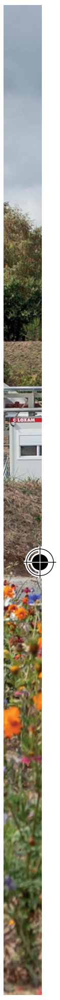
2020 Interim Financial Report

Using waste management expertise to create a more sustainable world

Séché environnement



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1.1 SELECTED FINANCIAL INFORMATION DEFINITIONS

Selected consolidated data

In millions of euros	06/30/2019	06/30/2020	Gross change	12/31/2019
Contributed revenue (1)	329.8	**313.0**	-5.1%	687.8
EBITDA	63.6	**53.8**	-15.4%	135.4
Current operating income	22.1	**13.0**	-41.2%	47.8
Net income (Group share)	7.6	**(0.9)**	ns	17.8
Recurring cash flow from operations (2)	55.8	**41.7**	-21.2%	113.2
Net industrial CapEx paid (excl. IFRIC 12)	30.2	**35.4**	+17.2%	60.9
Free cash flow from operations(3)	35.0	**39.4**	+12.6%	56.7
Net bank debt (4)	390.4	**390.1**	0.0%	399.4
Financial leverage ratio	3.2x	**3.3x**	-	3.1x

1 Reported consolidated revenue, net of:
a. IFRIC 12 revenue, representing investments made for assets under concession arrangements booked as revenue in accordance with IFRIC 12 and,
b. damages and compensation paid to Séneral, net of variable cost savings, to cover costs incurred to maintain continuity of services to local authorities during asbestos removal at the Euro Métropole Strasbourg incinerator;

2 Earnings before interest, tax, depreciation and amortization (EBITDA) minus 1) calculated expenses, 2) current and non-current income and expenses, 3) costs of rehabilitation and maintenance on treatment sites and assets under concession arrangements, and 4) IFRIC 12 net investments paid out.

3 Recurrent cash flow from operations minus change in working capital requirements, tax expenses, net interest payments, and recurring industrial investments, before development investments and financial investments, before dividends and financing.

4 As defined in the banking contract.

MESSAGE FROM THE CHAIRMAN

Photo credits: Joël Robine

Dear Shareholders,

Characterized by the emergence of an unprecedented pandemic, the recent period demonstrates the agility of our organization, the resilience of our businesses, and the flexibility of our financial structure.

After strong growth in the early months, in the second quarter Séché Environnement faced lockdowns, both in France and in the other countries where it is present, which affected its organization and that of its clients to varying degrees.

Séché Environnement quickly adapted and took enhanced measures early on to protect its staff, especially its teams most directly exposed to waste, and flexible, safety-ensuring organizational methods were universally applied.

Séché Environnement is pleased to have helped protect its employees' health – which is the number one reason for implementing these measures – and to have kept its human resources intact and its facilities available. The Group can count on the daily, courageous, and exemplary commitment of its teams to keep its operations up and running for its customers, and I want to thank them personally for their flawless efforts.

Both in France and abroad, Séché Environnement has shown agility in fulfilling its duties and has been able to continue its business through continuity plans adapted to each of its sites, with limited impacts on volume and business.

Our financial priorities have been strengthened, like managing our working capital requirements and investments, to maintain the liquidity and flexibility of our balance sheet.

Thanks to its positioning in its highly resilient markets, the Group was able to return to pre-crisis levels of business in June, at least in France. Abroad, the later onset of the health crisis in some regions, such as Latin America, is still delaying the restoration of those markets to normal.

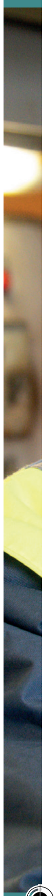
The results we have delivered in the first half of 2020 reflect the impact of this unusual period, but they also demonstrate the Group's financial solidity in confronting the crisis. Despite the decline in profitability as a result of the one-off contraction in some of our business lines, particularly energy recovery, the Group has been able to report a strong liquidity position and ample financial flexibility as of the end of the period.

These results are not indicative of the performance that we anticipate for 2020 as a whole, nor of our medium-term outlook, which remains focused on markets rich in development opportunities, as can be seen in the Solena project becoming a reality in France and our profitable growth prospects abroad, particularly in Italy and South Africa.

The second half of 2020 is expected to return to activity levels and operating income comparable to those of the second half of 2019, enabling our Group to begin 2021 having overcome the impacts of the health crisis and on a stronger course for 2022.

This is the message of confidence in the future that I want to deliver today: We are all committed to translating it into economic, financial, and environment performance right away.

Joël Séché
Chairman



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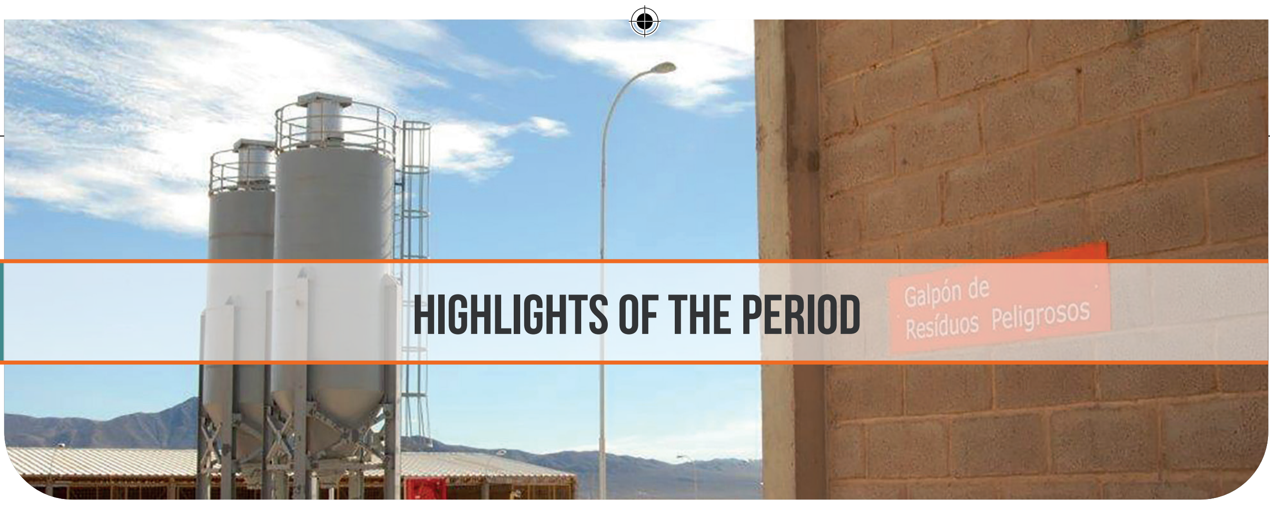
2019 ACTIVITY REPORT



2.1 HIGHLIGHTS OF THE PERIOD

General background relating to the Covid-19 health crisis: responsive organization, resilient business

The first half of 2020 was characterized by the occurrence of a major global health crisis that interrupted a promising start to the year.

After a first quarter that showed a strong growth trend in the Group's markets, lockdowns affected certain activities to varying degrees, unevenly affecting all of the Group's regions.

By immediately adapting its organization as soon as the health crisis appeared, Séché Environnement was able to continue its waste treatment and recovery activities, with limited impacts on both. For this reason, the Group's profitability was primarily affected by business mix effects (decline in energy recovery), while one-time operational cost overruns stemming from these organizational measures were absorbed by cost-cutting measures and productivity gains.

With solid experience in managing hazardous waste, Séché Environnement carries on essential business in environmental and health risk management, and addresses a non-cyclical core industrial clientele with strategic businesses (energy, health, pharmaceuticals, chemistry, etc., amounting to about 35% of contributed revenue), which continued to operate during the crisis, while Local Authorities and Environmental Services (36% of consolidated revenue) are characterized by the permanent nature of their markets.

Séché Environnement has nonetheless seen declines in activity in some of its business lines, such as services in France and the International scope (Decontamination; Chemical Cleaning), which have suffered project delays, or sorting/recovery operations and final waste management facilities, which faced lower levels of Waste from Economic Activity (WEA) due to the slowdown in certain industrial activities and the service sector, particularly distribution.

Situations have also changed in varying ways in the different countries where the Group operates. For example, the downturns in Spain, Chile, and Peru were much stronger than in France or Italy.

Note that in March, the global spread of the pandemic resulted in significantly worsening exchange rates for certain currencies against the euro, specifically in South Africa and Chile, which reduced the contributions to consolidated activity of subsidiaries in those countries.

Beginning in June, Séché Environnement observed, at least in France, a strong rebound in waste volumes and the return of most of its businesses to their pre-crisis levels. Abroad, the later onset of the health crisis in some regions, such as Latin America, has delayed the return of business to normal levels.

Meanwhile, Séché Environnement has continued the restarting of the Strasbourg incinerator (Sénerval) that began in the third quarter of 2019 after five years of work. This restart phase has manifested as underutilization of incineration capacity, causing flows to be redirected to alternative treatment sites, along with a substantial contraction of energy sales. This situation has led to a substantial decline in that facility's contribution to the Group's operating margins over the period.

Since the lockdown began, Séché Environnement has paid close attention to preserving the quality of its balance sheet and its liquidity position.

Séché Environnement has strived to protect its cash flow by controlling its investments, expenditures, and change in working capital requirement through an active billing and collection policy. The Group has also secured six-month repayment deferrals from its banking partners for its short-term bank borrowings, and it does not face any major financial debt repayment deadlines until 2023.

Finally, as a precaution, Séché Environnement suspended certain development investments in France and internationally, such the roll-out of the Eden project in South Africa (€11 million planned in 2020), or the start-up of the Ciclo project in Chile (€6 million in 2020).

Key information on activity, income, and financial situation at June 30, 2020

With **contributed revenue** of €313.0 million at June 30, 2020, slightly down -5.1% compared to June 30, 2019, Séché Environnement has demonstrated the resilience of its waste recovery and treatment businesses.

However, the symmetry in changes by scope (France revenue: -5.1% and International revenue: -5.0%) conceals contrasting situations between regions and businesses over the period:

- In **France** (76% of revenue), the crisis primarily affected services (stoppage of decontamination sites), sorting and recovery (lower volumes of WEA[1]) and final waste management (particularly polluted soil treatment); meanwhile, materials recovery (chemical purification), and incineration (particularly hazardous waste) benefited from a good starting level of activity and the continuation of industrial clients' activities.

  At the end of the period, a sharp rebound in waste volumes and the resumption of worksites led to a return to growth in this scope in June compared to June 2019 (+2.8%).

  The first half of the year also saw a reduced contribution from incineration and recovery activities, due to the particular situation of the Strasbourg incinerator, which is undergoing a restart.

- **In the International scope** (24% of revenue), the crisis had varying impacts on the subsidiaries' business, with a sharp decline for Solarca (industrial maintenance sites) while Mecomer (Italy) maintained a good level of growth over the period, and Spain and South Africa saw moderate business contraction.

  In some places (South Africa, LatAm), the unfavorable shift in foreign exchange rates beginning in March compounded the decline in business.

  Finally, the time lag with the later arrival of the health crisis in Latin America and the implementation of strict lockdowns particularly in Chile and Peru, heavily impacted business in those areas, and hindered the overall recovery of the International scope.

(1) WEA: Waste from economic activity.

Operating revenue has been impacted by the effects of the health crisis, particularly due to changes in the business mix and the resulting cost overruns in the second quarter, and by the reduced contribution of energy recovery:

- **EBITDA** came to €53.8 million, 17.2% of contributed revenue (vs. €63.6 million, or 19.3% of contributed revenue, a year earlier).

  - The impact of changes in consolidation scope (integration of Mecomer in Q1 2020) was €2.6 million;

  - The impact of changes in exchange rates came to -€0.6 million.

- **At constant scope and exchange rates**, EBITDA mainly reflected changes in the business mix, for -€17.5 million, stemming from declining volumes of certain activities (non-hazardous final waste management, worksites) and the -€7.6 million drop in energy recovery in France.

The price effects resulting from the 2019 and early-2020 increases produced significant positive effects (+€9.5 million).

The remainder (-€3.8 million) reflects changes in fixed and variable costs, and other operating expenses.

- **Current operating income** came to €13.0 million, or 4.1% of contributed revenue (vs. €22.1 million, or 6.7% of contributed revenue, a year earlier).

  - The impact of changes in scope was €2.5 million;

  - The impact of changes in exchange rates came to -€0.1 million;

  - **At constant scope and exchange rates**, the change in current operating income reflects the contraction in EBITDA (-€12.3 million), the near-stability of net depreciation, amortization and provisions (-€0.9 million), and the improvement of other operating income and expenses (+€1.0 million).

Financial income totaled -€10.4 million, vs. -€8.4 million at June 30, 2019, with the change primarily reflecting the increase of average gross financial debt over the period, while the cost of gross debt has been reduced to 2.91% (vs. 3.07% in the first half of 2019), and the adverse impact of currency fluctuations in the first half of 2019 (-€0.9 million vs. -€0.1 million one year earlier), related to the weakening of the South African currency.

Net income (Group share) totaled -€0.9 million vs. €7.6 million at June 30, 2019.

Net industrial investments paid out – excluding IFRIC 12 – came to €35.4 million vs. €30.2 million in the first half of 2019. Active management of working capital requirements (which improved by €31.7 million) made it possible to record a 12.6% increase in **free cash flow from operations** to €39.4 million vs. €35.0 million a year earlier.

The liquidity position remained high, at €310.1 million vs. €289.1 million at June 30, 2019, and **net debt** (as defined in the banking contract) was stable at €390.1 million (vs. €390.4 million at June 30, 2019) resulting in a **financial leverage ratio** of 3.3x EBITDA (vs. 3.2x).

2020 outlook confirmed – Confidence in 2022 trajectory

In **France**, the continuation of current trends should spell a good second half and the contraction in business seen in this scope in the first half is expected to be at least partially offset. Sénerval's return to normal business conditions is expected to contribute to solid growth in the second half of the year compared to the first half.

In the International scope, business in Europe is expected to rebound with a good level of growth, particularly in Italy, where Mecomer is gaining ground in very promising markets. However, uncertainties as to the strength of the recovery in some regions, such as Latin America, and the lasting impacts of forex effects, presage a 2020 revenue figure below that of 2019.

These forecasts have allowed Séché Environnement to maintain its business expectations for 2020, with a contributed revenue target adjusted to the low end of the initial range of €650 million-€700 million [(2)].

Given the business resilience seen in the first half of the year but also the persistent uncertainties as to the scale of the International recovery in the second half, the Group is projecting a one-time negative impact, potentially as high as 1% of revenue, on the 2020 EBITDA target, which was initially expected to be 20% of revenue.

Séché Environnement remains confident in its ability to meet its 2022 goals, which include a target consolidated revenue of between €750 million and €800 million, of which 30% will come from International markets, EBITDA of between 21% and 22% of contributed revenue, and a financial leverage ratio below 3x EBITDA.

Post-balance sheet events

Solena, which is 60% owned by Séché Environnement and 40% owned by its local partner, Sévigné, was informed of the signing of the operating permit for its future waste recovery site in Aveyron on August 21, 2020 [(3)].

This circular-economy project is all about deploying a complete system for recovering and treating non-hazardous household and company waste from across Aveyron and will greatly reduce volumes of residual waste.

It will be developed in Viviez, Aveyron, as part of a 34-year public service concession.

The estimated €50 million investment will cover the creation of a sorting center for recovering waste as materials (recycling) or energy (producing biomethane for the public electricity grid and fuels for industrial facilities).

Given the preliminary design phase, the anticipated length of construction, and possible litigation, the Solena site is expected to begin operation in 2023.

(2) See Investor Day, June 26, 2018 and Investor Day, December 17, 2019.
(3) See press release of August 27, 2020.

2.2 COMMENTS ON CONSOLIDATED ACTIVITY AT JUNE 30, 2020

At June 30, 2020, Séché Environnement reported **consolidated revenue** of €313.2 million, compared to €342.3 million one year earlier. Reported consolidated revenue includes non-contributed revenue of €0.2 million (vs. €12.5 million at June 30, 2019).

Net of non-contributed revenue, **contributed revenue** totaled €313.0 million at June 30, 2020 (vs. €329.8 million one year earlier), marking a -5.1% decline over the period (reported data) and -8.0% in organic terms [4].

Breakdown of revenue by geographic region

At June 30	2019		2020		Gross change	Organic change
	In €m	As a %	In €m	As a %		
Subsidiaries in France (contributed revenue)	249.5	75.7%	236.7	75.6%	-5.1%	-5.1%
o/w scope effect	-					
International subsidiaries	80.3	24.3%	76.3	24.4%	-5.0%	-17.4%
o/w scope effect	*43.2*		*13.6*			
Total contributed revenue	**329.8**	**100.0%**	**313.0**	**100.0%**	**-5.1%**	**-8.0%**

Audited consolidated data.

At constant exchange rates, contributed revenue at June 30, 2019 came to €325.3 million, reflecting a negative foreign exchange effect of €4.5 million over the period.

The period was characterized by the Covid-19 crisis, which hurt geographic regions in different ways, with significant foreign exchange effects and cycle delays between France and International outside Europe:

- **In France**, contributed revenue totaled €236.7 million at June 30, 2020 vs. €249.5 million a year earlier, reflecting a decline of -5.1% for the period.

  This scope had a strong start to the year, particularly in industrial markets.

  Beginning in the second half of March, the crisis hurt some businesses such as Services (Pollution Remediation & Decontamination), final waste management (smaller contaminated soil volumes), and sorting/recovery of Waste from Economic Activity (WEA). At the same time, recovery and incineration, particularly of hazardous waste, were barely affected by the effects of the lockdown.

(4) Organic: at constant scope and exchange rates.

After hitting a low in April, most businesses saw a sharp rebound, and revenue in France climbed back up, with growth returning in June (+2.8% over June 30, 2019).

This scope is seeing a significant decline in the contribution of incineration activities due to the ramp-up of the Sénerval incinerator which caused the furnaces and boilers to be underutilized, amounting to about €8.0 million in revenue.

Revenue earned in France accounted for 75.6% of contributed revenue in the first half of 2020 (vs. 75.7% in H1 2019).

- **Internationally**, revenue totaled €76.3 million at June 30, 2020, vs. €80.4 million a year earlier, reflecting a fall of -5.0% for the period. This includes a scope effect of €13.6 million from the first quarter, reflecting the contribution of Mecomer, which was consolidated as of April 1, 2019.

  At constant scope, revenue earned by international subsidiaries totaled €62.7 million, down -22.0% at current exchange rates and -17.3% at constant exchange rates.

  Besides the time lag in terms of its impact, the health crisis also revealed contrasting situations between regions and subsidiaries:

  - **In Europe** (Italy, Spain, Germany), subsidiaries saw a roughly -16% decline in business, except for Mecomer which posted revenue that was up +4.9%.

  - **Outside Europe**, the crisis was accompanied by a very substantial decline in exchange rates beginning in March, particularly in South Africa and to a lesser extent in Latin America (€4.5 million consolidated impact over the first half of the year).

    As a result:
    - Interwaste (South Africa): revenue at June 30, 2020 was €27.9 million, a -13.7% decline at current exchange rates but -3.3% at constant rates.

    - Kanay (Peru): revenue (€5.6 million at June 30, 2020) was down -17.0% at current exchange rates and -16.5% at constant rates.

    - SAN (Chile) suffered a large contraction in its business due to a strong first half of 2019, with revenue of €2.5 million, down -44.9% at current exchange rates and -35.4% at constant rates.

    - Solarca (Rest of the World) suspended its worksite operations at the start of the first half, with revenue of €6.2 million, down -48.1% (no significant foreign exchange effect).

  Revenue earned by international subsidiaries accounted for 24.4% of contributed revenue in the first quarter of 2020 (vs. 24.3% one year earlier).

Breakdown of revenue by division

At June 30	2019		2020		Gross change	Organic change
	In €m	As a %	In €m	As a %		
Hazardous Waste division	213.8	64.8%	198.4	63.4%	-7.2%	-12.2%
o/w scope effect	*32.5*		*13.6*			
Non-Hazardous Waste division	116.0	35.2%	*114.6*	**36.6%**	-1.2%	-0.1%
o/w scope effect	*10.7*		-			
Total contributed revenue	**329.8**	**100%**	**313.0**	**100%**	**-5.1%**	**-8.0%**

In the first half of 2020, the waste treatment and recovery divisions demonstrated the resilience of Séché Environnement's business. As such, after a substantial contraction in volume and a sharp decline in some service businesses (worksites) in France and abroad, the divisions saw their business recover significantly, particularly the Hazardous Waste division.

The HW division (63.4% of consolidated contributed revenue) recorded revenue of €198.4 million at June 30, 2020, down -7.2% compared to the first half of 2019 at constant exchange rates.

Subtracting the scope effect and foreign exchange fluctuations, the division's decline was -12.2%, reflecting the fact that markets moved differently from one geographic region to another, with substantially more resilient business in France, while the time lags observed in the International scope led to a greater contraction in its HW business:

- **In France**, the division brought in €144.7 million in revenue, representing a slight fall of -1.2% compared to the same period of last year.

The division had a promising start to the year, supported by solid industrial markets and the growth of Services businesses (Decontamination). The arrival of the health crisis in mid-March led to the suspension of decontamination work, as well a decline in the volumes of contaminated soil in final waste treatment facilities.

Businesses linked to industrial activity, such as incineration and materials recovery (chemical purification), were substantially less affected given the Group's positioning in favor of a strategic industrial clientele, which remained operational.

Since May, the division has benefited from the resumption of decontamination work and a sharp rebound in volumes, particularly in final waste treatment facilities.

- **Internationally**, revenue totaled €53.7 million at June 30, 2020 vs. €67.5 million a year earlier), reflecting a decrease of -20.3% (reported data). Subtracting the scope effect (€13.6 million) and foreign exchange fluctuations, the decline in organic terms was -37.5%.

The substantial contraction of International revenue from the HW division, at constant scope and exchange rates, reflects time lags in the health crisis between different geographical regions, as the post-crisis restart of International industrial markets has been slower than in France.

With contributed revenue of €114.6 million, the NHW division was slightly down (-1.2% at constant exchange rates and -0.1% in organic terms) compared to the first half of 2019 (€116.0 million), accounting for 37.0% of contributed revenue:

- **In France**, the division brought in €92.1 million in revenue, down by -10.7% on the first half of 2019.

  Over the period, the division was affected by the sharp decline in the energy recovery business (ramp-up of Sénerval), and during the health crisis, by the decline in the Services business (decontamination sites) and by the contraction in WEA volumes.

  The sharp jump in volumes and return of site-based work to a normal level enabled the division to rebound at the end of the period to its pre-crisis level of activity.

- **Internationally**, revenue totaled €22.6 million, vs. €12.9 million one year earlier).

  The strong organic growth in the division (+75%) particularly reflects the solid contribution from Interwaste (South Africa), which benefited from spot markets in that period.

Breakdown of revenue by activity

At June 30		2019		2020		Gross change	Organic change
		In €m	As a %	In €m	As a %		
Treatment		158.0	47.8%	157.0	50.2%	-0.6%	-8.4%
	o/w scope effect	*15.1*	-	*13.4*			
Recovery		60.6	18.4%	44.5	14.2%	-26.5%	-26.0%
	o/w scope effect	*4.5*	-	*0.1*			
Services		111.2	33.8%	111.5	35.6%	+0.5%	+2.7%
	o/w scope effect	*23.6*	-	*0.1*			
Total contributed revenue		**329.8**	**100.0%**	**313.0**	**100.0%**	**-5.1%**	**-8.0%**

Treatment activities recorded contributed revenue of €157.0 million at June 30, 2020 (vs. €158.0 million one year earlier, a slight decline of -0.6% (reported data).

This change incorporates a €13.4 million scope effect resulting from the contribution of Mecomer in the first half of 2020 (consolidated effective April 1, 2019). In organic terms, treatment activities were down -8.4%:

- **In France**, treatment activities contracted -3.0% to €130.2 million, benefiting from the resilience of the NHW division, while the decline in contaminated soil treatment (related to the stoppage of decontamination work) hurt the HW division during the health crisis. Thermal treatment activities were also affected by the restarting of the Sénerval incinerator;

- **Internationally**, these activities saw a sharp organic decline (-40.0%), with contrasting changes between Mecomer, which grew over the period, and non-Europe business, which remained persistently affected.

Treatment activities accounted for 50.2% of contributed revenue.

Recovery activities brought in €44.5 million in contributed revenue at June 30, 2020 (vs. €60.6 million a year earlier), down -26.5% at current exchange rates (-26.0% at constant rates):

- **In France**, revenue from recovery activities stood at €33.4 million (-24.6%), reflecting the impact of the ramp-up of the Séneral incinerator in the winter while hazardous waste recovery activities (chemical purification) continued to hold up well.

- **Internationally**, revenue stood at €11.1 million, down -31.8% at current exchange rates and down -30.4% at constant rates, hurt by the sharp decline in PCB activities in Latin America (spot markets) and to a lesser extent by Valls Quimica (regeneration) whose activities are increasingly focused on businesses with higher value added against a backdrop of less buoyant economic conditions in Spain.

Recovery activities accounted for 14.2% of contributed revenue.

Services activities recorded contributed revenue of €111.5 million at June 30, 2020
(vs. €111.3 million a year earlier), up +0.5% at current exchange rates and +2.7% on a like-for-like basis:

- **In France**, revenue from services activities was €73.2 million, up +3.1% over the period, reflecting the bounce in Decontamination activities after the health crisis.

- **Internationally**, revenue stood at €38.3 million, a -5.1% contraction at current exchange rates and up +1.6% like-for-like, reflecting positive momentum for Interwaste (South Africa), while Solarca worksite activities were badly hurt over the period.

Services activities accounted for 35.6% of contributed revenue.

2.3 COMMENTS ON THE CONSOLIDATED RESULTS AT JUNE 30, 2020

Summary interim income statement

Unless expressly stated, the percentages shown in the tables and mentioned in the commentaries below are calculated using contributed revenue.

In millions of euros		Consolidated		France		International	
At June 30		**2019**	**2020**	**2019**	**2020**	**2019**	**2020**
Revenue (reported)		342.3	313.2	262.0	236.9	80.3	76.3
Contributed revenue		**329.8**	**313.0**	**249.5**	**236.7**	**80.3**	**76.3**
EBITDA		**63.6**	**53.8**	**49.4**	**42.3**	**14.2**	**11.5**
	As a %	*19.3%*	*17.2%*	*19.8%*	*17.9%*	*17.7%*	*15.1%*
Current operating income		**22.1**	**13.0**	**15.0**	**11.0**	**7.1**	**2.0**
	As a %	6.7%	4.1%	6.0%	4.7%	8.8%	2.6%
Operating income		21.6	11.9				
	As a %	6.6%	3.8%				
Financial income		(8.4)	(10.4)				
	As a %	*2.6%*	*3.3%*				
Tax expense		(5.0)	(2.3)				
	As a %	*1.5%*	*0.1%*				
Share of income of associates		(0.1)	(0.1)				
Minority interests		(0.5)	(0.0)				
Net income (Group share)		**7.6**	**(0.9)**				
	As a %	*2.3%*	(0.0)%				

Analysis of major changes in the interim income statements

Séché Environnement's consolidated results at June 30, 2020 were operationally affected by the COVID-19 crisis, and particularly by the decline in energy recovery in France.

This is because the health crisis has led to substantial changes in the business mix and waste mix within the consolidated activity, which hurt the contribution of some activities to the period's operational performance [5].

(5) See 2.2. Comments on consolidated activity at June 30, 2020

For this reason, Séché Environnement projects that operational cost overruns (productivity losses, organizational costs, etc.) caused by the crisis will be about 1% of contributed revenue for 2020 (about €6.5 million).

EBITDA (earnings before interest, tax, depreciation and amortization)

Consolidated **EBITDA** at June 30, 2020 amounted to €53.8m, a decrease of 14.4% from the first half of 2019 (€63.6 million).

This change incorporates a €2.6 million scope effect reflecting the contribution of Mecomer in the first quarter of 2020 (subsidiary consolidated effective April 1, 2019).

In addition, it suffered from an exchange rate effect of -€0.6 million.

At constant scope and exchange rates, EBITDA declined 18.7% from the same period of the previous year.

This change mainly reflects:

- Positive price effects resulting from increases initiated in 2019 and 2020 (+€9.5 million) partially offset by -€9.9m in negative commercial effects related to the health crisis (volume effects and changes in the business mix and/or waste mix);
- -€7.6 million from the decline in the contribution of energy recovery in France;
- -€3.8m from changes in fixed and variable expenses, including one-time expenses stemming from the organizational measures taken during the health crisis.

EBITDA by geographic scope

In millions of euros	June 30, 2019			June 30, 2020		
	Consolidated	France	International	**Consolidated**	France	International
Contributed revenue	**329.8**	249.5	80.3	**313.0**	236.7	76.3
EBITDA	**63.6**	49.4	14.2	**53.8**	42.3	11.5
% of contributed revenue	**19.3%**	19.8%	17.7%	**17.2%**	17.9%	15.1%

EBITDA has moved in different directions depending on the scope:

- In **France**, EBITDA stood at €42.3 million, or 17.9% of contributed revenue, down -14.4% from the same period last year (€49.4 million, or 19.8% of contributed revenue).

This change reflects the combined effect of:

- the reduced contribution of certain treatment activities (final waste management, sorting/recovery of WEA), equal to -€12.0 million;
- the slight decline in profitability of recovery activities, for -€0.5 million, including -€7.6 million related to Séneval;
- the positive contribution of Services, which had a strong start to the year and saw the worksite business rebound after the lockdown, equal to +€3.3 million;
- the improvement of the operating balance of holding activities, equal to +€2.2 million.

- **Internationally**, EBITDA stood at €11.5 million, or 15.1% of contributed revenue, down -19% from the same period the year before (€14.2 million, or 17.7% of contributed revenue).

  This change incorporates a scope effect related to the contribution of Mecomer over the first quarter of 2020 (€2.6 million) and a forex effect of -€0.6 million.

At constant scope and **exchange rates**, EBITDA stood at €8.9m, or 14.2% of revenue, an organic contraction of -34.6% relative to the first half of 2019, reflecting:

- a contribution -€4.1 million lower from Services activities (particularly industrial maintenance, Solarca);
- a contribution -€0.9 million lower from recovery activities, hurt by the decline in the PCB business in Latin America;
- the resilience of the contribution of treatment activities, adding €0.2 million.

Current operating income

As of June 30, 2020, **consolidated current operating income** was €13.0 million, or 4.1% of contributed revenue, down 41.2% from the first half of 2019 (€22.1 million, or 6,7% of contributed revenue).

This change incorporates a €2.5 million scope effect related to the contribution of Mecomer over the first quarter of 2020 and a currency effect of -€0.1 million.

At constant scope and exchange rates, current operating income declined 51.2% from the same period of the previous year, which primarily reflects:

- The decline in consolidated EBITDA over the period, taking away -€12.4 million;
- The near stability of net depreciation, amortization and provisions (+€0.9m from the first half of 2019);
- The increase in other operating income and expenses, for +€1 million.

Current operating income by geographic scope

In millions of euros	June 30, 2019			June 30, 2020		
	Consolidated	France	International	**Consolidated**	France	International
Contributed revenue	**329.8**	249.5	80.3	**313.0**	236.7	76.3
Current operating income	**22.1**	15.0	7.1	**13.0**	8.6	4.4
% of contributed revenue	***6.7%***	*6.0%*	*8.8%*	***4.1%***	*3.6%*	*5.8%*

For each geographic scope, the main changes were:

- **In France**, current operating income totaled €8.6 million, or 3.6% of contributed revenue (vs. €15.0 million, 6.0% of contributed revenue, at June 30, 2019).

  This change mainly reflects:

  - The decline in EBITDA in this scope, which took away -€7.1 million;
  - The change in net allocations to depreciation and amortization: +€1.0 million;
  - The +€1.7 million improvement in other financial income and expenses.

- **Internationally**, current operating income came to €4.4 million, or 5.8% of contributed revenue (vs. €7.1 million, or 8.8% of contributed revenue, a year earlier).

  Current operating income incorporates a €2.5 million scope effect related to the contribution of Mecomer over the first quarter of 2020 and a forex effect of -€0.1 million.

  At constant scope and exchange rates, the decline in current operating income reflects:

  - The decline in EBITDA from international activities at constant scope, amounting to -€5.2 million;
  - The stability of amortization expenses and provisions, which improved by +€0.2 million.

Operating income

At June 30, 2020, **operating income** came to €11.9 million, 3.8% of contributed revenue (vs. €21.6 million, or 6.6% of contributed revenue, a year earlier).

This change mainly reflects the decline in consolidated ROI.

Financial income

Financial income came to -€10.4 million, at June 30, 2020, i.e. 3.4% of contributed revenue (vs. -€8.4 million, or 2.6% of contributed revenue, a year earlier.

This increase partially reflects the change in average gross financial debt over the period, while the average cost of debt fell from 3.07% to 2.91%, and partially reflects the change in "other financial income and expenses", including a -€0.9m impact of currency fluctuations.

Net income (Group share)

In the first half of 2020, the income tax expense was -€2.3 million (vs. -€5.0 million at June 30, 2019).
Net income (Group share) came to -€0.9 million, 0.0% of contributed revenue (vs. €7.5 million, or 2.3% of contributed revenue, a year earlier).

2.4

COMMENTS ON CONSOLIDATED CASH FLOWS AT JUNE 30, 2020

Summary cash flow statement

In millions of euros	06/30/2019	06/30/2020
Cash flows from operating activities	64.8	71.4
Cash flows from investments	(100.6)	(42.1)
Cash flows from financing activities	55.7	94.1
Change in cash flow from ongoing operations	*20.0*	*123.4*
Change in cash flow for discontinued operations	-	-
Change in cash and cash equivalents	**20.0**	**123.4**

Over the period, Séché Environnement strengthened its change in cash and cash equivalents which rose from +€20.0 million at June 30, 2019 to +€123.4 million at June 30, 2020.

This enabled Séché Environnement to offset the reduction in its **recurring operating cash flow** [6] (from €52.9 million at June 30, 2019 to €41.7 million at June 30, 2020) primarily due to the contraction in EBITDA (-€9.8 million) and the impact of currency fluctuations (-€0.9 million vs. €0.1 million one year earlier) owing to:

- The selectiveness of its **net industrial investments:**

- Net **investments recorded** (excluding IFRIC and major maintenance and renewal) totaled €13.3 million (vs. €17.1 million one year earlier).

- Net **investments paid out** rose from €31.9 million in the first half of 2019 (including €17.7 million in recurrent investments and €14.2 million in development investments) to €35.6 million in the first half of 2020 (including €19.2 million in recurrent investments and €12.1 million in development investments).

Séché Environnement sought to stabilize its maintenance investments at a normal level (5.6% of contributed revenue), while continuing the deployment of certain strategic development projects (ERP to consolidate the Group's structure, new treatment capacity for Mecomer, etc.).

(6) See "Definitions".

Furthermore, as a precaution, the Group suspended certain development investments, such as the Eden project in South Africa and the Ciclo project in Chile;

- The active management of its **working capital requirements**, which generated a positive cash flow of €31.7 million vs. €8.2 million. This favorable change came from the improvement of client accounts receivable (recovery policy);

Operating **cash flow** was up +14% to €39.0 million despite the growth in interest paid (€8.5 million vs. €7.5 million) and the increase in tax expense (to €6.3 million vs. €0.8m one year ago, due to advance payments).

Financial investments totaled €6.5 million related to the balance of the payment for the acquisition of Mecomer in the first half of 2019, while the Group posted a -€2.9 million change in cash and cash equivalents without gain of control corresponding to the acquisition of an additional 10% of Solarca.

After drawing €100 million from the revolving credit facility (RCF) and paying off loans (€16.5 million), the Group recorded a €123.4 million **positive change in cash and cash equivalents** at the end of the period (vs. €20.0 million a year earlier).

It should be noted that Séché Environnement has also secured a six-month repayment deferral from its banking partners for its short-term bank borrowings, and that the Group does not face any major financial debt repayment deadlines until 2023.

Analysis of cash flow

Cash flows relating to operating activities

Over the period, the Group generated €71.4 million in cash flows from operating activities
(vs. €64.8 million in the first half of 2019).

This change primarily reflects the combined effect of:

- The change in **cash flows from operating activities** (-€11.4 million) due to the change in EBITDA;

- The +€31.7 million change in the **WCR** over the half-year, reflecting the improvement in client accounts receivable;

- €6.3 million in net **taxes paid**, compared with €0.8 million a year earlier (a cash flow loss of €5.5 million over the period).

Cash flows relating to investments

Investment expenditure (net of realized gains on disposals) amounted to €42.1 million over the period and breaks down as follows:

- **Net industrial investments paid out** totaling €35.6 million (including €0.2 million in IFRIC 12 investments);
- **Payouts** totaling €6.5 million in respect of an earnout clause on an acquisition completed in 2019;
- **The change in cash and cash equivalents without gain of control** (-€2.9 million) resulting from the acquisition of an additional 10% stake in Solarca.

In millions of euros	06/30/2019	12/31/2019	06/30/2020
Industrial investments	27.3	72.5	26.0
Financial investments	92.8	1.1	0.1
Investments recorded	**120.1**	**73.6**	**26.1**
Industrial investments	31.9	69.0	35.6
Financial investments			
Acquisition of subsidiaries - Net cash flow (**)	ns	-	0.1
Acquisition of subsidiaries - Net cash flow	68.8	69.8	6.5
Investments paid out	**100.6**	**138.8**	**42.2**

Net industrial investments accounted for 8.3% of contributed revenue (vs. 8.3% one year ago).

These investments broke down as follows:

- **IFRIC 12** investments for €0.2 million, concerning Alcéa, an incinerator under a under delegated management agreement located in Nantes;
- **Recurrent investments**, essentially for maintenance, totaling €17.4 million, including €4.1 million for major maintenance and renewals. Recurrent investments amounted to 5.6% of contributed revenue (vs. 6.1% one year earlier);
- **Non-recurrent investments**, mostly for development, amounting to €8.4 million, split between waste treatment (€2.9 million), energy recovery (€1.6 million), services (€1.0 million) and holding company activities (€2.9 million). Non-recurrent investments amounted to 2.7% of contributed revenue (vs. 2.1% one year ago).

Industrial investments recorded for the International scope totaled €2.2 million, vs. €6.6 million in the first half of 2019.

Financial investments amounted to €6.6 million and concern the payment of the balance of an acquisition completed in 2019 (€6.5 million).

Cash flows relating to financing activities

The Group’s financing cash flows relate to its debt (new borrowings, loan repayments, interest paid), the change in cash and cash equivalents without gain or loss of control, and the remuneration of its shareholders via dividends.

Over the period, cash flows relating to financing activities amounted to +€94.1 million and mainly reflect:

- New borrowings (net of repayments) for +€106.3 million;
- Interest payments in the amount of -€8.5 million;
- A -€2.9 million change in cash and cash equivalents without gain of control corresponding to the acquisition of 10% of shares in the subsidiary Solarca;
- Dividends paid to minority interests for -€0.5 million;
- The change in treasury stock, for -€0.3 million.

2.5

COMMENTS ON THE CONSOLIDATED FINANCIAL POSITION AT JUNE 30, 2020

Summary consolidated balance sheet

In millions of euros	12/31/2019	06/30/2020
Non-current assets	787.2	771.2
Current assets (excluding cash and cash equivalents)	238.4	207.2
Cash and cash equivalents	92.3	215.1
Assets held for sale	-	-
Total assets	**1,117.9**	**1,193.5**
Share capital (including minority interests)	263.5	242.2
Non-current liabilities	535.2	518.7
Current liabilities	319.2	432.6
Liabilities held for sale	-	-
Total liabilities	**1,117.9**	**1,193.5**

During the period, Séché Environnement bolstered its financial solvency, recording a larger liquidity position and stable net debt, which enabled it to maintain its financial flexibility.

The **liquidity position** was €310.1 million (vs. €287.3 million at December 31, 2019), reflecting good management of cash flow generation over the period.

- Cash balance: €215.1 million (vs. €92.3 million at 12/31/2019), with this change covering the generation of cash flow over the period (+€23.2 million), plus the partial use of the RCF during the period, drawing €100 million.
- Credit facilities: €20.0 million (unchanged from 12/31/2019).
- RCF: €50 million (vs. €150 million at 12/31/2019).
- Term loan: €25.0 million (unchanged).

At June 30, 2020, **net debt** (as defined in the banking contract) stood at €390.1 million, down slightly from December 31, 2019 (-2.4%), leaving the **financial leverage ratio** at 3.3x (vs. 3.2x at December 31, 2019)

Change in non-current assets

Non-current assets are primarily fixed assets (property, plant and equipment and intangible assets – including goodwill – and long-term investments) and deferred tax assets.

Total non-current assets decreased by €16.0 million, mainly due to:

- Property, plant and equipment and intangible assets: -€14.2 million, primarily reflecting:
  - Goodwill: -€2.5 million;
  - Intangible assets: -€5.2 million, due to the reduction of €6.4 million in intangible assets under concession arrangements;
  - Property, plant and equipment: -€7.3 million;
- Non-current operating financial assets: -€1.8 million;
- Non-current tax receivables: +€0.3 million due to the non-use of deferred tax assets;

Change in current assets

Current assets excluding cash and cash equivalents amounted to €207.2 million, up €31.2 million from December 31, 2019, essentially due to the improvement in client accounts receivable for -€23.5 million and operating financial assets for -€1.8 million.

Change in shareholders' equity

In the first half of 2020, consolidated shareholders' equity was impacted by foreign exchange rate adjustments arising from the fall in the South African rand, in the amount of -€9.0 million, recorded under "Other comprehensive income".

The change in shareholders' equity (Group share) over the period breaks down as follows:

(In millions of euros)	Group	Minority interests
Share capital at January 2020	**255.4**	**8.1**
Other comprehensive income		
Other items Dividends	(9.5)	(0.3)
Net income (Group share)	(0.9)	ns
Dividends paid	(7.5)	(0.5)
Treasury stock	(0.2)	-
Business combinations	-	-
Treasury stock	(0.2)	-
Transactions between shareholders	(0.4)	(1.9)
Other changes	ns	ns
Share capital at June 30, 2020	**236.8**	**5.4**

Change in current and non-current liabilities

Current liabilities cover all liabilities with a maturity of less than one year. Non-current liabilities represent all liabilities with a maturity of more than one year.

Current and non-current liabilities break down as follows:

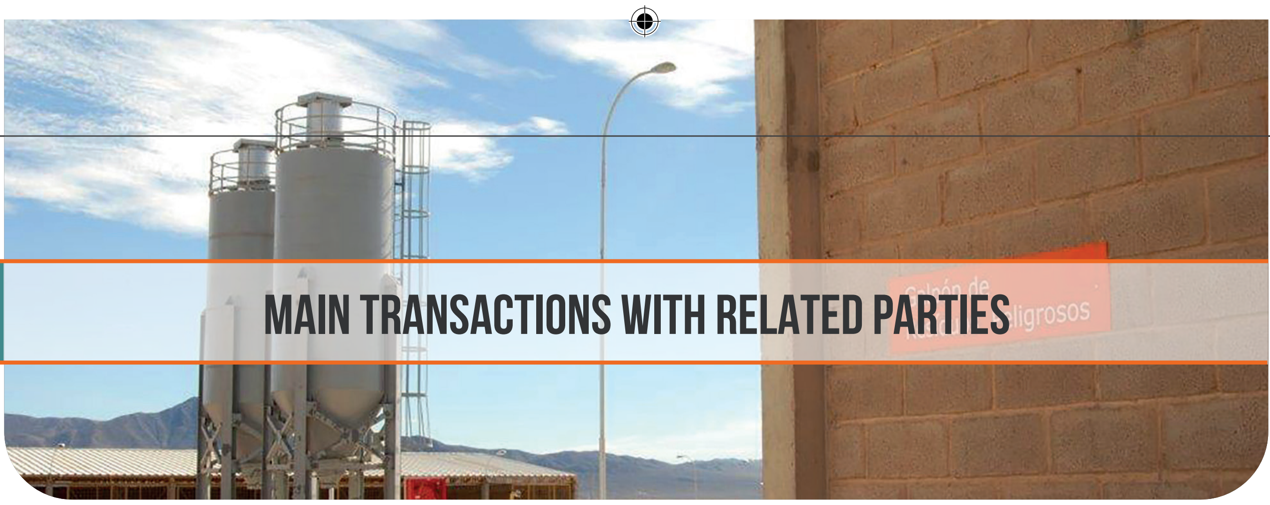
	12/31/2019			06/30/2020		
In millions of euros	**Non-current**	**Current**	**TOTAL**	**Non-current**	**Current**	**TOTAL**
Hedging instruments	0.2	-	**0.2**	0.1	-	**0.1**
Provisions	40.1	5.4	**45.5**	40.8	2.0	**42.8**
Other liabilities	9.7	244.0	**253.7**	0.5	242.7	**243.2**
Income tax payable	-	6.4	**6.4**	-	4.6	**4.6**
TOTAL (excl. financial debt)	**50.0**	**255.8**	**305.8**	**41.4**	**249.3**	**290.7**
Financial debt	485.3	63.2	**548.5**	477.3	183.3	**660.6**
TOTAL	**596.3**	**319.0**	**915.3**	**518.7**	**432.6**	**951.3**

Current and non-current liabilities excluding financial debt amounted to €290.7 million, up +€15.1 million, reflecting mainly:

- A change in provisions, for -€2.7 million;
- Other liabilities, for -€10.1 million, mostly reflecting changes in "Trade payables";
- A change in tax due, for -€1.2 million.

Consolidated net financial debt evolved as follows over the period:

In millions of euros	12/31/2019	06/30/2020
Bank debt (excl. non-recourse bank loans)	203.8	217.4
Non-bank debt	32.0	30.8
Bonds	254.0	254.1
Lease finance liabilities	42.9	42.5
Miscellaneous financial debt	4.2	3.5
Short-term bank borrowings	11.5	112.2
Total financial debt (current and non-current)	**548.5**	**660.6**
o/w due in less than one year	63.2	183.4
o/w due in more than one year	485.3	477.2
Cash balance	**(92.3)**	**(215.1)**
Net financial debt	**456.2**	**445.5**
Net financial debt (bank definition)	**399.7**	**390.1**



2.6 MAIN TRANSACTIONS WITH RELATED PARTIES

Séché Environnement Group's main transactions with related parties are presented in Note 2.5.2 to the interim financial statements.

2.7 OUTLOOK

Séché Environnement is active in promising waste recovery and treatment markets, with solutions that address the challenges of its industrial and governmental clients in terms of the circular economy, fighting climate change, and promoting sustainable development.

These markets are characterized by their resilience, which has as much to do with the inevitable nature of waste output as it does with regulations that support their growth in terms of both volume and value.

For this reason, after a health crisis that has led to an unprecedented economic contraction in France and many countries where the Group is present, Séché Environnement has observed:

- **In France**, the return to growth of most of its businesses, with a rebound in volumes that has been keenly felt in the HW division, while the NHW division is continuing its positive course.

  The continuation of these trends is strengthening the prospect of a good second half in France, compared to a second-half 2019 affected by the partial unavailability of some sites (the revamping of Salaise 2; the restart of Sénerval) and the lower contribution from some worksite businesses.

  For this reason, the second half could partially make up for the first-half decline in activity within this scope;

- **Internationally**, each geographic region and subsidiary is facing a different situation:

  - Solarca (4% of revenue in 2019) is expected to benefit from a high level of billing in the second half of the year, due to the postponement of its projects, and Mecomer (5% of revenue in 2019) is expected to continue its pace of growth observed throughout the first half of the year;

  - Valls Quimica (Spain; 4% of revenue in 2019) and Interwaste (South Africa; 9% of revenue in 2019) have recovered despite a bleak economy;

  - Latin America (4% of revenue in 2019): The current situation still looks uncertain with respect to how long the crisis will last and what impacts it will have on the business of subsidiaries there.

The continuation of these trends, accompanied by persistently unfavorable foreign exchange effects, suggest that this scope will make a lower contribution in the second half of 2020 than in the second half of 2019.

These facts have caused Séché Environnement to adjust its business expectations for 2020, with a contributed revenue target of near the lower end of the initial range of €650 million-€700 million [7].

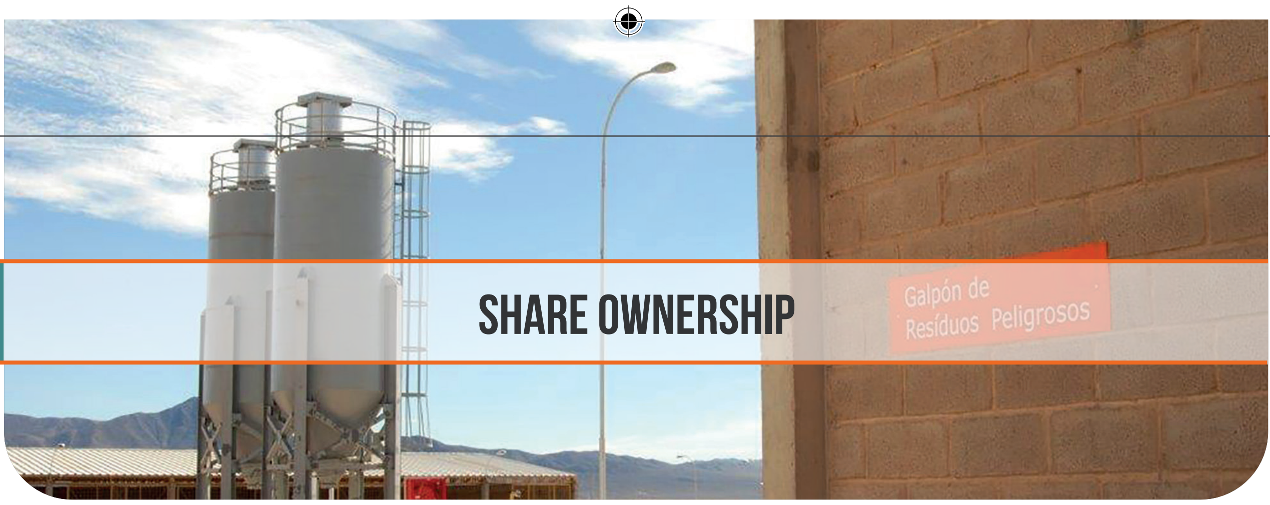
Additionally, Séché Environnement is taking into account uncertainties about the strength of the recovery in the International scope and the one-time adverse effects of the health crisis in the second quarter (waste mix effects, etc.) as well as the decline in energy recovery over the period, which could impact the 2020 EBITDA target, which was initially expected to be 20% of revenue, by up to 1% of revenue.

The financial leverage ratio should remain stable for full-year 2020 at 3.3x EBITDA, with the aim of returning to around 3.0x in 2021.

The positive trend in the second half of 2020 suggests that the effects of the health crisis will diminish at the end of the year, enabling the Group to return to the growth and profitability trajectory presented at the Investor Day on December 17, 2019 by early 2021.

Séché Environnement is therefore confident in its ability to continue its 2022 trajectory, which includes a target consolidated revenue of between €750 million and €800 million, including 30% from International operations, EBITDA of between 21% and 22% of contributed revenue, and a financial leverage ratio below 3.0x EBITDA.

(7) See Investor Day, June 26, 2018 and Investor Day, December 17, 2019.



2.8 SHARE OWNERSHIP

Share ownership and voting rights

At June 30, 2020	Shares	As a %	Voting rights	As a %
Joël Séché	1	0.00%	2	0.00%
Séché Group SAS (1)	4,639,483	59.04%	8,111,560	71.36%
Controlling Group	**4,639,484**	**59.04%**	**8,111,562**	**71.36%**
ICM	796,591	10.14%	796,591	7.01%
Treasury stock (2)	59,236	0.75%	59,236	0.52%
Employees	41,581	0.53%	74,400	0.65%
Free float	2,320,840	29.54%	2,324,998	20.45%
Total	**7,857,732**	**100.00%**	**11,366,787**	**100.00%**

(1) Joël Séché's sons, Guillaume Séché and Maxime Séché, control the majority stake in Séché Group SAS.
(2) Treasury stock is stripped of voting rights. However, the table here presents the calculation of voting rights as recommended by the AMF for shareholding notification requirements.

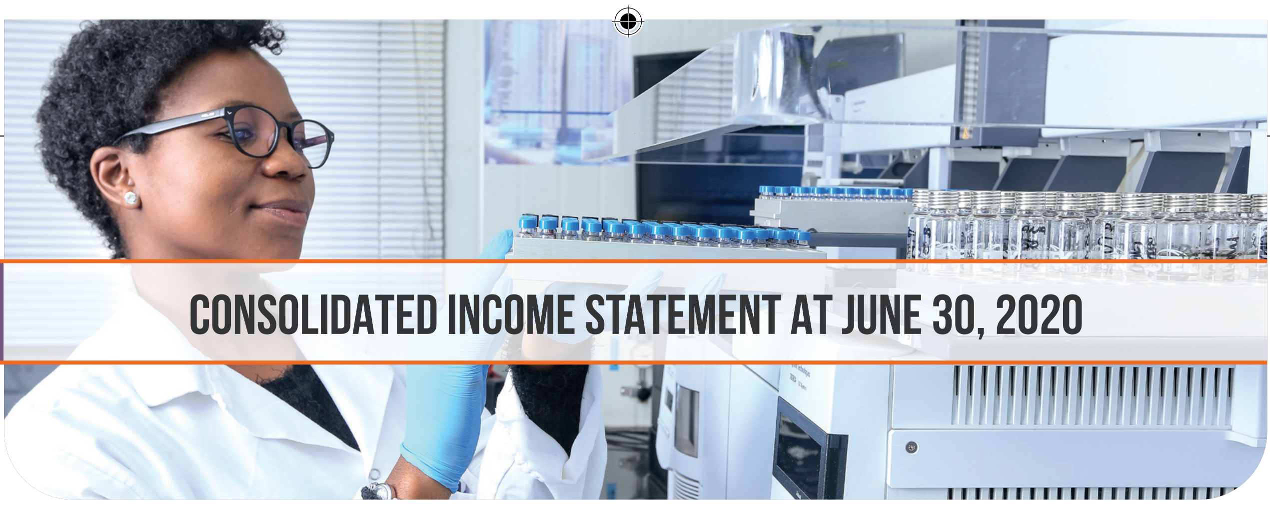
The Company has not been informed of any change in holdings above or below legal or statutory disclosure thresholds between January 1, and June 30, 2020.

03

FINANCIAL STATEMENTS AT JUNE 30, 2020

3.1 CONSOLIDATED FINANCIAL POSITION AT JUNE 30, 2020

(In thousands of euros)	12/31/2019	06/30/2020	Change	Notes
Goodwill	309,714	307,115	(2,599)	2.5.1
Intangible fixed assets under concession arrangements	49,441	43,052	(6,389)	2.5.1
Other intangible fixed assets	35,712	37,876	2,164	2.5.1
Property, plant and equipment	316,735	309,408	(7,327)	2.5.2
Investments in associates	431	370	(60)	2.5.3
Non-current financial assets	7,996	7,616	(380)	2.5.4
Non-current derivatives - assets	-	-	-	
Non-current operating financial assets	42,889	41,096	(1,793)	2.5.4
Deferred tax assets	24,300	24,637	337	2.5.4
Non-current assets	**787,218**	**771,170**	**(16,048)**	
Inventories	14,553	14,276	(277)	
Trade and other receivables	179,480	155,944	(23,535)	
Current financial assets	3,586	4,572	986	
Current derivatives - assets	-	-	-	2.5.4
Current operating financial assets	40,765	32,457	(8,308)	2.5.4
Cash and cash equivalents	92,276	215,116	122,839	2.5.4
Current assets	**330,660**	**422,365**	**91,705**	
Assets held for sale	**-**	**-**	**-**	
TOTAL ASSETS	**1,117,878**	**1,193,535**	**75,657**	
Share capital	1,572	1,572	0	
Additional paid-in capital	74,061	74,061	(0)	
Reserves	161,918	162,105	187	
Net income	17,825	(926)	(18,751)	
Shareholders' equity (Group share)	**255,376**	**236,812**	**(18,564)**	**2.5.7**
Minority interests	8,096	5,393	(2,704)	
Total shareholders' equity	**263,472**	**242,205**	**(21,267)**	
Non-current financial debt	485,238	477,234	(8,004)	2.5.4
Non-current derivatives - liabilities	189	95	(93)	2.5.4
Employee benefits	14,358	15,213	855	2.5.5
Non-current provisions	18,891	19,374	483	2.5.5
Non-current operating financial liabilities	9,681	530	(9,151)	2.5.4
Deferred tax liabilities	6,883	6,252	(631)	2.5.4
Non-current liabilities	**535,240**	**518,699**	**(16,540)**	
Current financial debt	63,228	183,330	120,102	2.5.4
Current derivatives - liabilities	83	55	(28)	2.5.4
Current provisions	5,442	2,012	(3,430)	2.5.5
Tax liabilities	6,439	4,568	(1,871)	
Current operating financial liabilities	243,974	242,666	(1,309)	2.5.4
Current liabilities	319,166	432,630	113,465	
Liabilities held for sale	-	-	-	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,117,878**	**1,193,535**	**75,657**	



3.2 CONSOLIDATED INCOME STATEMENT AT JUNE 30, 2020

(In thousands of euros)	06/30/2019	06/30/2020	Change	Notes
Revenue	**342,286**	**313,246**	**(29,040)**	
Other business income	3,429	79	(3,350)	2.1.4 a
Transfers of expenses	298	0	(298)	
Income from ordinary activities	346,014	313,326	(32,688)	2.5.8
Purchases used for operational purposes	(44,249)	(43,692)	557	
External expenses	(130,262)	(109,071)	21,191	2.5.9
Taxes and duties	(24,249)	(23,461)	787	2.5.9
Employee expenses	(83,659)	(83,266)	393	2.5.9
EBITDA	**63,595**	**53,835**	**(9,760)**	
Expenses for rehabilitation and/or maintenance of sites under concession arrangements	(5,804)	(7,645)	(1,841)	
Depreciation & amortization, impairment, and provisions	(33,861)	(33,074)	787	2.5.10
Other operating items	(1,825)	(77)	1,748	2.5.10
Current operating income	**22,105**	**13,039**	**(9,066)**	
Other non-current items	(466)	(1,151)	(685)	2.5.11
Operating income	**21,639**	**11,888**	**(9,751)**	
Cost of net financial debt	(7,801)	(8,692)	(891)	
Other financial income and expenses	(631)	(1,721)	(1,090)	
Financial income	**(8,432)**	**(10,413)**	**(1,982)**	**2.5.12**
Income tax	(4,994)	(2,323)	2,671	2.5.13
Share of income of associates	(118)	(67)	51	
Net income from continuing operations	**8,095**	**(916)**	**(9,011)**	
Income from discontinued operations	-	-	-	
Net income	**8,095**	**(916)**	**(9,011)**	
o/w attributable to minority interests	*(521)*	*(10)*	*511*	
o/w Group share	***7,574***	***(926)***	***(8,500)***	
Non-diluted earnings per share (in euros)	*0.96*	*(0.12)*	*(1)*	
Diluted earnings per share (in euros)	*0.96*	*(0.12)*	*(1)*	

3.3 CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME AT JUNE 30, 2020

(In thousands of euros)	06/30/2019	06/30/2020
Other comprehensive income not subsequently reclassified to profit or loss:		
Actuarial gains/losses on employee benefit liabilities (1)	(200)	-
Income tax effects	56	-
Amount before income tax (A)	**(144)**	**-**
o/w share of income of associates	-	-
Other comprehensive income subsequently reclassified to profit or loss:		
Change in net investments (2)	(1,105)	(9,448)
Change in fair value of derivatives	(30)	125
Tax effect on the items listed above	30	105
Foreign exchange rate adjustments	911	(660)
Amount before income tax (B)	**(194)**	**(9,877)**
o/w share of income of associates	-	-
TOTAL OTHER COMPREHENSIVE INCOME	**(338)**	**(9,877)**
Net income	**8,095**	**(916)**
TOTAL COMPREHENSIVE INCOME	**7,757**	**(10,793)**
o/w Group share	*7,217*	*(10,461)*
o/w attributable to minority interests	*540*	*(332)*

(1) The actuarial assumptions were not revised as the changes were insignificant for the period ended June 30, 2020.
(2) O/w €9.1 million due to net financing of the investment in South Africa following the decline in the South African exchange rate.

3.4

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AT JUNE 30, 2020

(In thousands of euros)	Share capital	Addi-tional paid-in capital	Treasury stock	Consolidated reserves	Foreign ex-change rate adjustments	Fair value reserves	Group share	Attributable to minority interests	Total shareholders' equity
At December 31, 2018	**1,572**	**74,061**	**(3,260)**	**185,861**	**(6,516)**	**(462)**	**251,255**	**3,515**	**254,769**
Other comprehensive income	-	-	-	(144)	892	(1,105)	(357)	19	(338)
Net income	-	-	-	7,574			7,574	521	8,095
Total comprehensive income	**-**	**-**	**-**	**7,430**	**892**	**(1,105)**	**7,217**	**540**	**7,757**
Dividends paid	-	-	-	(7,465)	-	-	(7,465)	(605)	(8,070)
Treasury stock	-	-	(216)	-	-	-	(216)	-	(216)
Other changes	-	-	-	(1,208)	-	-	(1,208)	1,381	173
At June 30, 2019	**1,572**	**74,061**	**(3,476)**	**184,618**	**(5,624)**	**(1,567)**	**249,583**	**4,831**	**254,414**
At December 31, 2019	**1,572**	**74,061**	**(3,209)**	**190,512**	**(6,259)**	**(1,294)**	**255,376**	**8,096**	**263,472**
Other comprehensive income	-	-	-	-	(317)	(9,218)	(9,535)	(342)	(9,877)
Net income	-	-	-	(926)	-	-	(926)	10	(916)
Total comprehensive income	**-**	**-**	**-**	**(926)**	**(317)**	**(9,218)**	**(10,462)**	**(332)**	**(10,793)**
Dividends paid	-	-	-	(7,465)	-	-	(7,465)	(482)	(7,947)
Treasury stock	-	-	(207)	-	-	-	(207)	-	(207)
Business combinations	-	-	-	-	-	-	-	-	-
Transactions between shareholders (1)	-	-	-	(400)	-	-	(400)	(1,891)	(2,291)
Other changes	-	-	-	(30)	-	-	(30)	2	(29)
At June 30, 2020	**1,572**	**74,061**	**(3,416)**	**181,691**	**(6,576)**	**(10,512)**	**236,812**	**5,392**	**242,205**

3.5

CONSOLIDATED STATEMENT OF CASH FLOWS AT JUNE 30, 2020

(In thousands of euros)	June 30, 2019	June 30, 2020	Notes
Net income	**8,095**	**(916)**	
Share of income of associates	118	67	
Dividends from joint ventures and associates	-	-	
Depreciation & amortization, impairment, and provisions	35,304	33,198	
Income from disposals	709	986	
Deferred taxes	1,702	(891)	
Other income and expenses	1,068	1,761	
Cash flows	**46,995**	**34,204**	
Income tax	3,292	3,354	
Cost of gross financial debt before long-term investments	7,195	8,491	
Cash flows from operating activities before taxes and financing costs	**57,482**	**46,049**	
Change in working capital requirement	8,152	31,679	2.5.15
Tax paid	(792)	(6,324)	
Net cash flows from operating activities	**64,842**	**71,404**	
Investments in property, plant and equipment and intangible assets	(32,988)	(36,485)	
Disposals of property, plant and equipment and intangible assets	1,147	904	
Increase in loans and financial receivables	(337)	(118)	
Decrease in loans and financial receivables	357	11	
Takeover of subsidiaries net of cash and cash equivalents	(68,797)	(6,482)	2.5.15
Loss of control over subsidiaries net of cash and cash equivalents	-	55	
Cash flows from investments	**(100,618)**	**(42,115)**	
Dividends paid to equity holders of the parent	-	-	
Dividends paid to holders of minority interests	(590)	(482)	
Capital increase or decrease by controlling company	-	-	
Cash and cash equivalents without loss of control	-	-	
Cash and cash equivalents without gain of control	(1,580)	(2,919)	2.5.15
Change in shareholders' equity	(228)	(300)	
New loans and financial debt	85,541	122,779	2.5.4
Repayment of loans and financial debt	(19,832)	(16,461)	
Interest paid	(7,570)	(8,544)	
Net cash flows from financing activities	**55,741**	**94,074**	
Total cash flows from continuing operations	**19,964**	**123,362**	
Net cash flows from discontinued operations	-	-	
TOTAL CASH FLOWS FOR THE PERIOD	**19,964**	**123,362**	
Cash and cash equivalents at beginning of year	66,806	80,741	
Cash and cash equivalents at end of year	85,895	202,899	
Effect of changes in foreign exchange rates	(876)	(1,065)	
of which:			
Cash and cash equivalents	*94,326*	*215,116*	
Short-term bank borrowings (current financial debt)	*(8,431)*	*(12,216)*	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2020

2.1 ACCOUNTING PRINCIPLES AND METHODS

2.1.1 Basis for preparing and presenting the consolidated financial statements

The condensed interim consolidated financial statements of Séché Environnement Group covering the interim period to June 30, 2020 were prepared in accordance with IAS 34 on Interim Financial Reporting.

Pursuant to Regulation (EC) No. 1606/2002 of July 19, 2002, amended by European Regulation (EC) No. 297/2008 of March 11, 2008, the Group's condensed interim consolidated financial statements at June 30, 2020 are compliant with the IFRS standards and interpretations as adopted by the European Union (available at the following URL: http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_fr.htm).

They do not contain all the information required by IFRS for the preparation of annual consolidated financial statements, but a selection of the most significant items. These interim financial statements should be read in conjunction with Séché Environnement's annual consolidated financial statements for the year ended December 31, 2019, published on March 9, 2020, which were prepared in accordance with IFRS as adopted by the European Union and are available at http://www.groupe-seche.com.

The condensed interim company financial statements were approved by the Board of Directors on September 11, 2020.

Information is disclosed only when it is of material importance. Figures are expressed in thousands of euros with no decimal point. Figures rounded up to the nearest million may, in some cases, lead to insignificant disparities with respect to the totals and sub-totals presented in the tables.

A- NEW STANDARDS AND INTERPRETATIONS APPLICABLE ON OR AFTER JANUARY 1, 2020

The standards and rulings that came in force and became mandatory as of January 1, 2020 had no material impact on the Group's consolidated financial statements at June 30, 2020. They mainly concerned:

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3 Business combinations – Definition of a business;
- Amendments to IAS 1 and IAS 8 Definition of "Material";
- Amendments to IFRS 9, IAS 39 and IFRS 7 on the Interest Rate Benchmark Reform:

These amendments allow the Group not to take into account the effects of the Benchmark Reform, in particular when assessing the highly probable nature of cash flows from hedged items and hedging instruments, until the transition to the new benchmarks takes effect.

They amend certain provisions in terms of hedge accounting.

The Euribor continues to be used as a benchmark in the financial markets and is used to measure financial instruments maturing after the expected end of this rate. The Group will make the necessary contractual interest rate amendments once the alternative benchmarks and the replacement date are known.

B-STANDARDS AND INTERPRETATIONS ADOPTED BY THE IASB BUT NOT YET APPLICABLE AT JUNE 30, 2020

Standards	Applicable from	Subject
IFRS 17	January 1, 2023	Insurance Contracts
Amendment to IAS 1	January 1, 2022	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	January 1, 2022	Update of Reference to the Conceptual Framework
Amendment to IAS 37	January 1, 2022	Onerous Contracts, Cost of Fulfilling a Contract
Amendments to IFRS 16	June 1, 2020	Rent concessions granted due to Covid-19
IFRS 17	January 1, 2023	Insurance Contracts

An assessment of the impact of applying these standards and amendments is under review.

2.1.2 Measurement basis

The condensed interim consolidated financial statements at June 30, 2020 are presented using the historical cost method, with the exception of the following assets and liabilities which are reported at fair value: derivatives, financial assets and liabilities measured at fair value through profit or loss, and those measured at fair value through other comprehensive income and not subsequently reclassified to profit or loss.

2.1.3 Use of estimates

To prepare the condensed interim consolidated financial statements, Management is required to make estimates and assumptions that impact the application of the Group's accounting methods and the amounts recognized in its financial statements.

These estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They serve as the basis for any judgment required for determining the carrying amounts of assets and liabilities when such amounts cannot be obtained directly from other sources. The real amounts may differ from the estimates.

A full actuarial calculation of retirement obligations is not made for the closing of the interim financial statements. Expenses for the period in respect of retirement obligations are equal to half of the amount calculated for the full year 2020 based on actuarial assumptions at December 31, 2019. The impact of changes in assumptions on post-employment benefits occurring in the first half of 2020 (discount rate and long-term inflation rate) was insignificant for the period ended June 30, 2020.

In the context of the Covid-19 pandemic, the condensed interim consolidated financial statements for the period were drawn up with reference to the immediate environment, in particular with regard to the following estimates:

- The recoverable value of goodwill and intangible assets with an indefinite lifespan;
- Customer receivables;
- Revenue;
- Tax loss carryforwards used.

However, the Group is aware of the uncertainty surrounding the extent and duration of the impact of the Covid-19 crisis, and it will review its assessment for the 2020 annual consolidated financial statements.

2.1.4 Change in accounting method and accounting estimates

a.Change in accounting and presentation method

In accordance with IAS 1 "Presentation of Financial Statements", at June 30, 2020, the Group reclassified capitalized production costs as a deduction from operating expenses by nature under EBITDA, instead of presenting them under "income from ordinary activities" as in previous reporting periods. This change in accounting presentation had no impact on the comparison of EBITDA for the first half of 2020 against that for the first half of 2019.

The impact on the accounts closed at June 30, 2019 is provided here for information purposes:

(In thousands of euros)	06/30/2019	06/30/2020
Purchases used for operational purposes	-	246
Personnel expenses	327	381
External expenses	2,695	2,954
Taxes and duties	2	3
Capitalized production	3,024	3,583

b. Change in accounting estimates

The Group did not apply any changes in accounting estimates.

2.2 IMPACT OF THE COVID-19 PANDEMIC

2.2.1 Impact on the Group's activity and performance in the first half of 2020

The first half of 2020 was marked by the Covid-19 pandemic, which affected Séché Environnement's businesses and the geographical regions where the Group is present, albeit in different ways.

With contributed revenue of €313 million at June 30, 2020 vs.

€330 million at June 30, 2019 (non-contributed revenue impact of €12.4 million), a slight decline of -4.9% compared to June 30, 2019, Séché Environnement has demonstrated the resilience of its waste recovery and treatment businesses, particularly in France. This decline in contributed revenue was due to:

- A scope effect representing +€13.6 million following the acquisition of the Italian subsidiary Mecomer as of April 1, 2019;
- A foreign exchange rate effect of -€4.5 million, mostly affecting South Africa and Latin America;
- An organic effect of -€25.9 million.

This was because Séché Environnement carries on essential business in environmental and health risk management, and addresses a non-cyclical core industrial clientele with strategic businesses (energy, health, pharmaceuticals, chemistry, etc., amounting to 35% of 2019 revenue), which continued to operate during the crisis, while Local Authorities and Environmental Services (36% of consolidated revenue in 2019) are characterized by the permanent nature of their markets.

The slight decline observed was almost identical in France and International activities

(France -5.1%, International -5%). France accounted for 75% of first half revenue in 2020, and International activities accounted for the remaining 25%, unchanged against the first half of 2019.

In France, where service activities were mainly affected during the lockdown, a sharp rebound in waste volumes and the resumption of worksites in June led to an increase in revenue of +2.8% compared to June 2019.

For International activities, the impact varied between the different countries:

- Sharp decline for Solarca (industrial maintenance sites);
- A good level of growth maintained in Italy;
- Moderate contraction in Spain and South Africa;
- Sharp decline in the South African and Peruvian currencies from March, affecting performance in these countries;
- The health crises reached Latin America later, and delayed but strict lockdowns in Chile and Peru penalized the overall recovery in international business.

Additional current operating expenses incurred due to the crisis were limited. The Group recorded no non-current operating expenses.

The financial support received from the government in respect of the short-time working scheme implemented in France from March to June 2020 was marginal and was recorded in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance".

This outlook allows Séché Environnement to maintain its business projections for 2020, with a contributed revenue target adjusted to the low end of the initial range, at €650 million-€700 million.

Given the business resilience seen in the first half of the year but also one-time additional costs related to the health crisis and persistent uncertainties as to the scale of the recovery in Latin America in the second half, the Group is projecting a one-time negative impact, potentially as high as 1% of revenue, on the 2020 EBITDA target, which was initially expected to be 20% of revenue.

EBITDA came to €53.8 million, 17.2% of contributed revenue (vs. €63.6 million, or 19.3% of contributed revenue, a year earlier):

- The scope effect (3 months of activity for the Italian group Mecomer in the first half of 2019, compared with 6 months in the first half of 2020) amounted to €2.6 million;
- The impact of changes in exchange rates came to -€0.6 million.
- At constant scope and exchange rates, EBITDA mainly reflected changes in the business mix, for -€17.5 million, stemming from declining volumes of certain activities (non-hazardous final waste management, worksites) and the -€7.6 million drop in energy recovery in France.
- The price effects resulting from the 2019 and early-2020 price rises produced significant positive effects (+€9.5 million).
- The remainder (-€3.8 million) reflects changes in fixed and variable costs, and other operating expenses.

Current operating income came to €13.0 million, 4.1% of contributed revenue (vs. €22.1 million, or 6.7% of contributed revenue, a year earlier).

- The scope effect (3 months of activity for the Italian group Mecomer in the first half of 2019, compared with 6 months in the first half of 2020) amounted to €2.5 million;
- The impact of changes in exchange rates came to -€0.1 million.
- At constant scope and exchange rates, the change in current operating income reflects the contraction in EBITDA (-€12.3 million), the near-stability of net depreciation, amortization and provisions (-€0.9 million), and the improvement of other operating income and expenses (+€1.0 million).

Séché Environnement remains confident in its ability to meet its 2022 goals (see press release of July 28, 2020).

Cash flow from operating activities amounted to €71 million in the first half, up 9.9% on the first half of 2019. The working capital requirement increased sharply in the first half of 2020, at €31.7 million, including €25.6 million in customer receivables due to reduced invoicing in the second quarter because of the health crisis.

Due to the Covid-19 crisis, the Group secured a six-month repayment deferral on part of its financial debt and drew €100 million on its €150 million revolving credit facility.

The Group observed its financial ratios at June 30, 2020 and does not have any major financial debt repayment deadlines until 2023.

2.2.2 Impact on the Group's estimates and judgments in the first half of 2020

The Covid-19 pandemic led the Group to review some of its estimates and judgments, as described below.

a. Impairment tests on goodwill and intangible fixed assets

Over and above annual impairment tests on goodwill and intangible fixed assets that cannot be amortized, one-time tests are performed on all goodwill, property, plant and equipment and intangible fixed asset items if there is any indication of an impairment loss. Impairment is calculated by comparing the carrying amount of the asset in question with its recoverable value.

Due to the health crisis, in the first half of 2020, impairment tests were performed on the cash-generating units (CGU) that had the least leeway as of year-end 2019 and those whose operating performance was the worst affected in the first half of the year.

These tests were based on the discount rates (WACC) applied at December 31, 2019, which are shown in Note 3.2.1.7 d) "Recoverable value of tangible and intangible assets" of the 2019 Universal Registration Document.

Accordingly, the Group reviewed the expected full-year performance of Chile and Peru for 2020 in light of the local impact of the crisis. No additional impairment was recorded as a result of these tests in relation to December 31, 2019 (see Note 2.5.1 a). Based on these impairment tests and as the health situation is still evolving, impairment would be recognized in the event of a decline of around 15% in EBITDA incorporated in the terminal value of the test on the Peru CGU.

For the Chile CGU, Management identified no plausible assumption that would lead to the recognition of impairment.

Other geographical areas' sensitivity to discount rates was measured, and no additional risk of impairment was identified at June 30, 2020.

b. Recoverable nature of customer receivables

The Group has not identified any risk of default by its customers and has not recorded any additional impairment for expected losses on receivables as a result of the Covid-19 crisis.

c. Measurement of revenue

None of the Group's contracts were amended or terminated in such a way as to have a negative impact on the consolidated financial statements as a result of the health crisis.

d. Recoverable nature of deferred tax assets

The Group has identified no facts or circumstances that could call into question the recoverable nature of its deferred tax assets.

2.3 MAIN CHANGES IN CONSOLIDATION SCOPE AND OTHER SIGNIFICANT EVENTS

The list of the Group's subsidiaries and associates is provided in Note 2.3 "Consolidation scope".

2.3.1 Main changes in the consolidation scope

a. Acquisition of an additional stake in the Spanish company Solarca SL, without taking control

On February 11, 2020, Séché Environnement exercised options allowing it to acquire an additional 10% stake in Solarca SL for €2.9 million. This acquisition impacted the item "Cash and cash equivalents without gain of control" in the consolidated cash flow statement.

The Group's ownership interest increased from 76% to 86%.

The acquisition impacted the Group's equity in the amount of -€2.1 million and minority interests for -€0.8 million.

b. Implementation of the Broad-Based Black Economic Empowerment principles in South Africa

The Group began to implement the principles set out in the Broad-Based Black Economic Empowerment (B-BBEE) regulation in South Africa in the first half of 2020 in order to observe its business and regulatory commitments. These principles promote equality in South Africa. Accordingly, the Group set up new companies in South Africa and performed various transactions in the shares of its subsidiaries in favor of partners meeting B-BBEE criteria.

- Creation of Séché Holdings SA, wholly owned by Séché Environnement;
- Creation of Mayenne Investments, wholly owned by Séché Environnement;
- Creation of M53 Investments, 32.40% owned by Mayenne Investments.

Following these transactions, Séché South Africa is now 83.17% owned by Séché Holdings SA and M53 Investments. At December 31, 2019, it was wholly owned by Séché Environnement. The ownership interest in companies owned by Séché South Africa was adjusted accordingly, with no impact on their consolidation methods (see Note 2.4).

These changes in ownership interest were transactions between shareholders not involving a loss of control. They impacted the Group's consolidated equity in the amount of +€1.7 million, and minority interests in the amount of -€1.7 million (see Note 1.4).

Following on from this transaction, two fully-consolidated South African companies were set up in June 2020:

- Namaqua, 40.76% owned by Masakhane Interwaste Pty Ltd;

- Interwaste Petrochemicals, 48.99% owned by Interwaste Pty. Costs relating to these transactions, totaling €0.6 million, were recorded in "Other non-current items" (see Note 2.5.11).

Further transactions will be completed in the second half of 2020.

c. Legal restructuring

- Kanay absorbed the Peruvian company Taris on January 15, 2020, with retroactive effect from January 1, 2020;

- Solarca SL absorbed the Spanish company Solarca Castilla La Mancha on June 2, 2020, with retroactive effect from January 1, 2020;

- French company Sodicome transferred all its assets and liabilities to Séché Healthcare on January 1, 2020;

- French company Transval, which was fully consolidated, was wound up in February 2020.

2.3.2 Other highlights

The joint owners of Valor Béarn, a public sector waste treatment joint venture, decided not to renew the delegated management contract for the Béarn incinerator held by Séché Environnement. The delegated management agreement ended on June 30, 2020.

The costs and commitments incurred on the end of the current contract were reflected in the consolidated financial statements at December 31, 2019.

2.4 CONSOLIDATION SCOPE

Company name	City	Country	% interest 12/31/2019	% interest 06/30/2020	Consolidation method 12/31/2019	Consolidation method 06/30/2020
PARENT COMPANY						
Alcéa	Changé	France	100.00	100.00	Full	Full
Béarn Environnement	Pau	France	100.00	100.00	Full	Full
Ciclo	Quilicura	Chile	70.00	70.00	Full	Full
Depo	Milan	Italy	90.00	90.00	Full	Full
Drakenstein Energy Pty (2)	Johannesburg	South Africa	100.00	83.17	Full	Full
Drimm	Montech	France	100.00	100.00	Full	Full
Earth 2 Earth Pty Ltd (2)	Johannesburg	South Africa	100.00	83.17	Full	Full
East Gauteng Energy Pty Ltd (2)	Johannesburg	South Africa	100.00	83.17	Full	Full
Ecosite de la Croix Irtelle	Changé	France	100.00	100.00	Full	Full
Eden Waste Construction Ltd (2)	Johannesburg	South Africa	75.00	62.38	Full	Full
Eden Waste Management Ltd (2)	Johannesburg	South Africa	75.00	62.38	Full	Full
Eden Waste Operations Ltd (2)	Johannesburg	South Africa	75.00	62.38	Full	Full
Energécie	Changé	France	74.60	74.60	Full	Full
Envirowaste SA Pty Ltd (2)	Johannesburg	South Africa	100.00	83.17	Full	Full
Gabarre Energies	Les Abymes	France	51.00	51.00	Full	Full
Gerep	Paris	France	50.00	50.00	Equity	Equity
Greens Scrap Recycling Pty Ltd (2)	Johannesburg	South Africa	100.00	83.17	Full	Full
IberTrédi Medioambiental	Barcelona	Spain	100.00	100.00	Full	Full
Interwaste Environmental Solutions Ltd (2)	Johannesburg	South Africa	100.00	83.17	Full	Full
Interwaste Environmental Solutions Pty Ltd (2)	Johannesburg	South Africa	99.00	82.34	Full	Full
Interwaste Holding Ltd (2)	Johannesburg	South Africa	100.00	83.17	Full	Full
Interwaste Industrial Cleaning Pty Ltd (2)	Johannesburg	South Africa	50.00	41.59	Equity	Equity
Interwaste On-site Pty Ltd (2)	Johannesburg	South Africa	49.00	48.99	Full	Full
Interwaste Petrochemicals (2)	Johannesburg	South Africa	-	48.99	-	Full
Interwaste Properties Pty Ltd (2)	Johannesburg	South Africa	100.00	83.17	Full	Full
Interwaste Pty (2)	Johannesburg	South Africa	100.00	83.17	Full	Full
IWE Fleet Sales Pty (2)	Johannesburg	South Africa	100.00	83.17	Full	Full
Kanay	Lima	Peru	100.00	100.00	Full	Full
Karu Energy	-	Guadeloupe	24.00	24.00	Equity	Equity
La Barre Thomas	Rennes	France	40.00	40.00	Equity	Equity
Limpopo Platinum Waste Pty Ltd (2)	Johannesburg	South Africa	70.00	58.22	Full	Full
M53 Investments (2)	Johannesburg	South Africa	-	32.40	-	Equity
Mayenne Investments (2)	Johannesburg	South Africa	-	100.00	-	Full
Masakhane Interwaste Pty Ltd (2)	Johannesburg	South Africa	65.00	48.99	Full	Full
Mecomer	Milan	Italy	90.00	90.00	Full	Full
Moz Environmental Limitada (2)	Johannesburg	South Africa	100.00	82.34	Full	Full
Namaqua (2)	Johannesburg	South Africa	-	40.76	-	Full
Opale Environnement	Calais	France	100.00	100.00	Full	Full
Platinum Waste Resources Pty Ltd (2)	Johannesburg	South Africa	51.00	42.42	Full	Full
Sabsco Asia (1)	Singapore	Singapore	76.00	86.00	Full	Full
Sabsco Limited (1)	Kent	United Kingdom	76.00	86.00	Full	Full
Sabsco Malaysia (1)	Petaling Jaya	Malaysia	76.00	86.00	Full	Full
SAEM Transval	St Georges les Baillargeaux	France	35.00	-	Equity	-

(1) See Note 2.3.1.a) Acquisition of an additional stake in the Spanish company Solarca SL, without taking control.

(2) See Note 2.3.1 b) Implementation of the Broad-Based Black Economic Empowerment principles in South Africa.

Company name	City	Country	% % interest 12/31/2019	% % interest 06/30/2020	Consolidation method 12/31/2019	Consolidation method 06/30/2020
PARENT COMPANY						
Séché Environnement	Changé	France	Parent	Parent	Parent	Parent
CONSOLIDATED SUBSIDIARIES						
SCI LCDL	Changé	France	99.80	99.80	Full	Full
SCI Les Chênes Secs	Changé	France	99.80	99.80	Full	Full
SCI Mézerolles	Changé	France	99.99	99.99	Full	Full
Séché Alliance	Changé	France	99.94	100.00	Full	Full
Séché Chile Spa	Las Condes	Chile	100.00	100.00	Full	Full
Séché Développement	Changé	France	100.00	100.00	Full	Full
Séché Éco-Industries	Changé	France	99.99	100.00	Full	Full
Séché Éco-Services	Changé	France	99.98	100.00	Full	Full
Séché Environnement Ouest	Changé	France	100.00	100.00	Full	Full
Séché Holdings SA (2)	Johannesburg	South Africa	-	100.00	-	Full
Séché Health Arequipa	Lima	Peru	100.00	100.00	Full	Full
Séché Healthcare	Changé	France	100.00	100.00	Full	Full
Séché South Africa (2)	Johannesburg	South Africa	100.00	83.17	Full	Full
Séché Transports	Changé	France	99.50	100.00	Full	Full
Séché Urgences Interventions	La Guerche-de-Bretagne	France	100.00	100.00	Full	Full
Sem Trédi	Mexico City	Mexico	100.00	100.00	Full	Full
Sénergies	Changé	France	80.00	80.00	Full	Full
Sénerval	Strasbourg	France	99.90	99.90	Full	Full
Singapore MTT (1)	Singapore	Singapore	76.00	86.00	Full	Full
Sodicome	Saint-Gilles	France	100.00	100.00	Full	Full
Sogad	Le Passage	France	50.00	50.00	Equity	Equity
Solarca Castilla (1)	Puertollano	Spain	76.00	76.00	Full	Full
Solarca France (1)	Marseille	France	71.03	80.38	Full	Full
Solarca Portugal (1)	Setubal	Portugal	76.00	86.00	Full	Full
Solarca Qatar (1)	Doha	Qatar	37.24	42.14	Full	Full
Solarca Russia (1)	Moscow	Russia	76.00	86.00	Full	Full
Solarca SL (1)	La Selva Del Camp	Spain	76.00	86.00	Full	Full
Solena	Viviez	France	60.00	60.00	Full	Full
Soluciones Ambientales Del Norte	Antofagasta	Chile	100.00	100.00	Full	Full
Sotrefi	Etupes	France	100.00	100.00	Full	Full
Speichim Processing	Saint-Vulbas	France	100.00	100.00	Full	Full
Taris	Lima	Peru	100.00	-	Full	-
Therm-Service (1)	Seevetal	Germany	76.00	86.00	Full	Full
Trédi Argentina	Buenos Aires	Argentina	100.00	100.00	Full	Full
Trédi SA	Saint-Vulbas	France	100.00	100.00	Full	Full
Triadis Services	Etampes	France	100.00	100.00	Full	Full
UTM	Lübeck	Germany	100.00	100.00	Full	Full
Valls Quimica	Valls	Spain	100.00	100.00	Full	Full

For details of other changes in the consolidation scope, see Note 2.3.1 c).

2.5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.5.1 Intangible fixed assets

a. Goodwill

Goodwill by CGU breaks down as follows:

Gross value								
(In thousands of euros)	**France**	**Germany**	**Spain**	**Chile**	**Peru**	**South Africa**	**Italy**	**Total**
At December 31, 2019	**257,255**	**3,582**	**12,050**	**6,398**	**25,302**	**2,073**	**28,947**	**335,607**
Changes in consolidation scope	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Foreign exchange rate adjustments	-	-	-	(548)	(1,660)	(391)	-	(2,599)
Other	-	-	-	-	-	-	-	-
At June 30, 2020	**257,255**	**3,582**	**12,050**	**5,851**	**23,642**	**1,682**	**28,947**	**333,009**
Impairment								
(In thousands of euros)	**France**	**Germany**	**Spain**	**Chile**	**Peru**	**South Africa**	**Italy**	**Total**
At December 31, 2019	**(20,220)**	**-**	**(5,674)**	**-**	**-**	**-**	**-**	**(25,894)**
Changes in consolidation scope	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Foreign exchange rate adjustments	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
At June 30, 2020	(20,220)	-	(5,674)	-	-	-	-	(25,894)
Net value								
(In thousands of euros)	**France**	**Germany**	**Spain**	**Chile**	**Peru**	**South Africa**	**Italy**	**Total**
At December 31, 2019	**237,035**	**3,582**	**6,376**	**6,398**	**25,302**	**2,073**	**28,947**	**309,714**
Changes in consolidation scope	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Foreign exchange rate adjustments	-	-	-	(548)	(1,660)	(391)	-	(2,599)
Other	-	-	-	-	-	-	-	-
At June 30, 2020	**237,035**	**3,582**	**6,376**	**5,851**	**23,642**	**1,682**	**28,947**	**307,116**

The goodwill recorded at June 30, 2020 on the Chilean company Ciclo, which was acquired on October 3, 2019, is a provisional amount. Analysis of the acquisition price and its breakdown were ongoing at the interim closing date.

Impairment tests performed by the Group due to the Covid-19 crisis showed no impairment (see Note 2.2.2).

b. Other intangible fixed assets

(In thousands of euros)	Software, patents	Intangible assets under concession arrangements	Other intangible fixed assets	Total
Gross value				
At December 31, 2019	**12,448**	**69,496**	**44,781**	**126,726**
Acquisitions	1,111	189	2,293	3,592
Disposals	(353)	-	-	(353)
Change in consolidation scope	-	-	-	-
Foreign exchange rate adjustments	(49)	-	(1,647)	(1,696)
Change in accounting method	-	-	-	-
Other	35	(4,355)	2,899	(1,422)
At June 30, 2020	13,192	65,330	48,326	126,848
Depreciation & amortization and impairment				
At December 31, 2019	**(10,656)**	**(20,055)**	**(10,860)**	**(41,571)**
Allocations	(664)	(2,223)	(2,216)	(5,104)
Impairment	-	-	-	-
Disposals	353	-	-	353
Change in consolidation scope	-	-	-	-
Foreign exchange rate adjustments	9	-	421	430
Other	(1)	-	(26)	(28)
At June 30, 2020	(10,960)	(22,279)	(12,682)	(45,920)
Net amounts				
At December 31, 2019	**1,792**	**49,441**	**33,920**	**85,154**
At June 30, 2020	**2,232**	**43,052**	**35,645**	**80,929**

The “Other” line, totaling €1.4 million, mainly reflects reclassifications between accounts in the “Fixtures and fittings” and “Other property, plant and equipment under construction” lines for the Italian group, Mecomer (see Note 2.5.2).

2.5.2 Property, plant and equipment

(In thousands of euros)	Land	Buildings	Production facilities	Transport equipment	Fixtures and fittings	Office equipment	Fixed assets under construction	Leases	Total
Gross value									
At December 31, 2019	39,930	194,725	433,711	50,831	103,757	16,000	34,669	78,076	951,697
Acquisitions	27	1,856	8,074	540	1,109	862	9,621	9,215	31,304
Disposals	-	(35)	(2,642)	(868)	(187)	(88)	(143)	(1,211)	(5,175)
Change in consolidation scope	-	-	-	-	-	-	-	-	-
Foreign exchange rate adjustments	(629)	(2,604)	(740)	(5,661)	(2,273)	(588)	(666)	(3,507)	(16,668)
Change in accounting method	-	-	-	-	-	-	-	-	-
Other	108	2,074	5,187	1,975	3,073	80	(8,601)	(2,162)	1,737
At June 30, 2020	39,437	196,016	443,589	46,817	105,480	16,266	34,879	80,411	962,895
Depreciation & amortization and impairment									
At December 31, 2019	(7,508)	(133,432)	(349,257)	(35,686)	(65,390)	(13,923)	0	(29,762)	(634,960)
Allocations	(190)	(5,995)	(10,792)	(1,484)	(4,407)	(596)	-	(6,145)	(29,608)
Impairment	-	-	23	-	-	-	-	-	23
Disposals	-	43	2,402	824	159	87	-	462	3,978
Change in consolidation scope	-	-	-	-	-	-	-	-	-
Foreign exchange rate adjustments	(0)	-	501	3,610	1,236	479	-	1,215	7,041
Change in accounting method	-	-	-	-	-	-	-	-	-
Other	-	796	(6)	(1,123)	447	(77)	-	-	39
At June 30, 2020	(7,698)	(138,587)	(357,129)	(33,859)	(67,954)	(14,030)	-	(34,231)	(653,488)
Net amounts									
At December 31, 2019	32,422	61,293	84,454	15,145	38,367	2,077	34,669	48,314	316,737
At June 30, 2020	31,740	57,429	86,460	12,958	37,526	2,236	34,879	46,180	309,408

The “Other” line, totaling €1.7 million, mainly reflects reclassifications between accounts in the “Other intangible assets” line for the Italian group, Mecomer, totaling €1.4 million (see Note 2.5.1 b).

Lease contracts break down as follows:

(In thousands of euros)	Land	Buildings	Production facilities	Transportation equipment	Fixtures and fittings	Office equipment	Other property, plant and equipment	Total Leases
Gross value								
At December 31, 2019	1,727	29,602	22,258	24,196	191	103	0	78,076
Acquisitions	1,012	2,356	389	5,278	(0)	39	141	9,215
Disposals	-	(852)	(14)	(344)	-	-	-	(1,211)
Change in consolidation scope	-	-	-	-	-	-	-	-
Foreign exchange rate adjustments	(68)	(152)	(397)	(2,843)	(36)	(12)	-	(3,507)
Change in accounting method	-	-	-	-	-	-	-	-
Other	-	-	-	(2,162)	-	-	-	(2,162)
At June 30, 2020	2,670	30,954	22,237	24,125	154	130	141	80,411
Depreciation & amortization and impairment								
At December 31, 2019	(285)	(9,692)	(10,420)	(9,262)	(59)	(42)	0	(29,762)
Allocations	(364)	(3,070)	(1,787)	(882)	(24)	11	(31)	(6,147)
Impairment	-	-	-	-	-	-	-	-
Disposals	-	103	204	155	-	-	-	462
Change in consolidation scope	-	-	-	-	-	-	-	-
Foreign exchange rate adjustments	15	62	125	994	13	4	1	1,217
Change in accounting method	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
At June 30, 2020	(633)	(12,598)	(11,879)	(8,995)	(71)	(26)	(29)	(34,231)
Depreciation & amortization and impairment								
At December 31, 2019	1,442	19,910	11,838	14,934	132	61	-	48,314
At June 30, 2020	2,037	18,357	10,357	15,130	84	103	112	46,180

2.5.3 Investments in associates

a.Summary of investments in associates

The investments in associates held by the Group are as follows:

(In thousands of euros)	December 31, 2019	June 30, 2020
La Barre Thomas	50	50
Transval	45	-
Sogad	336	321
Total	**431**	**370**

b. Changes to investments in associates

Changes in investments in associates held by the Group break down as follows:

(In thousands of euros)	December 31, 2019	June 30, 2020
Balance at start of period	**3,276**	**431**
Changes in consolidation scope	(2,589)	(45)
Impairment	-	-
Share in net income for the period	(44)	(67)
Change in other comprehensive income	-	-
Dividends received / paid	(325)	-
Other	113	51
Balance at end of period	**431**	**370**

2.5.4 Financial assets and liabilities

(In thousands of euros)	December 31, 2019			June 30, 2020		
	Non-current	Current	Total	Non-current	Current	Total
Equity instruments	742	-	742	625	-	625
Financial loans and receivables	7,254	1,078	8,332	6,991	1,022	8,013
Financial assets	**7,996**	**1,078**	**9,074**	**7,616**	**1,022**	**8,638**
Trade and other receivables	42,457	179,480	221,937	40,529	155,944	196,473
Other operating financial assets	432	43,272	43,704	566	36,007	36,573
Operating loans and receivables at amortized cost	**42,889**	**222,752**	**265,641**	**41,095**	**191,951**	**233,046**
Derivatives - Assets	-	-	-	-	-	-
Other instruments at FV through profit or loss	-	-	-	-	-	-
Financial instruments at FV through profit or loss	**-**	**-**	**-**	**-**	**-**	**-**
Cash and cash equivalents	**-**	**92,276**	**92,276**	**-**	**215,116**	**215,116**
Total financial assets	**50,885**	**316,106**	**366,991**	**48,711**	**408,088**	**456,800**
Financial debt	485,238	63,228	548,466	477,234	183,330	660,564
Derivatives - Liabilities	189	83	272	95	55	150
Other operating financial liabilities	9,681	250,412	260,093	530	247,233	247,763
Total financial liabilities	**495,108**	**313,723**	**808,831**	**477,859**	**430,618**	**908,477**

a.Financial assets

i. Loans and receivables at amortized cost

(In thousands of euros)	December 31, 2019			June 30, 2020		
	Non-current	Current	Total	Non-current	Current	Total
Deposits and guarantees	3,165	276	3,441	3,162	206	3,368
Loans	2,070	122	2,192	2,083	135	2,218
Concession operating receivables	2,019	680	2,699	1,746	680	2,426
Financial loans and receivables	**7,254**	**1,078**	**8,332**	**6,991**	**1,022**	**8,013**
Trade and other receivables	**42,457**	**179,480**	**221,937**	**40,529**	**155,944**	**196,473**
Government	-	29,712	29,712	-	20,200	20,200
Tax receivables	425	2,508	2,933	73	3,550	3,623
Prepayments	-	3,721	3,721	-	2,890	2,890
Social insurance receivables	-	315	315	-	633	633
Amounts receivable on disposal of fixed assets	-	4	4	-	5	5
Other receivables	7	6,689	6,696	493	8,200	8,693
Overdrafts	-	323	323	-	528	528
Other operating assets	**432**	**43,272**	**43,704**	**566**	**36,007**	**36,573**
Operating loans and receivables	**42,889**	**222,752**	**265,641**	**41,096**	**191,951**	**233,046**
Loans and receivables at amortized cost	**50,143**	**223,830**	**273,973**	**48,086**	**192,972**	**241,059**

Impairment of loans and receivables at amortized cost breaks down as follows:

(In thousands of euros)	December 31, 2019			June 30, 2020		
	Gross	Dep/Amort. & Impairment	Total	Gross	Dep/Amort. & Impairment	Total
Financial loans and receivables	8,339	(7)	8,332	8,261	(249)	8,012
Trade and other receivables	227,182	(5,245)	221,937	201,558	(5,086)	196,473
Other operating assets	43,732	(28)	43,704	36,601	(29)	36,573
Loans and receivables at amortized cost	**279,253**	**(5,280)**	**273,973**	**246,421**	**(5,363)**	**241,058**

ii. Cash and cash equivalents

(In thousands of euros)	December 31, 2019	June 30, 2020
Cash	77,214	195,051
Cash equivalents	15,062	20,065
Cash and cash equivalents	**92,276**	**215,116**

Cash equivalents correspond to SICAV (open-ended mutual funds).

b. Financial liabilities

i. Financial debt

Changes in net debt over the period break down as follows:

(In thousands of euros)	At December 31, 2019	Change	New	Repayments	Changes in consolidation scope	Impairment	Foreign exchange rate adjustments	Other	At June 30, 2020
Bank loans	235,847	-	122,764	(9,634)	-	-	(1,002)	229	348,204
Bonds	254,013	-	-	-	-	-	-	120	254,133
Leases	42,895	-	8,189	(6,840)	-	-	(1,770)	-	42,474
Other financial debt (incl. accrued interest)	4,176	-	(557)	13	-	-	(30)	(65)	3,537
Short-term bank loans	11,535	-	1,326	-	-	-	(645)	-	12,216
Gross debt	**548,467**	**-**	**131,721**	**(16,461)**	**-**	**-**	**(3,447)**	**284**	**660,565**
Cash and cash equivalents	(92,276)	(121,130)	-	-	-	-	(1,709)	-	(215,116)
Net debt	**456,191**	**(121,130)**	**131,721**	**(16,461)**	**-**	**-**	**(5,156)**	**284**	**445,449**

At June 30, 2020, the Group's gross financial debt breaks down as follows:

(In thousands of euros)	June 30, 2020	Less than 1 year	1 to 5 years	More than 5 years	Fixed rate	Variable rate
Bank loans (1)	**348,204**	131,804	181,179	35,222	134,538	213,666
Bonds	**254,133**	24,765	11,445	217,923	254,133	-
Leases	**42,474**	11,011	27,621	3,841	35,429	7,044
Other financial debt	**3,537**	3,534	4	-	3,537	-
Short-term bank borrowings	**12,216**	12,216	-	-	-	12,216
Cash and cash equivalents	**(215,116)**	(215,116)	-	-	-	(215,116)
Total	**445,449**	**(31,786)**	**220,249**	**256,986**	**427,637**	**17,811**

ii. Operating liabilities

(In thousands of euros)	December 31, 2019			June 30, 2020		
	Non-current	Current	Total	Non-current	Current	Total
Trade payables	-	123,185	123,185	-	114,796	114,796
Debts on acquisition of fixed assets	9,511	26,056	35,567	-	16,153	16,153
Prepayments received	6	4,936	4,942	-	6,723	6,723
Social insurance payables	-	29,451	29,451	-	35,959	35,959
State (excluding corporation tax)	-	37,387	37,387	-	38,105	38,105
Income tax	-	6,438	6,438	-	4,568	4,568
Current account credit balances	-	1,472	1,472	-	8,474	8,474
Other debts	-	1,549	1,549	444	821	1,265
Other equity	164	-	164	86	-	86
Liabilities for renewal of assets under concession arrangements	-	7,679	7,679	-	7,573	7,573
Prepaid income	-	12,260	12,260	-	14,061	14,061
Operating liabilities	**9,681**	**250,413**	**260,094**	**530**	**247,233**	**247,763**

The decline in "Liabilities on the acquisition of fixed assets" was mostly due to the settlement of the balance of €6.5 million in respect of the acquisition of Italian group, Mecomer, on April 17, 2019 (see Note 2.5.14 b). The outstanding earnout arrangement, representing €8 million, was reclassified under "Current" liabilities in the first half of 2020.

a.Derivatives

(In thousands of euros)	December 31, 2019			June 30, 2020		
	Non-current	Current	Total	Non-current	Current	Total
Derivatives - Assets	-	-	-	-	-	-
Derivatives - Liabilities	189	83	272	95	55	150

The Group uses derivatives to hedge cash flows related to its financing activities. These instruments, which are traded on organized markets, are managed by the Group's Finance Department.

(In thousands of euros)	December 31, 2019		June 30, 2020	
	Nominal	Fair value	Nominal	Fair value
Swaps	10,000	(51)	10,000	(18)
Collars	80,000	(221)	125,000	(133)
Total	**90,000**	**(272)**	**135,000**	**(150)**

At June 30, 2020, the maturity of cash flow hedging instruments was as follows:

(In thousands of euros)	Less than 1 year	1-5 years	More than 5 years	Total
Swaps	10,000	-	-	10,000
Collars	50,000	75,000	-	125,000
Total	**60,000**	**75,000**	**-**	**135,000**

2.5.5 Current and non-current provisions

Current and non-current provisions break down as follows:

(In thousands of euros)	Dec. 31, 2019	Alloca-tions	Write-backs used	Write-backs not used	Changes in consolidation scope	Foreign exchange rate adjust-ments	Other	June 30, 2020
Employee benefits	14,358	847	-	-	(4)	(8)	20	15,213
Other non-current provisions (1)	18,891	1,705	(148)	-	-	(1,074)	-	19,374
Non-current provisions	**33,249**	**2,552**	**(148)**	**-**	**(4)**	**(1,082)**	**20**	**34,587**
Provisions for litigation	540	59	(141)	(58)	-	-	-	400
Provisions for other expenses (2)	4,902	422	(2,999)	(561)	4	-	(156)	1,612
Current provisions	**5,442**	**481**	**(3,140)**	**(619)**	**4**	**-**	**(156)**	**2,012**
Total	**38,691**	**3,033**	**(3,288)**	**(619)**	**-**	**(1,082)**	**(136)**	**36,599**

(1) This line item includes the following:

- Provisions for 30-year monitoring: €13.3 million at June 30, 2020, compared with €12.4 million at December 31, 2019;
- Provisions for major maintenance and renewal of facilities under delegated management: €4.2 million at June 30, 2020, compared with €5.3 million at December 31, 2019.

(2)This item mostly covers miscellaneous risks linked to the environment and business activities.

The write-down used reflects the reversal of the provision for major maintenance and renewal of facilities following the end of the Group's delegated management contract for the Béarn incinerator as of June 30, 2020 (see Note 2.3.2). In addition, Trédi reversed an unused provision of €0.6 million recorded for asbestos-related disputes, in which the Group was exonerated in the first half of the year. Allowances and reversals impacted other current operating items in the amount of -€1.5 million (see Note 2.5.10 b) and financial income for -€0.7 million for the portion corresponding to the accretion of provisions for 30-year monitoring (see Note 2.5.12 b).

2.5.6 Off-balance sheet commitments

a.Off-balance sheet commitments arising from normal operations

(In thousands of euros)	December 31, 2019	June 30, 2020
Loans ceded before maturity (bills, Dailly Act)		
Financial guarantees (1)	98,465	91,130
Other guarantees	63,211	58,577
Sureties	**161,676**	**149,707**
Secured guarantees	-	-
Total	**161,676**	**149,707**

(1) Including €90 million in sureties pledged to a financial institution on the setting up of financial guarantees granted by it under the Ministerial Order of February 1, 1996.

On December 31, 2019, the Group sold, without recourse, receivables of €24.2 million, with accompanying insurance. It completed a similar transaction for €23.3 million on June 30, 2020.

b. Off-balance sheet commitments given or received in connection with Group debt

(In thousands of euros)	December 31, 2019	June 30, 2020
Sureties and letters of intent	27,836	30,292
Property, plant and equipment and intangible assets pledged as guarantees and collateral	19,220	14,909
Secured guarantees	**19,220**	**14,909**
Total	**47,056**	**45,201**

As part of its asset financing operations, the Company signed commitments not to sell the shares it holds in Sénergies and Séché Éco-Industries.

All the off-balance sheet commitments shown above cover debts carried in the balance sheet.

In connection with its public service delegation contracts, Séché Environnement issues a performance guarantee to the contracting authorities.

2.5.7 Shareholders' equity

a.Breakdown of share capital

The share capital of Séché Environnement is composed of 7,857,732 shares with a par value of €0.20 each, fully paid up as at June 30, 2020 and December 31, 2019.

The number of shares with a double voting right at June 30, 2020 was 3,505,571, versus 2,173,269 at December 31, 2019.

b. Earnings per share

The net earnings per share line at the bottom of the income statement is the ratio of net income attributed to the parent company's shareholders to the weighted average number of shares making up the share capital of the parent company which are in circulation over the financial year. It came to -€0.12.

The Group has no dilutive instruments, so diluted EPS is equal to net EPS.

c.Treasury stock

At June 30, 2020, Séché Environnement held 59,236 of its own shares, representing 0.75% of the company's share capital, compared with 53,802 shares (0.68% of the share capital) at December 31, 2019.

d. Dividends

In the first half of 2020, the Annual General Meeting of Séché Environnement approved the payment of €7,464,845.40 in dividends for the 2019 financial year, representing €0.95 per share, for all types of share. Payment was made in July 2020.

e. Foreign exchange rate adjustments

Foreign exchange rate adjustments result from the translation of the equity of subsidiaries outside the euro zone. Foreign exchange rate adjustments decreased by -€0.3 million.

The main exchange rates used (euro/currency) for the translation of balance sheet items (closing rate) and income statement items (average rate) are the following:

For 1 euro	PEN	CLP	ARS	MXN	ZAR
2019					
Average rate	3.74	792.49	54.12	21.68	16.19
Closing rate	3.74	844.85	67.23	21.22	15.78
2020					
Average rate	3.79	900.94	71.68	23.74	18.21
Closing rate	3.98	923.97	79.18	25.95	19.44

2.5.8 Income from ordinary activities

a.Breakdown of revenue by type

(In thousands of euros)	June 30, 2019	June 30, 2020
Waste treatment activities	170,473	157,302
Recovery activities	60,551	44,492
Other services	111,262	111,452
Revenue	**342,286**	**313,246**
Other business income	3,429	79
Transfers of expenses	298	-
Income from ordinary activities	**346,014**	**313,326**

“Other business income” declined because of the change in how capitalized production is presented in the financial statement in the first half of 2020 (see Note 2.1.4 a).

b. Breakdown of revenue by type of waste

(In thousands of euros)	June 30, 2019	June 30, 2020
Hazardous waste treatment	213,824	198,601
Non-hazardous waste treatment	128,462	114,645
Total	**342,286**	**313,246**

c.Breakdown of income from ordinary activities by geographical region

(In thousands of euros)	June 30, 2019	June 30, 2020
France	266,398	237,073
Europe (outside France)	30,720	36,827
South America	13,971	8,462
South Africa	32,346	27,875
Rest of world	2,579	3,089
Total	**346,014**	**313,326**

2.5.9 EBITDA

a. External expenses

(In thousands of euros)	June 30, 2019	June 30, 2020
Subcontracting	(71,577)	(59,298)
Lease expenses	(10,404)	(9,785)
Maintenance and repairs	(18,145)	(15,857)
Insurance	(3,900)	(4,693)
Other external expenses	(26,236)	(19,439)
External expenses	**(130,262)**	**(109,071)**

"External expenses" declined because of the change in how capitalized production is presented in the financial statement in the first half of 2020 (see Note 2.1.4 a).

b. Taxes and duties

(In thousands of euros)	June 30, 2019	June 30, 2020
Tax, duties and related payments	(4,571)	(4,605)
TGAP (tax on polluting activities)	(15,983)	(14,941)
Property ownership tax	(3,042)	(3,264)
Other	(653)	(651)
Taxes and duties	**(24,249)**	**(23,461)**

c. Payroll costs

(In thousands of euros)	June 30, 2019	June 30, 2020
Wages and salaries (including social security expenses)	(82,267)	(81,747)
Profit-sharing and incentive schemes	(1,402)	(1,519)
Contributions towards end-of career payments	10	-
Employee expenses	**(83,659)**	**(83,266)**

2.5.10 Current operating income

a.Operating income and expenses

(In thousands of euros)	June 30, 2019	June 30, 2020
Losses on bad debts	(614)	(58)
Other	(1,436)	(626)
Operating expenses	**(2,051)**	**(685)**
Other	226	607
Operating income	**226**	**607**
Other operating items	**(1,825)**	**(77)**

At June 30, 2020, the “Other operating expenses” line reflects the risk of a TGAP tax reassessment following an incident at the subsidiary Sénerval, for -€0.4 million.

At June 30, 2019, “Other operating expenses” mostly reflected €1 million in operating expenses recorded by Trédi for social risks and asbestos, which were covered by provisions at December 31, 2018 that were written back in the first half of 2019.

“Other operating income” is related to the reversal of an unused provision of €0.6 million recorded for asbestos-related disputes, in which the Group was exonerated in the first half of the year (see Note 2.5.5).

b. Net allocations to depreciation & amortization, provisions and impairment

(In thousands of euros)	June 30, 2019	June 30, 2020
Amortization of intangible fixed assets	(3,749)	(5,030)
Depreciation of property, plant and equipment	(30,224)	(29,945)
Amortization of deferred expenses	(4)	(6)
Net allocations to depreciation & amortization	**(33,977)**	**(34,981)**
Net impairment of fixed assets	61	-
Net impairment of inventories, business loans and other assets	483	376
Net change in current and non-current provisions	(427)	1,531
Net allocations to provisions and impairment	**116**	**1,907**
Depreciation & amortization, provisions and impairment	**(33,861)**	**(33,074)**

The line “Net change in current and non-current provisions” is explained in Note 2.5.5.

2.5.11 Operating income

(In thousands of euros)	June 30, 2019	June 30, 2020
Intangible fixed assets	(1)	-
Property, plant and equipment	34	30
Consolidated securities	(714)	11
Income on disposal of fixed assets	**(681)**	**41**
Property, plant and equipment	(38)	-
Other assets	-	0
Impairment	**(38)**	**0**
Business combination effects	**(663)**	**-**
Other (1)	**915**	**(1,192)**
Other non-current items	**(466)**	**(1,151)**

(1) The amounts recorded under “Other” in the first half of 2020 mainly reflect an expense of -€0.6 million due to the recognition of costs relating to the B-BBEE regulation in South Africa (see Note 2.3.1 b).

As a reminder, in the first half of 2019, this line mainly comprised the disputed amount of a TGAP tax reassessment for Séché Éco-Industries, totaling +€1.8 million, which was written off by the tax authorities, and -€0.8 million in expenses incurred or committed under a performance plan to optimize supervisory responsibilities.

2.5.12 Financial income

a.Breakdown of the cost of net financial debt

(In thousands of euros)	June 30, 2019	June 30, 2020
Interest income from cash and cash equivalents	349	151
Income from cash and cash equivalents	**349**	**151**
Interest expenses on bonds (1)	(7,565)	(8,492)
Interest expenses on borrowings	-	-
Income from derivatives (2)	(584)	(352)
Cost of gross financial debt	**(8,150)**	**(8,844)**
Cost of net financial debt	**(7,801)**	**(8,692)**

(1) o/w €5.3 million for Séché Environnement.

(2) see Note 2.5.4 c).

b. Breakdown of other financial income and expenses

(In thousands of euros)	**June 30, 2019**	**June 30, 2020**
Net income on the sale of long-term investments[1]	(5)	(996)
Accretion of 30-year provisions	(585)	(657)
Impairment of equity instruments [1]	(243)	886
Other impairment losses and provisions	(58)	(0)
Foreign exchange gain (loss) [2]	140	(871)
Other	122	(84)
Other financial income and expenses	**(631)**	**(1,721)**

(1)Corresponds to the net impact of the disposal of other long-term investments in Emertec, which was negligible.
(2)The foreign exchange loss was due to the decline in the South African rand.

2.5.13 Taxes

(In thousands of euros)	June 30, 2019	June 30, 2020
Income tax payable	(3,292)	(3,354)
Deferred tax	(1,702)	1,031
Total	**(4,994)**	**(2,323)**
Nominal tax rate	37.81%	N/A

In the first half of 2020, the tax loss carryforwards applied at December 31, 2019 were not impacted by the health crisis (see Note 2.2.2 d).

In general, new tax loss carryforwards recorded in the International scope in the first six months of 2020 were not used due to the uncertainty surrounding the extent and duration of the impact of the Covid-19 crisis. The use of tax loss carryforwards will be reviewed for the 2020 annual consolidated financial statements.

2.5.14 Financial risk management

a.Exposure to credit risk

Credit risk is the risk of financial loss incurred by the Group in the event a client or counterparty to a given asset fails to meet its contractual obligations.

This risk comes mainly from trade receivables.

The Group manages credit risk associated with trade receivables via an active payment collection policy implemented at each of its French subsidiaries. This policy is implemented using a centralized software program which issues formal reminders and provides real-time information on the various counterparties.

An analysis of payment deadlines is also carried out on a monthly basis, and any incidents are subject to corrective initiatives.

Furthermore, the Group has taken out credit insurance to cover the credit risks of its principal subsidiaries. The book value of financial assets represents the Group's maximum exposure to credit risk (see Note 2.5.4). Income, expenses, profits and impairment recognized as financial assets in the 2020 interim financial statements were almost exclusively comprised of losses on trade receivables (see Note 2.5.12).

b. Exposure to counterparty risk

Counterparty risk corresponds to the loss that the Group could incur if one or more counterparties failed to fulfill their contractual obligations. It concerns loans and receivables at amortized cost (financial or operating loans and receivables) and short-term investments of excess cash.

The balance of loans and receivables at amortized cost by maturity breaks down as follows:

(In thousands of euros)	June 30, 2020				
	Net value	o/w not due	0-6 months	o/w due 6 months-1 year	More than 1 year
Financial loans and receivables	8,013	8,013	-	-	-
Trade and other receivables	196,473	163,521	27,882	2,330	2,740
Other receivables	36,573	32,411	1,959	1,502	701
Financial assets at amortized cost	**241,059**	**203,945**	**29,841**	**3,832**	**3,441**

The balance of loans and receivables at amortized cost by maturity at the balance sheet date of the previous period breaks down as follows:

(In thousands of euros)	December 31, 2019				
	Net value	o/w not due	0-6 months	o/w due 6 months-1 year	More than 1 year
Financial loans and receivables	8,332	8,332	-	-	-
Trade and other receivables	221,937	182,520	33,024	2,586	3,807
Other receivables	43,704	41,910	1,040	-	754
Financial assets at amortized cost	**273,973**	**232,762**	**34,064**	**2,586**	**4,561**

The Group has also taken out a credit insurance policy to cover its consolidated revenue.

The Group considers that it is not exposed to any other significant counterparty risk. The receivables due in more than 12 months listed above were analyzed and no impairment loss was recognized.

c.Exposure to liquidity risk

Liquidity risk is the risk that the Group may have difficulty honoring its debts when they become due.

The Group manages its financing centrally. Cash management reporting is in place with the aim of providing an up-to-date overview of the Group's short-, medium- and long-term financing requirements. Nearly all the Group's financing is managed centrally, as is the balancing of its sources of financing (capital markets, banks).

At June 30, 2020, the remaining contractual maturities of the Group's financial liabilities broke down as follows:

(In thousands of euros)	June 30, 2020				
	Book value	Contractual cash flows	< 1 yr	1-5 years	> 5 yrs
Bank loans	602,337	-	-	-	-
Lease finance liabilities	42,474	-	-	-	-
Other financial debt	3,537	3,537	3,537	-	-
Short-term bank borrowings	12,216	12,216	12,216	-	-
Trade and other payables	240,190	240,190	231,316	8,874	-
Liabilities for renewal of assets under concession arrangements	7,573	7,573	7,573	-	-
Non-derivative financial liabilities	**908,329**	**263,517**	**254,643**	**8,874**	**-**
Derivatives	150	150	55	95	-
Derivative financial liabilities	**150**	**150**	**55**	**95**	**-**

-

For the sake of comparison, the remaining contractual maturities relating to the Group's financial liabilities broke down as follows on December 31, 2019:

(In thousands of euros)	December 31, 2019				
	Book value	Contractual cash flows	< 1 yr	1-5 years	> 5 yrs
Bank loans	489,556	-	-	-	-
Lease finance liabilities	43,199	-	-	-	-
Other financial debt	4,176	4,176	4,176	-	-
Short-term bank borrowings	11,535	11,535	11,535	-	-
Trade and other payables	252,415	252,415	250,898	1,517	-
Liabilities for renewal of assets under concession arrangements	7,679	7,679	7,679	-	-
Non-derivative financial liabilities	**808,561**	**275,805**	**274,288**	**1,517**	**-**
Derivatives	272	272	83	189	-
Derivative financial liabilities	**272**	**272**	**83**	**189**	**-**

Financial ratios:
Further to the debt refinancing completed in July 2018, the Group benefits from a single and more flexible leverage ratio with a limit of 3.95x EBITDA. This limit can be further increased to 4.25x EBITDA should any acquisitions take place.

Net bank debt, and any change thereto, is set out in Note 2.5.4 b.

It being understood for the purposes of the covenant that, on a consolidated basis:

- Net financial debt is the aggregate of all financial debt as reported in the consolidated financial statements of Séché Environnement under the heading "Bank loans and other financial debt", less cash and cash equivalents and investment securities, as indicated in the Group's consolidated financial statements, with the exception of non-recourse financing and the impact of IFRS 16 Leases. Non-recourse financing refers to any debt facility arranged to finance the acquisition, shortfall, operation, upkeep or maintenance of an asset or project where the entity to which the debt is due has no recourse against any member of the Group for the payment of any sums in respect of such financing, and where reimbursement essentially depends on the financial flows deriving from the operation of the asset or project in question;

- EBITDA means consolidated operating income before deduction of all depreciation and amortization expenses, provisions and impairment, and other operating income and expenses.

At June 30, 2020, the Group complied with its financial ratios, with a bank leverage ratio of 3.35 vs. 3.20 at June 30, 2019 and 3.14 at December 31, 2019.

d. Exposure to interest rate risk

Séché Environnement's corporate debt, excluding hedging, is subject to a variable rate of interest.

The Group uses derivatives to hedge against any rise in interest rates and optimize the cost of its debt. The instruments used include swaps, caps, floors and collars. Their use is managed directly by the Group Finance Department.

Sensitivity analysis consists of calculating the impact of any upward or downward movement of the interest rate prevailing on the balance sheet date:

- **Impact on income after taking interest rate derivatives into account:**

  A 1% increase in interest rates on the nominal amount of net debt would generate a loss of €0.1 million on the cost of financial debt; a 1% decrease in interest rates on the nominal amount of net debt would generate a loss of €0.02 million on the cost of financial debt.

- **Impact on equity after taking interest rate derivatives into account:**

  A 1% rise in all interest rate curves would generate a loss in equity of €0.3 million linked to a change in fair value of the derivatives used as cash flow hedges. Conversely a 1% drop would generate a loss of €0.5 million.

  The disparity of the impact is tied to the low level of short-term rates applicable to a number of financial assets and liabilities.

e. Exposure to exchange rate risk

The exchange rate risk to which the Group is exposed stems from:

- The conversion of contributions from foreign subsidiaries outside the euro zone to currency of the balance sheet and income statement. However, this risk is limited;
- Bank debt denominated almost exclusively in euros being used to finance the investments of its foreign subsidiaries in local currencies (for subsidiaries not considered as long-term foreign investments).

Changes in foreign exchange income break down as follows:

(In thousands of euros)	June 30, 2019	June 30, 2020
Europe	(96)	(979)
Americas	545	(397)
Rest of world	(310)	505
Total	**140**	**(871)**

At present, this risk is not subject to separate hedging at the Group level.

2.5.15 Additional notes to the consolidated statement of cash flows

a.Change in working capital requirement

(In thousands of euros)	June 30, 2019	June 30, 2020
Change in working capital requirement	8,152	31,679
Net change relating to operations	**8,398**	**35,420**
Change in inventories	**(582)**	**152**
Change in operating receivables	**1,802**	**36,228**
o/w change in accounts receivable	*6,526*	*25,580*
o/w change in other operating receivables	*(4,724)*	*10,648*
Change in operating liabilities	**7,177**	**(959)**
o/w change in trade payables	*12,164*	*(6,789)*
o/w change in other operating liabilities	*(4,986)*	*5,830*
Net change excl. operations	**(246)**	**(3,741)**
Change in non-operating receivables	**168**	**(2,985)**
Change in non-operating liabilities	**(414)**	**(756)**

The working capital requirement increased sharply in the first half of 2020, to €31.7 million, including €25.6 million in customer receivables due to reduced invoicing in the second quarter because of the health crisis.

b. Takeovers of subsidiaries net of cash and cash equivalents

In the first half of 2020, the balance of the acquisition price of Mecomer group was settled, for €6.5 million.

c. Cash and cash equivalents without gain of control

The €2.9 million impact at June 30, 2020 corresponds to the payment of the acquisition of an additional 10% stake in Spanish company Solarca SL (see Note 2.3.1 a).

2.5.16 Disputes and contingent liabilities

The Group's companies are occasionally parties to disputes in connection with their activities. The related risks were assessed by Séché Environnement and the subsidiaries concerned based on their knowledge of the issues and were subject, if warranted, to appropriate provisions. The Group believes that the provisions recognized on the balance sheet for these known or ongoing disputes on the closing date are of an amount that would not impact the consolidated financial position in a material manner in the event of an unfavorable outcome.

There are no other government, legal or arbitration procedures, including any procedures of which the Company is aware, which are pending or threatened, that are likely to have or, during the first half of 2020, have had significant impacts on the financial situation or the profitability of the Company and/or the Group.

2.5.17 Transactions with related parties

The Group maintains relations with the following related parties:

- Non-consolidated Group subsidiaries, associates and the company, Séché Group: the Group maintains no significant relationship with these related parties;
- Members of the Board of Directors and Members of the Executive Committee: their remuneration and all benefits are disclosed in the notes to the consolidated financial statements at December 31, 2019.

2.5.18 Post-balance sheet events

Creation of French company Solena Valorisation:
Solena Valorisation was created on July 27, 2020 following the approval of the Aveyron Departmental Committee for the Environment and Health and Technological Risks. The plant will be operated under a public service delegation on behalf of Sydom Aveyron, and includes the financing, design, construction and operation of a facility for the recovery and treatment of household and similar waste (non-hazardous waste).

The Group is not aware of any other significant event occurring after the closing date likely to have a significant impact on its assets, financial position or operating income.

04

REPORT OF THE STATUTORY AUDITORS ON THE 2020 INTERIM FINANCIAL INFORMATION

Séché Environnement SA

Les Hêtres - CS 20020 - 53811 Changé Cedex 09

This report contains 50 pages

Reference: GC-203-17

Séché Environnement SA

Registered office: Les Hêtres - CS 20020 - 53811 Changé Cedex 09 Share capital: €1,571,546
Report of the Statutory Auditors on the 2020 interim financial statements

Period from January 1, 2020 to June 30, 2020

To the Shareholders,

In accordance with the terms of our appointment at the Annual General Meeting and with article L.451-1-2 III of the French Monetary and Financial Code, we have performed:

- a limited review of the condensed interim consolidated financial statements of Séché Environnement S.A. for the period from January 1 to June 30, 2020, such as they are appended to this report;
checks on the information given in the interim activity report.

The condensed interim financial statement were prepared under the responsibility of your Board of Directors and were submitted on September 11, 2020 on the basis of information available as of that date, amid a changing environment caused by the Covid-19 health crisis and difficulties in measuring the impact of the crisis and the outlook going forward.

It is our responsibility to express our opinion on these financial statements based on our limited review.

I - Opinion on the financial statements

We performed our limited review in accordance with professional standards applicable in France. A limited review essentially consists in meeting with the members of the company's executive management who are responsible for accounting and financial matters and applying analytical procedures. A review is substantially less extensive than a full audit carried out in accordance with the professional standards applicable in France. As such, the assurance that the financial statements as a whole are free of material misstatement obtained via a limited review is a moderate one and not as high as that obtained through an audit.

Based on our limited review, we have noted no material misstatements likely to undermine the compliance of the condensed interim consolidated financial statements with IAS 34, under IFRS as adopted in the European Union for interim financial statements.

Séché Environnement SA
Report of the Statutory Auditors on the 2020 interim financial statements
September 11, 2020

II – Specific verifications

We have also verified the information presented in the interim activity report drawn up at September 11, 2020 in respect of the condensed consolidated interim financial statements subject to our review. We have no comment to make on the truthfulness of this information or its consistency with the condensed interim consolidated financial statements.

Nantes, September 11, 2020

KPMG Audit
Department of KPMG SA

Gwenaël Chedaleux
Partner

Rennes, September 11, 2020

Mazars

Ludovic Sevestre
Partner

05

CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

“I hereby certify that, to the best of my knowledge, the consolidated accounts for the half-year reporting period have been prepared in accordance with applicable accounting standards and provide an accurate image of the assets, financial position and results of the Company and the consolidated entities, and that the accompanying interim management report presents an accurate picture of the important events that occurred during the first six months of the year, their impact on the accounts, the main transactions with related parties as well as a description of the principal risks and uncertainties for the remaining six months of the year.”

Chief Executive Officer
Maxime Séché

Changé, September 11, 2020

Société Anonyme (French limited company) with share
capital of €1,571,546 - registered in the Laval Trade and
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