be triggered due to the actions of its portfolio companies, including in foreign jurisdictions. This threat is even greater as an increasing amount of laws are giving national authorities the powers to establish extra-territorial legal proceedings (Sapin II law in France, FCPA in the USA).

More recently in France, the Duty of Care Law enshrines the growing trend to make transnational companies accountable for their subsidiaries' actions. This law aims to introduce an obligation of duty of care for parent companies and contracting companies with respect to subsidiaries, sub-contractors and suppliers, particularly in the supply chain. This accountability seeks to prevent the occurrence of tragedies in France and abroad and to obtain compensation for victims in the event of human rights violations or environmental damage. Over and above a potential attempt to trigger Eurazeo's liability should this type of risk arise in one of its subsidiaries or their sub-contractors, there is a risk to Eurazeo's reputation. Eurazeo and its portfolio companies therefore specifically monitor the following issues: combating child labor, forced labor or slavery, fair compensation, decent working hours, the absence of discrimination, harassment and inhuman treatment, the protection of health and safety in the workplace. Eurazeo SE and its portfolio companies ensure the implementation of efficient compliance programs adapted to the challenges. The post-acquisition projects generally offer portfolio companies the opportunity to strengthen their compliance programs based on the risk assessment performed during the due diligence phase. Eurazeo is careful not to interfere in the management of its investments and strives to respect the autonomy of the legal entities in which it invests. Eurazeo informs its portfolio companies of changes in regulations and helps them implement CSR approaches. As part of its monitoring of the investments, each Audit Committee then fully plays its role when monitoring the efficiency of the compliance systems.

*Potential effects*

- Damage to the reputation/image of Eurazeo
- Heavy penalties (criminal, administrative, regulatory)
- Loss of key agreements/licenses (investment activities)
- Proceedings involving Eurazeo SE and its executives

*Examples of risk mitigation measures*

- Coverage of Compliance/Duty of Care topics during acquisition due diligence
- Regulatory watch
- Compliance programs
- Duty of Care plan
- Internal Control System
- Portfolio company governance (Audit and Risks Committees)
- Professional civil liability/corporate officer liability insurance policies

## 2.3 Conflicts of interest

**MODERATE**

**Risk that Eurazeo activities in one or several of its investment strategies create conflicts of interest, particularly between the Company’s interests and those of investment partners, between its investment funds, or even between investment partners, which are likely to ultimately harm the interests of its clients, the investment partners.**

Considering the diversification of its investment and third-party management development strategies, Eurazeo is likely to be increasingly exposed to conflicts of interest between its own interests, those of the funds which it manages, those of investment partners and those of its employees. Proper management of these risks is vital to ensure the effective cohabitation of its equity investment and investment partner management strategies.

From the qualification of an investment opportunity by one of the different strategies to the portfolio company’s operations (particularly acquisition, build-ups, divestment, etc.), Eurazeo teams might be led to make decisions likely to put the Company in situations where its own interests might potentially compete with investment partner interests. As an example, conflicts of interest can be found in the following situations:

- co-existence of several investment strategies which are stakeholders in a given investment project, typically private equity and private debt activities;
- co-investment between managed vehicles;
- types of fees billed to funds;
- transfer of portfolio companies between funds;
- allocation/qualification of an opportunity by an investment strategy;
- decision on a suitable portfolio company divestment schedule;
- additional investment in a portfolio company.

To ensure the interests of investment partners always take precedence, Eurazeo has drafted a conflict of interest management policy founded on three pillars: prevention, detection and management of conflicts of interest. The risks associated with potential or proven conflicts of interest have been mapped. A risk prevention and management procedure has been defined for each risk. The key components of this procedure are: transparency with investment partners, independence of the Eurazeo subsidiary management company teams, strict rules defining bans on information sharing between teams, adaptation of governance principles for managed funds.

<i>Potential effects</i>	<i>Examples of risk mitigation measures</i>
<ul style="list-style-type: none"> <li>• Disputes with investment partners, likely to result in Eurazeo’s responsibility being invoked</li> <li>• Change in Eurazeo’s reputation, limiting its ability to fundraise in the future</li> </ul>	<ul style="list-style-type: none"> <li>• Conflict of interest management procedure and policy</li> <li>• Very different asset allocation policy/investment strategies</li> <li>• Alignment of interests: team co-investment system</li> </ul>

## 2.4 Climate change

**MODERATE**

**Risk that climate change has negative effects on certain Eurazeo portfolio companies, notably (i) the physical integrity and operation of sites, (ii) the resilience of their model or (iii) their ability to prevent environmental damage.**

Depending on the location and nature of the activity, the impacts of climate change may be identified as material and a source of financial risk. The potential impacts may touch production, the health and safety of employees, operating costs or insurance:

- direct physical risks in the short-term (e.g. floods resulting in damage or an activity shut-down) or the longer term (long-term success, quality of access to and supply of critical resources: raw materials, water or energy; relocation of the business due to rising sea levels, etc.);
- transition risks: the company's ability to adapt to the effects of climate change depending on the resilience of its activity (inability to replace potentially scarce materials, total or partial ban on activity or the use of raw materials, change in customer behavior), its industrial model (inability to adapt the production and distribution tool to regulatory, energy or supply chain constraints) or its business model (the company's inability to maintain a certain level of economic performance if dealing with some or all of the risks mentioned above).

As part of its CSR strategy, Eurazeo conducts CSR due diligence procedures on each prospective acquisition undergoing advanced review.

Potential effects	Examples of risk mitigation measures
<ul style="list-style-type: none"> <li>• Physical damage at sites which can no longer operate</li> <li>• Environmental damage: reputation, legal proceedings</li> <li>• Unsustainable model in the long-term: (i) scarce and/or protected resources; (ii) industrial/business model disruption</li> </ul>	<ul style="list-style-type: none"> <li>• Acquisition due diligence on exposure to climate change</li> <li>• Post-acquisition follow-up of action plans</li> <li>• KPI monitoring: compliance with the thresholds for air, water and soil emissions</li> </ul>

## 2.5 Disputes with investment partners

**MODERATE**

**Risk that one or several investment partners bring proceedings against Eurazeo for a management error.**

Pursuant to the rules of different funds, Eurazeo subsidiaries in charge of fund management must meet a certain number of obligations to investment partners. As a result, it is possible that some investment partners believe that some management acts do not comply with Eurazeo's obligations and/or are not in the best interest of investors, and decide to bring legal proceedings.

These management acts can include activities such as: fund marketing, compliance management, monitoring and promoting the portfolio, investor information, investment or divestment decisions, etc. To minimize this risk, Eurazeo implements a compliance program, internal control rules and clear operational governance in its management companies. It also checks the quality of the wording of fund rules.

Potential effects	Examples of risk mitigation measures
<ul style="list-style-type: none"> <li>• Disputes with investment partners, likely to result in the payment of compensation</li> <li>• Change in Eurazeo's reputation, limiting its ability to fundraise in the future</li> <li>• Fund management transferred to another management firm (extreme example)</li> </ul>	<ul style="list-style-type: none"> <li>• Internal control rules</li> <li>• Compliance program</li> <li>• Drafting quality of fund rules</li> </ul>



## 2.6 Change in regulations

**MODERATE**

**Risk that Eurazeo strategy and activities are negatively affected by legislative and regulatory changes, particularly in terms of taxation.**

For instance, private equity transactions could lose their appeal in the event of very unfavorable changes in the tax environment. Increased taxation on long-term capital gains or the deductibility of loan interest are likely to limit future net capital gains.

Generally speaking, increases in corporate taxation in the countries where the investments operate is liable to alter the performance of subsidiaries in the countries concerned.

*Potential effects*

- Negative impact on future net capital gains and ultimately NAV
- Negative impact on portfolio companies' results

*Examples of risk mitigation measures*

- Geographic diversification of the portfolio

## 3 FINANCIAL RISKS

### 3.1 Equity market

**HIGH**

**Risk that a prolonged decline in the equity market affects Eurazeo's NAV and fund performance.**

A decline in the equity market is likely to negatively affect Eurazeo:

- either directly due to the value of its listed portfolio companies;
- or indirectly, through stock market comparables used to set the value of unlisted portfolio companies - with a negative effect on the Company's long-term NAV.

As of December 31, 2019, Eurazeo is only slightly exposed to equity market risk - the consolidated net acquisition cost of its portfolio of listed investments (IFRS) - is €253.2 million as of December 31, 2019. The proportion of listed investments in NAV has reduced significantly in the past two years, from 28% (end-2017) to under 4% (end-2019).

Unlisted securities are valued primarily on the basis of comparable multiples. Such multiples can be based on market capitalization or on recent transactions, which by definition are sensitive to changes in the financial markets and economic conditions. The establishment of a panel of comparable companies necessarily involves estimates and assumptions, insofar as it requires reliance on pertinent comparability criteria. As part of the valuation of the Company's NAV, the fair value of these unlisted securities is measured twice annually, drawing on the IPEV (International Private Equity Valuation) recommendations. Accordingly, by their very nature, and however much caution is used in determining them, valuations may prove to be very different from the exit price. To reduce this risk to an acceptable level, a number of internal and external diligences have been defined. Valuations are based on a rigorous internal process, the results of which are reviewed by independent appraisers on the basis of a multi-criteria approach, at the close of each year and half-year.

*Potential effects*

- Negative impact on NAV and unrealized fund performance
- Negative impact on financial statements (impairment of listed equity)

*Examples of risk mitigation measures*

- Very low relative proportion of listed companies in the investment portfolio
- Prudent methodology to set valuations of non-listed portfolio companies, and notably the stock market comparables used

### 3.2 Liquidity at portfolio company level

**HIGH**

**Risk that Eurazeo’s performance is affected by cash flow difficulties likely to occur in one or several portfolio companies due to the consequences of the COVID-19 crisis and/or a decline in economic conditions.**

Eurazeo must have sufficient financial resources at all times to finance not only its day-to-day operations and its investment commitments, but also to maintain its investment capacity. It manages liquidity risk by constantly monitoring the duration of its financing, closely monitoring the financing terms of its investments, ensuring that it always has available credit facilities, diversifying its resources and regularly rotating its portfolio. Eurazeo has a €1.5 billion revolving syndicated credit facility maturing in 2024 (with two one-year extension options). This facility provides Eurazeo with significant financial flexibility. Eurazeo also manages its available cash balance with prudence by investing it primarily in liquid money-market investments. It has cash-management agreements in place with its investment vehicles in order to optimize the centralization and mobilization of available resources.

In the investments, acquisition debt is secured under loan agreements containing the usual legal and financial covenants for this type of transaction, providing for early repayment if undertakings are breached. It should be noted that subsidiaries’ debts are without recourse against Eurazeo’s balance sheet. However, within the framework of insolvency proceedings, creditors may sometimes attempt to invoke the responsibility of the parent company, which is the head company of the Group. In addition, Eurazeo monitors its investments’ compliance with bank covenants very closely. Stress tests are conducted on different bank covenants and portfolio company liquidity. These tests are based on scenarios which take into account the potential effects of the COVID-19 epidemic and assumptions regarding economic conditions.

The main maturities for most of the Company’s investments are long (average maturity in 2024), and the capacity to retain or extend these facilities is hinged largely on market forces. As maturities approach or in the event of renegotiation well before maturity (e.g. short-term effects linked to the COVID-19 epidemic), investment teams take action upstream to negotiate the extension of the financing, the implementation of alternative resources or the optimization of investment exit scenarios.

Since the beginning of the crisis linked to the COVID-19 pandemic and at the date of the Half-Year Financial Report, Eurazeo has only been required to provide financial support to a limited number of portfolio companies. €18 million was therefore invested by Eurazeo’s balance sheet in Nest NY and Sommet Education to improve their cash position. The Group expects to provide additional financing of US\$50 million to WorldStrides (after the June 30, 2020 closing), as part of its financial restructuring. Given the healthy financial structure of the majority of companies before the crisis, portfolio company need for equity support in 2020 is limited and estimated at around 2% of Net Asset Value, including amounts already invested. In addition, Europcar announced it had finalized, partly with Eurazeo’s support (€20 million guarantee), a financing plan of more than €300 million in order to weather the crisis.

Finally, Eurazeo SE has a healthy cash position (with gross cash of €587 million cash at June 30, 2020, including €400 million drawn on the €1.5 billion confirmed credit facility) and could support portfolio companies’ short-term needs, and also seize investment opportunities.

<i>Potential effects</i>	<i>Examples of risk mitigation measures</i>
<ul style="list-style-type: none"> <li>• Portfolio company liquidity crisis</li> <li>• Breached covenant</li> <li>• Impact on Eurazeo’s cash position, where it is necessary to support a portfolio company</li> <li>• Negative impact on unrealized fund performance</li> </ul>	<ul style="list-style-type: none"> <li>• Long finance maturity</li> <li>• €1.5 billion credit facility</li> <li>• Stress tests on portfolio companies, and management plans where applicable</li> <li>• Available cash</li> </ul>

### 3.3 Other financial risks

#### 3.3.1 Liquidity risk

##### MODERATE

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**Due to its international operations, Eurazeo is naturally exposed to fluctuations in foreign currency rates (excluding euros, its functional and reporting currency) - mainly (i) for the results of portfolio companies with activities in currencies other than the euro and (ii) investments paid in a currency other than the euro.**

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The exposure of the performance of Eurazeo's investments to foreign exchange risk mainly concerns the activities of the US investments (which contributed approximately 12% of 2019 economic revenue), the controlled subsidiaries based outside the Eurozone and the operations of equity-accounted groups outside the Eurozone. These subsidiaries operate exclusively in local currencies. The implementation of efficient foreign exchange hedges can prove difficult in certain geographic areas (Brazil). As regards Brexit, Eurazeo's exposure to the pound sterling remains limited.

When Eurazeo performs investments in non-euro currencies, it may enter into standard hedging transactions (currency forwards, contingency hedges or options) to reduce the foreign exchange exposure between signing and closing. Beyond closing, the implementation of this type of hedge significantly upstream of the planned exit is liable to substantially increase the cost of the investment. Analyses are therefore conducted on a case-by-case basis to identify whether adapted options enable an effective hedge of foreign exchange risk for these foreign-currency denominated investments and/or the related debt. At the end of 2019, investments made in a currency other than the euro account for nearly 21% of NAV.

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##### *Potential effects*

- Unfavorable translation of portfolio company results whose functional currency is not the euro
  - Negative exchange rate impact on the business plan of a portfolio company (impact on expected rate of return)
  - Unrealized loss of value on investments in foreign currencies (impact on NAV)
- 

##### *Examples of risk mitigation measures*

- Classic exchange rate hedges: period from signing to closing a transaction
  - Hedging anticipating an imminent exit via classic exchange rate products
- 

#### 3.3.2 Interest rate risk

##### MODERATE

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**Risk that a long-term increase in rates negatively affects Eurazeo's performance, and the valuation of certain assets**

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The exposure of Eurazeo and its consolidated investments to interest rate risk mainly concerns medium- and long-term floating-rate loans. The Group has a policy of managing its interest rate risk by combining fixed- and floating-rate loans, benefiting in part from interest rate hedges.

In order to limit exposure to interest rate fluctuations, hedging derivatives are generally used to hedge investment financing. As of December 31, 2019, out of total consolidated borrowings of €4,223.2 million, over 78% of the nominal amount is at fixed rates or hedged by interest rate hedging derivatives. For accounting purposes, these derivatives do not always qualify for hedge accounting pursuant to IFRS.

The value of certain of Eurazeo's assets and notably real estate assets (Patrimoine division) is also indirectly exposed to an increase in interest rates.

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##### *Potential effects*

- Increase in net finance cost
  - Unfavorable impact on the value of certain real estate assets (particularly the Patrimoine division)
- 

##### *Examples of risk mitigation measures*

- Use of hedging derivatives from the implementation of acquisition finance
  - Mix of fixed-rate and floating rate debt
-

### 3.3.3 Risks relating to the debt market

#### HIGH

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**Risk that changes to the debt market worsens the conditions and financing terms of portfolio company acquisitions.**

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Eurazeo's private equity business requires it to secure LBO debt (i.e. leverage) to finance part of its acquisitions. In such cases, Eurazeo generally acquires stakes through a holding company formed specially to house the investment, acquired through acquisition financing.

Depending on fluctuations in debt markets which can retract occasionally, the Company may be required to adapt and adjust the means of financing its acquisitions.

With regard to the financing already in place in older investments, and in view of the prevailing market conditions, teams work upstream at an early stage, depending on the project and financing maturities, to monitor the renegotiation of financing, the engineering of alternative financing sources and/or the preparation of exit timetables (initial public offerings, sale, etc.). In early 2020, trends confirmed a very active debt market both in France and the United States, favorable to issuers. The propagation of COVID-19 and the uncertainties surrounding its impacts on the global economy have since dampened these trends. While lenders (banks and debts funds) are still willing to finance deals, the financial and legal terms have become, respectively, more costly and restrictive.

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*Potential effects*

- Increased margins
- Limited flexibility of financing documentation
- One-off closure of certain markets

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*Examples of risk mitigation measures*

- Long finance maturity
  - Eurazeo team dedicated to financing and market monitoring
  - Available cash on Eurazeo's balance sheet
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### 3.3.4 Counterparty risk

#### MODERATE

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**Eurazeo is exposed to counterparty risk for financial institutions (particularly banks) which they use for their financing and investment activities.**

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Eurazeo's counterparty risk with respect to its liquid assets and marketable securities is limited to well-known and respected banks; its liquid investments are timed in accordance with its projected needs. Notwithstanding these caveats, short-term investments must comply with limits, reviewed regularly, in terms of both credit risk and the volatility of investment supports. Counterparty risks are reviewed each month by the Treasury Committee. Eurazeo was not affected by any counterparty defaults in 2019.

In managing its cash balances, Eurazeo monitors risk diversification on a permanent basis. It invests its available cash chiefly in swappable negotiable debt securities, shares of mutual funds, term accounts and demand accounts.

Three levels of prudential rules aimed at protecting investments from interest rate and counterparty risks (default) have been established:

- selection of banks and issuers (minimum rating of A2/P2 unless approved by the Treasury Committee);
- nature of authorized investments;
- investment ratio for UCITS: maximum of 5% of issuer's outstandings (unless approved by the Treasury Committee);
- maximum maturity of 6 months (unless approved by the Treasury Committee);
- liquidity of investments.

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*Potential effects*

- Short-term investments: loss of capital, liquidity issues

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*Examples of risk mitigation measures*

- Prudential rules to select banks/issuers and materials
  - Monthly Cash Committee
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## APPENDIX 2: NAV CALCULATION METHODOLOGY

Net Asset Value (NAV) is determined by Eurazeo based on net equity as presented in the Eurazeo company financial statements, adjusted to include investments at their estimated fair value, generally drawing on the recommendations set out in the International Private Equity Valuation Guidelines (IPEV).

Based on these recommendations, which propose a multi-criteria approach, Eurazeo's preferred method for valuing its unlisted investments is based on comparable multiples (stock market capitalization or transactions) applied to earnings figures taken from the income statement. Where necessary, these are adjusted to reflect a recurring level, such as that established in a transaction. The multiple adopted is based on an acquisition multiple revalidated at each valuation date using medium-term market multiple trends. These multiples are determined either independently by a corporate bank or using public data.

When the comparables method is not relevant, other valuation methods are adopted, such as the Discounted Cash Flow method.

Growth companies are generally valued with reference to the valuation adopted during the latest fundraising if still relevant on the valuation date.

For certain American investments, the impact of structuring based on preferred shares is taken into account in the overall valuation.

The calculated valuations are corroborated by independent appraisers which determine their own valuation ranges in accordance with IPEV recommendations.

Eurazeo Patrimoine's investments are valued, in part or in full, based on expert values, according to the weight of their real estate component and the nature of their business.

Listed investments are valued on the valuation date based on the average, over the 20 days preceding the valuation date, of average daily share prices weighted by traded volumes.

Net cash and cash equivalents of various operating assets and liabilities and Eurazeo treasury shares are valued at the valuation date. Treasury shares allocated to share purchase option plans are valued at the lower of the closing price and the strike price.

Net Asset Value is reported after adjustment for the taxation of unrealized capital gains and invested capital likely to be due to management teams. The number of shares is the number of shares comprising the Eurazeo share capital less any treasury shares earmarked for cancellation.

This methodology, as well as its parameters insofar as they remain relevant, are constantly applied over time. Sample comparables are also stable, as much as possible, over the long-term.