

This is a translation into English of the statutory auditor's report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditor's report includes information required by French law, such as the verification of the Group's management report and the other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Sidetrade

Year ended December 31, 2018

Statutory auditor's report on the consolidated financial statements

ERNST & YOUNG et Autres



Sidetrade

Year ended December 31, 2018

Statutory auditor's report on the consolidated financial statements

To the Annual General Meeting of Sidetrade,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Sidetrade for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 and of the results of its operations for the year then ended in accordance with French accounting principles .

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

Justification of Assessments

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the assessments that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Recognition of development costs and turnover

Note 6 of the consolidated financial statements sets out the rules and accounting methods for the recognition of development fees and recognition of turnover. As part of our assessment of the rules and accounting methods used by your Company, we have verified the appropriateness of the accounting methods as detailed above and their correct application and the information given in the notes to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information included in the Group's management report of the Board of Directors.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- ▶ Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- ▶ Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- ▶ Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- ▶ Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.



- ▶ Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Paris-La Défense, April 29, 2019

The Statutory Auditor
French original signed by
ERNST & YOUNG et Autres

Jean-Christophe Pernet

Annual report

SIDETRADE group

Head office: 114, rue Gallieni

92100 Boulogne-Billancourt

Consolidated accounts at 31 December 2018



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Financial reports

1. Consolidated balance sheet

BALANCE SHEET - ASSETS	Gross values	Amortisation and depreciation	31/12/2018	31/12/2017
Uncalled Share Capital				
Acquisition goodwill	9,717,574	(820,415)	8,897,159	8,530,383
Development fees	2,860,758	(2,490,756)	370,002	373,335
Concessions, patents, licences and similar	312,835	(284,814)	28,021	30,806
Company setup expenses	30,000	(30,000)		
Fixed Assets	12,921,167	(3,625,985)	9,295,182	8,934,524
Land				
Constructions	26,543	(26,508)	36	515
Facilities, buildings and equipment	48,703	(36,411)	12,292	32,154
Other tangible assets	2,237,488	(1,503,361)	734,127	682,743
Tangible Assets	2,312,734	(1,566,280)	746,455	715,409
Equity securities				
Loans	236,340		236,340	211,080
Deposits and guarantees deposited	349,250		349,250	360,342
Other customer receivables	113,182		113,182	224,625
Financial fixed assets	698,773		698,773	796,048
Fixed assets	15,932,674	(5,192,264)	10,740,410	10,445,981
Work in progress in stock				
Customer and related accounts - current	8,311,064	(795,419)	7,515,645	5,868,762
Customer and related accounts	8,311,064	(795,419)	7,515,645	5,868,762
Other receivables and adjustment accounts	4,989,836		4,989,836	2,655,962
Investment securities - cash equivalents	730,100		730,100	987,332
Available funds	4,729,375		4,729,375	5,018,585
Cash and other	5,459,475		5,459,475	6,005,916
Prepaid expenses	561,849		561,849	371,260
Current assets	19,322,224	(795,419)	18,526,805	14,901,901
Total assets	35,254,898	(5,987,683)	29,267,216	25,347,882

Consolidated balance sheet - liabilities (in euros)	31/12/2018	31/12/2017
Capital	1,402,881	1,389,814
Capital bonuses	4,973,447	4,986,347
Revaluation variance		(19,532)
Consolidated reserves	9,101,408	6,702,381
Auto-check	(2,659,290)	(3,023,030)
Net income	2,177,007	2,001,643
Net investment subsidies		
Regulatory provisions		
Total equity	14,995,454	12,037,622
Conditional advances	999,234	1,090,000
Other personal funds	999,234	1,090,000
Provisions for risk	781,812	589,887
Provisions for pensions and retirement	147,413	106,997
Provisions for expenses		51,277
Provisions for risks and expenses	929,225	748,161
Interest incurred not due - liabilities		75
Loans and debts with credit establishments	655	1,342
Loans and other financial debts	390,000	435,000
Deposits and guarantees received	3,229	3,229
Financial debts	393,884	439,646
Advances and deposits against orders	2,029	24,704
Suppliers and associated accounts	2,188,379	2,413,585
Fiscal and social debts	3,491,614	2,978,905
Other debts	855,491	1,786,755
Other financial debts	6,535,484	7,179,245
Deferred income	5,411,906	3,828,504
Total liabilities	29,267,216	25,347,882

2. Consolidated profit and loss

Profit and loss (in euros)	2018	2017
Turnover	24,067,982	21,627,873
Production in stock (work in progress)		
Capitalised production	200,000	230,000
Operational subsidies	1,941,265	1,544,334
Provision write-backs and transfer of operating expenses	818,987	1,324,588
Other revenue	2,242,360	2,416,482
Other Operational Expenses	5,202,612	5,515,404
Operational revenue	29,270,594	27,143,277
Purchase of goods		
Variation in stock		
Purchase raw material supplies And other purchases (procurement)		
Variation in stock raw material supplies & other purchases (procurement)		
Other purchases and outgoings	- 9,035,546	- 8,212,728
Outgoings	- 9,035,546	- 8,212,728
Tax and duties	- 329,440	- 301,495
Staff salaries	- 12,255,460	- 10,886,316
Social Security expenses	- 4,034,880	- 3,319,104
Payroll costs	- 16,290,340	- 14,205,420
Provisions for depreciation & depreciation on intangible assets	- 211,042	- 422,319
Provisions for depreciation & depreciation on tangible assets	- 307,431	- 33,963
Allocation for provisions on operations	- 207,066	- 225,000
Allocation for provisions for retirement	- 40,416	- 30,898
Allocations for depreciation on current assets	- 499,541	- 1,539,481
Allocations for amortisation, depreciation and provisions	- 1,265,496	- 2,189,865
Other exceptional outgoings	1	- 101,682
Operational expenses	- 26,920,821	- 25,011,190
Net operating income	2,349,773	2,132,087

Net operating income	2,349,773	2,132,087
Provision write-backs and transfer of expenses	4,513	16,944
Exchange rate gains on financial operations	25,081	- 3,759
Other financial income	2,087	471
Financial income	31,680	13,656
Interest charges	- 15,081	- 5,409
Net costs of sale of investment securities	- 3,496	- 35
Negative exchange rate variance	- 56,645	- 57,424
Allocations for depreciation on financial assets	- 2,583	- 18,727
Financial expenses	- 77,805	- 81,595
Net Financial Income	- 46,125	- 67,939
Net income of integrated companies	2,303,648	2,064,148
Exceptional income on management operations		89,293
Exceptional income from capital operations		5,178
Provision write-backs and transfer of expenses		- 94,471
Exceptional income	-	-
Exceptional expenses on management operations	- 163,767	- 91,860
Exceptional expenses on capital operations*		- 9,681
Provisions for depreciation		- 3,143
Exceptional expenses	- 163,767	- 104,683
Exceptional income	- 163,767	- 10,212
Deferred tax	255,924	104,448
Tax on profit	- 218,799	- 156,740
Tax on profit	37,125	52,293
Net income of companies integrated	2,177,007	2,001,643
Pro-rata share of net income of equity revaluated companies		
Allocations for depreciation on acquisition goodwill		
Net consolidated income	2,177,007	2,001,643
Minority interest		
Net income (group share)	2,177,007	2,001,643
Net income (group share)	2,177,007	2,001,643
Income per share	1.556	1.443
Diluted earnings per share	1.521	1.412

3. Consolidated cash flow

The cash flow includes a 1,200 k€ perimeter variance due to the additional price paid in 2017 by Iko System to Bright Target.

Table of consolidated cash flow (in k€)	2,018	2,017
Net income of consolidated entities	2,177	2,002
Allocations/write-backs and provisions for depreciation	641	880
Variation in deferred tax	(256)	50
Gain or loss calculated from fair-value variations		
Elimination of gain or loss from sale of assets		
Other income and expenses independent of cashflow		132
Gross Cash flow	2,562	3,064
Dividends received from equity revaluation		
Variation in working capital requirements (including provisions)	(1,702)	(1,937)
NET OPERATIONAL CASHFLOW (I)	859	1,127
Acquisitions of fixed assets	(978)	(598)
Sale of fixed assets		
Reduction of other financial fixed assets	132	
Impact on variations in scope	(1,200)	(1,137)
Net variation in short-term investment		
NET INVESTMENT CASHFLOW (II)	(2,047)	(1,735)
Loan issues		
Loan issues	54	
Loan repayments	(191)	(2)
Net sale (acquisition) of owned shares	778	(591)
Net variation in credit facilities	(0)	
NET FINANCIAL CASHFLOW GENERATED BY FINANCING OPERATIONS (III)	642	(593)
Exchange rate gain/loss (IV)	(1)	
Exchange rate gain/loss on other balance sheet accounts		
EFFECT OF EXCHANGE RATE VARIANCE	(1)	
CASHFLOW VARIANCE (I + II + III + IV)	(546)	(1,201)
Initial cash reserves	6,006	7,206
Initial cash reserves	6,006	7,206
Cash carried forward / reallocated Fair-value method difference		
Final cash reserves	5,459	6,006

Presentation of the group and notable events in the financial year

The Revenue for Sidetrade was 24.1 m€ in 2018 and once again demonstrates a two-digit growth at 11% against the same period in 2017. This growth confirms the marketing plan executed in 2018.

The Sidetrade group integrated three technologies that were bought in to create a single Artificial Intelligence “Sales and Marketing” platform. This strategic change in direction is intended to make widespread use of Artificial Intelligence for companies across the whole sales cycle.

Following this major change, Sidetrade upgraded its sales offering across the whole customer cycle with:

- AI Sales and Marketing (for Sales Management and Marketing)

These solutions use AI to increase the acquisition of new customers, identify additional sales opportunities for existing customers and predict the customers who are most likely to cancel.

- AI Financials (for Financial Management)

These solutions use AI to predict late payments, anticipate payment behaviour, manage credit risk, accelerate the resolution of disputes, generate additional cash flow and improve customer satisfaction.

In 2018, Sales and Marketing AI solutions have performed remarkably, generating revenue close to 4 m€ (+46%) over the period.

This increase in performance demonstrates the strength of Sidetrade's new position relative to companies from a variety of sectors and in all countries.

The Sales and Marketing AI activity confirms a solid and durable driver of growth and represents 50% of new contracts in the 2018 financial year. This performance demonstrates the attractiveness of this offer and confirms the strategic choice to bring together the three technologies on which it is built.

Historically, the activity of Financials is at 20.3 m€; its increase in contribution to revenue is up 7%.

Sidetrade announced the end of BtoC services (it outsourced debt recovery from individuals), activity started in 2015, which has become non-strategic in the new positioning, centring around an integrated offer in Artificial Intelligence dedicated to BtoB customer relations.

Operating from its shared service centre in Dublin, this activity represents 2m€ of revenue in 2018. The gradual stoppage of BtoC services over the fourth quarter of 2018 and its impact on profit will be negligible over the next financial year.

The change in product mix confirms the acquisition strategy, the expertise of the R&D group to integrate new technologies as well as the capacity of the sales force to market the overall offer. Considering the excellent synergy and dynamics of this activity, the group intends to continue active strengthening of its sales force to seize competitive advantage in the Artificial Intelligence market.

Significant events in the financial year

The Trading Profit of the group is calculated to be 2.3 m€ in 2018 against 2.1m€ in 2017, a gain of 10%.

The trading profit includes a Research Tax Credit of 1.9 m€ (v 1.5m€ in 2017) and the activation of R&D expenses of 0.2m€ (identical to 2017).

The net income is 2.1 m€ which is an increase of +9%

Sidetrade group has a solid financial structure with 5.4 m€ in cash at 31 December 2018 and virtually no debt (0.4m€).

It should be noted that the group also holds 76,180 shares for an estimated value of 3.8 m€ at 31 December 2018.

Significant events subsequent to closure

Sidetrade SA is being inspected by the tax authorities for financial years 2015, 2016 and 2017.

The inspection is in progress: no changes to accounts have been suggested by the tax authorities as at 31 December 2018.

Consolidation methods and principles

4. General principles

The group consolidated accounts were established in accordance with French accounting principles as laid down by law no. 85.11 of 3 January 1985 and its implementation decree no. 86.221 of 17 February 1986, and CRC regulation no. 99-02 of 22 June 1999, modified by the CRC regulation no. 2005-10 of 3 November 2005.

The financial year ending 31/12/2018 was for a period of 12 months as was the financial year ending 31/12/2017.

The date of closure of accounts in the consolidating company is identical to that of the consolidated companies.

The consolidated accounts are in euros.

5. Definition of the scope of consolidation

The scope of consolidation

Consolidated company	Companies registration number	Registered headquarters	Country
Sidetrade SA	430007252	114, rue Galli�ni, Boulogne Billancourt	France
Sidetrade UK Limited	07742637	2nd Floor, Waverley House 7-12 Noel Street, London, W1F 8GQ	United Kingdom
Sidetrade Limited	530457	Behan House10 Mount Street Lower Dublin 2	Ireland
Sidetrade B.V.	62973096	Johan Huizingalaan 763A 1066 VH Amsterdam	Netherlands
BrightTarget Limited	09107017	Four Oaks House, Lichfield Road, Sutton Coldfield, B74 2TZ	United Kingdom

Retention and mode of consolidation

Label	Method	% interest (closure)	% interest (opening)	Acquisition/creation date
Sidetrade SA	Consolidating	100.00	100.00	N/A
Sidetrade UK Limited	Overall integration	100.00	100.00	16/08/2011
Sidetrade Limited	Overall integration	100.00	100.00	19/07/2013
Sidetrade BV	Overall integration	100.00	100.00	27/03/2015
BrightTarget	Overall integration	100.00	100.00	18/11/2016

At 31 December 2018, the scope of consolidation included 5 companies as per the consolidation of the previous financial year; All companies are included in totality.

6. Change in the scope of consolidation

The scope of consolidation has not changed during the financial year.

7. Accounting rules and methods

The accounts were approved by the management board on 4 April 2019. They were established based on the company being a going concern and compliant with the principle of the consistency of accounting methods (from one financial year to the next).

Acquisition goodwill

The acquisition goodwill determined on initial consolidation of a company is equivalent to the difference between the cost of acquisition of shares, and the proportion of equity removed from the company at the date control was taken.

Positive acquisition goodwill is the positive difference between the acquisition cost and the proportional share of the purchasing company in the total value of assets and liabilities identified at the acquisition date. Positive acquisition goodwill is recorded in the "acquisition goodwill" asset account.

Acquisition goodwill is depreciated across a timescale which reflects, as closely as possible, the assumptions made, and the strategy established at acquisition. New regulations established in 2016 stipulate that acquisition goodwill cannot be written off. Acquisition goodwill is evaluated each year, considering the projected profitability of the entities in question.

Tangible and intangible assets

Fixed assets are recorded in compliance with general accounting rules CRC 99-03 issued and updated by regulations CRC 2002-10, CRC 2002-07 and CRC 2004-06 on the management of assets and their depreciation.

Fixed assets are evaluated at the cost of acquisition (purchase price, additional costs, excluding acquisition and loan expenses, net of reductions, discounts or rebates obtained) or at their cost of production.

Fixed Assets

- **Research and development costs**

Research costs based on prior analysis, are recorded directly in expenses for the financial year.

In application of regulation CRC 2004-06, development costs cannot be recorded as assets unless they are related to specific projects with a strong likelihood of success in both technical and sales profitability - or economically viable for projects developed over several years. This means adhering to the following criteria:

- a) Technical feasibility of the completion of the intangible fixed asset regarding its implementation or sale;
- b) The intention to complete the intangible fixed asset and to use it or sell it;
- c) The potential to use or sell the intangible fixed asset;
- d) The way and likelihood that the intangible fixed assets will generate future economic benefit
- e) The availability of resources (technical, financial and other) to complete the development and use or sell the intangible fixed asset; and,
- f) The ability to evaluate in a reliable manner the expenses attributable to the intangible fixed assets during development;

Development costs incurred prior to establishing the technical feasibility are recorded as a cost as and when incurred.

Development costs are mainly payroll costs and external subcontracting costs attributed to the development of new modules for the Sidetrade Network software, for improving existing versions, for quality assurance and testing and depreciation of relevant development assets.

Accounting treatment of development costs for the new software version

Development costs for the new version and previous releases of the software were recorded in accounts as intangible fixed assets where the company considers that they meet the necessary criteria for activation. Activated development fees are amortised over three years, which corresponds to the useful life of each version of the software.

- **Software**

Purchased software is amortised linearly over a duration between one and five years.

Tangible Assets

Tangible fixed assets are accounted for at acquisition cost. Depreciation for tangible fixed assets is calculated according to the following methods and durations:

	Useful life	Method
• Fixtures, general and specific installations	Between 5 and 9 years	Linear
• Computing and office equipment	Between 3 and 4 years	Linear
• Buildings	Between 3 and 10 years	Linear

Financial fixed assets

Financial fixed assets include deposits and guarantees paid, accounted for at nominal value and the share of the construction effort capitalised.

Cash allocated to the liquidity contract is accounted for in other financial fixed assets.

Own shares

The value of own shares is deducted from equity at purchase value.

Where shares are sold outside the group, the net income of sale and corresponding tax are recorded directly in consolidated reserves.

Receivables and debts

Receivables and debts were evaluated at their nominal value

A provision for depreciation of customer receivables is entered on a case-by-case basis when an event changes the net value of the receivable (i.e. company in administration etc.)

Asset adjustment accounts

- **Provisions for expenses**

These are expenses paid or accounted for and attributable to the following financial year.

- **Income to receive**

These are receivables which are expected to be received in the following financial year and attributable to the financial year closed.

Transferable securities

Transferable investment securities are accounted for according to the historical cost method. A provision is entered where a latent loss is observed.

Integration of turnover

The method for integrating turnover and the associated cost depends on the nature of contracts signed with customers

- **Provision of services:**

For Sidetrade Network software integration activity, consulting, training or operational assistance, audit and recovery litigation and debt recovery, revenue is accounted for as services are provided.

- **Sidetrade Network software**

The company markets its Sidetrade Network software based mainly on annual or multi-annual subscription contracts or as maintenance services (when not included in the service contract subscription) As a result; the associated turnover is entered monthly based on the volume handled.

Provisions for risks and expenses

A provision is entered when a commitment (legal, regulatory or contractual) exists as a result of past events, when it is probable or certain that it will result in the consumption of resources with less or no income, and that the amount can be evaluated reliably.

The amount entered as a provision represents the best estimate of risk at the date of publication of the consolidated balance sheet. Provisions are entered at face value, not updated.

Commitments to retirement funds

In application of the preferential method recommended by regulation 99-02, a provision for redundancy / retirement and the related deferred tax is accounted for in the consolidated accounts.

Deferred tax

The group calculates deferred tax based on the variable carry-forward method based on the differences between accounting and fiscal values of assets and liabilities in the balance sheet. Deferred tax is recorded in accounts at the interest rate applicable at the date of publication of the accounts, adjusted to take account of changes in French tax legislation and current tax rates.

Deferred tax assets entered are based on differences in deductibility over time, financial losses and deficits carried over. A deferred deficit tax asset is entered when it is considered likely that the entity could balance the deficit against an expected taxable income.

Deferred tax assets are recorded net of assets or liabilities by fiscal entity.

At the end of December 2018, the tax rate retained is 28%.

The Research Tax Credit is accounted for as an operational subsidy.

It is entered as deferred income when related to fixed development costs and is subject to write-back as the asset concerned is depreciated.

Currency conversion methods for integrated company accounts

When consolidated accounts for foreign companies are established in a currency other than the euro, the conversion method retained is "the rate at closing method":

Financial accounts for foreign subsidiaries are established in their operating currency, the currency which is most representative of the activity of the subsidiary concerned.

Assets and liabilities are converted during the accounts closure procedure at the date of the balance sheet and the conversion for profit and loss accounts is based on the annual average rate.

Rate differences on long-term current accounts are entered directly in a translation reserve account. At 31 December, total conversion assets total 22 k€. The main conversions are between euros and GBP.

The conversion rates used are:

Currency	Opening rate	Average rate	Closing rate
GBP	0.8872	0.8848	0.8945

Notes on balance sheet accounts

1. Depreciation on acquisition goodwill

Data in K euro	Opening	Increase	Decrease	Closing
Acquisition goodwill	9,351	400	(33)	9,718
Depreciation on acquisition goodwill	(820)			(820)
Valeur nette	8,530	400	(33)	8,897

Acquisition goodwill has increased by 400 k€ following calculation of an additional price for the acquisition of companies BrightTarget and Iko System in 2016 and the Data Publica company in 2017.

2. Tangible and intangible assets

The gross values are laid out in the table as follows:

Data in K euro	Opening	Increase	Decrease	Autres variations	Closing
Acquisition goodwill	9,351	400	(33)		9,718
Development fees	2,661	200			2,861
Concessions, patents, licences and similar	308	3		2	313
Company setup expenses	30				30
Fixed Assets	12,349	603	(33)	2	12,921
Constructions	27				27
Facilities, buildings and equipment	97	5		(53)	49
Other tangible assets	1,855	335		47	2,237
Tangible Assets	1,979	340		(6)	2,313
Tangible and intangible assets	14,328	943	(33)	(4)	15,234

The increase in development costs (+200 k€) is due to activations carried out during the financial year.

Concessions, patents and other similar rights apply to software required for development work.

The increase in tangible fixed assets during the 2018 financial year relates to the acquisition of computing equipment and R&D infrastructure.

The detail of depreciation is presented in the following table:

Data in K euro	Opening	Allocation	Autres variations	Closing
Amortisation on acquisition goodwill	(820)			(820)
Amortisation on development fees	(2,287)	(203)		(2,491)
Amortisation on concessions, patents and similar	(277)	(8)	()	(285)
Amortisation on company creation expenses	(30)			(30)
Fixed Assets	(3,415)	(211)	()	(3,626)
Depreciation on new buildings	(26)	()		(27)
Depreciation on installations, equipment and tooling	(65)	(10)	38	(36)
Depreciation on other fixed tangible assets	(1,173)	(297)	(34)	(1,503)
Tangible Assets	(1,264)	(307)	5	(1,566)
Tangible and intangible assets	(4,678)	(518)	4	(5,192)
Net Value	9,650			10,042

3. Financial fixed assets

The gross values are laid out in the table as follows:

Data in K euro	Opening	Increase	Decrease	Closing
Loans	211	25		236
Deposits and guarantees deposited	360	10	(20)	349
Other customer receivables	225		(111)	113
Financial fixed assets	796	35	(132)	699
Equity-consolidated assets				
Financial assets	796	35	(132)	699

Loans and deposits concern mainly:

- Construction projects (236 k€)
- The rent deposit on the Boulogne head office building (117 k€)
- The deposit on the rent of buildings in Paris (122 k€)
- The BPI loan guarantee (15 k€)

The remaining cash in the liquidity account is accounted for as non-performing debt for an amount of 113 k€

4. Customer and related accounts

Customer receivables are broken down as follows:

Data in K euro	31/12/2018	31/12/2017
Customer receivables	7,741	6,051
Bad customer debt	348	455
Invoices to raise	222	376
Gross value	8,311	6,882
Provisions	(795)	(1,013)
Net Value	7,516	5,869

Provisions for customer depreciation (795 k€ at 31 December 2018) vary as follows:

Data in K euro	Opening	Increase	Decrease	Closing
Provisions for depreciation	(1,013)	(500)	717	(795)
Provisions for depreciation	(1,013)	(500)	717	(795)

Allocations for provisions for depreciation on doubtful debts are accounted for in the account "Operational allocations on current assets" (500 k€)

Income from write-backs on provisions for depreciation on doubtful debts are recorded in the account "Operating income - provision write-backs" (717 k€)

All customer receivables not depreciated are due within one year

5. Other receivables

Other receivables are broken down as follows:

Data in K euro	31/12/2018	31/12/2017
Supplier advances	351	219
Staff debts	3	28
Tax on profit (fiscal)	3,435	1,566
Fiscal receivables excluding IS	555	502
Deferred tax - assets	511	282
Other debtors	135	59
Other receivables	4,990	2,656

At 31 December 2018, the account "Tax on Profits" includes:

- The Research Tax Credit (CIR) for 2017 (1,373 k€) and 2018 (1,857 k€)
- The Tax Credit for Employment and Competitiveness (CICE) (117 k€) and 2018 (86 k€)

The increase in this account is explained by the CIR and CICE 2017 not having been reimbursed at 31 December 2018 (1,490 k€)

The CICE was not used to distribute additional profit or to increase the salaries of company managers. The company intends to use these funds in accordance with the objectives laid down by the legislator.

The active deferred tax includes the activation of 168 k€ of deficits carried forward and the impact of processing equity stock for 266 k€.

Other receivables are due within one year except for deferred tax assets.

6. Net cash

Data in K euro	31/12/2018	31/12/2017
Investment securities - cash equivalents	730	987
Available funds	4,729	5,018
Trésorerie active	5,459	6,006
Credit facilities (debts)	1	
Cash liabilities	1	
Net cash	5,459	6,006

7. Provisions for expenses

Provisions for expenses can be broken down as follows:

Data in K euro	31/12/2018	31/12/2017
Provisions for outgoings - rent	115	141
Provisions for outgoings - other	447	230
Prepaid expenses	562	371

The "others" account mainly concerns software rental for 285 k€ at 31 December 2018.

8. Variance in consolidated equity

Data in K euro	Capital	Capital bonuses	Réserves	Auto-check	Group conversion reserves	Net income (group share)	Equity (group share)
Au 31 décembre 2017	1,390	4,986	6,706	(3,023)	(24)	2,002	12,038
Allocation of net income N-1			2,002			(2,002)	
Distribution / gross payment							
Cash and subscribed capital variation	13	(13)					
Net income						2,177	2,177
Other increases, reductions			(27)				(27)
Reallocation, restructuring, change of method			465	364			829
Conversion variance Effects of currency conversion					(21)		(21)
Au 31 décembre 2018	1,403	4,973	9,145	(2,659)	(44)	2,177	14,995

76,180 own shares were cancelled at 31 December 2018 under the liquidity contract and the holding of own shares for 2,659 k€.

Exchange differentials were recorded in equity (22 k€)

Composition of share capital

At 30 June 2018 shared equity is composed of 1,402,881 shares of a nominal value of 1€ each, equivalent to share capital of 1,402,881€. The 12,900 euros difference against 2017 is due to the increasing capital resulting from the issue of 12,900 fully acquired free shares.

Free share allocation plan

June 2017 plan

Authority was given to the board by the General Assembly on 22 June 2017 to attribute free shares to employees and eligible legal representatives of the company within 3% of capital, equivalent to 41,700 shares. This delegation of authority was authorised for a period of 36 months from 22 June 2017.

The board of 20 March 2018 authorised an initial list of 32 people to whom free shares could be attributed, representing a total of 13,456 shares up to a maximum dilution of 1.0%.

as at 31/12/2018	PAG
Date of assembly	22/06/2017
Date of board meeting	20/03/2018
Number of shares authorised	41,700
Number of shares allocated	13,456
Number of void allocations	2,827
Number of shares issued	
Total number of shares which can be issued	-
Total number of shares	10,629
- of whom company officers	820
Number of people concerned	24
- of whom company officers	1

Share buyback scheme and liquidity contract

The liquidity contract was conferred on the company Bourse Gilbert Dupont by the Sidetrade group with resources at 31 December 2018 of:

In K€	31/12/2018	31/12/2017
Number of shares	76,180	88,852
Evaluation	2,659	3,023
Balance in cash account	113,182	224,625

9. Conditional advances

Data in K euro	Opening	Increase	Decrease	Closing
Share issues and State notification - current	1,090	54	(145)	999
Conditional advances	1,090	54	(145)	999

Conditional advances corresponding to the following aids:

- An "Innovation advance" previously accounted for at IKO System for 650 k€, granted by Bpifrance for a total of 850 k€ of which 650 k€ was paid in 2016 for the development of a B2B marketing platform. This aid is subject to deferred reimbursement.

- Aid provided by Bpifrance for a project aiming to collect data on companies, to be used by B2B sales and marketing, previously accounted for at Data Publica for 349 k€.

10. Provisions for risks and expenses

Data in K euro	Opening	Allocation	Write-back	Other variance	Closing
Provision for risk	590	207	(52)	37	782
Provisions for pensions and retirement	107	40			147
Provisions for expenses	51		(51)		
Provisions for risks and expenses	748	247	(103)		929

Provisions for risk at 31 December 2018 correspond mainly to various works tribunals disputes (595 k€) and a provision for supplier disputes (187 k€)

The calculation of liability for retirement payouts is compliant with standard IAS19 and the refresh rate used is 2.0% The total at 31 December 2018 is 147 k€ including social security contributions.

The average age of Sidetrade group staff at 31 December 2018 is 37.5 years old. The average length of service at 31 December 2018 is calculated to be 5 years.

The provision for tax due to inspection by tax authorities in 2014 (51 k€) was written back.

11. Financial debts

Financial debts are broken down as follows:

Data in K euro	Opening	Increase	Decrease	Closing
Interest incurred on loans	1		(1)	
Loans from credit establishments - active	435		(45)	390
Deposits and guarantees received	3			3
Financial debts	439		(46)	393

Sidetrade holds a debt previously accounted for at Iko System. This loan granted by Bpifrance in 2016 concerns the financing of intangible expenses linked to the industrial and commercial launch of an innovation.

The initial amount was for 300 k€ and the balance due at 31 December 2018 is 285 k€.

Sidetrade holds a loan previously accounted for at Data Publica. This is a participative launch loan granted by the OSEO group for an initial amount of 150 k€ whose balance due at 31 December 2018 is 105 k€.

12. Supplier debt

Supplier debt is broken down as follows:

Data in K euro	Closing	Opening
Suppliers	1,507	2,041
Invoices not received	682	373
Fixed asset suppliers		
Supplier debts	2,188	2,414

13. Fiscal and social debt

Fiscal and social debts are broken down as follows:

Data in K euro	Closing	Opening
Paid leave	827	811
Provisions for bonuses	415	260
Social security contributions	232	542
VAT to pay out	1,158	1,068
State - other outgoings	716	196
Other	(4)	46
Tax on profit (fiscal)	148	56
Fiscal and social debts	3,492	2,979

The IS corresponds mainly to a tax expense of 137 k€ from the subsidiary Sidetrade UK.

All other debts are due within one year.

14. Other Debts

Other debts are broken down as follows:

Data in K euro	Closing	Opening
Customer credit notes to raise	24	390
Customers in credit	60	163
Other debts	682	1,233
Outgoings to pay	89	
Other debts	855	1,787

Other debts are mainly comprised of 400 k€ for the additional price for the acquisition of the companies BrightTarget, Iko System in 2016 and Data Publica in 2017 as estimated at 31 December 2018.

The expenses to pay concern mainly a commercial dispute (63 k€)

All other debts are due within one year.

15. Outgoings to pay

Expenses to pay are broken down as follows:

Data in K euro	Closing	Opening
AAE Customers	24	390
FNP Suppliers	682	2,414
Fiscal and social security debts	1,470	1,308
Paid leave	827	811
Provisions for bonuses	415	260
Expense accounts	4	12
Tax on salaries	173	187
Various	51	39
Outgoings to pay	2,176	4,113

Notes to profit and loss accounts

16. Turnover

During the 2018 financial year, the group generated a total revenue of 24,068 k€, up 11% against 2017.

The revenue is broken down by product line as follows:

In K euros		STN activities and services	Consulting and Audit	Total
	31/12/2018	23,669	399	24,068
	31/12/2017	20,767	861	21,628
Growth		14%	-54%	11%

17. Other Operational Expenses

Data in K euro	2018	2017
Capitalised production	200	230
Operational subsidies	1,941	1,544
Provision write-backs and transfer of operating expenses	819	1,325
Other revenue	2,242	2,416
Other Operational Expenses	5,203	5,515

The operating subsidy account corresponds mainly to the research tax credit for 1,862 k€ for the financial year 2018:

- A pro-rata share of 90 k€ of this was deferred as income corresponding to the activated portion of development costs.
- 92 k€ of previously deferred income was included in profit in 2018

The total CIR was 1,473 k€ at 31 December 2017.

Provision write-backs concern provisions for customer depreciation (717 k€) and provisions for risks and expenses (103 k€)

The "other income" account corresponds mainly to invoicing of electronic mail sending services (2,179 k€)

18. Tax and duties

Data in K euro	2018	2017
Tax and duties on salaries	(77)	(112)
Other and duties	(252)	(189)
Tax and duties	(329)	(301)

Tax and duties include mainly the CVAE for 190 k€.

19. Payroll costs

Data in K euro	2018	2017
Staff salaries	(12,255)	(10,886)
Social security and insurance expenses	(4,035)	(3,319)
Payroll costs	(16,290)	(14,205)

Payroll costs amount to 16,290 k€ and include the 86 k€ CICE.

The 2018 financial year is not subject to an allocation for employee profit-sharing reserve.

20. Allocations for amortisation, depreciation and provisions

Data in K euro	2018	2017
Provisions for depreciation & depreciation on intangible assets	(211)	(422)
Provisions for depreciation & depreciation on tangible assets	(307)	(34)
Allocation for provisions on operations	(207)	(225)
Allocation for provisions for retirement	(40)	31
Allocations for depreciation on current assets	(500)	(1,539)
Operational Allocations	(1,265)	(2,190)

Allocations for intangible fixed assets concern mainly development fees (203 k€)

Allocations for tangible fixed assets concern mainly computing hardware and R&D infrastructure at Sidetrade (225 k€)

Operating allowances concern a provision for supplier disputes (187 k€) and a provision for risk over employment tribunals (20 k€)

Allocations for depreciation of current assets concern statistical customer provisions.

21. Financial income

Data in K euro	2018	2017
Financial provision write-backs		
Write-backs on depreciation for financial assets	5	17
Exchange rate gains on financial operations	25	(4)
Other financial income	2	
Financial income	32	14
Interest charges	(15)	(5)
Losses on financial receivables and investment securities	(3)	
Exchange rate losses	(57)	(57)
Allocations for depreciation on financial assets	(3)	(19)
Financial expenses	(78)	(82)
Net Financial Income	(46)	(68)

The financial income is essentially constituted of currency exchange gains and losses.

22. Extraordinary income

Data in K euro	2018	2017
Exceptional income from previous financial years		89
Provision write-backs		3
Other exceptional income		2
Exceptional income		94
Penalties	(56)	(11)
Exceptional expenses from previous financial years	-	(46)
Loss on receivables	-	(16)
Staff redundancy costs	(47)	(0)
Allocations for amortisation provisions	-	(3)
Exceptional expenses	(61)	(29)
Exceptional expenses	(164)	(105)
Exceptional income	(164)	(10)

Exceptional outgoings include mainly the payment of a commercial dispute for 63 k€, transactional compensation for 47 k€ and adjustments following tax inspection in 2014 for 39 k€.

23. Research and development costs

Total research and development costs for the financial year amount to 5,525 k€ and include essentially salaries (including social security contributions) and external subcontractor costs.

Sidetrade activated 200 k€ of development costs for the financial year 2018.

24. Income tax and tax expense reconciliation

Data in K euro	2018	2017
Tax on profit	(219)	(165)
Tax credits		8
Deferred tax	256	104
Tax on profit	37	(52)

Tax expense reconciliation is broken down as follows:

Data in K euro	
Earnings before tax	2,140
Tax rate of the consolidating entity	33.33%
Estimated tax	(713)
Effect of specific tax measures (CIR)	513
Effects of rate differences	217
Activation of deficits	10
Effects of base rate differences	10
ESTIMATED TAX TO PAY	37
TAX TO PAY	37

The effect of fiscal measures concerns mainly the re-categorisation of CIR as subsidies (1,860 k€)

The variation in rates is due to the different tax rates of foreign subsidiaries.

Other information

25. Staff numbers

There were 218 employees at 31 December 2018

Staff numbers are broken down as follows:

- 148 men and 70 women
- 216 permanent contracts, 1 fixed term contract, 1 placement contract
- 110 management level staff, 15 employees and supervisors, and 93 other staff (foreign subsidiaries)

The average number of staff over the financial year was 222 people.

26. Off-balance sheet obligations

In K€	2018	2017
Guarantees and counter- indemnities on markets		
Securities, mortgages and real guarantees		
Agreements, deposits and guarantees agreed	122	141
Other guarantees agreed		
All guarantees agreed	122	141
Guarantees and counter-indemnities on markets		
Securities, mortgages and real guarantees		
Agreements, deposits and guarantees received		
Other guarantees received		
All guarantees received	0	0

The obligations given are the long-term obligations to company cars (122 k€)

27. Auditor Fees

In Euros	Amount		%	
	2018	2017	2018	2017
Audit				
* Auditors, certification, inspection of individual and consolidated accounts	42,865	43,344	100%	100%
- Issuer	31,318	30,554	73%	70%
- Subsidiaries integrated overall	11,547	12,790	27%	30%
* Other directly linked services				
- Issuer				
- Subsidiaries integrated overall				
Subtotal	42,865	43,344	100%	100%
Other services provided by networks to overall integrated subsidiaries				
* Legal, tax, social security				
* Other				
Subtotal				
Total	42,865	43,344	100%	100%

28. Senior management pay

The pay for senior management (board) is not indicated because it would imply an individual salary.

29. Bank loan obligations

Sidetrade holds a 300 k€ loan previously accounted for at Iko System.

This loan was granted by Bpifrance in 2016 (effective interest rate: TME + 2.57%). Its purpose was to finance intangible expenses related to the industrial and commercial launch of an innovation. The balance due at 31 December 2018 is 285 k€.

Sidetrade holds a loan previously accounted for at Data Publica. This is a participative launch loan granted by Bpifrance in 2013 over 8 years (overall effective interest rate: Euribor 3-month average + 3.8%) for an initial amount of 150 k€ whose balance due at 31 December 2017 is 135 k€ The balance due at 31 December 2018 is 105 k€.

30. Obligations with regards additional price payments

The additional prices accounted for at 31 December 2017 were paid in the first semester of 2018.

An additional price of 400 k€ was estimated at 31 December 2018 for the acquisition of the companies BrightTarget and Iko System in 2016 and Data Publica in 2017.

The additional prices which might be incurred in 2019 with regards to the acquisition of BrightTarget, Iko System and Data Publica have not been calculated to date.

31. Basic earnings per share

The basic earnings per share are calculated with the consolidated net income as a numerator (2,177,007 euros in 2018, 2,001,643 euros in 2017) and as the denominator: the weighted average number of ordinary shares in circulation during the 2018 financial year which is 1,399,301 shares (1,387,605 shares 2017).

In euros	31/12/2018	31/12/2017
Net income	2,177,007	2,001,643
Number of shares	1,402,881	1,389,814
Average number of shares	1,399,301	1,387,605
Number of diluted shares	1,431,156	1,418,089
Income per share	1.556	1.443
Diluted earnings per share	1.521	1.412

32. Information on social security accounts of subsidiaries

SIDETRADE Limited (registration number: 530457)

Sidetrade Limited (registration number: 530457) is a subsidiary included in the consolidated financial accounts of Sidetrade SA.

It was exempted from submitting financial accounts for the financial year to 31 December 2018 by the Company Registration Office as permitted under article 357 of the Companies Act 2014, because it satisfied the conditions of clause 357 a) to 357 h) of this article.

SIDETRADE Limited (registration number: 07742637)

Sidetrade UK Limited (registration number: 07742637) is a subsidiary included in the consolidated financial accounts of Sidetrade SA.

Its financial statements to 31 December 2018 are exempt from the audit required by the Companies Act based on article 479A of the Companies Act 2006.

BrightTarget Limited (registration number: 09107017)

Bright Target Limited (registration number: 09107017) is a subsidiary included in the consolidated financial accounts of Sidetrade SA.

Its financial statements to 31 December 2018 are exempt from the audit required by the Companies Act based on article 479A of the Companies Act 2006.