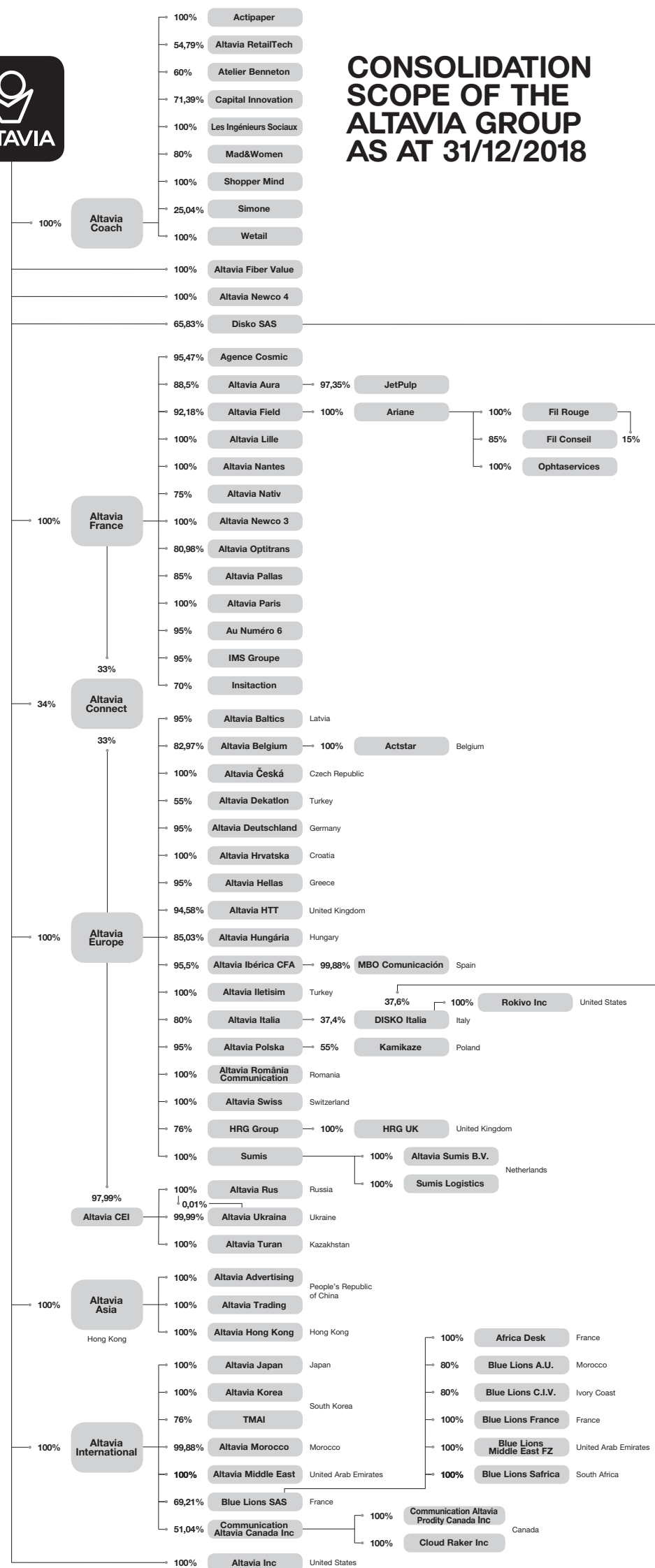


FINANCIAL REPORT



CONSOLIDATION SCOPE OF THE ALTAVIA GROUP AS AT 31/12/2018



The percentages indicated in the organisational chart above represent the percentages of share capital and voting rights held.

CONSOLIDATED ACCOUNTS AT 31/12/2018

CONSOLIDATED BALANCE SHEET

In thousands of euros

Assets	31/12/18	31/12/17
Capital assets	71,866	60,392
Goodwill	note 3-1 55,649	46,874
Intangible fixed assets	note 3-2 2,808	2,112
Tangible fixed assets	note 3-3 10,178	9,145
Long-term investments	note 3-4 3,008	2,043
Securities accounted for under equity method	note 3-5 223	218
Current assets	267,046	257,038
Inventory and work in progress	note 3-6 32,720	25,667
Trade receivables and related accounts	note 3-7 146,270	152,128
Other receivables and accrual accounts	note 3-8 25,357	25,594
Marketable securities	note 3-9 14,626	11,215
Cash assets	48,073	42,434
Total assets	338,912	317,430

Liabilities & shareholders' equity	31/12/18	31/12/17
Shareholders' equity (Group share)	note 3-10 66,305	62,695
Capital	3,846	3,846
Premiums	2,446	2,446
Consolidated reserves and earnings (1)	60,013	56,403
Minority interests	note 3-10 3,928	3,946
Provisions for contingencies and expenses	note 3-11 7,690	6,532
Debts	260,989	244,257
Borrowed funds and financial debt	note 3-12 53,268	35,118
Trade payables and related accounts	139,469	138,231
Other debts and accrual accounts	note 3-13 68,252	70,908
Total liabilities & shareholders' equity	338,912	317,430

(1) of which net earnings, Group share, for the fiscal year 6,876 19,814

CONSOLIDATED INCOME STATEMENT

In thousands of euros

		2018	2017
Turnover	note 4-1	739,657	738,626
Other operating income	note 4-2	11,952	6,013
Purchases used		-627,038	-630,190
Payroll costs	note 4-3	-94,758	-84,617
Other operating expenses		-2,546	-2,755
Taxes and levies		-4,224	-2,686
Allocations to amortisation/depreciation and provisions	note 4-4	-6,031	-4,873
Operating earnings		17,013	19,518
Financial expenses and income	note 4-5	-1,070	-645
Current earnings of consolidated companies		15,943	18,873
Extraordinary expenses and income	note 4-6	-238	8,806
Income tax	note 4-7	-5,519	-6,348
Net earnings of consolidated companies		10,186	21,331
Share of profit companies accounted under the equity method	note 3-5	21	34
Allocations to provision of goodwill		-2,689	
Net earnings of the consolidated Group		7,518	21,365
Minority interests		642	1,551
Net earnings, Group share		6,876	19,814
Group share of net earnings per share	in €	5,4	15,5
Earnings per share before allocation to goodwill provisions	in €	7,5	15,5
Diluted earnings per share	in €	5,4	15,5
Gross income		159,812	140,252

CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	2018	2017
Cash flows from operations:		
Net earnings of consolidated companies after allocations and reversals for goodwill provisions	7,518	21,285
Elimination of expenses and income with no cash flow impact or not related to operations:		
- Correction of amortisation in N-1		-6,372
- Amortisation, provisions, and reclassification of fixed assets	7,181	3,032
- Change in deferred taxes	163	223
- Gains on sale, net of tax	135	
- Other eliminations	3	
Cash flow from operations of consolidated companies	15,000	18,168
Change in working capital requirements for operations:		
- Inventories and work in progress	-7,050	-120
- Trade accounts receivable	10,845	-18,527
- Trade accounts payable	-3,927	25,250
- Dividends received	16	26
Net cash flow generated from operations	14,884	24,797
Cash flow from investment operations:		
Acquisitions of fixed assets	-6,440	-2,977
Disposals of fixed assets	388	558
Impact of changes in scope	-12,276	-22,166
Net cash flow from investment operations	-18,328	-24,585
Net cash flow from financing operations:		
Acquisitions and disposals of Altavia equities		4,307
Dividends paid to shareholders in the parent company	-3,784	-3,600
Dividends paid to minority shareholders from consolidated companies	-1,326	-1,426
Debt issues	24,036	4,270
Debt repayments	-6,620	-1,405
Cash flow from financing operations	12,306	2,146
Impact of changes in foreign exchange rates	187	-109
Change in cash position	9,049	2,249
Opening cash position	43,202	40,953
Closing cash position	52,251	43,202

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Highlights of 2018

During 2018, the Altavia Group notably:

- acquired a 54.79% majority stake in UbiqToolBox, renamed Altavia RetailTech, through Altavia Coach.
- acquired an additional 12% stake in HRG through Altavia Europe, bringing its holding to 76%
- created Mad & Women, owned by Altavia Coach.
- merged Fel Concepts and Sumis Print
- merged Stylum, Rokivo, and Disko SRL
- carried out a universal transfer of assets and liabilities of Acyba and Crazy One to JetPulp
- acquired 92.18% of the Fil Rouge Group through Altavia France
- acquired 69.21% of the Blue Lions Group through Altavia International
- acquired 100% of Les Ingénieurs Sociaux through Altavia Coach

Events subsequent to the close

After the December close, certain events can be highlighted:

- acquisition of Creative Capital by Altavia Asia
- acquisition of Ask Marketing by Altavia Canada

1. Principles and methods of consolidation

1.1 General principles

Altavia Group's consolidated financial statements have been prepared in accordance with the accounting rules and methods applicable in France related to consolidated financial statements in accordance with regulation no. 99-01 of the Comité de la Réglementation Comptable (French Accounting Regulatory Committee) approved on 22 June 1999.

The financial statements are expressed in thousands of euros.

1.2 Consolidation methods and criteria

The full consolidation method is applied to the financial statements of companies that Altavia SA controls exclusively by directly or indirectly holding a majority of the voting rights.

Companies over which Altavia SA exerts considerable influence are accounted for under the equity method.

1.2.1 Name and registered office of consolidated companies

Altavia (parent company)	1, rue Rembrandt - 75008 Paris - France
Actipaper	10, rue Blanqui - 93400 Saint-Ouen - France
Actstar	Avenue Louise, 287 Bte 10 - Bruxelles - Belgium
Africadesk	19, rue de Presbourg, 75016 Paris - France
Agence Cosmic	6, rue Royale - 75008 Paris - France
Altavia Advertising	Room 2202 and 2203, Floor 22, Zhongyu Plaza, A6 Gongti North Road, Chaoyang District, Beijing - China
Altavia Asia	Unit 7107B, Level 71, International Commerce Centre, 1 Austin Road West, Kowloon - Hong Kong
Altavia Aura	1, rue Pablo Picasso, Bâtiment l'Imprimerie - 42000 Saint-Étienne - France
Altavia Baltics	leriku iela 5, Riga, LV-1084 - Latvia
Altavia Belgium	Avenue Louise, 287 Bte 5 - 1050 Bruxelles - Belgium
Altavia CEI	1, rue Rembrandt - 75008 Paris - France
Altavia Česká	Pocernicka 96/272, CP 108 00 - Prague 10 - Czech Republic
Altavia Coach	1, rue Rembrandt - 75008 Paris - France
Altavia Connect	10, rue Blanqui - 93400 Saint-Ouen - France
Altavia Dekatlon	Evllya Çelebi Mahallesi Meşrutiyet Cad. No:90 Bilsar Binası Kat: 4/1 - 34430 İstanbul - Turkey
Altavia Deutschland	Grafenberger Allee 100, 40237 Düsseldorf - Germany
Altavia Europe	1, rue Rembrandt - 75008 Paris - France
Altavia Fiber Value	10, rue Blanqui - 93400 Saint-Ouen - France
Altavia Field	10 bis, rue de la pature - 78420 Carrières-sur-Seine - France
Altavia France	10, rue Blanqui - 93400 Saint-Ouen - France
Altavia Hellas	Ethnikis Antistaseos 103 GR-15451 N. Psychiko (Athènes) - Greece
Altavia Hong Kong	Flat 7107B 71/F, International Commerce Center, 1, Austin Road West Kowloon - Hong Kong
Altavia Hrvatska	Trg Petra Svačića 6, 10000 Zagreb - Croatia
Altavia HTT	4 Park Square, Newton Chambers Road, Sheffield, S35 2PH - United Kingdom

Altavia Hungária	1034 Budapest, Bécsi út 58 - Hungary
Altavia Ibérica CFA	Calle Orense n°16, Madrid - Spain
Altavia İletişim	Evllya Çelebi Mahallesi Meşrutiyet Cad. No:90 Bilsar Binası Kat: 4/1 - 34430 İstanbul - Turkey
Altavia Inc.	1675 South State St., Ste B, Dover, DE 19901 - United States
Altavia International	1, rue Rembrandt - 75008 Paris - France
Altavia Italia	Alzaia Naviglio Pavese 78/3 - 20142 Milan - Italia
Altavia Japan	Ohchu Daiichi Building 2F, 2-8-13, Yoyogi, Shibuya-ku, Tokyo, 151-0053 - Japan
Altavia Korea	N°306 3rd Floor, Hyundai Liberty House, 70 Dokseodang-ro, 258, Hannam-dong, Yongsan-gu, 04420 Séoul - South Korea
Altavia Lille	31-33, rue du Molinel - 59800 Lille - France
Altavia Middle East	Office No. 41-02, 41st FLR, Platinum Tower, Plot No. I-2, JLT, Dubaï - United Arab Emirates
Altavia Morocco	112 Bd d'Anfa, 2ème étage, Casablanca - Morocco
Altavia Nantes	19 bis, rue La Noue Bras de Fer - 44200 Nantes - France
Altavia Nativ	6, rue Royale - 75008 Paris - France
Altavia Newco3	10, rue Blanqui - 93400 Saint-Ouen - France
Altavia Newco4	1, rue Rembrandt - 75008 Paris - France
Altavia Optitrans	19, chemin de la Plaine - 69390 Vourles - France
Altavia Pallas	6, rue Royale - 75008 Paris - France
Altavia Paris	10, rue Blanqui - 93400 Saint-Ouen - France
Altavia Polska	Portico Office Building, ul. Spokojna 5, Varsovie - Poland
Altavia RetailTech	1330, rue Gullibert de la Lauzière, Immeuble B2.9, PA Europarc de Pichaury - 13100 Aix-en-Provence - France
Altavia România Communication	178 rue Vasile Lascar, étage 2, appartement n°4, secteur 2, Bucarest - Romania
Altavia Rus	42, Novokuznetskaya Street, bld. 5, Moscou, 115054 - Russia
Altavia Swiss	Industriestrasse 47, Postfach 4461, 6304 Zug - Switzerland
Altavia Trading	3rd Floor, Block A, No. 381 Pan Yu Road, Chang Ning District, Shanghai 200052 - China
Altavia Turan	Almalinsky district, ul. Naurzybay Batyra, 8, second floor, office 27, Almaty - Kazakhstan
Altavia Ukraina	Anischenka 3 let B, Kiev - 01010 - Ukraine
Ariane	10 bis, rue de la pature - 78420 Carrières-sur-Seine - France
Atelier Benneton	1, rue Rembrandt - 75008 Paris - France
Au Numéro 6	6, rue Royale - 75008 Paris - France
Blue Lions CIV	Zone 4 C, Bietry, rue des Majorettes, Lot n°402 D, Ilot 59 TF, numéro 2146 du livre foncier de la commune de Bingerville - Marcory - Ivory Coast
Blue Lions France	19, rue de Presbourg - 75016 Paris - France
Blue Lions Middle East FZ	Aurora Tower, Floor 7th Dubai Media city, Dubaï - United Arab Emirates
Blue Lions Safrica	Building 18, The Woodlands Office Park, 20 Woodlands Drive, Johannesburg 2191 - South Africa
Blue Lions SARL AU	Angle rue Taoufik Al Hakim et Najib Mahfoud, 6ème étage, Gauthier, Casablanca - Morocco
Blue Lions SAS	19, rue de Presbourg - 75016 Paris - France
Capital Innovation	10, rue Blanqui - 93400 Saint-Ouen - France
Cloud Raker Inc.	1435 rue Saint-Alexandre, Suite 700, Montréal H3A 2G4 - Canada
Communication Altavia Canada Inc.	1435 rue Saint-Alexandre, Suite 700, Montréal H3A 2G4 - Canada
Communication Altavia Prodiy Canada Inc.	1435 rue Saint-Alexandre, Suite 700, Montréal H3A 2G4 - Canada
DISKO Italia	7 via Maurizio Gonzaga Milan, CAP 20123 Milan - Italia
DISKO SAS	70 rue des Maraichers, 75020 Paris - France
Fil conseil	10 bis, rue de la pature - 78420 Carrières-sur-Seine - France
Fil Rouge	10 bis, rue de la pature - 78420 Carrières-sur-Seine - France
HRG Group Limited	Mercury House, 8 Sandy Way, Grange Park, Northampton, NN4 5EJ - United Kingdom
HRG UK Limited	Mercury House, 8 Sandy Way, Grange Park, Northampton, NN4 5EJ - United Kingdom
IMS Groupe	ZA du Bois, 4 rue du Tilleul - 59 840 Perenchies - France
Insitaction	22 rue de Bergues, 59000 Lille - France
JetPulp	12-14 avenue Tony Garnier, Le Quatuor, Bâtiment 4C - 69007 Lyon - France
Kamikaze	Piotrowska 262/264, 90-361 Łódź - Poland
Les Ingénieurs Sociaux	50, rue de Courcelles - 75008 Paris - France
Mad & Women	1, rue Rembrandt - 75008 Paris - France
MBO Comunicación	Calle Orense n°16, Madrid - Spain
Ophtaservices	21, rue Clément Marot - 75008 Paris - France
Rokivo Inc	333 Bush Street, suite 2020, San Francisco, CA 94104 - United States
Shopper Mind	6, rue Royale - 75008 Paris - France
Simone	40, rue Sainte-Anne - 75002 Paris - France
Sumis BV	Amsterdamseweg 206, 1182 HL Amstelveen, Postbus 905, 1180AX Amstelveen - Netherlands
Sumis Logistics BV	Stephensonstraat 39, 2723 RM Zoetermeer - Netherlands
Altavia Sumis BV	Amsterdamseweg 206, 1182 HL Amstelveen, Postbus 905, 1180AX Amstelveen - Netherlands
TMAI	N°306, 3F, Hyundai Liberty House, Hannam-dong, Yongsan-gu, Séoul - South Korea
Wetail	1, rue Rembrandt - 75008 Paris - France

1.2.2 Interest and control expressed as a percentage and consolidation method applied

Companies	31/12/18		31/12/17	Consolidation method
	% holding	% of control	% holding	
Altavia (consolidating company)	100.00	100.00	100.00	Full consolidation
Actipaper	100.00	100.00	100.00	Full consolidation
Actstar	82.97	100.00	82.97	Full consolidation
Africadesk	69.21	100.00		Full consolidation
Agence Cosmic	95.47	95.47	95.47	Full consolidation
Altavia Advertising	100.00	100.00	100.00	Full consolidation
Altavia Asia	100.00	100.00	100.00	Full consolidation
Altavia Aura	88.52	88.52	88.50	Full consolidation
Altavia Baltics	95.00	95.00	95.00	Full consolidation
Altavia Belgium	82.97	82.97	82.97	Full consolidation
Altavia Camillon	92.18	92.18	100.00	Full consolidation
Altavia CEI	97.99	97.99	97.99	Full consolidation
Altavia Česká	100.00	100.00	100.00	Full consolidation
Altavia Coach	100.00	100.00	100.00	Full consolidation
Altavia Connect	100.00	100.00	100.00	Full consolidation
Altavia Dekatlon	55.00	55.00	55.00	Full consolidation
Altavia Deutschland	95.00	95.00	95.00	Full consolidation
Altavia Europe	100.00	100.00	100.00	Full consolidation
Altavia Fiber Value	100.00	100.00	100.00	Full consolidation
Altavia France	100.00	100.00	100.00	Full consolidation
Altavia Hellas	95.00	95.00	95.00	Full consolidation
Altavia Hong Kong	100.00	100.00	100.00	Full consolidation
Altavia Hrvatska	100.00	100.00	100.00	Full consolidation
Altavia HTT	94.58	94.58	94.58	Full consolidation
Altavia Hungária	85.03	85.03	85.03	Full consolidation
Altavia Ibérica CFA	95.50	95.50	95.50	Full consolidation
Altavia Iletisim	100.00	100.00	95.00	Full consolidation
Altavia Inc.	100.00	100.00	100.00	Full consolidation
Altavia International	100.00	100.00	100.00	Full consolidation
Altavia Italia	80.00	80.00	80.00	Full consolidation
Altavia Japan	100.00	100.00	100.00	Full consolidation
Altavia Korea	100.00	100.00	100.00	Full consolidation
Altavia Lille	100.00	100.00	100.00	Full consolidation
Altavia Middle East	100.00	100.00	100.00	Full consolidation
Altavia Morocco	99.88	99.88	99.88	Full consolidation
Altavia Nantes	100.00	100.00	100.00	Full consolidation
Altavia Nativ	75.00	75.00	60.00	Full consolidation
Altavia Newco3	100.00	100.00		Full consolidation
Altavia Newco4	100.00	100.00		Full consolidation
Altavia Optitrans	80.98	80.98	80.98	Full consolidation
Altavia Pallas	85.00	85.00	85.00	Full consolidation
Altavia Paris	100.00	100.00	100.00	Full consolidation
Altavia Polska	95.00	95.00	95.00	Full consolidation
Altavia RetailTech	54.78	54.78		Full consolidation
Altavia România Communication	100.00	100.00	100.00	Full consolidation
Altavia Rus	97.99	100.00	97.99	Full consolidation
Altavia Swiss	100.00	100.00	100.00	Full consolidation
Altavia Trading	100.00	100.00	100.00	Full consolidation
Altavia Turan	98.00	100.00	98.00	Full consolidation
Altavia Ukraina	98.00	99.99	98.00	Full consolidation
Ariane	92.18	100.00		Full consolidation
Atelier Benneton	60.00	100.00	60.00	Full consolidation
Au Numéro 6	95.00	95.00	95.00	Full consolidation
Blue Lions CIV	55.37	80.00		Full consolidation
Blue Lions France	69.21	100.00		Full consolidation
Blue Lions Middle East FZ	69.21	100.00		Full consolidation
Blue Lions Safrica	69.21	100.00		Full consolidation
Blue Lions SARL AU	55.37	80.00		Full consolidation
Blue Lions SAS	69.21	69.21		Full consolidation
Capital Innovation	71.39	71.39	71.39	Full consolidation
Cloud Raker Inc.	51.04	100.00	51.04	Full consolidation
Communication Altavia Canada Inc.	51.04	51.04	51.04	Full consolidation
Communication Altavia Prodfity Canada Inc.	51.04	100.00	51.04	Full consolidation
DISKO SAS	65.83	65.83	65.83	Full consolidation
DISKO Italia	54.71	66.57	65.83	Full consolidation
Fil Conseil	92.18	100.00		Full consolidation
Fil Rouge	92.18	100.00		Full consolidation
HRG Group Ltd	76.00	76.00	64.00	Full consolidation
HRG UK Ltd	76.00	100.00	64.00	Full consolidation
IMS Groupe	95.00	95.00	95.00	Full consolidation

Insitaction	70.00	70.00	70.00	Full consolidation
JetPulp	86.17	100.00	86.17	Full consolidation
Kamikaze	52.25	55.00	52.25	Full consolidation
MBO Comunicacion	95.39	99.88	96.87	Full consolidation
Ophtaservices	92.18	100.00		Full consolidation
Rokivo Inc.	54.71	100.00	48.00	Full consolidation
Shopper Mind	100.00	100.00	100.00	Full consolidation
Simone	25.05	25.05	25.05	Equity method
Sumis BV	100.00	100.00	100.00	Full consolidation
Sumis Logislitcs BV	100.00	100.00	100.00	Full consolidation
Altavia Sumis BV	100.00	100.00	100.00	Full consolidation
TMAI	100.00	100.00	76.00	Full consolidation
Wetail	100.00	100.00	100.00	Full consolidation

1.2.3 Changes in the consolidation scope

During 2018, the Altavia Group notably:

- acquired a 54.79% majority stake in UbiqToolBox, renamed Altavia RetailTech, through Altavia Coach
- acquired an additional 12% stake in HRG through Altavia Europe, bringing its holding to 76%
- created Mad & Women, owned by Altavia Coach
- merged Fel Concepts and Sumis Print
- merged Stylum, Rokivo, and Disko SRL
- carried out a universal transfer of assets and liabilities of Acyba and Crazy One to JetPulp
- acquired 92.18% of the Fil Rouge Group through Altavia France
- acquired 69.21% of the Blue Lions Group through Altavia International
- acquired 100% of Les Ingénieurs Sociaux through Altavia Coach

1.2.4 Non-consolidated companies

Altavia has stakes in Stimshop, Braineet, and My Genius through Altavia Coach of 7.83%, 8.33%, and 3.9% respectively.

Sumis also holds a minority stake in Peecho.

The same is true for Acstar, which holds a minority stake in Dammet.

1.2.5 Treatment of goodwill

Goodwill represents the difference between the acquisition price (plus related costs) after taxes of the subsidiary's securities and the Group's share in the fair value of its net assets on the date when the interest was acquired.

Moreover, complementary goodwill is determined when Group interest in a consolidated company increases without impacting the valuations of identified assets and liabilities on the date when control is taken. In this case, goodwill is treated as previously described.

ANC (Autorite des Normes Comptables or French Accounting Standards Authority) regulations 2015-06 and 2015-07 transpose the European Accounting Directive into French regulations. In application of these texts, the Group carried out an analysis of the goodwill existing at 1 January 2016 and considered that its useful life could be considered to be unlimited. The unlimited life of the Group's goodwill is due to the nature of the underlying assets, which represent know-how and market share. Since the Group omitted to take into account the provisions of the above-mentioned accounting regulations at the end of the 2016 financial year, a correction was recognised in the 2017 annual financial statements. The error correction in the 2017 financial statements consisted of reversing the share of the amortisation charges on the goodwill corresponding to the 2016 charge, by recognising exceptional income of €6,372k, corresponding to the amortisation charge for goodwill incorrectly recognised at 31 December 2016. Consequently, once this correction was taken into account, the Group stopped amortising this goodwill with effect from 1 January 2016 and now carries out annual impairment tests.

1.2.6 Restatement of foreign companies' financial statements

At the end of the period, items on the balance sheets of foreign companies, except shareholders' equity (which remains at the historical rate), are converted at the exchange rate of the closing date of the fiscal year. The difference is entered under the item "exchange differential". Profit and loss account items are converted at the average rate for the fiscal year.

The rates used on 31 December 2018 and on 31 December 2017 are expressed in currency units per €1:

Country	Currency	Closing rate		Average rate	
		31/12/18	31/12/17	2018	2017
South Africa	Rand	15.93		15.62	
Canada	Canadian dollar	1.56	1.50	1.53	1.46
South Korea	Korean won	1,277.93	1,279.61	1,300.68	1,275.83
Ivory Coast	CFA franc	655.96		655.96	
Croatia	Croatian kuna	7.41	7.44	7.42	7.46
United Arab Emirates	Emirati dirham	4.22	4.41	4.34	4.17
United States	United States dollar	1.15	1.20	1.18	1.13
Hong Kong	Hong Kong dollar	8.97	9.37	9.27	8.80
Hungary	Forint	320.98	310.33	319.06	309.27
Japan	Japanese yen	125.85	135.01	130.31	126.65
Kazakhstan	Kazakhstani tenge	441.84	398.80	407.64	
Morocco	Moroccan dirham	10.98	11.22	11.19	10.95
Poland	Polish zloty	4.30	4.18	4.26	4.26
People's Republic of China	Yuan	7.88	7.80	7.80	7.63
Czech Republic	Czech koruna	25.72	25.54	25.64	26.33
Romania	New Romanian leu	4.66	4.66	4.65	4.57
United Kingdom	Pound sterling	0.89	0.89	0.88	0.88
Russia	Ruble	79.72	69.39	74.03	65.89
Switzerland	Swiss franc	1.13	1.17	1.15	1.11
Turkey	Turkish lira	6.06	4.55	5.67	4.12
Ukraine	Hryvnia	31.86	33.74	32.12	30.04

1.2.7 Deferred taxes

Deferred taxes are calculated based on temporary differences between the tax basis and the balance sheet.

The method used to recognise deferred taxes is the liabilities method: taxes are calculated at each year-end based on the last known tax rate applicable to future fiscal years.

The effects of tax rate changes are posted in the earnings for the fiscal year in which the change occurred.

The tax rate used at 31 December 2018 was 33.33% (33.33% in 2017) for French companies. In foreign countries, the tax rate is consistent with the applicable local tax.

Deferred tax assets are analysed on a case-by-case basis and posted in the balance sheet when they are likely to be recovered during subsequent years.

In addition, the application of the tax consolidation system makes it possible to book the losses of subsidiaries included within the tax consolidation scope of Altavia SA.

The deferred taxes due to be settled between 01/01/2018 and 31/12/2019 are booked at the rate of 33.33% and at 25% for those due to be settled after 31/12/2019.

1.2.8 Treatment of Group internal operations

Reciprocal operations between fully consolidated companies have been eliminated both from the balance sheet and the income statement and the TFT.

No adjustments were made to current internal profits, as they did not significantly impact the Group's net earnings (margin on inventory).

Earnings from internal transfers of fixed assets from one company of the Group to another are not eliminated because of the absence of disposal gains and their minimal impact on balance sheet items.

No adjustment has been made for differences resulting from the different amortisation rates applied within the Group's companies to the same type of fixed assets, as they are insignificant.

2. Accounting principles and valuation methods

2.1 Changes in valuation or presentation methods

2.2 Valuation methods

Intangible and tangible fixed assets

Tangible and intangible fixed assets are booked at their acquisition price.

Depreciation is calculated using the straight-line method for the following estimated useful lives:

- Software	1 year
- Fixtures and general facilities	4 to 10 years
- Office equipment and furniture	2 or 10 years
- Furniture	5 to 10 years
- Industrial equipment	2 to 5 years
- Other equipment	3 to 5 years
- Transport equipment	4 to 5 years
- Industrial equipment and tools	2 to 5 years

Some fixed assets are regulated by lease contracts under the terms of which the Group assumes the benefits and risks of ownership. In this case, an adjustment is made in order to recognise the value of the rented property under assets and the corresponding financial debt under liabilities. The fixed asset was depreciated over its economic life for the Group. The debt is amortised over the term of the lease contract. The impact of the restatement on the profit and loss statement is the cancellation of rents and the recording of the allocation to depreciation and amortisation and the debt-related interest charges.

Development costs

The recognition of development costs as an asset is related to the development of substantially individualised projects whose technical feasibility is proven and that the company anticipates and is able to achieve. Capitalisation of these costs is justified insofar as these projects provide future economic benefits.

The accounting depreciation term used is based on the evaluated marketing lifetime of each developed product or, in case of nonmarketing, the useful life.

Equity securities and securities accounted for using the equity method

The value of securities of companies accounted for by the equity method represents the Group's share in shareholders' equity and in the profits of these companies, taking into consideration the application of the applied consolidation principles.

Equity securities in these companies are valued at their gross book value or at their inventory value if it is lower. In this case, a provision for depreciation is established.

The inventory value is determined on the basis of the corresponding share in the shareholders' equity of the company in question, adjusted where applicable according to specific future risks.

Inventory and work in progress

Inventories of raw materials and other supplies are valued at their acquisition value.

Products and work in progress have been valued at their production cost.

They correspond to work for which the margin is dependent on delivery.

Trade receivables and related accounts

Client receivables and related accounts are recorded at their nominal value. Appropriate depreciation provisions have been established to cover the risks of non-recovery. They were determined individually or on the basis of length of time outstanding.

Marketable securities

Marketable securities include treasury shares of the company Altavia SA.

Accrual and similar accounts

Accrual and similar accounts are recorded as assets and include the following primary items:

- prepaid expenses
- deferred tax assets

Exchange gains and losses

Unrealised exchange gains or losses resulting from transaction denominated in foreign currencies are recorded on the income statement.

Retirement compensation

In France, retirement payments laid down by contract are payable when an employee retires, if still part of the Group at retirement date. Payments are evaluated and provisioned on the basis of the employee's salary and seniority on the date of retirement, in accordance with the regulations of applicable agreements. The amount of the commitment is determined pursuant to the provisions of annex 1 of ANC recommendation no. 2013-02.

The recognition of actuarial gains is determined according to method 1, "Corridor".

The retirement age assumption is 65, and the social contribution rate assumption is 45%.

Discounting and growth rates of salaries used to calculate commitments are 1.95% and 1.55% at 31 December 2018 respectively and were 1.57% and 1.55% at 31 December 2017 respectively.

The share of the change in actuarial gains exceeding 10% of the commitment is spread out over the average length of service remaining.

See paragraph 3.11

Provisions for risks and expenses

Provisions for risks and expenses are booked when their purpose has been clearly specified at the close of the fiscal year or before the accounts were drawn up.

Tax consolidation

A tax consolidation agreement includes Altavia SA, Altavia Coach, Altavia Europe, Altavia France, Altavia Paris, Altavia Lille, Altavia Nantes, Wetail, Agence Cosmic, Altavia CEI, Actipaper, Shopper Mind, Au Numéro 6, Altavia International, IMS Groupe, Altavia Newco4, Altavia Newco3, and Altavia Fiber Value.

This agreement stipulates that each member company of the tax consolidation group must book its own taxes. Tax consolidation expenses and income are booked by the Group's head company in its profit and loss statement.

During the year, a new tax consolidation scope was put in place with Altavia Aura and Jetpulp.

Recognition of turnover

The various services and income from ordinary activity were accounted for using the percentage-of-completion method. The same applies to operations that are partially completed at the closing date of the fiscal year, as the margin is established only upon delivery of the operation. Services billed on the basis of fixed fees are recorded monthly.

For our subsidiaries whose main business is related to digital, services are booked according to the contract progress method.

Gross income

Gross income is understood to be the difference between invoicing of customers and net expenditure directly associated with services provided to customers; it includes income from discounts.

3. Notes to the consolidated balance sheet

3.1 Goodwill

In thousands of euros	31/12/18	31/12/17
Gross value at 1 st January	89,962	68,283
New goodwill for the financial year (1)	11,464	21,952
Disposals for financial year		-273
Gross value at close	101,426	89,962
Goodwill amortisation at 1 st January	-43,088	-49,581
Correction of amortisation in N-1 (2)		6,372
Disposals for financial year		121
Goodwill amortisation	-43,088	-43,088
Charges to provisions for impairment of goodwill	-2,689	
Net goodwill value at end of period	55,649	46,874

(1) In 2018, the new goodwill relates to the purchases of shares in Altavia RetailTech, Fel Concepts, HRG, Les Ingénieurs Sociaux, the Fil Rouge Group, and the Blue Lions Group.

In 2017, the new goodwill related to the takeovers of CloudRaker, Insitaction, Sumis, Disko, Jetpulp, and Kamikaze.

(2) See paragraph 1.2.5

3.2 Intangible fixed assets

Gross values

In thousands of euros	Gross value at 31 Dec. 2017	Increases during the financial year	Reductions during the financial year	Variation in scope	Misc. movements	Gross value at 31 Dec. 2018
Incorporation expenses	9	13	-23	31		30
Research and development expenses	1,273			48		1,321
Concessions, patents, and licences	7,852	582	-1,250	1,378	298	8,860
Business goodwill	316	619	-642			293
Other intangible assets	706	14	-41	311	1	991
Work in progress				11		11
TOTAL	10,156	1,228	-1,956	1,779	299	11,506

Amortisations and provisions

In thousands of euros	Amortisations and provisions at 31 Dec. 2017	Provisions for financial year	Reductions during the financial year	Variation in scope	Misc. movements	Amortisations and provisions at 31 Dec. 2018
Incorporation expenses	7	1	-8	31		31
Research and development expenses	1,066	83				1,149
Concessions, patents, and licences	6,643	881	-1,248	853	52	7,181
Business goodwill	293					293
Other intangible assets	35	9				44
TOTAL	8,044	974	-1,256	884	52	8,698

3.3 Tangible fixed assets

Gross values

In thousands of euros	Gross value at 31 Dec. 2017	Increases during the financial year	Diminutions during the financial year	Variation in scope	Misc. movements	Gross value at 31 Dec. 2018
Buildings	2,862	30	-66		-17	2,809
Other tangible fixed assets	21,938	3,131	-1,396	2,059	-265	25,467
Tangible fixed assets in progress	48	581	-510	20		139
Advances and deposits on fixed assets	18	39	-49			8
Own fixed assets	24,866	3,781	-2,021	2,079	-282	28,423
Other leased tangible fixed assets	310		-34		-5	271
Leased tangible fixed assets	310		-34		-5	271
TOTAL	25,176	3,781	-2,055	2,079	-287	28,694

Amortisations and provisions

In thousands of euros	Amortisations and provisions at 31 Dec. 2017	Provisions for financial year	Reductions during the financial year	Variation in scope	Misc. movements	Amortisations and provisions at 31 Dec. 2018
Buildings	1,000	135	-37		-5	1,093
Other tangible fixed assets	14,819	2,263	-1,325	1,548	-103	17,202
Own fixed assets	15,819	2,398	-1,362	1,548	-108	18,295
Other leased tangible fixed assets	212	45	-34		-2	221
Leased tangible fixed assets	212	45	-34		-2	221
TOTAL	16,031	2,443	-1,396	1,548	-110	18,516

3.4 Long-term investments

Gross values

In thousands of euros	Gross value at 31 Dec. 2017	Increases during the financial year	Reductions during the financial year	Variations in scope	Misc. movements	Gross value at 31 Dec. 2018
Other long-term securities	492	689		3	11	1,195
Loans	90	444	-298		-60	176
Other long-term investments	1,461	129	-13	192		1,769
TOTAL	2,043	1,262	-311	195	-49	3,140

Other long-term investments correspond to security deposits related to commercial leases.

Amortisations and provisions

In thousands of euros	Amortisations and provisions at 31 Dec. 2017	Provisions for financial year	Reductions during the financial year	Movements during the financial year	Misc. movements	Amortisations and provisions at 31 Dec. 2018
Other long-term securities		132				132
Loans						
Other long-term investments						
TOTAL		132				132

Schedule of loans and other long-term investments

In thousands of euros	Due in less than 1 year	Due in more than 1 year	Accrued interest	TOTAL
Loans	176			176
Other long-term investments		1,769		1,769

3.5 Securities accounted for under equity method

In thousands of euros	31/12/18	31/12/17
Net value at 1 st January	218	210
Distribution of dividends	-16	-26
Earnings for fiscal year	21	34
TOTAL	223	218

3.6 Inventory and work in progress

In thousands of euros	Gross value at 31 Dec. 2018	Depreciation at 31 Dec. 2018	Net value at 31 Dec. 2018	Net value at 31 Dec. 2017
Raw materials and supplies	2,602	-551	2,051	2,080
In progress	30,318		30,318	21,765
Finished goods	44	-6	38	1,402
Goods for resale	386	-73	313	31
Stocks in transit				390
TOTAL	33,350	-630	32,720	25,667

3.7 Trade receivables and related accounts

In thousands of euros	at 31 Dec. 2018	at 31 Dec. 2017	Variation
Gross value	149,516	154,733	-5,217
Provisions	-3,246	-2,604	-642
Net value	146,270	152,128	-5,858

Receivables are debts due in under 1 year.

3.8 Other receivables and accrual accounts (assets)

In thousands of euros	Gross value at 31 Dec. 2018	Depreciation at 31 Dec. 2018	Net value at 31 Dec. 2018	Net value at 31 Dec. 2017
Advances and deposits	594		594	1,076
Other receivables	20,444		20,444	20,778
Prepayments and deferred charges	2,815		2,815	2,329
Deferred tax credits	1,504		1,504	1,411
TOTAL	25,357		25,357	25,594

The various debtors have due dates within one year.

3.9 Marketable securities

In thousands of euros	Gross value at 31 Dec. 2018	Depreciation at 31 Dec. 2018	Net value at 31 Dec. 2018	Net value at 31 Dec. 2017
Treasury shares	5,390		5,390	5,420
Marketable securities	9,236		9,236	5,795
TOTAL	14,626		14,626	11,215

3.10 Group share of shareholders' equity and minority interests

Share capital is made up of 1,282,137 shares with a par value of €3 each.

In thousands of euros	Registered capital	Share premium account	Consolidated income and reserves	Shareholders' equity (Group share)	Minority interests	Total
Net position at 31/12/2016 after appropriation of the net income	3,846	2,446	40,396	46,688	2,381	49,069
Capital movements						
Scope changes (1)					1,459	1,459
Distribution of dividends			-3,600	-3,600	-1,426	-5,026
Change in translation differences			-207	-207	-18	-225
Net income at 31/12/2017			19,814	19,814	1,551	21,365
Net position at 31/12/2017 after appropriation of the net income	3,846	2,446	56,403	62,695	3,947	66,642
Capital movements						
Scope changes (2)					759	759
Distribution of dividends			-3,784	-3,784	-1,326	-5,110
Change in exchange gains			118	118	37	155
Other variations			398	398	-130	268
Net income at 31/12/2018			6,878	6,878	641	7,519
Net position at 31/12/2018 after appropriation of the net income	3,846	2,446	60,013	66,305	3,928	70,233

(1) The changes in scope correspond to the minority interests of Asian companies and then companies in the Europe scope.

(2) The changes in the scope of consolidation correspond primarily to the minority interests in Altavia RetailTech and Fil Rouge.

The General Meeting on 20 May 2010 authorised the Board of Directors to grant, at one or more times, over a period of thirty-eight months, i.e. no later than 20 July 2013, stock options each giving the right to acquire a share of Altavia, within the limit of 10% of the share capital. Options may be granted to executives (such as those defined by Article L.225-185, paragraph 4 of the French Commercial Code) and to eligible employees having a permanent contract of employment with Altavia, as well as to only employees of companies or economic interest groups of which at least 10% of capital or voting rights are held directly or indirectly by Altavia.

Stock subscription options granted during fiscal years 2010, 2011, 2012, and 2013

GM date	Board meeting date	Number of options granted	Starting point of purchase options	Expiry date of options (postponed by GM of 20/11/2014)	Price of options
20/05/2010	20/09/2012	15,858	01/11/2016	01/01/2017 postponed by GM to 01/01/2019	€74.72
20/05/2010	04/02/2013	5,621	01/05/2017	01/07/2017 postponed by GM to 01/11/2019	€74.72
20/05/2010	20/06/2013	20,800	20/06/2017	01/07/2017 ou 20/12/2017 postponed by GM to 20/12/2019	€74.87
20/05/2010	17/07/2013	9,175	01/11/2017	01/01/2018 postponed by GM to 01/01/2020	€74.87

The period during which the options could be exercised was initially 6 months, 4 years after their allocation. The extraordinary general meeting of 20 November 2014 increased this period to 2 years and 6 months, still 4 years after the allocation date.

This extension applies to all beneficiaries. All the other terms and conditions stipulated in plan regulations remain unchanged.

3.11 Provisions for contingencies and expenses

In thousands of euros	31/12/18	31/12/17
Provisions for risks	1,080	486
Provisions for expenses (incl. retirement benefits)	6,610	6,046
TOTAL	7,690	6,532

Changes in provisions for risks and expenses

In thousands of euros	Provisions at 31 Dec. 2017	Allocations for fiscal year	Reversals for fiscal year	Variation in scope	Misc. movements	Provisions at 31 Dec. 2018
Provisions for liabilities	486	1,146	-727	40	135	1,080
Provision for expenses (including retirement gratuity payments)	6,046	825	-383	121	1	6,610
TOTAL	6,532	1,971	-1,110	161	136	7,690

Provisions for contingencies mainly pertain to commercial and employee litigation. The vast majority of provisions for expenses are related to provisions for retirement benefits. The "corridor" method is applied to book the provision for retirement benefits. Applying this method means spreading the share of the variation exceeding 10% of the commitment over the average length of contribution remaining (9 years). The provision at 31/12/2018 therefore totalled €4,991K for a commitment of €5,224K.

3.12 Borrowed funds and financial debts

In thousands of euros	31/12/18	31/12/17
Borrowings from credit institutions	43,058	28,113
Other financial debts	1,726	1,934
Current bank overdrafts	8,352	5,027
Leasing loans	132	
Accrued interest not due on loans		44
TOTAL	53,268	35,118

The Altavia Group has a confirmed line of credit of up to €135M effective since 7 January 2015. In 2015, the Group took out a new €5M redeemable loan.

Schedule of loans and debts

In thousands of euros	Debts of under 1 year	Debts from 1 to 5 years	Debts of more than 5 year	TOTAL
Loans from credit institutions	10,750	31,752	556	43,058
Other financial debts	1,726			1,726
Bank loans and overdrafts	8,352			8,352
Leasing loan	132			132
TOTAL	20,960	31,752	556	53,268

3.13 Other debts and accrual accounts (liabilities)

In thousands of euros	31/12/18	31/12/17
Tax and payroll-related payables	33,066	33,817
Miscellaneous debts	11,236	10,863
Other deferred revenue	23,817	26,228
Deferred tax liabilities	133	
TOTAL	68,252	70,908

All debts are due in less than one year.

3.14 Off-balance sheet commitments (individually exceeding €50,000)

In thousands of euros	TOTAL	< 1 year	Due dates 1-5 years	> 5 years
Off-Balance-Sheet Commitments Given				
First-demand guarantees	300	300		
Letters of comfort				
Bank guarantees	1,181	230	103	848
Lease guarantees	131			131
Earn-outs	305	105	200	
Loan agreement	1,000		1,000	
Mortgages/Pledges	1,590			1,590
TOTAL	4,507	635	1,303	2,569
Off-Balance Sheet Commitments Received				
Asset and liability guarantees	22,379	3,638	18,741	
Lease guarantees	131			131
Loan guarantees	1,000		1,000	
TOTAL	23,510	3,638	19,741	131

Other commitments:

Pledge: Altavia SA's commitment to BNP Paribas: Pledging of Financial Securities Account pertaining to 60% of the shares comprising Altavia France's capital (10,292 shares) and 60% of Altavia Europe's shares (3,356,957 shares) or 51% of shares if the maximum authorised outstanding amount is less than €20 million as from 07/01/2015 for a €20M Refinancing Loan, a €75M Revolving Credit 1, and a €20M Revolving Credit 2.

Share purchase promises granted by Altavia SA, Altavia France, Altavia Europe, and Altavia International to minority shareholders under predefined conditions.

Share sale promises granted by minority shareholders to Altavia SA, Altavia France, Altavia Europe, and Altavia International under predefined conditions.

Acquisition of the Fil Rouge Group: Option to convert 37,439 preference shares held by a minority shareholder in Altavia Carmillon in ordinary shares based on the achievement of performance objectives for a period until 31 December 2022.

4. Notes on the consolidated income statement

4.1 Breakdown of turnover by geographic region

	2018		2017	
	In thousands of euros	as a percentage	In thousands of euros	as a percentage
Sales in France	388,183	52%	394,063	53%
EU country sales	283,793	39%	278,254	38%
Sales outside the EU	67,681	9%	66,309	9%
TOTAL	739,657	100%	738,626	100%

4.2 Other operating income

In thousands of euros	2018	2017
Inventory production	7,399	-684
Self-constructed assets	312	22
Operating subsidies	255	390
Reversals of operating provisions	3,526	2,937
Transfers of operating expenses	-1,066	1,275
Other operating income	1,526	2,073
TOTAL	11,952	6,013

4.3 Payroll expenses and staff size

In thousands of euros	2018	2017
Personnel compensation	71,731	64,504
Social security charges	23,027	20,113
TOTAL	94,758	84,617

A profit-sharing agreement was entered into between Altavia France and some of its subsidiaries in 2004.

Staff size of fully consolidated companies at the close

	2018	2017
France	947	811
Abroad (outside China)	715	667
China	171	180
TOTAL GROUP	1,833	1,658

4.4 Operating depreciations and provisions

In thousands of euros	2018	2017
Allocations to depreciation of intangible fixed assets	974	850
Allocations to depreciation of own fixed assets	2,398	2,174
Allocations to depreciation of leased tangible fixed assets	45	41
Allocations and reversals of provisions on inventories	138	-66
Allocations and reversals of provisions on receivables	642	-957
Allocations and reversals of provisions for risks and operating expenses	-1,692	-106
TOTAL	2,505	1,936
of which total allowances	6,031	4,873
of which total writebacks (note 4.2)	3,526	2,937

4.5 Financial expenses and income

In thousands of euros	2018	2017
Exchange gains and losses	-110	-246
Allocations and reversals of financial provisions	-132	6
Financial interest and expenses	-869	-603
Other financial income	35	189
Income from disposal of investment securities	6	9
TOTAL	-1,070	-645

4.6 Extraordinary expenses and income

In thousands of euros	2018	2017
Extraordinary income and expenses on capital operations	-160	2,336
Allocations and reversals of extraordinary provisions	-49	99
Adjustment for amortisation/depreciation N-1		6,372
Extraordinary income and expenses on management operations	-29	-1
TOTAL	-238	8,806

4.7 Income tax

In thousands of euros	2018	2017
Taxes payable on profits	5,356	6,014
Deferred taxes	163	334
TOTAL	5,519	6,348

As of 31 December 2018, we applied the effective tax rate method, based on a projection of the income tax rate at the end of December 2018 determined during the latest estimates for each subsidiary.

With effect from 2017, the tax credits directly related to operating expense have been classified as operational. These are mainly tax credits for research, innovation, or related to donations.

4.8 Tax analysis

In thousands of euros	2018
Net earnings of the consolidated entity	7,518
Cancellation of goodwill impairment	2,689
Share of earnings from companies accounted for under the equity method	-21
Income tax	5,519
Theoretical tax base	15,705
Tax rate applicable to the consolidating company	33,33
Theoretical tax	5,234
Impacts of permanent differences	-108
Tax credits and other corporate tax elements	-207
Tax rate differences	-301
Capitalisation of tax loss	185
Deferred taxes not recorded on losses	716
Recognised tax	5,519

5. Summary of statutory auditing fees

in €K	Audit			Other services			Grand Total
	Statutory audit, certification, examination of individual and consolidated accounts	Other related assignments and other auditing assignments	Audit sub-total	Legal, tax, social	Other	Other sub-total	
Subsidiaries							
End-Dec. 2018	409	15	423				423
Deloitte	341	15	355				355
Eura Audit Revisa	6		6				6
Franck Droze	2		2				2
Mars Audit	5		5				5
Mazar	4		4				4
Van Oers	47		47				47
SJA	4		4				4
End-Dec. 2017	285		285	21	13	34	319
Deloitte	279		279	21	13	34	313
Eura Audit Revisa	6		6				6
Altavia SA							
End-Dec. 2018	127		127				127
Deloitte	100		100				100
Angeli	27		27				27
End-Dec. 2017	83	29	113				105
Deloitte	56	29	82				78
Angeli	27		27				27

BOARD OF DIRECTORS MANAGEMENT REPORT ON GROUP ACCOUNTS AT 31 DECEMBER 2018

During 2018, Altavia SA continued to develop the Altavia group and the synergies among its various subsidiaries, whose results were satisfactory.

Your board of directors met six times during the year and specifically discussed plans for acquiring and creating new companies. As agreed, we also continued to grow externally with the completion of six acquisitions: Fil Rouge, Mad&Women, Les Ingénieurs Sociaux, Atelier Benetton, and Altavia RetailTech in France and Blue Lions, a French company with majority stakes in Morocco, Côte d'Ivoire, South Africa, and Dubai. Creative Capital in Asia was acquired at the beginning of 2019.

Management report

I. Altavia Group operations in 2018

Earnings and financial position

1. Earnings

Consolidated turnover amounted to €739.7 million in 2018, stable compared with 2017. Consolidated gross revenue (main indicator of the Group's level of activity, made up of both turnover minus external purchases directly related to projects completed and income from discounts) was up 13.7% at €159.4 million in 2018 versus €140.3 million in 2017. It was higher thanks to the full-year effect of acquisitions made in 2017, strong organic growth, and acquisitions made in 2018.

Operating earnings totalled €17.0 million in 2018, down from €19.5 million in 2017. This decrease was due in particular to performance below expectations of the acquisitions made in 2017.

Financial earnings totalled –€1,070k, down compared with 2017 following the financing of acquisitions made in 2017 and 2018.

Extraordinary earnings were insignificant in 2018. Recall that extraordinary earnings in 2017 mainly consisted of two items. The first came from the capital gain generated by the sale of Altavia treasury shares. The second, which alone represented almost €6.4 million, originated from an error correction, as specified in part 1.2.5 of the notes to the consolidated financial statements. This non-recurring income represented the charge to the goodwill amortisation incorrectly recognised at 31 December 2016.

In 2018, in accordance with the accounting rules, goodwill impairment tests were conducted and resulted in a charge to goodwill impairment provisions for three subsidiaries, two of which were acquired in 2017.

The group's share of net earnings for 2018 was €7.5 million, down sharply from 2017, which was positively impacted by extraordinary earnings.

2. Financial position

Consolidated shareholders' equity amounted to €70.2 million at 31 December 2018 compared with €66.6 million at 31 December 2017. The group's share of shareholders' equity was €66.3 million versus €62.7 million at 31 December 2017.

Gross financial debt increased to €53.3 million at the end of 2018, compared with €35.1 million at the end of 2017, following the partial financing of external growth operations by drawdowns on the credit line put in place in 2015. The gross debt/equity ratio for the group (gross loans and financial debts over consolidated shareholders' equity) amounted to 80% at 31 December 2018.

Consolidated available cash and cash equivalents of the Altavia group at the end of 2018 (excluding treasury shares) were slightly higher than at the end of 2017 (€47,854k) and amounted to €57.3 million thanks to good management of the group's working capital requirement.

In total, net cash and cash equivalents (investments and cash, excluding treasury shares, less gross loans and financial debts) at 31 December 2018 fell to €4.0 million, compared with €12.7 million at 31 December 2017. In particular, it was impacted by the year's acquisitions.

Post-close events

A decision will be taken on the renewal of Raphaël Palti's term of office as Chairman and CEO and the terms of office of Lorenzo Bertagnolio and Laurent Gampel as Deputy CEOs.

Altavia Asia, a company incorporated under the laws of Hong Kong, acquired 100% of the capital of CC Holding Asia Limited, also incorporated in Hong Kong, which owns 100% of CC Creative based in China, itself owning 51% of a company in the United States and 51% of a company in Indonesia. The director of these companies acquired 10% of the share capital of Altavia Asia Limited by way of a contribution of securities.

II. Outlook

The Group intends to continue to build out its Marketing Services and Digital expertise for the benefit of its Retail client base. Integrating these companies into the Group in 2018 produced synergies, especially commercial synergies, and created single-channel sales activation offers. This dynamic will continue in 2019.

Altavia will continue to expand its geographical footprint, particularly thanks to its newly acquired subsidiaries in Africa and Asia.

Lastly, Altavia intends to make the most of its healthy financial situation and its credit line put in place in 2015 to continue with targeted external growth operations in a number of countries and in certain business areas in which it wants a stronger presence.

III. Financial and legal information for altavia – parent company

1. Altavia operations

In addition to leading the group, defining and managing its policy, and verifying its implementation, Altavia SA provides various services to the companies of the group.

Its turnover, consisting mainly of income from services and rebilling of real estate rents, amounted to €14,562,211.11 versus €13,067,639.32 in 2017. Other income totalled €15.84 versus €312.01 in 2017. After accounting for €14,393,744.07 in operating expenses, operating earnings in 2018 amounted to €182,846.89 compared with €702,805.32 for 2017.

Financial earnings amounted to €8,115,038.02 in 2018 compared with €6,632,037.32 in 2017.

Earnings before tax and extraordinary items totalled €8,512,936.28 compared with €7,140,727.62 for the 2017 financial year.

Extraordinary earnings in 2018 amounted to €[46,492.36], compared with €1,857,766.51 in 2017.

In 2018, Altavia SA's tax expense was €[9,156.00]. It was €345,417 in 2017.

Net earnings for the 2018 financial year amounted to €8,475,599.92, compared with €8,653,077.13 in 2017.

At 31/12/2018, all the French companies in the Altavia Group, apart from Altavia Optitrans, Capital Innovation, Altavia Pallas, Insitaction, Disko, Altavia Aura, Jetpulp, Atelier Benetton, Altavia Nativ, Simone, Stimshop, Altavia Retailtech, Altavia Carmillon, and My Genius, were more than 95%-held, directly or indirectly, by Altavia SA and are therefore part of its tax consolidation scope.

Michel Duval and Alain Roubach were reappointed as members of the Audit, Financial Statements and Investments Committee for a term of three financial years expiring at the meeting of the Board of Directors called to approve the financial statements for the 2021 financial year to take place in 2022. Michel Duval was reappointed as Chairman of this Committee.

Daniel de Botton, Alain Roubach, Michel Duval, and Raphaël Palti were reappointed as members of the Appointments and Remuneration Committee, for a term of three financial years expiring at the Board of Directors meeting called to approve the financial statements for the 2021 financial year to take place in 2022. Daniel de Botton was reappointed as Chairman of this Committee.

A proposal will be made at the General Meeting of Shareholders to renew the terms of office of Raphaël Palti and Corinne Evens as directors for six years and to reappoint Luc Bertholat as a non-voting director for a term of six years. Pierre-Michel Passy resigned from its duties as non-voting director. A proposal will be made at the General Meeting to appoint EPM Advisory Ltd, represented by Pierre-Michel Passy, as a new non-voting director for a term of six years.

Lastly, the renewal of the terms of office of Raphaël Palti as Chairman and Chief Executive Officer and Lorenzo Bertagnolio and Laurent Gampel as Deputy Chief Executive Officers will need to be decided.

2. Allocation of earnings

In euros	2018	2017	Change%
Turnover excl. tax	14,562,211	13,067,369	11.44
Other income	16	312	ns
Operating income	14,576,591	13,401,977	8.76
Operating expenses	14,393,744	12,699,172	13.34
Of which, salaries and payroll taxes	5,317,287	5,545,491	-4.12
Operating earnings	182,847	702,805	-73.98
Joint ventures	215,051	194,115	ns
Financial earnings	8,115,038	6,632,037	22.36
Earnings before tax and extraordinary items	8,512,936	7,140,728	19.22
Extraordinary earnings	-46,492	1,857,767	ns
Earnings before taxes	8,466,444	8,998,494	-5.9
Taxes	-9,156	345,417	ns
Earnings after taxes	8,475,600	8,653,077	-2.05

We hereby request that you approve the following allocations:

Allocation of 2018 earnings

After discussion and exchanges of views, the Board decided to propose at the next general meeting of shareholders the following allocation of the earnings for the financial year of €8,475,599.92:

a. Amounts to be allocated

Retained Earnings	€40,041,640.19*
*(including dividends for the 2017 financial year attached to the 69,176 treasury shares for €215,829.12)	
Earnings for the 2018 financial year	€48,517,240.11
Total to be allocated	48 517 240,11 €

b. Allocations

Dividends	€4,000,267.44
to a special reserve account with respect to Article 238 bis AB of the general tax code	€46,000.00
to "Retained Earnings"	€44,470,972.67

The dividends attached to the 69,176 treasury shares amounting to €215,829.12 will be credited to Retained Earnings, increasing it from €44,470,972.67 to €44,686,81.79.

The gross dividend of €4,000,267.44 to be distributed for the financial year is thus €3.12 for each of the 1,282,137 shares. It will be made available for payment at the instruction of the Chairman with effect from the Ordinary General Meeting called to approve the financial statements for the 2018 financial year.

In accordance with the modifications to the tax and social security regime for dividends adopted in the 2018 Finance Law and the 2018 law for the financing of the social security system, dividends received by natural persons (with the exception of those received within the framework of any company share savings scheme) are subject to the following rules since 1 January 2018:

- mandatory social security contributions totalling 17.2% are withheld when the dividends are paid.
- dividends are subject to a mandatory 12.8% withholding tax, which does not discharge any income tax liability. This non-discharging fixed deduction (NDFD) is deductible from the income tax itself calculated at the flat tax rate of 12.8% or, where the taxpayer opts for all of his/her earnings and profits to be taxed at the fixed rate, from the tax at the sliding scale rate after the 40% deduction.

In this latter case, the deduction (NDFD) constitutes an advance payment of income tax, deductible from the income for the following year in respect of the year during which it was made. This withholding tax is refundable in case of overpayment.

Recall that, in accordance with the provisions of Article 242 quater of the General Tax Code, there is a dispensation from this non-discharging fixed deduction for natural person shareholders who sent to the Company, before 30 November 2018, a sworn statement confirming that their reference taxable income for 2017 was less than €50,000 (for single people) and €75,000 (for those subject to joint taxation).

The Company will make the obligatory deductions at source, declare the transaction and make the payment to the Treasury, no later than the 15th of the month following the payment of the dividends.

Furthermore, it is the duty of shareholders holding shares in a company share savings scheme to inform the Company and provide any necessary supporting documents eight days prior to the dividend payment and no later than 16 May 2019, in order to be eligible for the exemption from the above-mentioned deductions at source.

In application of Article 243 bis of the French General Tax Code, we hereby remind you that dividends paid out for the last three financial years were, per share, as follows:

Table of dividends

Financial years of distribution decisions	Total of the sums distributed (in euros)	Number of shares concerned	Dividend per share (in euros)	Income distributed per share	
				Eligible for the 40% deduction mentioned in 2° of 3 of Article 158 of the General Tax Code	Not eligible for the 40% deduction mentioned in 2° of 3 of Article 158 of the General Tax Code
2016	3,000,200.58	1,282,137 shares	2.34	2.34	0
2017	4,000,267.44	1,282,137 shares	3.12	3.12	0
2018	4,000,267.44	1,282,137 shares	3.12	3.12	0

3. Registered capital and share ownership

The breakdown of capital and share ownership was not modified during 2018.

At 31 December 2018, capital amounted to €3,846,411 comprising 1,282,137 shares with nominal value of €3 per share, distributed as follows:

M. Raphaël Palti:	42.17% of capital
Firapa:	11.69% of capital
Viateam:	9.63% of capital
Andera Partners:	9.57% of capital
Lorenzo Bertagnolio:	6.81% of capital
BNP Paribas Developpement:	6.37% of capital
Other shareholders ⁽¹⁾ :	8.37% of capital
Treasury shares:	5.39% of capital

(1) These are primarily other members of the company's board of directors and employees or corporate officers of the Company or its subsidiaries.

At 31 December 2018, no other shareholders directly or indirectly held more than 5% of the registered capital or voting rights.

Note that a minority shareholder of the Company sold 1,800 shares to two new shareholders who were approved by Altavia's Board of Directors on 7 February 2019.

The articles of association provide for dual voting rights attached to all fully paid-up shares for which evidence can be provided of registration in the name of the same shareholder for at least four years. All shareholders have the option to waive their dual voting rights over all or part of their shares temporarily.

4. Stock options and treasury shares

A stock options scheme, authorised by the Combined General Meeting of Shareholders held on 20 May 2010, has been put in place. The General Meeting on 20 May 2010 authorised the Board of Directors to grant, in one or more instalments, over a period of thirty-eight months, i.e., no later than 20 July 2013, stock options each giving the right to acquire one Altavia share, within the limit of 10% of the share capital. Options may be granted to executives (such as those defined by Article L.225-185(4) of the French Commercial Code) and to eligible employees having a permanent contract of employment with Altavia, as well as to employees of only those companies or economic interest groups of which Altavia directly or indirectly holds at least 10% of the capital or voting rights.

In principle, the options may be exercised at on the expiry of a four-year period following the date of their award by the Board of Directors, subject to the option holders still working within the Group on that date, and no later than six months after the expiry of this four-year vesting period.

Note that officers of Altavia must keep at least 50% of the shares that they hold, after exercising the stock options granted to them, and until the end of their term of office.

The Board of Directors meetings awarded 50,519 stock options in 2010. The Board of Directors meetings awarded 29,313 stock options in 2011. In 2012, the Board of Directors meetings awarded 16,996 stock options. At its meetings on 4 February, 20 June, and 17 July 2013, the Board of Directors granted a total of 35,596 stock options. At 31 December 2018, there were 112,663 expired stock options.

The Extraordinary General Meeting of 20 November 2014 decided, without changing the performance conditions, to extend the period during which the stock options authorised by the extraordinary general meeting of 20 May 2010 may be exercised by two years. Provided that the conditions set for this purpose are met, the options will entitle the holders to purchase shares of Altavia during a period always starting from the end of a period of four years following the date of their grant by the Board of Directors and no later than two years and six months after the expiry of this four-year vesting period.

A special report on stock options was drawn up as required by French law no. 2001-420 of 15 May 2001.

5. Employee shareholding

Apart from the above-mentioned stock option plan, the company has not put in place any mechanism for employee shareholding.

6. Summary of delegations of powers or authority granted by the General Meeting of Shareholders to the Board of Directors for capital increases:

None.

7. Treasury shares

We hereby inform you that, as at 31 December 2018, the company holds 69,176 of its own shares, or 5.39% of the capital.

Summary table:

	Number of shares acquired by the company during the 2018 financial year	Number of shares sold by the company during 2018	Number of shares registered in the name of the company at the end of the year 2018	Purchase price of the treasury shares at 31/12/18
2018	0	0	69,176	€5,385,109

8. Subsidiaries and Equity Interests

8.1 Equity investments and divestments occurring during the 2018 financial year (direct and indirect)

In accordance with the deliberations of your Board of Directors and our development strategy, we have continued external growth operations within the group. We thus acquired equity interests or control in the following companies during the financial year:

- Altavia Newco 4, a simplified joint-stock company with share capital of €1,000, registered at the Paris Registry of Trade and Companies under number 844 715 003, 100% owned by Altavia, was created on 27 November 2018.
- On 1 March 2018, Blackwood, a subsidiary of Altavia France SA, bought out the stakes held by its minority shareholders at a price of 1 euro.
On 22 March 2018, Blackwood reconstituted its shareholders' equity, which had fallen below half of the share capital, by carrying out a capital increase via a cash payment by set-off against the current account of Altavia France followed by a capital reduction, justified by losses.
Following this transaction, Blackwood decided on 22 March 2018 to accept a new 25% shareholder, representing 4,000 shares of the company, to appoint this shareholder as Chief Executive Officer, and to change its name to Altavia Nativ.
- The companies Crazy Ones and Acyba, wholly owned by Jetpulp, were merged and taken over by Jetpulp effective 31 August 2018.
- On 5 September 2018, Altavia Company sold 100% of the shares of Altavia Newco 2 to Altavia France SA.
On 1 October 2018, Altavia Newco 2, then wholly owned by Altavia France, increased its capital from 1,000 euros to 1,949,000 euros through cash contributions by issuing new shares at par.
On 3 October 2018, Altavia Newco 2 changed its name to Altavia Carmillon and acquired, by way of contribution and transfer of all capital and voting rights, Ariane, a simplified joint-stock company with a capital of €8,270,000 whose registered office is located at 10 bis rue de la Pâture-78420 Carrières-sur-Seine, entered in the Versailles trade and companies register under number 751 038 118, which itself holds:
 - (i) 100% of the capital and voting rights of Fil Rouge, a simplified joint-stock company with a capital of 100,000 euros whose registered office is located at 10 bis rue de la Pâture, Carrières-sur-Seine (78420), entered in the Versailles trade and companies register under number 429 750 631,

- (ii) 100% of the capital and voting rights of Ophtaservices, a limited liability company with a capital of 50,000 euros whose registered office is located at 21 rue Clément Marot-75008 Paris, entered in the Paris trade and companies register under number 518 483 128, and

- (iii) 85% of the capital and voting rights of Fil Conseil, a limited liability company with a capital of 1,000 euros whose registered office is located at 10 bis rue de la Pâture, Carrières-sur-Seine (78420), entered in the Versailles trade and companies register under number 493 820 377, with the remaining 15% held by Fil Rouge.

- Following this transaction, 92.18% of the capital of Altavia Carmillon is held by the Company and 7.82% by an officer of the Company.

Altavia Carmillon exited the tax consolidation group with Altavia S.A. with retroactive effect from 1 January 2018 and, as parent company, established a tax consolidation group with Ariane and its subsidiaries effective 1 January 2019. On 2 January 2019, Altavia Carmillon changed its name to Altavia Field and its registered office to 10 bis rue de la Pâture - 78420 Carrières-sur-Seine.

- On 27 November 2018, Altavia France formed a new legal entity called Altavia Newco 3, a simplified joint-stock company with a capital of 1 euro, entered in the Bobigny trade and companies register under number 844 721 522, whose registered office is located at 10 rue Blanqui - 93400 Saint-Ouen, Paris.
- On 14 January 2019, Altavia France acquired 183 shares of Altavia Auvergne-Rhône-Alpes held by an officer of the company, who now holds 5.02% of the share capital of Altavia Auvergne-Rhône-Alpes. On that same date, this officer also resigned as Chief Executive Officer and member of the Management Committee.
- On 29 December 2016, Altavia Europe sold 270 shares to Altavia Ibérica CFA (4.5% of the capital) as part of an allocation spread over three years to a manager. On 30 January 2018, Altavia Iberica allocated 1.5% of its treasury shares, free of consideration, to this manager as the last portion of the allocation (corresponding to 90 shares).
- A new company was created in Kazakhstan (Altavia Turan) on 22 February 2018, of which Altavia Europe is 100% shareholder.
- On 13 April 2018, Altavia Hrvatska d.o.o established a branch office in Serbia whose registered office is located at Terazije no. 29, apartment 18, Stari grad, Belgrade.
- On 24 May 2018, three managers and directors each sold a share of Altavia Europe to Altavia SA, which now holds 99.99% of the capital.
- On 29 June 2018, Altavia Europe acquired 360 shares of Hrg Group Ltd representing 12% of the capital held by a Director. The Director resigned on the same date.
- On 20 February 2018, Sumis company BV acquired 24.5% of the shares of Fel Concept BV held by a corporate officer for 125,000 euros. This officer resigned as Director on the same date.
- Fel Concept, wholly owned by Sumis company BV, was merged and taken over by Sumis Printmanagement BV, also wholly owned by Sumis company BV on 3 July 2018, with retroactive effect for accounting and tax purposes from 1 January 2018.
Sumis company BV changed its name to Altavia Sumis Marketing services BV on 1 August 2018. On that same date, Print Management BV was renamed Altavia Sumis BV.
- Rokivo Inc. sold all of Rokivo Srl's shares to Stylum on 12 July 2018. Stylum then took over Rokivo Srl and Disko Srl on 20 November 2018 with retroactive effect for accounting and tax purposes from 1 January 2018.
Disko Srl was wholly owned by Disko SAS, a company incorporated under French law, itself 65.83% directly owned by Altavia SA. Rokivo Srl was 100% owned by Stylum Srl, itself 48% indirectly owned by Altavia SA.
A merger was carried out by the takeover of Disko Srl and Rokivo Srl in favour of Stylum Srl, renamed Disko Italia Srl on the day of the merger. The share capital of Disko Italia Srl was thus increased by 45,176 euros to 120,176 euros.
In exchange for 100% of their stake in the capital of this company, the shareholders of Disko Srl received 37.6% of the capital and voting rights of Disko Italia Srl. Following this merger, Disko Italia Srl is owned by:
 - Altavia Italia Srl, holding 37.4% of the capital and voting rights,
 - Disko SAS, holding 37.6% of the capital and voting rights,
 - Orange Comunicazione Srl, holding 25% of the capital and voting rights.
- On 24 January 2019, Altavia Iberica established a branch named Altavia Ibérica CFA, S.A. Sucursal en Mexico, whose registered office is located at Oxford Col Juarez Del. Cuauhtémoc número 30, de la ciudad de México C.P. 06600 CDMX.
- Lorenzo Bertagnolio was appointed Managing Director of Altavia International on 16 November 2018.

17. On 22 March 2018, Altavia International authorised the redemption for its sub-subsidiary, Canadian company CloudRaker Inc., of 1,000,000 class B Shares held by Communication Altavia Canada Inc. and the extension of the term of the bridge loan until 23 January 2019 as well as the partial repayment of the bridge loan granted to Communication Altavia Canada Inc.
18. On 10 December 2018, Communication Altavia Canada Inc., the Company's subsidiary in Canada, transferred 500,000 class B shares of its own subsidiary, CloudRaker, to CloudRaker. CloudRaker then cancelled these shares.
19. On 11 January 2019, Communication Altavia Canada Inc. acquired 750 class A shares and 100,000 class B shares representing 75% of the capital of 8844607 Canada Inc., commercially known as Ask Marketing, a Canadian company governed by the laws of the Province of Quebec whose registered office is located at 4710 rue Saint-Ambroise-# 317B-Montreal, Quebec, H4C 2C7.
20. Altavia Japan changed the location of its registered office, effective 31 March 2018, to Ohchu Daiichi Building 2F, 2-8-13, Yoyogi, Shibuya-ku, Tokyo, 151-0053, Japan.
21. On 18 October 2018, TMAI, a Korean subsidiary of the Company, bought back 24% of the capital held by an officer who resigned as Director on 10 October 2018.
24. On 1 December 2018, Altavia Korea changed the location of its registered office to #306 3rd Floor, Hyundai Liberty House, 70 Dokseodang-ro, 258, Hannam-dong, Yongsan-gu, Seoul, 04420, Rep. of Korea.
22. On 16 November 2018, Altavia International acquired 9,612 shares with a nominal value of one (1) euro each, representing 67.16% of the share capital and voting rights of BLUE LIONS, a simplified joint-stock company with a capital of €14,312 whose registered office is located at 19 rue de Presbourg-75016 Paris, entered in the Paris trade and companies register under number 797 517 836.
- On 16 November 2018, Altavia International also subscribed for 953 shares, with a nominal amount of 1 euro each, as part of a capital increase of BLUE LIONS reserved for Altavia International, bringing Altavia International's stake to 69.21% of the share capital and voting rights of Blue Lions. Blue Lions SAS is 69.21% owned by Altavia International, and officers hold the remainder. Blue Lions SAS owns the following companies:
- Blue Lions France, a simplified joint-stock company with a capital of 750,763 euros whose registered office is located at 19 rue de Presbourg-75016 Paris, entered in the Paris trade and companies register under number 838 112 399,
 - Africadesk, a simplified joint-stock company with a capital of 10,000 euros whose registered office is located at 19 rue de Presbourg-75016 Paris, entered in the Paris trade and companies register under number 827 931 080,
 - Blue Lions CIV, a limited liability company under the laws of Côte d'Ivoire with a capital of CFA 1,000,000 whose registered office is located at Zone 4 C, Biétry, rue des Majorettes, Lot n°402 D, Ilot 59 TF, Marcory, Côte d'Ivoire, number 2146 in the land register of the municipality of Bingerville,
 - Blue Lions Maroc, a limited liability company under Moroccan law with a capital of MAD 10,000 whose registered office is located at Angle rue Taoufik Al Hakim et Najib Mahfoud, 6ème étage, Gauthier, Casablanca,
 - Blue Lions Middle East FZ LLC, a Free Trade Zone company with a capital of AED 50,000 whose registered office is located at Aurora Tower, 7th Floor, Dubai Media City,
 - Blue Lions Safrica Ltd, a limited liability company with a capital of 100 rand whose registered office is located at Building 18, The Woodlands Office Park, 20 Woodlands Drive, Johannesburg 2191.
23. Since the end of the 2017 financial year, the Company decided on 18 February 2019 to create a branch of Altavia Middle East DMCC, registered in mainland Dubai (United Arab Emirates) with the Dubai Economic Department (DED).
24. On 15 January 2019, Altavia Asia Limited, a company domiciled in Hong Kong wholly owned by Altavia SA, acquired 100% of CC Holding Asia Limited, a company incorporated under Hong Kong law whose registered office is located at Unit B, 3/F, Kai Wan House, 146 Tung Choi Street, Mongkok, Kowloon, Hong Kong, registered under number 2757733. This company owns 100% of the shares of Creative Capital Shanghai Ltd, a subsidiary in China, 51% of the shares of CC USA, a subsidiary in the United States, and 51% of Kreatif Kapital Indonesia, a company in Indonesia. Following a capital increase, one of the officers of CC Holding Asia Limited now holds 10% of the share capital of Altavia Asia Limited.
25. Recall that Atelier Benneton, a company incorporated in 2017, 60%-owned by Altavia Coach, acquired the business assets of Benneton Graveur on 15 January 2018. Atelier Benneton then changed its registered office to 75 Boulevard Malesherbes-75008 Paris on 25 January 2018.
26. On 3 May 2018, Altavia Coach subscribed for 5,779 new common shares of Altavia Retailtech by converting its 200,000 convertible bonds into shares. Altavia Retailtech then carried out a second capital increase of €52,004.29 by creating and issuing 15,023 new common shares to Altavia Coach and also decided to change its name to Altavia Retailtech. Altavia Coach now holds 54.79% of the capital of Altavia Retailtech.

27. On 26 July 2018, Altavia Coach subscribed for 8.33% of the capital of Braineet, a simplified joint-stock company with a capital of €1,212.92 whose registered office is located at 158 rue du Temple, 75003 Paris, entered in the Paris trade and companies register under number 800 287 120.
28. On 26 July 2018, Altavia Coach also subscribed for 3.90% of the capital of My Genius, a simplified joint-stock company with a capital of €161,883 whose registered office is located at 5 rue Michelet, 92600 Asnières-sur-Seine, entered in the Nanterre trade and companies register under number 812 922 532.
29. On 15 May 2018, Altavia Coach acquired 100% of the capital of Altavia Newco, a simplified joint-stock company with a capital of €10,000 whose registered office is located at 1 rue Rembrandt-75008 Paris, entered in the Paris trade and companies register under number 831 050 257.

In a decision dated 6 June 2018, the Commercial Court of Paris approved the plan for the sale of the assets of Mad & Women, located at 55 rue des Petites Ecuries-75010 Paris, to Altavia Coach, with the option of substitution for a company whose share capital will be 80%-owned by Altavia Coach and 20%-owned by a manager, and fixed the commencement date to the date of that decision, 6 June 2018.

The Company, the sole shareholder of Mad & Women (a simplified joint-stock company with a capital of €10,000 divided into 1,000 shares formerly known as Altavia Newco until 6 June 2018, the date of the sole shareholder's decision to change the name), transferred 200 shares of Mad & Women on 6 June 2018 to a manager, who now holds 20% of the capital of Mad&Women.

Pursuant to a deed of assignment dated 27 November 2018, Altavia Coach transferred his business assets of Mad & Women to Mad & Women.

Mad & Women exited the tax consolidation with Altavia S.A. with retroactive effect from 1 January 2018.

On 31 December 2018, a Manager subscribed for 143 convertible bonds pursuant to a decision by the extraordinary general meeting of shareholders of Mad & Women on 4 July 2018.

30. Shopper Mind changed its registered office to 6 rue Royale-75008 Paris.

31. On 22 October 2018, Altavia Coach acquired 100% of the capital of Les Ingénieurs Sociaux, SAS, whose registered office is located at 50 rue de Courcelles-75008 Paris, entered in the Paris trade and companies register under number 485 037 220. On 20 November 2018, Les Ingénieurs Sociaux increased its share capital by 430,551 euros. It then decided to change its Chairman by appointing Altavia Coach to this role, effective 16 January 2019.

8.2 Activities of the subsidiaries and equity interests:

The table of subsidiaries and equity interests included in the notes to the financial statements provides all information concerning the identity and the results of the subsidiaries held directly or indirectly by Altavia.

a. In France:

The principal subsidiaries of Altavia France are: Altavia Paris, Altavia Nantes, Altavia Lille, Altavia Optitrans, Altavia Auvergne-Rhône-Alpes, Altavia Pallas, Agence Cosmic, Au Numéro 6, Ims Groupe, Altavia Nativ, Insitaction, Altavia Camillon and Altavia Newco 3.

The following are indirect subsidiaries of Altavia France: Jetpulp, a 97.3% subsidiary of Altavia Auvergne-Rhône-Alpes, Ariane, Ophtaservices, Fil Rouge and Fil Conseil.

Altavia France also holds an equity stake in Altavia Connect.

France's contribution to the group's consolidated turnover was €381.7 million.

Altavia Paris - 2018 saw very good performance from clients of the large-scale distribution sector. The gain of a major new client will have a significant impact on activity in 2019.

Altavia Nantes - Altavia Nantes continued to grow in 2018 in both volume and profitability.

Altavia Lille - 2018 was not a very successful year from a commercial perspective and did not allow the company to continue to grow.

Altavia Optitrans - This subsidiary had a good 2018 against the backdrop of a difficult transport market.

Altavia Auvergne-Rhône-Alpes - This company had a lacklustre year affected by the difficult integration of its subsidiary Jetpulp.

Altavia Pallas - 2018 confirmed the 2017 trend towards stabilising activity at a breakeven point.

Altavia Cosmic - In 2018, the agency saw a consolidation of the activity of its historical clients associated with the development of its new clients.

Au Numéro 6 - The agency had a good year in 2018 and will continue the deployment of the synergies identified with the other Marketing Services entities of the group.

IMS - After three years of strong growth, IMS experienced a downturn in its business.

Insitaction - In 2018, Insitaction benefited from a very good integration and synergy with the other French subsidiaries, which allowed it to develop its business through the gain of new clients.

Altavia Nativ - Altavia Nativ had a year of launch and establishment. The balances will take full effect in 2019.

Fil Rouge - This company was integrated very recently since it joined the France region in October 2018. Altavia also holds an equity stake in Altavia Connect.

Altavia Connect (EIG) - In 2018, the EIG pursued its goal of structuring and optimising the operational and functional services provided to the group's subsidiaries. This year, the EIG received compensation from the proceedings initiated following the shutdown in 2013 of an IT project for which all costs had already been recognised in previous financial years.

In 2019, a year that will see stronger capital investments, the EIG will continue operations in accordance with its company purpose.

For purposes of tax transparency, the positive earnings generated by the EIG will be passed on to its members in proportion to their holdings, with 34% going to Altavia.

Altavia Coach - Altavia Coach, a sub-holding company of the group dedicated to innovation, has the following holdings: Actipaper, Shopper Mind, Capital Innovation, Simone, Stimshop, Altavia RetailTech (formerly Ubiq Toolbox), Wetail, Mad&Women, Atelier Benneton, My Genius (Teeps), Braineet, and Les Ingénieurs Sociaux.

Actipaper - The company, which produces the daily newsletter Altavia Watch, had EBIT of -€53k in 2018 (-€40k in 2017).

Capital Innovation - This company, which creates innovative products based on consumer observations, did not have sufficient turnover to enable it to generate a positive result, focused its activity on the development of a medical solution in R&D that will last several years.

Wetail - The subsidiary hosts co-workers and organises events built around challenges for the future of retailing and private events for companies. It also offers an acceleration programme for retail startups. 2018 was the year of the 2nd batch and involved three startups. In 2018, the company did not achieve a sufficient volume of business to enable it to reach the operating breakeven point.

Simone - The 2018 performance of Simone, Parisian strategy and brand image consulting agency, was in line with 2017, with EBIT of €113k.

Shoppermind - This subsidiary, specialised in consumer studies, had a better 2018 than 2017 with the arrival of a sales representative. It posted EBIT of -€84k.

Stimshop - The startup, which develops a series of mobile applications combining the use of the telephone microphone and ultrasound, has not yet found sufficient opportunities in the retail sector to reach an operating breakeven point.

Altavia Retail Tech (formerly Ubiq Toolbox) - Altavia Coach subscribed for the capital increase of Ubiq Toolbox. The shareholders then decided to change the name of Ubiq Toolbox to Altavia RetailTech in June 2018 (with the goal of offering turnkey customer purchasing processes interconnecting the solutions of startups). Altavia Coach holds 54.8% of the capital.

The company's had an operating loss of €213K at the end of 2018.

Mad&Women - Altavia Coach purchased the business assets of this advertising agency devoted to women before the commercial court in June 2018. EBIT was close to the breakeven point at the end of 2018.

Atelier Benneton - In January 2018, Altavia Coach invested to acquire 60% of the capital of this family business specialising in heraldic engraving. The company was close to breakeven in 2018.

Les Ingénieurs Sociaux - At the end of 2018, Altavia Coach acquired 100% of the shares of the company, which has developed a neighbourhood network coordination software package. In addition, the Saint Glin Glin project, a celebration where anything is possible aimed at uniting the entire commercial ecosystem, was initiated. Partnerships are being selected for the official launch in Spring 2020.

b. In Europe:

As of 31 December 2018, Altavia Europe's subsidiaries are: Altavia CEI, Altavia Belgium, Altavia Česká, Altavia Deutschland, Altavia Hellas, Altavia HTT, Altavia Ibérica CFA, Altavia Iletisim, Altavia Dekatlon, Altavia Italia, Altavia Polska, Altavia Swiss, Altavia România Communication, Altavia Hungária, HRG, SIA Altavia Baltics, Altavia Hrvatska, Altavia Sumis Marketing Services B.V. MBO Communication is a subsidiary of Altavia Ibérica CFA.

Altavia Rus, Altavia Ukraina, and Altavia Turan are subsidiaries of Altavia CEI.

HRG UK is a subsidiary of Hrg Group.

Actstar is a subsidiary of Altavia Belgium.

Rokivo Inc, itself a subsidiary of Disko Italia S.r.l., which is 37.4%-owned by Altavia Italia.

Kamikaze Sp. Z.o.o. is a 55% subsidiary of Altavia Polska.

Altavia Sumis BV, formerly Sumis Print Management, and Sumis Logistics are wholly owned subsidiaries of Altavia Sumis Marketing Services B.V.

Altavia Europe also holds an equity stake in Altavia Connect.

The contribution of Altavia Europe and its subsidiaries to the group's consolidated turnover was €290,076 million.

Altavia Turan, a limited liability partnership with a capital of 29,186,130 tenge, wholly owned by Altavia CEI, was created on 22 February 2018 in Kazakhstan.

In 2018, **Altavia Rus** saw growth in its business despite a difficult market.

Altavia Ukraina had a resurgence of activity due to an improving economic situation in Ukraine.

Altavia Belgium had a stable 2018 with a focus on productivity in its packaging activities.

Actstar: the new major clients gained in 2017 made it possible to resume growth and achieve profitability.

Altavia Česká was a difficult 2018 due to the print market downturn and delays in commercial development of the new complex POS offer.

Altavia Deutschland: 2018 was a tough year due to an environment of price pressure and a sharp drop in volumes.

Altavia Hellas, after having seen its activity sharply impacted by the liquidation of a long-term client, is continuing to develop its existing clients and new clients. 2018 was again a year of strong growth.

Altavia HTT had a very difficult year due to the sharp drop in print volumes.

HRG also had a satisfactory year.

Altavia Ibérica CFA had a good year with stable activity against a tense competitive background.

Altavia Iletisim: this company is no longer active.

Altavia Dekatlon: 2018 was a year in decline due to a very difficult economic climate in Turkey.

Altavia Italia: 2018 saw the redefinition of the offering and the internal organisation to meet new client needs.

Altavia Polska had a stable year and developed its complex POS offering.

Kamikaze: a year of integration with strong growth.

Sumis: an extremely difficult year due to the sharp drop in the print market, but suggesting a better 2019 due to the gain of important clients after a reorganisation phase.

Altavia România Communication continued the development of its clients.

Altavia Hungária had a stable year.

Altavia Baltics had a stable year.

Altavia Swiss is inactive.

c. In Asia:

The Altavia group has establishments in South Korea via two subsidiaries: **TMAI**, which closed at the end of the year, and **Altavia Korea**.

Altavia Japan continued its development in 2018 through a new commercial offering.

d. In America:

Communication Altavia Canada, a wholly owned subsidiary of Altavia International, is continuing the group's international development in Canada.

Communication Altavia Prodiety Canada is still awaiting the integration of a major client.

Cloud Raker, acquired in 2017, exceeded expectations again.

d. In Africa:

Altavia Morocco continues to build its client base through an expanded offering.

A public limited company under Moroccan law, it is based in Rabat.

Altavia International holds 100% of this company.

Altavia Middle East DMCC, a Free Trade Zone company with a capital of AED 400,000 and domiciled in Dubai, was created in May 2017. The share capital of this company is 100% held by Altavia International. The company is continuing to build out its client base.

On 18 February 2019, Altavia Middle East DMCC decided to create a branch of Altavia Middle East DMCC, registered in mainland Dubai (United Arab Emirates) with the Dubai Economic Department (DED).

On 20 November 2018, Altavia International acquired a majority stake in **Blue Lions SAS**.

The Blue Lions group consists of a consolidating company in France (Blue Lions SAS), 69%-owned by Altavia International, and subsidiaries in France (Blue Lions France, Africadesk), Côte d'Ivoire (Blue Lions CIV), Morocco (Blue Lions Morocco), Dubai (Blue Lions Middle East), and South Africa (Blue Lions Safrica).

The Blue Lions group was created in 2013 and joined the Altavia group at the end of 2018 with a rich portfolio of international brands present in the African market, with strong growth ambitions for 2019.

9. Modifications to the presentation of financial statements or to the methods of evaluation applied in previous years

Please note that the financial statements of our company were prepared in the forms and in accordance with the methods prescribed by ANC (French accounting standards authority) regulation no. 2014-03 dated 05/06/2014. It should be noted that, in accordance with the regulations, the accounting methods have been modified concerning the treatment of goodwill, exchange gains and losses and tax credits, as mentioned in the notes to the financial statements.

10. Research and development operations

The company did not book any expenses for this type of operation during the financial year.

11. Non-deductible charges as stipulated in Article 39-4 of the French General Tax Code

The accounts for the past financial year included €31,575 in charges that are not deductible from taxable income as specified in Article 39-4 of the French General Tax Code. However, these charges do not have any impact due to the tax loss carry-forward.

12. Payment periods

In accordance with the provisions of Articles L. 441-6-1 paragraph 1 and D. 441-4 of the French Commercial Code, we set out below the information concerning the invoices received and issued, which were not paid at the year-end date, and for which the due date has passed (table required by Article D.441-4(I)).

	Article D. 441 L-1*: Invoices received but not paid at the year-end date, for which the due date has passed					Article D. 441 L-2*: Invoices issued but not paid at the year-end date for which the due date has passed							
	0 day (indicatif)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 day (indicatif)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	
(A) Tranches of payment delay													
Number of invoices concerned						105						150	
Total amount of invoices concerned		554 057	27 842	0	5 487	587 387	965 522	302 696	35 042	1 348 033	2 651 293		
Percentage of the total amount of purchases for the year		8,27	0,42	0,00	0,08	8,76							
Percentage of the sales revenues for the year							6,63	2,08	0,24	9,26	18,21		
(B) Invoices excluded from (A) relating to disputed or unrecognised liabilities and receivables													
Number of invoices excluded											28		
Total amount Invoices excluded											389 407		
(C) Reference payment deadlines used (contractual or legal deadline - Article L. 441-6 or article L. 443-1 of the Commercial Code)													
Payment deadlines used for the Calculation of payment delays		x Contractual deadlines: Invoices received generally payable after the 30 days						x Contractual deadlines: Invoices issued on generally payable after 30 days					
		Legal deadlines						Legal deadlines					

13. Earnings of the company for the past five financial years or of each of the completed financial years since the company was formed

The table provided required by company law is attached to this report.

14. Administration and control of the company

Having examined the terms of office of the directors and the statutory auditors, the Board of Directors finds that:

Michel Duval (Chairman) and Alain Roubach, members of the Audit, Accounts, and Investments Committee, were reappointed as members (and as Chairman for Michel Duval) of the Audit, Accounts, and Investments Committee for a period of three years, i.e., until the meeting of the Altavia board of directors responsible for approving the 2021 financial statements, to be held in 2022.

Daniel de Botton (Chairman), Raphaël Palti, Michel Duval, and Alain Roubach, members of the Appointments and Remuneration Committee, are reappointed as members (and as Chairman for Daniel de Botton) of the Appointments and Remuneration Committee for a period of three years, i.e. until the Altavia Board of Directors responsible for approving the 2021 financial statements, to be held in 2022.

It is proposed to renew the terms of office of Raphael Palti and Corinne Evens as directors and to reappoint Luc Bertholat as a non-voting director. Pierre-Michel Passy resigned from its duties as non-voting director. A proposal will be made at the General Meeting to appoint EPM Advisory Ltd, represented by Pierre-Michel Passy, as a new non-voting director for a term of six years.

Lastly, the renewal of the terms of office of Raphaël Palti as Chairman and Chief Executive Officer and Lorenzo Bertagnolio and Laurent Gampel as Deputy Chief Executive Officers must be decided.

In addition, the Strategic Orientation Committee, the Audit, Accounts, and Investments Committee, and the Appointments and Remuneration Committee, in preparation and support for the decision-making process of our company's Board of Directors, met regularly during 2018 and completely fulfilled their examination and advisory role.

Report on corporate governance

15. Agreements referred to in Article L. 225-38 of the French Commercial Code

In accordance with Articles 225-38 et seq. of the French Commercial Code, we request that you approve the proposed agreements provided for in the said articles and signed during the financial year just ended after having been duly authorised by your Board of Directors.

The Statutory Auditor has been duly informed of these agreements as described in the special report.

16. Agreements referred to in Article L. 225-37 of the French Commercial Code

It is also specified, as required under Article L. 225-37 of the French Commercial Code, that no Agreements were entered into during the 2018 financial year between the Managing Director, a Deputy Managing Director, a board member, or a shareholder with more than 10% of the voting rights of the company and another company whose company directly or indirectly owns more than half of the registered capital, with the exception of:

- a memorandum of understanding with Société Foncière Blanqui relating to the renovation of the premises located at 10 and 12, rue Blanqui in Saint-Ouen (93400) at the expense of the lessor (Altavia assuming responsibility for the improvements) and the plan to sign a new commercial lease between Foncière Blanqui and Altavia;
- The transfer by Firapa to Altavia Coach of all the shares comprising the share capital of Les Ingénieurs Sociaux.

17. Summary of delegations of authority and powers

Below you will find, in accordance with the provisions of Article L.225-37-4, paragraph 3 of the French Commercial Code, a summary of the delegations of authority and powers granted by the General Meeting to the Board of Directors concerning the capital increase, pursuant to the provisions of Articles L.225-129-1 and L.225-129-2 of that Code.

Delegation of authority: none.

Delegation of powers: none.

18. Body selected to perform General Management duties

In application of Article L. 225-37-4 paragraph 4 of the French Commercial Code, please note that your Board of Directors made the decision to combine the functions of Chairman of the Board of Directors and of Managing Director.

19. Corporate offices held in all companies by each corporate officer during the financial year

Offices held by Raphaël Palti in 2018

In the Altavia group:

- Chairman, Managing Director, and Director: Altavia SA, Actipaper SA,
- Director and Chairman of the Board: Altavia Belgium SA, Altavia Beijing Advertising Co. Ltd, Altavia Shanghai Trading Co. Ltd, Altavia Japan KK, Altavia Asia Ltd, Communication Altavia Canada Inc, Altavia Inc., Altavia France SA,
- Director and Vice Chairman: Altavia Iletisim AS, MBO Communication LSA, Altavia Ibérica CFA,
- Director: Altavia Hellas AE, Altavia Italia Srl, Altavia HTT Ltd, HRG UK Ltd, Altavia România Communication SRL, HRG Group Ltd, Tell Me About It (TMAI) until 28/03/2018, Altavia Hong Kong Ltd, Communication Canada Prodivy Inc, Rokivo Inc, Disko Italia Srl (formerly Stylum) Srl, Altavia Morocco, Altavia Baltics, Altavia Dekatlon, Altavia Middle East DMCC, Cloud Raker Inc., Altavia Sumis Marketing Services company b.v., Altavia Hrvatska d.o.o., and Disko Italia Srl,
- Executive Director: Altavia Korea LLC
- Chairman: Mad & Women (formerly Altavia Newco SAS) until 6/06/2018, Altavia Carmillon (formerly Altavia Newco 2 SAS) until 6/09/2018, and Atelier Benetton SAS
- Member of the Executive Board: Altavia Polska Sp z.o.o., Kamikaze Sp. Z.o.o.,
- Member of the Supervisory Board: Altavia Hungaria KFT, Altavia Ukraina SARL,
- Member of the Management Committee: Agence Cosmic SAS, Altavia International SAS, IMS Groupe SAS, Disko SAS, Insitaction, Jetpulp, Altavia Paris, Altavia Optitrans, Altavia Lille, Altavia Nantes, Au numéro 6, Altavia Fiber Value, Altavia Auvergne-Rhône-Alpes, Altavia Carmillon, Mad & Women, and Blue Lions,
- Member of the Management Committee: Wetail SARL,
- Co-Manager: Altavia Česká SRO, Altavia Deutschland GmbH,
- Legal representative of Altavia SA, Manager of Altavia Coach SC, and Chairman of Altavia International SAS,
- Permanent representative of Altavia SA on the Board of Directors of Altavia Europe SAS.

Outside the Altavia group:

- Chairman, Chief Executive Officer, and Director of Foncière Blanqui SA,
- Chairman and member of the Management Committee of Les Ingénieurs Sociaux SAS,
- Chairman of Firapa SAS,
- Co-Manager of SCI Rembrandt Courcelles,
- Chairman of Firapa SAS, itself Chairman of Viatteam SAS,
- Director of Fondiaria 78/3 Srl,
- Director of Fondation of the College de France,
- Member of the Supervisory Board: Etam Développement SCA.

Offices held by Lorenzo Bertagnolio

In the Altavia group, in France:

- Deputy Managing Director, Director: Altavia SA
- Chairman and Director: Altavia Europe SAS
- General Manager: Altavia International
- Manager: Altavia CEI SARL
- Chairman and member of the Management Committee: Altavia Fiber Value
- Member of the Management Committee: Blue Lions

In the Altavia group, abroad:

- Chairman of the Board of Directors and Deputy Director: Altavia Hellas AE (Greek subsidiary)
- Chairman, Managing Director, and Director: Altavia Morocco (Moroccan subsidiary)
- Director and Chairman of the Board of Directors: MBO Communication LSA (Spanish subsidiary) and Altavia Ibérica CFA (Spanish subsidiary), Altavia România Communication SRL (Romanian subsidiary),
- Member and Chairman of the Executive Board: Altavia Polska Sp. z.o.o. (Polish subsidiary)
- Co-manager: Altavia Česká SRO (Czech subsidiary), Altavia Deutschland GmbH (German subsidiary)
- Director: Altavia Belgium SA (Belgian subsidiary), Altavia HTT Ltd (Executive Director), Altavia Iletisim AS (Turkish subsidiary), Dekatlon AS (Turkish subsidiary), Altavia Italia Srl (Italian subsidiary), HRG Group LTD (English subsidiary), HRG UK LTD (English subsidiary), Altavia Baltics (Latvian subsidiary), Altavia Sumis Marketing Services company b.v (Dutch subsidiary), Altavia Hrvatska d.o.o (Croatian subsidiary), Communication Altavia Canada (Canadian subsidiary), Communication Altavia Prodivy (Canadian subsidiary), Cloud Raker Inc. (Canadian subsidiary), Altavia Inc. (US subsidiary), Altavia Asia Limited (Hong Kong subsidiary), Altavia Japan KK (Japanese subsidiary), Tell Me About It (TMAI) (Korean subsidiary), Altavia Hong Kong Ltd (Hong Kong subsidiary), Altavia Middle East DMCC (United Arab Emirates subsidiary), Altavia Beijing Advertising Co. Ltd, and Altavia Shanghai Trading Co. Ltd

- Member of the Supervisory Board: Altavia Hungária KFT (Hungarian subsidiary), Altavia UkrainA (Ukrainian subsidiary)
- Member of the Executive Board: Kamikaze Sp. Z.o.o (Polish subsidiary)

Outside the Altavia group:

- Director: Fondiaria 78/3 srl

Offices held by Daniel de Botton

In the Altavia group:

- Director: Altavia SA, Altavia France, Altavia Europe

Outside the Altavia group:

- Deputy Managing Director and Board Member: Foncière Blanqui SA
- Chairman and Director: Fondiaria 78/3 Srl:
- Manager of the following SCIs (real estate partnerships): EPP Ile de France, Paradis Ile de France, Rafiloc, Suresnes Nieuport, Rugelec, Le Nil, Ivry Michelet, Scar temple, Audoen et Paul, Rhône Alpes, Manزابott
- Joint manager of the following SCIs (real estate partnerships): Rembrandt-Courcelles, Eurocolombes, Colombia Finlande, Immobilière Valmy, Immobilière Kennedy, Paradaip, Ferber Ile de France, FDL 1, Saint-Antoine 18/30
- Manager of the following SARL (limited liability companies): Tigre, EPP Montreuil Beaune, EPP Montreuil Holdings, Le Raphaël, EPP Vanves, EPP Ile de France Holdings, SB Investissements, FRS Conseils, EPP Rue Martel, Le Martel, FPP Real Estate, EPP Ivry Hoche, EPP Suresnes Curie, Classic European Real Estate, EPP Noisy Le Grand 2012 Holding, EPP Bezons, EPP Funding,
- Joint manager of the following SARLs (limited liability companies): Le Diderot, Le Noisy le Grand, Sezarr, Petinan, A&G Valcke et Cie, V De Villiers, K De Kleber, S.b. Investissements
- Manager of SC Bermau
- Joint manager of SC 3B
- Manager of the following SNCs (general partnerships): EPP Bezons, EPP Massy Ile De France

Offices held by Catherine Dunand

In the Altavia group:

- Director: Altavia SA and Altavia France

Outside the Altavia group:

- Chairman: Promontoires SAS, Cemag Invest SAS
- Manager: Novinvest Partners SARL
- Member of the Supervisory Board: Arenadour SAS
- Director: Metabolic Explorer (Société Cotée Eurolist Compartiment C), Advicenne (Société Cotée Eurolist Compartiment C) Aryballe Technologies SA, Feeligreen SA, Faber Novel SAS, To Do Today SA, Wandercraft SAS, Cosmot Tech, fondation FAAU

Offices held by Michel Duval

In the Altavia group:

- Director: Altavia SA, Altavia France

Outside the Altavia group:

- Manager: SCI La Mare
- Co-manager: MD Conseil
- Director: Non-voting –Majencia (office furniture)

Offices held by Andera, represented by Pierre-Yves Poirier

In the Altavia group:

- Permanent Representative of Andera Partners SCA, Member of the Board of Directors: Altavia SA

Outside the Altavia group:

- Manager: Andera Partners SCA,
- Permanent Representative of Andera Partners on the Supervisory Committee: Compagnie Financière Du Forum/Intescia, Gamma Développement,
- Non-voting board member in a personal capacity: HGR – Rougnon,
- Permanent Representative of Andera Partners on the Strategy Committee: OCEA Participations,
- Chairman: Montalivet Investment Managers, GPE International,
- Permanent Representative of Andera Partners on the Board of Directors: Platinium Group SAM, PGSAM Holding SAS,
- Permanent Representative of Andera Partners, Chairman of the Strategy Committee of Financière Louis,
- Permanent Representative of Andera Partners on the Strategy Committee of GLOBASIA – La Générale pour l'Enfant,
- Member of the Supervisory Committee: Hawker Invest,
- Director in its own name: China Investment Partners Limited (Hong Kong).

Offices held by Corinne Evens

In the Altavia group:

Altavia SA: Board Member

Outside the Altavia group:

BMIP-Bethlehem Multidisciplinary Industrial Park: Vice-President

Bold Rock Management Ltd., UK: Director

G. Evens Diamonds & Co. N. V., Belgium: Chairman

Link Point SA, Luxembourg: President of the Board of Director

Microworld, Luxembourg: Member of the Board

SIIFFA SAS, France: President

SCI DU 34-38 Rue Camille Pelletan, France: Director

Board membership - Philanthropy

European Association of the Museum of the History of Polish Jews: President

Evens Foundation: Honorary President

International College of Philosophy in Paris: Member of the Board

Positive Planet (microfinance): Member of the Board

TAU – University of Tel Aviv: Member

Learning for Wellbeing Foundation, Hollande: Member of the Board

Offices held by Laurent Gampel

In the Altavia group:

- Deputy Managing Director: Altavia SA

- Director: Altavia Europe, Altavia HTT Ltd (non-Executive Director)

Outside the Altavia group:

None

Offices held by Pierre Milchior

In the Altavia group:

- Director: Altavia SA

In the Etam group:

- Chairman: Etam SAS, Covi Deux SAS, Milinvest SAS, H.A.H. SAS,

- Deputy Managing Director: Nortex SAS, Elan Industries SAS,

- Chairman of the Board of Directors and Director: Gerset SAS,

- Chairman and Director: Setger SAS,

- Manager: Etam Développement (since 29/05/1996),

- Representative of Etam Développement SCA, itself Chairman: Norpierre SAS,

- Permanent representative of Etam SAS on the Board of Directors: Investint, Société Belge Etam

- Representative of Société Belge Etam on the Board of Directors: Société Foncière Etel,

- Director: Nora Limited, Shanghai Intermoda Clothing (until 31 May 2018), Shanghai Aige Clothing (until 31 May 2018), Shanghai Intermay Clothing, Investint Fashion Lingerie Shanghai, Ifem, Fresh Start (from 30/04/2018 to 17/08/2018),

- Representative of Investint on the Board of Directors: 123 Luxembourg SA, Société Luxembourgeoise Etam,

- Representative of Etam SAS on the Board of Directors and Director in its own name: Modasia Holding

Outside the Etam group:

- Manager: Selau, Seva, Tami,

- Director: Finora SA, Vivar Global LTD, Vivar Resources Limited,

- Chairman of the Board of Directors: Mordka SA.

Offices held by Sébastien Reydon

In the Altavia group:

- Representative of Viateam SAS on the Board of Directors and Chief Financial Officer of Altavia SA,

- Representative of Altavia SA on the Board of Directors of Altavia France SA,

- Director: Actipaper SA, Altavia Europe SA,

- Member of the Management Committee of Altavia International, Agence Cosmic, IMS Groupe, Disko, Altavia Paris, Altavia Optitrans, Altavia Lille, Altavia Nantes, Altavia Fiber Value, Altavia Nativ, Insitaction, Altavia Auvergne-Rhône-Alpes, Jetpulp, Altavia Carmillon, Mad&Women, Blue Lions,

- Director of Altavia Belgium SA, Altavia Hellas AE, Altavia HTT Ltd, MBO communication, Altavia Ibérica CFA, Altavia Iletisim AS, Altavia Dekatlon, Altavia Italia SRL, Altavia România Communication SRL, Altavia Asia Limited (Hong Kong), Altavia Beijing Advertising co. Ltd , Altavia Inc. (filiale US), Rokivo Inc., Altavia Italia, Disko italia SRL, HRG Group Ltd, HRG Uk Ltd, Altavia Baltics, Altavia Hong Kong Limited, Communication Altavia Canada Inc., Communication Altavia Prodigy, Cloud Raker Inc., Altavia Sumis Marketing Services BV, Altavia Hrvatska d.o.o., Kamikaze Sp. z.o.o., Altavia Shanghai Trading co. Ltd, Tell Me About It (tmai) (jusqu'au 28.03.2018) Altavia Korea LLC , Altavia Japan KK,

- Member of the Executive Board of Altavia Polska Sp. z.o.o.,

- Co-manager of Altavia Česká sro, Altavia Deutschland Gmbh,

- Member of the Supervisory Board of Altavia Hungária KFT et Altavia Ukraina SARL.

Outside the Altavia group:

None

Offices held by Alain Roubach

In the Altavia group:

- Director: Altavia SA et Altavia Europe SAS

Outside the Altavia group:

- Manager: Opera Immobilier SARL, SCI des Petibous,

- Co-manager: Alclan SC Anegada Company SARL

- Vice-Chairman and Treasurer: CFA Ort,

- Director: Ogury LTD, Augmentdev SAS, Arts et Biens SA,

- Member of the Supervisory Committee: Praditus SAS, Siiffa SAS, Little Extra SAS, DS Cafe SAS, Mozoo SAS,

- Member of the Strategy Committee: Askmona SAS,

- Member of the Monitoring Committee: Agrivent SAS.

Extra-financial performance declaration

I. Background

A – Regulatory framework

The Order of 19 July 2017 transposing Directive 2014/95/EU of 22 October 2014 as regards disclosure of non-financial and diversity information by certain large undertakings and groups created the extra-legal performance declaration.

The Law of 30 October 2018 amended Article L.225-102-1 of the French commercial code, which provides that the DPEF must include information about how the company takes into account the social and environmental consequences of its business.

Altavia is now part of the new scope of the companies concerned.

Article R.225-105 of the French commercial code specifies that the report must present the company's business model and, for each category of information:

- a description of the main extra-financial risks (through a materiality analysis, for example)
- a description of the policies applied (where the company does not apply a policy in respect of one or more of these risks, the report must include a clear, reasoned explanation);
- where applicable, the due diligence procedures performed to prevent, identify, and mitigate the occurrence of risks
- the results of these policies, including key performance indicators.

The indicators of Article R.225-105, similar to the list of the previous mechanism, are required only if they are relevant to the main risks identified.

B – Control of extra-financial information

The information contained in the extra-financial report is verified by an independent third party according to specific procedures.

The independent third party mentioned in Article L.225-102-1(V) is appointed by the Chairman and CEO for a period not exceeding six financial years from among the bodies accredited for this purpose by the French accreditation committee (COFRAC) or by any other accreditation body signatory to the multilateral recognition agreement established by the European coordination of accreditation bodies.

This audit by the independent third party results in a notice provided to the shareholders at the same time as the management report. Pursuant to the provisions of the French commercial code set out above, the independent third party's report must include:

- a) A reasoned opinion on the conformity of the report with the provisions of Article R.225-105 (I) and (II) as well as the accuracy of the information provided pursuant to 3° of Article R.225-105 (I) and (II);
- b) Due diligence measures implemented to conduct its audit.

II – Presentation of the business model

Altavia was founded in 1983 by its Chairman and CEO and has become the leading independent international group specialising in commercial communication for the retail sector. It is a federation of around 40 independent companies. With a presence in 28 countries, Altavia has 1,700 employees and a governance system that encourages local initiative and pursues its growth to serve retailers and brands.

Altavia offers commercial communication solutions designed to create value and delight the retail world.

Sales activation

- Shopper insights
- Strategic consulting
- Commercial Communication
- Product innovation
- Retail Design

Multi-channel content production

- Pre-press and pre-media solutions
- Digital production
- Digital asset management

Printing management

- Ecodesign
- Paper purchasing
- Printing and logistics
- Printing optimisation

A – Organisation and structure of Altavia

Altavia is a public limited company with a board of directors and a capital of €3,846,411.

Altavia's subsidiaries are led and coordinated by the executive committees in particular.

Altavia has a Board of Directors, an Audit and Investment Committee, and a Compensation Committee, which meet several times a year.

The Board of Directors consists of ten members appointed by the General Meeting for a term of six years.

The Board of Directors takes all decision relating to the company's main strategic, economic, social, financial, or technological directions and ensures that they are implemented by the company's management.

Decisions are taken according to the conditions of quorum and majority provided for by law.

Every four years, the medium-term framework for Altavia's business activities are defined by a strategic plan called MOVE (Make Our Vision Effective). The plan is structured around six fundamentals – Human Capital, Client Base, Finances, Offerings and Expertise, Identity and Image, and CSR – deployed in each subsidiary through actions, pilot projects, and innovations.

MOVE is adopted by the Board of Directors.

In particular, it includes a projection of Altavia's main operational and financial indicators.

As part of this framework, the Chairman and CEO presents a draft annual budget to the Board of Directors, which approves it.

Although not a publicly listed company, Altavia has published its annual report every year for the past 20 years. This demanding exercise is in keeping with the group's beliefs and values.

B – The company's market and its specific strengths

Altavia is the leading independent international group specialising in commercial communication for the retail sector. For 33 years now, its staff have shared the same commitment to retail and have worked every day on supporting sales activation for more than 300 brands and retailers. Altavia's multi-channel approach to commercial communication issues enables it to offer tailored solutions at all levels of the value chain: strategic consulting, print management, marketing services, and digital communication.

Faced with the obliteration of boundaries between physical stores and e-commerce, the revolution in commerce is underway, led by increasingly better informed, demanding, and versatile citizens. Retailers need to reinvent themselves and rebuild their relationships with customers. Altavia's mission is to help our retailer clients build productive relationships with their own customers every day by offering sales activation solutions.

Altavia's main environmental and social issues and risks revolve around three main areas:

- our employees: the attraction of talent and their retention, which fits in with our policy of diversity, expanding skills to ensure growth in our areas of expertise, non-discrimination, and equal pay.
- our customers: Creative and technological innovation is at the heart of our concerns and solutions. It must be virtuous.
- the environment: controlling our internal impacts and our products and services, especially in terms of energy and paper consumption, greenhouse gas emissions, and waste.

C – Objective and value-added strategy

The company's priorities

1. Altavia's CSR policy

Altavia deploys its CSR policy along two major areas of action in its internal practices and then in its client offerings.

The aim is to improve the impact of the group's activities on **Society** and the **Environment**.

- To ensure the survival of the world in which we live,
- To ensure the company's sustainability and financial performance

We want to implement these actions in each of our BUs, and measure their effectiveness starting in 2019.

Internal practices

Provide good working conditions for our employees, ensure their development, and promote diversity and equality.

Minimise our environmental impact – and generate savings by improving recycling and energy management.

We are convinced that by being strong in our internal practices, we will be more convincing and impactful thanks to the support of our customers.

Commercial proposals

Positive Sourcing® to contribute to the professional integration of disadvantaged people and Ecopublishing® to eco-design our customers' communication media and improve their impact on society and the environment.

In Marketing Services and Digital:

We want to be able to support our customers in the design of a fair, honest, stereotype-free advertising message like the action of Mad&Women, which recently joined the Altavia Group, and to limit the environmental footprint of digital with the idea of sharing a charter of commitment on more responsible practices with our clients.

Since the group's creation, in each Altavia business unit, each independent, environmental, social, or societal actions have been put in place, sometimes at the very heart of the strategy. The sum of all these positive actions was rewarded last year by the **UN Global Compact**, which gives us the highest distinction: the **advanced** level, obtained by only 8% of companies worldwide.

In this context, Altavia drafts an annual Communication on Progress (COP), which describes all the actions implemented by the group with regard to the environment, respect for human rights and labour standards, and the fight against corruption. This COP is available on the Global Compact website.

In addition, an increasing number of BUs are being evaluated by **Ecovadis** at the request of our international customers: 7 BUs in 2018 (average score of 64: GOLD) to 10 in 2019.

Coordination within the group

Workplace is used by the CSR team to bring CSR matters to the attention of all employees. The Workplace group is dedicated to CSR and open to all employees, thereby enabling the BUs to share their "best-of and best practices" as well as global or national CSR events.

This group will also become a forum where CSR news and trends can be shared.

Lastly, the CSR department uploads training material for the Group's various CSR offers onto the platform to help the BUs familiarise themselves with these subjects and find the best solution for their clients.

Coordination of the Altavia Group's CSR policy also depends on a small network of employees on whom the CSR department relies to report their business unit's initiatives in this area.

The ambassadors also raise the awareness of staff and implement CSR actions within their business unit. By taking part in workshops, they will be involved in forming the Altavia Group's CSR strategy. They will benefit from the involvement of experts who will broaden their knowledge of CSR and thereby enable them to confront the environmental, social and societal challenges of their business unit.

2. The Altavia Group's Responsible Purchasing Policy

Altavia has a real CSR policy that promotes socially responsible procurement. Altavia has a large pool of approved suppliers and works with various structures able to intervene in various areas, such as manual work, printing, routing, flow-packing, and sleeving.

2.1 Duty of vigilance to our service providers (supplier selection, partnership, subcontracting)

Altavia's Purchasing Department manages all of the subcontractors of the French business units. The specifications sheet that has to be signed by subcontractors (mainly printers) comprises a CSR charter that is dedicated to subcontracting activities. By signing this document, the partner undertakes to respect the ethical and environmental principles and labour standards in place.

The international structure of the Purchasing teams will help ensure that the CSR charter is signed by all BU suppliers.

Within the Altavia group, 15 business units are FSC® and PEFC™ certified. Consequently, the origin and composition of wood-based materials are checked and a risk analysis is performed.

In addition to the caution taken upstream of Altavia's activities, the business unit, Altavia Optitrans, which specialises in transport and logistics, questioned its 44 transport service providers on CSR matters. The questionnaire was used to verify the transport service providers' commitment to reducing their greenhouse gas emissions. It transpired that 38% of service providers respect the EURO 5 standard and 53% respect the EURO 6 standard.

Furthermore, 82% of service providers are ISO 14001 certified. Altavia Optitrans also identified a number of best practices such as the purchase of gas-powered vehicles, the use of accessories to reduce aerodynamic drag, the recycling of engine oil and even the organisation of eco-driving courses.

Finally, the Altavia Group intends to introduce a Responsible Purchasing Policy based in particular on the incorporation of social and environmental criteria into the supplier and subcontractor selection process. A risk analysis and audits will be carried out among strategic suppliers in countries that pose a risk.

2.2 Socially responsible procurement

Social inclusion is of great importance to Altavia. Consequently, since 2015, Altavia has developed its Positive Sourcing® brand, which is primarily based on the employment of disabled people.

In France, socially responsible products are procured from disability-friendly companies ("EA") and sheltered-employment organisations ("ESAT"). The CSR department works with an Altavia Connect buyer to boost and consolidate purchases from the adapted and protected work sector ("STPA"). The CSR department is responsible for training and raising awareness among employees while the buyer manages the service providers.

In 2017, for example, the CSR department organised a round table on Positive Sourcing® during European Disability Employment Week.

The aim of this event was to get all stakeholders—service providers, staff and one of our clients—to discuss the barriers and levers of socially responsible procurement.

A practical manual was also distributed among employees to give them all of the tools necessary to increase purchases from the adapted and protected work sector.

3. Respect for Human Rights

a. Human capital: a lever for the development of Altavia

Altavia's Human Capital Department and the business unit teams reviewed the Human Capital policy. This revision process gave rise to a website dedicated to Human Capital. This website enables all employees to consult the Human Capital policy at any time: the founding principles, the responsibilities of managers, our rights and obligations, the "cornerstones of best practice" in the area of Human Capital, and our commitments (fight against discrimination and harassment, preventing conflicts of interest, fair recruitment). Staff can also access information on the best practices of managers ("The Art and Style of the manager"), an induction manual, a presentation on collaborative tools and useful links.

Finally, a dedicated group (Altavia Inside) on the company's social network enables employees to share best practice and communicate directly with one another on a daily basis.

Within the Group's code of ethics, entitled "The Art and Style of Altavia", the ethical foundations constitute a common base for the business units and guarantee a serene working environment for Altavia's current and future employees. Altavia and its subcontractors undertake to respect the rights of men and women in all of the countries where they operate.

A code of ethics has also been put in place in all Altavia subsidiaries.

b. Diversity: a real asset for Altavia

Altavia values diversity, primarily expressed through the wide range of career paths followed by its staff. Furthermore, all ages are represented within the Group, from a student on a work/study programme to an employee who is nearing retirement.

Women make up 59% of the Group's workforce in France.

Altavia confirms its willingness to pursue a policy of integration and support in the employment of employees recognised as having disabilities. In this respect, as in previous years, the activities carried out in France concern:

- Recruitment
 - Once a recruitment need is identified, an announcement is posted on the APEC or Pôle Emploi partner sites, which specialise in the recruitment of employees with disabilities. In addition, divisions dedicated to placing recognised workers with disabilities have developed within the temporary agencies we use, and we consistently call on these divisions.
- Identification of recognised employees with disabilities

c. Need for vigilance towards respect for human rights

The CSR Charter signed by the French business units' subcontractors contains a number of requirements that concern the prevention of discrimination and child labour. The international structure of the Purchasing teams will help ensure that the CSR charter is signed by all BU suppliers.

The Altavia Group intends to introduce a Responsible Purchasing Policy that is based in particular on the incorporation of social and governance criteria into the supplier and subcontractor referencing process. A risk analysis and audits will be carried out among strategic suppliers in countries that pose a risk.

Internally, employees can report any Human Rights breach, whether in violation of their rights or those of another employee, to their Human Capital representative.

4. Respect for labour standards

a. Altavia's commitments

Wherever the Group operates, employees are fully aware of the labour standards to be respected.

Raphaël Palti's editorial on the website dedicated to Human Capital refers to the ILO's conventions, which can be accessed by employees through a link.

Altavia also makes sure that labour standards are upheld by its suppliers by asking them to sign the CSR Supplier charter.

I. Health and safety of employees

"The Art and Style of Altavia" reminds each employee of the health and safety rules to be respected at work. It is down to individuals to make sure that their behaviour does not put others in danger and to inform their manager or BU managing director of any hazard they come across.

The French business units apply the country's employment law in close cooperation with staff representatives and the members of the Health, safety and working conditions committee ("CHSCT").

Workplace safety instructions and regulations are displayed in the offices. Fire and first-aid training courses are run on a regular basis for employees. Furthermore, a safety logbook is kept to monitor mandatory maintenance operations (fire extinguishers, emergency lighting units). All risk assessment results are contained in a single document ('document unique').

With regard to industrial relations, employees benefit from having staff representatives (works councils, shop stewards) and their opinion is regularly sought through Human Capital surveys which measure employee satisfaction and experience within the Group, business unit and team as well as during the employee's day-to-day working life anonymously. The results of each survey are shared with all of the employees and give rise to workshops during which ideas and suggestions for actions are elicited.

Health and safety actions are also taken outside of France but are not harmonised. Consequently, the CSR department wishes to establish with the Human Capital Director and the business unit directors a common base of health and safety principles for the Group's employees that comprises at least one supervisor and a number of procedures and training courses.

Altavia wished to establish an even more sustained social dialogue throughout its BUs by setting up Forums. These Forums encourage all employees, regardless of the BU, size, and the country concerned, to come express their opinion and contribution on everyday topics.

II. Training

The training policy is built according to the strategy of the Business Units and the needs expressed by employees and managers in order to:

- develop sales performance: managing customer and prospect relations (negotiation, communication, etc.)
- adapt to changes and anticipate technical and business developments (digital, production tools, etc.)
- strengthen professional efficiency by appropriate means (office automation, management, foreign languages, etc.)

III. Conviviality and well-being

Since the company was established, Altavia has introduced "rhythms and customs" within the Group and in each business unit. Rhythms and customs consist of moments that favour the sharing of BU and Group information, let employees learn more about our business areas and interact in a convivial environment, as exemplified by our extended seminars.

Each business unit also encourages employees to take part in common activities, such as well-being workshops, and to do a sport.

IV. Work-life balance

Altavia and its subsidiaries have taken various measures to enable employees to strike a better work-life balance.

Several business units have implemented teleworking.

b. Evaluation

Social footprint

In France, the company's social performance (workforce, employment, temporary staff, absenteeism, work accidents, training, industrial relations, discrimination, remuneration and social benefits) is measured on an annual basis.

On the international level, the business units are audited once a year by an in-house auditor. Among the various areas examined, the in-house auditor checks whether workplace health and safety procedures are respected. With regard to Human Capital,

the management of recruitment, career and departure processes, business expenses and the allocation of company cars are also audited.

5. Sound environmental protection policies and procedures

1. Responsible communication

Altavia is committed to improving its energy footprint and helping its clients reduce the environmental impact of their communication aids (responsible communication).

Since 2010, Altavia has renewed its FSC® and PEFC™ certificates every year in order to guarantee the traceability of the paper used to make its clients' communication solutions.

In 2017, two new business units were certified: FSC® for Altavia Japan (Japan) and FSC® & PEFC™ for Altavia Fiber Value (France). This brings the total number of certified BUs in Europe and Asia up to 15. Every year, four business units are audited by Bureau Veritas.

As part of the ISO 14001 standard, Altavia Iberica (Spain and Portugal), audited by Bureau Veritas, Altavia HTT (UK), audited by the British Assessment Bureau, and Altavia Sumis (Netherlands) carry out an annual assessment of their environmental indicators (use of water, energy and paper, etc.) in order to identify any areas that could be improved. Specific targets and an action plan are then defined in order to continuously improve the business units' performance.

CarboScan®

Altavia offers all of its clients a carbon footprint calculator (CarboScan®) so that they may have a clear picture of the CO₂ emissions associated with their communication tools. This tool, which enables clients to stand out from their competitors, takes design, paper, printing and transport into account.

In 2017, a new version of CarboScan® was launched to make it easier for employees to use, and to provide more information to clients.

Consequently, production-related carbon emissions now systematically appear on quotes and invoices. In France, the new version of CarboScan® will also state the project's Citeo eco-contribution amount and, starting in January 2019, will automatically complete a Citeo preliminary report form. The Altavia Solutions and Citeo teams work in partnership to develop this innovative solution.

Ecopublishing®

Created and launched in 2012 by Altavia, Ecopublishing®, the benchmark for the reduction in the environmental footprint of printed media, is an eco-design process that is based on a range of criteria that cover the communication solution's entire production and distribution chain.

The year 2017 ended with a revision of Ecopublishing® criteria in order to make the benchmark easier to understand and use, while maintaining the same high standards.

Upcycling

An integral part of Altavia's offering, upcycling enables clients to give a new lease of life to their communication solutions. PVC banners are turned into bags, pencil cases and folders. Catalogues and annual reports become book covers. The business units have made use of upcycling for their own in-house projects.

2. In-house actions

a. Employee training on responsible communication

Employees receive training on the Group's responsible communication offers and the Group Executive Committee is informed every year of the problems associated with managing FSC® and PEFC™ certificates during periodic reviews.

b. Employee mobility: remote meetings

In order to reduce carbon emissions generated by business trips, the Altavia Group introduced in 2016 a number of Google Suite solutions (Hangout–Google Drive) that provide a positive video-conferencing experience together with a document-sharing function. Aware of the environmental impact of business travel, the business units also take measures to reduce car use by a single person.

c. Waste sorting and GHG emissions reduction

The business units manage their waste in a responsible manner by sorting as much of it as possible and by using specialist waste collection companies.

In addition to paper and packaging, batteries and electronic waste are collected separately.

Certain subsidiaries, particularly the two UK business units, have gone even further by undertaking a global greenhouse gas emission reduction process. As a member of the POPAI Sustainability Standard, HRG adopted an approach that is based on a life-cycle analysis to reduce its greenhouse gas emissions. As for Altavia HTT, employees have joined a greenhouse gas emission offset programme.

6. Anti-corruption policies and procedures**Regulatory framework: the Sapin II Act**

In light of the “law on transparency, the fight against corruption and the modernisation of business practices”, known as the Sapin II law, the Group has revised its “The Art and Style of Altavia” code of ethics.

A work group was formed in 2017 to implement the corruption prevention and detection measures required by the law.

It comprises: the General Secretary, the Group’s Human Capital Director, the Human Capital France Director, the In-house audit manager, the Corporate Legal Affairs Director, the Commercial Legal Affairs Director and the Group Finance Director.

This work group has facilitated the undertaking of work and enabled the implementation of the eight principles of the Sapin II law to move forward.

- The risk map has been created.
- The code of ethics has been updated. It specifies the best practices to be followed internally and with Altavia’s stakeholders. The code of conduct that forms part of the code of ethics also notes that disciplinary measures are to be taken in the event that the Group’s rules are breached.
- A notification system has been introduced: employees will be able to send to a dedicated email address a message that is later forwarded to the Appointments and Compensation Committee. Each message will be investigated.
- The Human Capital department will be responsible for training managers and employees who are exposed to the risk of corruption and influence peddling.
- The Altavia Group implements procedures to assess the risk of corruption and influence peddling that could concern its suppliers and main clients.
- Internal audits and, possibly, the French anti-corruption agency (“AFA”) may check whether the Group’s procedures and code of conduct are implemented correctly.

7. Skills-based sponsorship

Altavia is a sponsor of the following associations:

- Agence du don en nature
- Réseau Entreprendre
- Cité de la réussite

III – Key social performance indicators**Employment**

Average FTE workforce*	2017	2018
France	808	940
Europe	565	596
Rest of the world	278	308
GROUP TOTAL	1,650	1,844

Note: the increase is mainly due to the acquisition of new companies.

*Average of FTEs of companies within the scope of the group as of 31/12 of the year in question.

Work-related injuries*	2017	2018
France	18	14
Europe	7	4
Rest of the world		
GROUP TOTAL	25	18

*Corresponds to the definition of labour regulations in France.

Recruitment*	2017	2018
France	166	263
Europe	130	128
Rest of the world	59	85
GROUP TOTAL	355	475

*Physical headcount.

Departures*	2017	2018
France	143	236
Europe	102	112
Rest of the world	75	101
GROUP TOTAL	320	449

*Physical headcount.

Employee turnover rate*	2017	2018
France	17.7%	25.1%
Europe	18.1%	18.8%
Rest of the world	27%	32.8%
GROUP TOTAL	19.4%	24.3%

*This is the number of departures divided by the average FTEs of the year.

Disability	2017	2018
France	4	8
Europe	3	3
Rest of the world	2	2
GROUP TOTAL	9	13

Training

Training in France increased by 17% between 2017 and 2018.

For the France scope, Altavia dedicated €140,000 to training in 2017 and €163,861 in 2018.

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

IV – Extra-Financial Performance Declaration correlation table

Articles L.225-102-1 and R.225-105 of the French commercial code	Paragraph references
Business model of the company	Reference to Chapter II of this document
Description of the main risks related to how the company takes into account the social and environmental consequences of its business	Chapter II A
Social consequences of the business	Chapter II C 3 and 4
Environmental consequences of the company's business	II C 1 and II C 2
Effects of the business activity on respect for human rights	II C 3
Impact on climate change of the company's business activity and use of the goods and services that it produces	The elements related to this chapter are being developed
Societal commitments to sustainable development	2 C 5
Societal commitments to combat food insecurity	Due to the absence of a corporate restaurant at all of the BUs, the theme related to the fight against food insecurity is identified as irrelevant
Societal commitments to combat food waste	Due to the absence of a corporate restaurant across all of the BUs, the theme related to food waste is identified as irrelevant
Societal commitments to animal welfare	Respect for animal welfare is identified as irrelevant to Altavia's activity
Societal commitments to responsible, fair, sustainable food	Due to the absence of a corporate restaurant across all of the BUs, the theme related to responsible, fair, sustainable food is identified as irrelevant
Collective labour agreements within the company and their impact on its economic performance as well as on its employees' working conditions	II C 4 a iv
Actions to combat discrimination and to promote diversity	II C 3 b
Measures taken for people with disabilities	II C 2.2 II C 3 b

After having read the reports presented by your statutory auditor, your board invites you to approve the resolutions submitted for your vote.

The Board of Directors

To the General Meeting of Altavia,

Opinion

As part of the assignment entrusted to us by the General Meetings, we carried out the audit of Altavia's consolidated financial statements for the financial year ended 31 December 2018, as attached to this report.

We certify that the consolidated financial statements are, with regard to French accounting regulations and principles, free from misstatements and give a true and fair view of the net income from operations during the past financial year, as well as the financial situation and assets of the group constituted by the persons and entities included in the consolidation.

Basis of our opinion

Audit framework

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

Our responsibilities according to these standards are indicated in the "Responsibilities of the statutory auditors in the audit of the consolidated financial statements" section of this report.

Independence

We conducted our audit in accordance with the rules of independence applicable to us for the period from 1 January 2018 to the issue date of our report. In particular, we did not provide any services prohibited by the professional code of ethics for statutory auditors.

Justification of our assessments

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French commercial code relating to the basis for our assessments, we wish to draw your attention to the following points, which, according to our professional judgement, were the most important for the audit of the consolidated financial statements for the financial year.

These assessments contributed to the audit of the consolidated financial statements, taken as a whole, and to the formation of our opinion expressed above. We do not express an opinion on items in these consolidated financial statements viewed in isolation.

Goodwill, the net amount of which in the balance sheet at 31 December 2018 is €55.6 million, underwent impairment tests as indicated in note 1.2.5 to the consolidated financial statements. We examined the process for the implementation of these tests, as well as the cash-flow forecasts and assumptions used and reviewed the calculations resulting in the recognised impairment amounts.

Specific verifications

In accordance with the professional standards applicable in France, we also carried out the specific verification of the disclosures, stipulated by laws and regulations, relating to group data contained in the management report of the Board of Directors.

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

We certify that the consolidated extra-financial performance report provided for in Article L.225-102-1 of the French commercial code appears in the group data provided in the management report, it being specified that, in accordance with the provisions of Article L.823-10 of that code, the information contained in this report was not verified for accuracy or consistent with the consolidated financial statements and must be the subject of a report by an independent third party.

Responsibilities of the management and the members of the corporate governance bodies concerning the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with French accounting rules and principles and implementing the internal controls that it deems necessary for the preparation of consolidated financial statements free of any material misstatements, whether due to fraud or error.

In connection with the preparation of the consolidated financial statements, Management is responsible for assessing the company's ability to continue its operations, providing information on matters relating to the continued operations, where this is relevant, and preparing financial statements on a going-concern basis, unless the management company intends to wind up the company or discontinue its operations.

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

Responsibilities of the statutory auditors in the audit of the consolidated financial statements

It is our responsibility to prepare a report on the consolidated financial statements. Our goal is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain any material misstatements. Reasonable assurance is a high level of assurance but is not a guarantee that an audit performed in accordance with the professional auditing standards will always detect any material misstatement. Misstatements may arise as a result of fraud or error and must be regarded as being material if it can reasonably be expected that they, individually or in the aggregate, will affect the financial decisions made by users of the financial statements on the basis of the financial statements.

As specified in Article L.823-10-1 of the French commercial code, our role of certifying the financial statements is not to guarantee the viability or the quality of the management of your company.

As part of an audit performed in accordance with the professional auditing standards applicable in France, the statutory auditor uses professional judgement throughout this audit. In addition:

- the statutory auditor identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether due to fraud or error, and defines and implements audit procedures for such risks and collects evidence considered sufficient and appropriate to serve as the basis of its opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, as fraud may involve conspiracy, forgery, deliberate omission, misrepresentation, or non-observance of internal controls;

- the statutory auditor obtains an understanding of the internal controls of relevance to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the internal controls;

- the statutory auditor assesses whether the accounting policies applied by management are appropriate and whether the accounting estimates and judgements and related information provided in the consolidated financial statements are reasonable;

- the statutory auditor assesses whether the accounting convention of going concern applied by Management is appropriate and, according to the collected evidence, whether there is any material uncertainty related to events or circumstances likely to call into question the company's ability to continue its operation. This assessment is based on the evidence collected up to the date of the statutory auditor's report. However, subsequent circumstances or events could jeopardise the continuity of operations. If a material uncertainty is found, the statutory auditor must draw the attention of the readers of its report to the information provided in the consolidated financial statements about this uncertainty or, if such information is not provided or is not relevant, must express a qualified certification or a refusal to certify;

- the statutory auditor assesses the overall presentation of the consolidated financial statements and whether they reflect the underlying transactions and events so as to give a true and fair view;

- with regard to financial information about persons or entities included in the consolidation scope, the statutory auditor collects information considered sufficient and appropriate to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the management, supervision and execution of the audit of the consolidated financial statements as well as the opinion expressed on these financial statements.

Paris-La Défense and Paris, 17 April 2019

The Statutory Auditors:

Deloitte & Associés

Cabinet Angeli

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The Statutory Auditors' report on the consolidated financial statements includes information specifically required by French law in all audit reports, whether modified or not. This information presents below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report on the consolidated financial statements should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

ALTAVIA S.A. COMPANY ACCOUNTS

BALANCE SHEET - ASSETS

Euros	Values at 31/12/2018			Values at 31/12/2017
	Gross	Amort. & deprec.	Net Values	
Capital assets				
Intangible fixed assets				
Development costs	856,162	856,162		
Concessions, patents and similar rights	133,539	116,489	17,050	23,050
Goodwill (1)	1		1	1
Tangible fixed assets				
Other tangible fixed assets	4,188,044	3,213,663	974,381	1,074,962
Advances and deposits	96,174		96,174	
Long-term investments (2)				
Equity investments	35,587,030		35,587,030	35,594,817
Other fixed equity investments	76		76	76
Other long-term investments	596,921		596,921	588,750
Total (I)	41,457,948	4,186,314	37,271,633	37,281,656
Current assets				
Advance payments on orders	1,602		1,602	5,943
Receivables				
Trade receivables and related accounts (3)	4,413,309	389,407	4,023,902	2,033,336
Other receivables (3)	58,617,817		58,617,817	40,731,105
Marketable securities				
Own shares	5,385,109		5,385,109	5,385,109
Other securities	2,291,957		2,291,957	1,402,793
Cash instruments Cash and cash equivalents	435,548		435,548	357,764
Prepayments (3)	92,351		92,351	63,007
Total (II)	71,237,694	389,407	70,848,287	49,979,057
Grand total (I to II)	112,695,642	4,575,721	108,119,920	87,260,714

(1) Of which leasehold

(2) Of which less than one year (gross)

(3) Of which more than one year (gross)

BALANCE SHEET - LIABILITIES & EQUITY

Euros	31/12/2018 Net	31/12/2017 Net
Shareholders' equity		
Capital (of which paid: 3 846 411)	3,846,411	3,846,411
Issue, merger, contribution premiums	2,446,046	2,446,046
Consolidated:		
- Legal reserve	391,888	391,888
- Regulated reserves	518,590	472,008
- Other reserves	5,493,479	5,493,479
Retained earnings	40,041,640	35,219,583
Earnings for the fiscal year (profit or loss)	8,475,600	8,653,077
Net position	61,213,654	56,522,492
Regulated provisions	24,982	8,600
Total (I)	61,238,636	56,531,092
Provisions		
Provisions for risks	58,819	29,705
Provisions for charges	590,610	519,623
Total (II)	649,429	549,328
Debts (1)		
Borrowed funds and debts with credit institutions (2)	39,655,302	24,059,626
Miscellaneous borrowed funds and financial debts (3)	1,055,184	990,732
Trade payables and related accounts	2,353,488	1,282,703
Tax and social liabilities	1,848,655	2,367,065
Other debts	1,313,456	1,480,168
Deferred revenue	5,770	
Total (III)	46,231,855	30,180,293
Currency translation adjustment (liabilities) (IV)		
Grand total (I to IV)	108,119,920	87,260,714
(1) Of which more than one year	29,895,834	5,804,223
(1) Of which less than one year	16,336,021	24,376,070
(2) Of which bank loans, overdrafts, and bank credit balances	36,266	111
(3) Of which equity loans		

INCOME STATEMENT

Euros	31/12/18 Total	31/12/17 Total	Variation As amount	Variation As%
Operating income				
Production sold (goods/services) of which export.: 5 570 190	14,562,211	13,067,369	1,494,842	11,44
Net turnover	14,562,211	13,067,369	1,494,842	11,44
Reversals on provisions (amortisation), transfers of charges	14,364	334,296	-319,932	-95,70
Other income	16	312	-296	-94,92
Total operating income (I) (1)	14,576,591	13,401,977	1,174,614	8,76
Operating expenses				
Other purchases and external expenses	8,115,203	6,001,329	2,113,873	35,22
Taxes, duties, and similar payments	632,837	654,092	-21,254	-3,25
Salaries and wages	3,744,198	3,813,500	-69,303	-1,82
Social security charges	1,573,089	1,731,990	-158,901	-9,17
Net allowances for amortisation, depreciation, and impairment:				
- On fixed assets: allocations to amortisation	206,683	195,553	11,131	5,69
- On current assets: allocations to deprec.		200,246	-200,246	-100,00
- Allocations to provisions	70,987	61,162	9,825	16,06
Other expenses	50,746	41,299	9,447	22,87
Total operating expenses (II) (2)	14,393,744	12,699,172	1,694,572	13,34
Operating earnings (I - II)	182,847	702,805	-519,958	-73,98
Share of profit/(loss) from joint operations				
Profit or transferred loss (III)	215,051		215,051	
Loss or transferred profit (IV)		194,115	-194,115	-100,00
Financial income				
From equity interest (3)	7,911,931	6,518,191	1,393,739	21,38
Other interest and similar income (3)	506,263	452,811	53,452	11,80
Positive exchange differences		5	-5	-100,00
Total financial income (V)	8,418,194	6,971,008	1,447,186	20,76
Financial expenses				
Interest and similar expenses (4)	303,156	213,509	89,646	41,99
Negative exchange differences		125,461	-125,461	-100,00
Total financial expenses (VI)	303,156	338,970	-35,815	-10,57
Financial earnings (V - VI)	8,115,038	6,632,037	1,483,001	22,36
Earnings before extraordinary items and taxes (I+II+III-IV+V-VI)				
Extraordinary income (VII)	21,529	1,871,189	-1,849,659	-98,85
Extraordinary expenses (VIII)	68,022	13,422	54,600	406,79
Extraordinary earnings (VII - VIII)	-46,492	1,857,767	-1,904,259	-102,50
Income tax (X)	-9,156	345,417	-354,573	-102,65
Total income (I+III+V+VII)	23,231,365	22,244,173	987,192	4,44
Total expenses (II+IV+VI+VIII+IX+X)	14,755,765	13,591,096	1,164,669	8,57
Profit or Loss (total income - total expenses)	8,475,600	8,653,077	-177,477	-2,05
(1) Of which income from previous fiscal years				
(2) Of which expenses from previous fiscal years				
(3) Of which income from related entities				
(4) Of which interest from related entities				

Accounting rules and methods

(Decree no. 83-1020 of 29-11-1983-Articles 7, 21, 24 beginning, 24-1, 24-2, and 24-3)

Excerpt from the notes to the balance sheet and the income statement

The balance sheet total before distribution for the financial year ended 31/12/2018 is €108,119,920.39, and the financial year's income statement, presented in list form, shows a profit of €8,475,599.92.

The financial year lasted 12 months, covering a period from 01/01/2018 to 31/12/2018.

The notes or tables below are an integral part of the annual accounts.

General accounting principles have been applied, in compliance with the principle of prudence, in accordance with the following basic assumptions:

- going concern;
- consistency of accounting methods from one period to the next;
- independence of accounting periods;

and in accordance with the general principles for preparing and presenting annual financial statements currently in force in France.

The basic method used for assessing the items entered into the accounts is the historic costs method.

Only noteworthy information is provided.

The company applied the new accounting rules relating to the definition, valuation, amortisation, and depreciation of assets, specifically ANC regulation 2014-03 of 05 June 2014.

Intangible and tangible assets

Amortisations for depreciation are calculated using the straight-line method according to the estimated length of use.

- Software
- Trademarks and logo
- Fixtures and general facilities
- Furniture
- Computer and office equipment
- Transport equipment

- straight-line 1 year
- straight-line 5 years
- straight-line 5 to 10 years
- straight-line 5 to 10 years
- straight-line 3 years
- straight-line 2 to 5 years

Long-term investments

Long-term investments are entered onto the balance sheet at their historic value. They are broken down into subsidiary equity investments, receivables related to holdings and deposits and sureties paid.

At the close of the financial year, historic value is compared to useful value taking into account the asset share withdrawn and the results trend as well as the economic interest of group companies. An unfavourable amount is subject to provisions for depreciation of securities and loans of a financial nature.

Clients

Trade debtors and accounts receivable were booked at their nominal value. Appropriate depreciation provisions have been established to cover the risks of non-recovery. They were determined individually.

The amount of the provision was €389,407 at 31/12/2018.

Other receivables

Receivables are valued at their nominal value. A provision for depreciation is applied when the inventory value is less than the book value.

Marketable securities

Negotiable securities are valued at purchase prices or the past month's market price, if the latter is lower. For unlisted securities, if the inventory value is lower than the probable trading value, a provision for depreciation is recorded.

Negotiable securities include Altavia securities acquired as part of a stock option plan established during the first half of 2003 and a plan for the purchase of shares from shareholders in 2008, 2009, 2010, 2012, and 2013. In 2017, 59,037 treasury shares were sold for €4,341,990.26.

In euros	Gross value at 31 Dec. 2018	Depreciation at 31 Dec. 2018	Net value at 31 Dec. 2018	Net value at 31 Dec. 2017
Own shares	5,385,109		5,385,109	5,385,109
Marketable securities	2,291,957		2,291,957	1,402,793
TOTAL	7,677,066	0	7,677,066	6,787,902

Stock options

The General Meeting on 20 May 2010 authorised the Board of Directors to grant, at one or more times, over a period of thirty-eight months, i.e. no later than 20 July 2013, stock options each giving the right to acquire a share of Altavia, within the limit of 10% of the share capital. Options may be granted to executives (such as those defined by Article L.225-185, paragraph 4 of the French Commercial Code) and to eligible employees having a permanent contract of employment with Altavia, as well as to only employees of companies or economic interest groups of which at least 10% of capital or voting rights are held directly or indirectly by Altavia.

The general meeting of 20/11/2014 decided to extend the subscription option period by two years for shares allocated in 2010.

Share subscription options allocated during the 2012 financial year.

GM date	Board meeting date	Number of options granted	Starting point of purchase options	Expiry date of options (postponed by GM of 20/11/2014)	Price of options
20/05/2010	28/06/2012	1,138	28/06/2016	01/07/2016 or 28/12/2016	€74.72
Postponed by the GM to 28/12/2018					
20/05/2010	20/09/2012	15,858	01/11/2016	01/01/2017	€74.72
Postponed by the GM to 01/01/2019					

Of the 16,996 options awarded in 2012, 16,996 have lapsed.

Share subscription options allocated during the 2013 financial year.

GM date	Board meeting date	Number of options granted	Starting point of purchase options	Expiry date of options (postponed by GM of 20/11/2014)	Price of options
20/05/2010	04/02/2013	5,621	01/05/2017	01/07/2017	€74.72
Postponed by the GM to 01/11/2019					
20/05/2010	20/06/2013	20,800	20/06/2017	01/07/2017 or 20/12/2017	€74.72
Postponed by the GM to 20/12/2019					
20/05/2010	17/07/2013	9,175	01/11/2017	01/01/2018	€74.72
Postponed by the GM to 01/01/2020					

Of the 35,596 options allocated in 2013, 15,835 have lapsed.

As such, of the 132,424 options granted, 104,016 have lapsed, leaving 19,761 options granted in 2013 not yet expired.

Pension benefits

In France, contractual retirement payments are payable when an employee retires if said employee is still part of the group at the retirement date. Payments are evaluated and provisioned based on the employee's salary and seniority on the date of retirement, in accordance with the regulations of applicable agreements.

The amount of the liability is calculated in application of the provisions of annex 1 of ANC recommendation no. 2013-02.

Actuarial differences are recognised using the "Corridor" method 1.

The assumptions used to calculate liabilities are the discounting rate and the wage inflation rate, which were 1.95% and 1.55% in 2018.

The retirement age used was 65.

The percentage social security contributions stood at 45%.

The provision at 31/12/2018 totalled €590,610, i.e. an allocation of €70,987 and a corresponding deferred tax of -€-17,747 for the 2018 financial year.

The corporate tax rate of 25% was used for the calculation of the deferred tax versus 28% in 2017.

An adjustment of the previous provision was therefore recorded for €15,588.

CICE

Accrued income relating to the application of the CICE (Competitiveness and Employment Tax Credit) was recognised as a deduction from personnel costs.

The amount for the 2018 financial year was €17,701.

The company did not request any pre-financing under this scheme. The use of this tax credit is in compliance with Article 244 quarter C of the French general tax code.

Provisions for contingencies and expenses

The company applies ANC regulation 2014-03 on liabilities.

Provisions for contingencies and expenses are formed to cover clearly defined contingencies and expenses, whether for events that have occurred or may occur due to current events.

The provisions formed correspond to provisions on treasury shares under a stock option plan and retirement payments.

Given that the average purchase price of treasury shares changed following the sale of 59,037 securities in 2017, an additional allocation of €39,058 was recorded during the year.

In addition, €9,944 was reversed in respect of the provision against stock options that was no longer applicable.

Net income and other information relating to the company over the past five financial years

(French Commercial Code - Article R225-102)

Euros	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Capital at the end of the financial year					
Share capital	3,846,411	3,846,411	3,846,411	3,846,411	3,846,411
Number of existing ordinary shares (A)	1,282,137	1,282,137	1,282,137	1,282,137	1,282,137
Operations and income for the financial year					
Sales (excl. VAT)	14,562,211	13,067,369	13,399,997	12,567,902	12,064,499
Net income before taxes (B) and company profit sharing scheme charges to and reversals of depreciation and provisions	8,787,394	8,929,910	8,780,876	5,672,951	6,510,434
Corporation tax	-9,156	345,417	-686,599	-631,708	42,904
Net income (C)	8,475,600	8,653,077	9,204,692	5,896,293	5,985,388
Charges to and reversals of amortisation, depreciation, provisions	320,950	-68,584	262,784	408,366	482,142
Net income distributed (D)	4,000,267	4,000,267	3,000,201	3,000,201	2,677,104
Earnings per share					
Net income before taxes and company profit-sharing scheme charges to and reversals of depreciation, depreciation, provisions = (B) / (A)	6.85	6.96	6.85	4.42	5.08
Income after taxes and company profit-sharing scheme depreciation and recovery on amortisation, depreciation, provisions	6.86	6.70	7.38	4.92	5.04
Net income after taxes and company profit-sharing scheme charges to and reversals of depreciation, depreciation and provisions = (C) / (A)	6.61	6.75	7.18	4.60	4.67
Dividend attributed to each share = (D) / (A)	3.12	3.12	2.34	2.34	2.09
Personnel					
Average number of employees during the year	29	29	31	31	31
Total payroll for the year	3,744,198	3,813,500	3,518,464	3,663,929	3,576,487
Payments for social benefits during the fiscal year (social security, company welfare service)					
(Social Security, social works)	1,573,089	1,731,990	1,525,938	1,536,358	1,502,500

AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2018

Other important information

Executive remuneration

Remuneration paid to Altavia corporate officers totalled €1,519,314.

Information on entries

At the end of 2000, we opted for the tax consolidation system starting from the financial year beginning on 1 January 2001.

Altavia heads the group. The tax consolidation scope expanded as of 01/01/2009 with subsidiaries initially consolidated under Altavia France.

The subsidiaries falling within the scope of the tax consolidation are Altavia Europe since 1 January 2007, Altavia Newco since 1 January 2008 (which became Altavia Coach in 2013), Altavia France, Altavia Paris, Altavia Nantes, Altavia Lille, Altavia Nantes Newco (which became Wetail on 1 January 2009), Altavia CEI and Actipaper since 1 January 2010, Shopper Mind since 1 January 2013, Altavia International, Agence Cosmic and Au Numéro 6 since 1 January 2014, Altavia Newco (which became Altavia Fiver Value on 1 January 2015), and IMS since 1 January 2016.

Altavia Saint-Etienne was removed from the scope of the tax consolidation with effect from 01/01/2017.

The group's parent company is liable for corporate tax and contributions related to this tax for itself and for its consolidated subsidiaries.

Each company pays tax as if it were not a group member and any tax savings are entered into the accounts of the group's head company.

The group's taxable earnings were €7,725,903.

These taxable earnings take the profits and losses of our subsidiaries into account.

The taxable earnings of Altavia itself were €890,632.

The tax savings associated with the tax consolidation recorded at Altavia totalled €598,224 at 31/12/2018.

Altavia covered the tax on behalf of companies that had become profitable at 31/12/2018, namely Altavia Europe for €8,501, Altavia Nantes for €314,855, and Agence Cosmic for €5,403.

Borrowings and financial debts

The Altavia group had a confirmed credit facility of up to €135 million.

As of 31/12/2018, €1.3 million of this credit facility was in use.

The credit facility was no longer hedged as of 31/12/2018.

Furthermore, in 2015 Altavia signed with the BPI a loan agreement for €5 million, to be repaid at the rate of €1 million per year over five years. The first repayment on this loan took place on 15/01/2016, leaving an outstanding balance of €2 million as of 31/12/2018.

List of subsidiaries and equity stakes

Financial information	Share capital	Share of capital held (in %)	Shareholders' equity	Profit or loss at close of financial year just ended	Dividends collected by the company during the year
Subsidiaries and shareholdings					
A. Detailed information about subsidiaries and holdings					
1. Subsidiaries more than 50% owned					
Altavia Fiber Value	200,000	100	514,676	226,937	
Altavia France	1,646,784	100	25,914,650	5,758,601	3,995,484
Altavia Asia	404,491	100	2,763,631	724,732	
Altavia Europe	5,594,928	100	9,034,688	2,091,875	3,916,447
Altavia Coach	1,931,292	100	996,618	-1,110,322	
Altavia International	10,000	100	-3,546,350	-2,166,765	
DISKO	30,000	65.83	1,241,342	196,441	
Altavia Inc.	93	100	34,668	-2,234	
Altavia Newco 4	1,000	100	1 000		
2. Equity interests (5% - 50% owned)					
Altavia Connect	50,000	34	1,355,092	1,305,092	

A. Detailed information about subsidiaries and holdings

1. Subsidiaries more than 50% owned

Altavia Fiber Value	200,000	100	514,676	226,937	
Altavia France	1,646,784	100	25,914,650	5,758,601	3,995,484
Altavia Asia	404,491	100	2,763,631	724,732	
Altavia Europe	5,594,928	100	9,034,688	2,091,875	3,916,447
Altavia Coach	1,931,292	100	996,618	-1,110,322	
Altavia International	10,000	100	-3,546,350	-2,166,765	
DISKO	30,000	65.83	1,241,342	196,441	
Altavia Inc.	93	100	34,668	-2,234	
Altavia Newco 4	1,000	100	1 000		

2. Equity interests (5% - 50% owned)

Altavia Connect	50,000	34	1,355,092	1,305,092	
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B. General information on other securities with a gross value not exceeding 1% of the capital of the company required to publish financial statements

French subsidiaries	
Foreign subsidiaries	
Equity interests in French companies	
Equity interests in foreign companies	

To the General Meeting of Altavia

Opinion

As part of the assignment entrusted to us by the General Meetings, we carried out the audit of Altavia's annual financial statements for the financial year ended 31 December 2018, as attached to this report.

We certify that, in accordance with French accounting rules and principles, the annual financial statements are consistent and accurate and present a true and fair view of the results of the operations for the past accounting period and of the company's financial situation and assets and liabilities at the end of said period.

Basis of our opinion

Audit framework

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

Our responsibilities according to these standards are described in the section "Responsibilities of the Statutory auditor in the audit of the annual financial statements" of this report.

Independence

We conducted our audit in accordance with the rules of independence applicable to us, over the period from 1 January 2018 to the issue date of our report. In particular, we did not provide any services prohibited by the professional code of ethics for statutory auditors.

Justification of our assessments

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French commercial code relating to the justification of our assessments, we wish to draw your attention to the following points, which, according to our professional judgement, were the most important for the audit of the annual financial statements for the financial year.

These assessments contributed to the audit of the annual financial statements, taken as a whole, and to the formation of our opinion expressed above. We are not expressing any opinion on the elements of these annual financial statements taken in isolation.

Long-term investments are valued as indicated in the "Long-term investments" note to the financial statements. We examined the appropriateness of these accounting policies and made an assessment of the reasonableness of the estimates used to determine the values in use of the long-term investments.

Specific verifications

We also performed the specific verifications required by the applicable laws and regulations in accordance with the professional standards applicable in France.

Information provided in the annual report and other documents on the financial position and the annual financial statements sent to shareholders

We have no matters to report regarding the fair presentation and consistency with the annual financial statements of the information given in the management report of the Chairman and in the other documents regarding the financial situation and the financial statements sent to the shareholders.

It is our opinion that the information relating to payment terms mentioned in Article D.441-4 of the French commercial code is truthful and consistent with the annual financial statements.

Corporate governance information

We certify the existence of the information required by Article L.225-37-4 of the French commercial code in the corporate governance section of the management report of the Board of Directors.

Other information

By operation of law, we are satisfied that the various information relating to shareholdings and control has been conveyed to you in the management report.

Responsibilities of management and members of the corporate governance body concerning the annual financial statements

Management is responsible for preparing annual financial statements presenting a true and fair view in accordance with French accounting rules and principles and implementing the internal controls that it deems necessary for the preparation of annual financial statements free of any material misstatements, whether due to fraud or error.

In connection with the preparation of the annual financial statements, Management is responsible for assessing the company's ability to continue its operations, providing information on matters relating to the continued operations, where this is relevant, and preparing financial statements on a going-concern basis, unless the management company intends to wind up the company or discontinue its operations.

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

Responsibilities of the statutory auditors in the auditing of the annual financial statements

It is our responsibility to prepare a report on the annual financial statements. Our goal is to obtain reasonable assurance that the annual financial statements taken as a whole do not contain any material misstatements. Reasonable assurance is a high level of assurance but is not a guarantee that an audit performed in accordance with the professional auditing standards will always detect any material misstatement. Misstatements may arise as a result of fraud or error and must be regarded as being material if it can reasonably be expected that they, individually or in the aggregate, will affect the financial decisions made by users of the financial statements on the basis of the financial statements.

As specified in Article L.823-10-1 of the French commercial code, our assignment for the certification of the financial statements does not involve guaranteeing the viability or the quality of the management of your company.

As part of an audit performed in accordance with the professional auditing standards applicable in France, the statutory auditor uses professional judgement throughout this audit. In addition:

- the statutory auditor identifies and assesses the risks that the annual financial statements contain material misstatements, whether due to fraud or error, and defines and implements audit procedures for such risks and collects evidence considered sufficient and appropriate to serve as the basis of its opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, as fraud may involve conspiracy, forgery, deliberate omission, misrepresentation, or non-observance of internal controls;
- the statutory auditor obtains an understanding of the internal controls of relevance to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the internal controls;
- the statutory auditor assesses whether the accounting policies applied by management are appropriate and whether the accounting estimates and judgements and related information provided in the annual financial statements are reasonable;
- the statutory auditor assesses whether the accounting convention of going concern applied by Management is appropriate and, according to the collected evidence, whether there is any material uncertainty related to events or circumstances likely to call into question the company's ability to continue its operation. This assessment is based on the evidence collected up to the date of the statutory auditor's report. However, subsequent circumstances or events could jeopardise the continuity of operations. If a material uncertainty is found, the statutory auditor must draw the attention of the readers of its report to the information provided in the annual financial statements about this uncertainty or, if such information is not provided or is not relevant, must express a qualified certification or a refusal to certify;
- the statutory auditor assesses the overall presentation of the annual financial statements and assesses whether they reflect the underlying transactions and events so as to give a true and fair view.

Paris-La Défense and Paris, 17 April 2019

The Statutory Auditors:

Deloitte & Associés

Cabinet Angeli

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The Statutory Auditors' report on the consolidated financial statements includes information specifically required by French law in all audit reports, whether modified or not. This information presents below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report on the consolidated financial statements should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.