

ALTAVIA FINANCIAL REPORT 2019

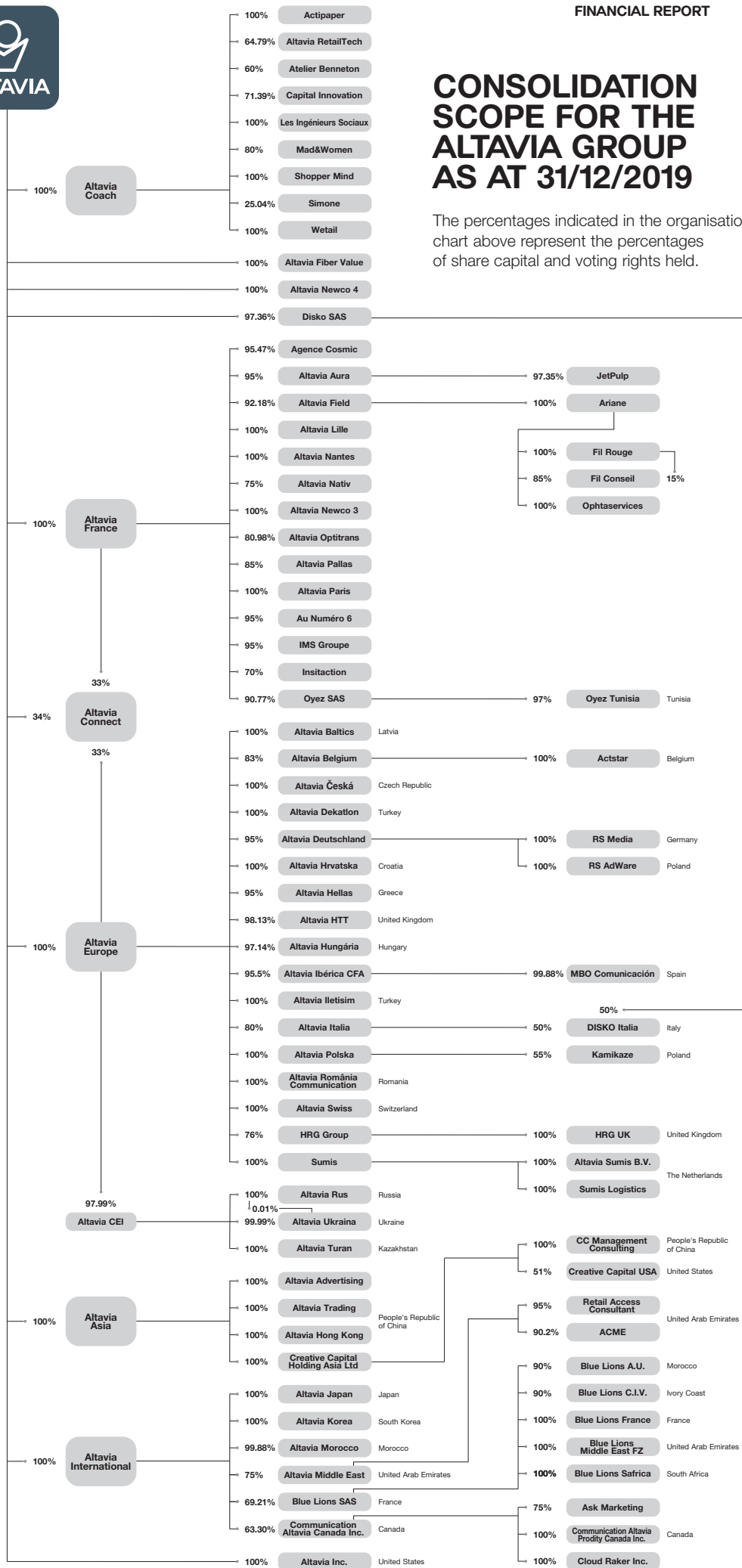


ALTAVIA



CONSOLIDATION SCOPE FOR THE ALTAVIA GROUP AS AT 31/12/2019

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



CONSOLIDATED FINANCIAL STATEMENTS AS AT 31/12/2019

CONSOLIDATED BALANCE SHEET

In thousands of euros

Assets		31/12/19	31/12/18
Capital assets		90,327	71,866
Goodwill	note 3-1	71,108	55,649
Intangible fixed assets	note 3-2	3,827	2,808
Tangible fixed assets	note 3-3	9,973	10,178
Long-term investments	note 3-4	5,287	3,008
Securities accounted for under equity method	note 3-5	131	223
Current assets		274,321	267,046
Inventories and work-in-progress	note 3-6	20,986	32,720
Trade receivables and related accounts	note 3-7	155,495	146,270
Other receivables and accrual accounts	note 3-8	28,311	25,357
Marketable securities	note 3-9	5,622	14,626
Cash assets		63,907	48,073
Total assets		364,648	338,912
Liabilities & shareholders' equity			
		31/12/19	31/12/18
Shareholders' equity (Group share)	note 3-10	67,544	66,305
Capital		3,846	3,846
Premiums		2,446	2,446
Consolidated reserves and earnings (1)		61,252	60,013
Minority interests	note 3-10	3,401	3,928
Provisions for contingencies and expenses	note 3-11	8,411	7,690
Debt		285,292	260,989
Borrowed funds and financial debt	note 3-12	62,301	53,268
Trade payables and related accounts		149,413	139,469
Other debts and accrual accounts	note 3-13	73,579	68,252
Total liabilities & shareholders' equity		364,648	338,912
(1) of which net earnings, Group share, for the fiscal year		4,644	6,876

CONSOLIDATED INCOME STATEMENT

In thousands of euros

		2019	2018
Turnover	note 4-1	776,467	739,657
Other operating income	note 4-2	-5,224	11,952
Purchases used		-643,708	-627,038
Payroll costs	note 4-3	-104,090	-94,758
Other operating expenses		-1 516	-2 546
Taxes and levies		-3,918	-4,224
Allocations to amortisation/depreciation and provisions	note 4-4	-5,929	-6,031
Operating earnings		12,082	17,013
Financial expenses and income	note 4-5	-1,151	-1,070
Current earnings of consolidated companies		10,931	15,943
Extraordinary expenses and income	note 4-6	-273	-238
Income tax	note 4-7	-4,442	-5,519
Net earnings of consolidated companies		6,215	10,186
Share of profit companies accounted under the equity method	note 3-5	-7	21
Allocations to provision of goodwill		-823	-2,689
Net earnings of the consolidated Group		5,387	7,518
Minority interests		743	642
Net earnings, Group share		4,644	6,876
Group share of net earnings per share	in €	3.6	5.4
Earnings per share before allocation to goodwill provisions	in €	4.3	7.5
Diluted earnings per share	in €	3.6	5.4
Gross income		166,518	159,812

CONSOLIDATED CASH FLOW STATEMENT

In thousands of euros

	2019	2018
Cash flow from operations:		
Net earnings of consolidated companies after allocations and reversals for goodwill provisions	5,387	7,518
Elimination of expenses and income with no cash flow impact or not related to the operations:		
- Amortisations, provisions, and reclassification of fixed assets	5,256	7,181
- Change in deferred taxes	522	163
- Gains on sale, net of tax	76	135
- Other eliminations	7	3
Cash flow from operations of consolidated companies	11,248	15,000
Change in working capital requirements for operations:	14,038	-133
- Inventories and work-in-progress	11,854	-7,050
- Trade accounts receivable	-6,406	8,177
- Trade accounts payable	13,168	-4,511
- Other current assets and liabilities	-4,578	3,251
Dividends received	37	16
Net cash flow generated from operations	25,324	14,883
Cash flow from investment operations:		
Acquisitions of fixed assets	-6,705	-6,440
Disposals of fixed assets	106	388
Impact of changes in scope	-15,846	-12,276
Net cash flow from investment operations	-22,444	-18,328
Net cash flow from financing operations:		
Dividends paid to shareholders in the parent company	-3,784	-3,784
Dividends paid to minority shareholders from consolidated companies	1,092	-1,326
Debt issues	26,281	24,036
Debt repayments	-15,283	-6,620
Cash flow from financing operations	6,122	12,306
Impact of changes in foreign exchange rates	401	187
Change in cash position	9,402	9,049
Opening cash position	52,251	43,202
Closing cash position	61,652	52,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Highlights of 2019

During fiscal year 2019, the Altavia Group made certain acquisitions and underwent changes in its scope. Refer to paragraph 1.2.2

Events subsequent to the end of the fiscal year

After 31 December 2019, as part of its continuing development, Altavia Group acquired 75% of Pixel, a digital agency in Spain, through Altavia Ibérica.

The 2019 financial statements were prepared before the health crisis and the Covid-19 pandemic.

The Group's priority is to guarantee the health and safety of its human capital, its partners and its customers. Against this background of great uncertainty, the Group has implemented an action plan designed to preserve all of its assets. The Group is confident in the measures taken to strengthen control over its investments, secure its cash position and manage its profitability dynamically.

On the closing date of the financial statements, the impact, particularly on the valuation of goodwill, of the Covid-19 crisis occurring after the closing date was not measurable and therefore could not be taken into account.

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. 99-02 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.

Name and registered office of the consolidated companies

Altavia (parent company)	1, rue Rembrandt - 75008 Paris - France
Actipaper	2, place du Colonel Fabien - 75019 Paris - France
Actstar	Avenue Louise, 287 Bte 5 - 1050 Brussels - Belgium
Agence Cosmic	2, place du Colonel Fabien - 75019 Paris - France
Altavia Advertising	Rooms 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 - China
Altavia Aura	1, rue Pablo Picasso, Bâtiment l'Imprimerie - 42000 Saint-Étienne - France
Altavia Baltics	Ieriku iela 5, Rīga, LV-1084 - Latvia
Altavia Belgium	Avenue Louise, 287 Bte 5 - 1050 Brussels - Belgium
Altavia CEI	1, rue Rembrandt - 75008 Paris - France
Altavia Česká	Pocernická 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	Acıbadem Mh. Çeçen Sok, Akasya Kent Kule 25A-A2 Blok, Kat 34, D. 238 Üsküdar 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 (Athens) - Greece
Altavia Hong Kong	Flat 7107B 71/F, International Commerce Center, 1, Austin Road West Kowloon, Hong Kong - China
Altavia Hrvatska	Trg Petra Svačića 6, 10000 Zagreb - Croatia
Altavia HTT	4 Park Square, Newton Chambers Road, Sheffield, S35 2PH - United Kingdom
Altavia Hungária	II k Erula , 14692 u. registered in kind 103 6 Budapest, Bécsi út 63 - Hungary
Altavia Ibérica CFA	Calle Orense no.16, Madrid - Spain
Altavia Iletisim	Acıbadem Mh. Çeçen Sok, Akasya Kent Kule 25A-A2 Blok, Kat 34, D. 238 Üsküdar İstanbul - Turkey
Altavia Inc.	1675 South State St., Ste B, Dover, DE 19901 - USA
Altavia International	1, rue Rembrandt - 75008 Paris - France
Altavia Italia	Alzaia Naviglio Pavese 78/3 - 20142 Milan - Italy
Altavia Japan	Ohchu Daiichi Building 2F, 2-8-13, Yoyogi, Shibuya-ku, Tokyo, 151-0053 - Japan
Altavia Korea	#702 office ICT Tower 624, Gangnam-daero Gangnam-gu, Seoul - South Korea
Altavia Lille	31-33, rue du Molinel - 59800 Lille - France

Altavia Middle East	Business center RAKEZ, Ras AL Khaimah - United Arab Emirates
Altavia Morocco	112 Bd d'Anfa, 2 nd floor, Casablanca - Morocco
Altavia Nantes	19 a, rue La Noue Bras de Fer - 44200 Nantes - France
Altavia Nativ	2, place du Colonel Fabien - 75019 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	2, place du Colonel Fabien - 75019 Paris - France
Altavia Paris	10, rue Blanqui - 93400 Saint-Ouen - France
Altavia Polska	Portico Office Building, ul. Spokojna 5, Warsaw - Poland
Altavia RetailTech	1330, rue Gullibert de la Lauzière, Building B2.9, PA Europarc de Pichaury - 13100 Aix-en-Provence - France
Altavia România Communication	178 Vasile Lascar Street, floor 2, apartment no. 4, sector 2, Bucharest - Romania
Altavia Rus	42, Novokuznetskaya Street, bld. 5, Moscow, 115054 - Russia
Altavia Sumis BV	Amsterdamseweg 206, 1182 HL Amstelveen, Postbus 905, 1180AX Amstelveen - The Netherlands
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. Naurzbyat 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
Ask Marketing	1435 rue Saint-Alexandre, Suite 700, Montreal H3A 2G4 - Canada
Atelier Benneton	1, rue Rembrandt - 75008 Paris - France
Au Numéro 6	2, place du Colonel Fabien - 75019 Paris - France
Blue Lions CIV	Abidjan, Marcory, Blv de Marseille, quartier piscine, Houphouët-Boigny, section HK, parcelle 143 11 BP 2120 Abidjan 11 - Ivory Coast
Blue Lions France	19 , rue de Presbourg - 75016 Paris - France
Blue Lions Middle East FZ	Aurora Tower, Floor 7 th Dubai Media city, Dubai - United Arab Emirates
Blue Lions Safrica	Building 18, The Woodlands Office Park, 20 Woodlands Drive, Johannesburg 2191 - South Africa
Blue Lions SARL AU	Corner of rue Taoufik Al Hakim and Najib Mahfoud, 6 th floor, Gauthier, Casablanca - Morocco
Blue Lions SAS	19, rue de Presbourg - 75016 Paris - France
Capital Innovation	10, rue Blanqui - 93400 Saint-Ouen - France
Creative Capital Holding Asia	Pim-HK Limited, namely, Flat 7107B, 71/F, International Commerce Center, 1 Austin Road West, Kowloon, Hong Kong - China
Cloud Raker Inc.	1435 rue Saint-Alexandre, Suite 700, Montreal H3A 2G4 - Canada
Communication Altavia Canada Inc.	1435 rue Saint-Alexandre, Suite 700, Montreal H3A 2G4 - Canada
Communication Altavia Procity Canada Inc.	1435 rue Saint-Alexandre, Suite 700, Montreal H3A 2G4 - Canada
Creative Capital Management	Unit 1520, no. 728 Xinhua Road, Changning District - Shanghai
Creative Capital USA	55 Bayard Street #3S, New York, NY 10013 - USA
Disko Italia	7 via Maurizio Gonzaga Milan, CAP 20123 Milan - Italy
Disko SAS	2, place du Colonel Fabien - 75019 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
Institution	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 no.16, Madrid - Spain
Ophtaservices	21, rue Clément Marot - 75008 Paris - France
Oyez SAS	2, place du Colonel Fabien - 75019 Paris - France
Oyez Tunisia	6, rue de l'artisanat, Chargua II, 2035, Ariana - Tunisia
PT Kreative Capital Indonesia	Ruko Taman Puspita Blok H. 01/02 R, Citra Raya, Cikupa, Kabupaten Tangerang, Banten - Indonesia
Retail Access Consultant	Business center RAKEZ, Ras AL Khaimah - United Arab Emirates
RS Media Adware Polska	ul. Towarowa 35 - 61-896 Poznań - Poland
RS Media Deutschland GmbH	Grafenberger Allee 100, 40237 Düsseldorf - Germany
Shopper Mind	2, place du Colonel Fabien - 75019 Paris - France
Simone	40, rue Sainte-Anne - 75002 Paris - France
Stimshop	14-16, rue Soleillet, BL 69, 75020 Paris - France
Sumis BV	Amsterdamseweg 206, 1182 HL Amstelveen, Postbus 905, 1180AX Amstelveen - The Netherlands
Sumis Logistics BV	Amsterdamseweg 206, 1182 HL Amstelveen, Postbus 905, 1180AX Amstelveen - The Netherlands
Untienots	1, allée Santos Dumont, 92150 Suresnes - France
Wetail	1, rue Rembrandt - 75008 Paris - France

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

Companies	31/12/19		31/12/18	
	% holding	% control	% holding	% control
Full consolidation				
Altavia (consolidating company)	100.00	100.00	100.00	100.00
Active Creative Middle East	90.20	67.65		
Actipaper	100.00	100.00	100.00	100.00
Actstar Digital	82.97	100.00	82.97	100.00
Agence Cosmic	95.47	95.47	95.47	95.47
Altavia Advertising	90.00	100.00	100.00	100.00
Altavia Asia	90.00	90.00	100.00	100.00
Altavia Aura	95.00	95.00	88.52	88.52
Altavia Baltics	100.00	100.00	95.00	95.00
Altavia Belgium	82.97	82.97	82.97	82.97
Altavia CEI	97.99	97.99	97.99	97.99
Altavia Česká	100.00	100.00	100.00	100.00
Altavia Coach	100.00	100.00	100.00	100.00
Altavia Connect	100.00	100.00	100.00	100.00
Altavia Dekatlon	100.00	100.00	55.00	55.00
Altavia Deutschland	95.00	95.00	95.00	95.00
Altavia Europe	100.00	100.00	100.00	100.00
Altavia Fiber Value	100.00	100.00	100.00	100.00
Altavia Field	92.18	92.18	92.18	92.18
Altavia France	100.00	100.00	100.00	100.00
Altavia Hellas	95.00	95.00	95.00	95.00
Altavia Hong Kong	100.00	100.00	100.00	100.00
Altavia Hrvatska	100.00	100.00	100.00	100.00
Altavia HTT	98.13	98.13	94.58	94.58
Altavia Hungária	97.14	97.14	85.03	85.03
Altavia Ibérica	95.50	95.50	95.50	95.50
Altavia Iletisim	100.00	100.00	100.00	100.00
Altavia Inc.	100.00	100.00	100.00	100.00
Altavia International	100.00	100.00	100.00	100.00
Altavia Italia	80.00	80.00	80.00	80.00
Altavia Japan	100.00	100.00	100.00	100.00
Altavia Korea	100.00	100.00	100.00	100.00
Altavia Lille	100.00	100.00	100.00	100.00
Altavia Middle East	100.00	100.00	100.00	100.00
Altavia Morocco	99.88	99.88	99.88	99.88
Altavia Nantes	100.00	100.00	100.00	100.00
Altavia Nativ	75.00	75.00	75.00	75.00
Altavia Newco3	100.00	100.00	100.00	100.00
Altavia Newco4	100.00	100.00	100.00	100.00
Altavia Optitrans	80.98	80.98	80.98	80.98
Altavia Pallas	85.00	85.00	85.00	85.00
Altavia Paris	100.00	100.00	100.00	100.00
Altavia Polska	100.00	100.00	95.00	95.00
Altavia RetailTech	64.79	64.79	54.78	54.78
Altavia România Communication	100.00	100.00	100.00	100.00
Altavia Rus	97.99	100.00	97.99	100.00
Altavia Sumis BV	100.00	100.00	100.00	100.00
Altavia Swiss	100.00	100.00	100.00	100.00
Altavia Trading	100.00	100.00	100.00	100.00
Altavia Turan	98.00	100.00	98.00	100.00
Altavia Ukraina	98.00	99.99	98.00	99.99
Ariane	92.18	100.00	92.18	100.00
Ask Marketing	47.48	75.00		
Atelier Benneton	60.00	60.00	60.00	60.00
Au Numéro 6	95.00	95.00	95.00	95.00
Blue Lions CIV	62.29	90.00	55.37	80.00
Blue Lions France	69.21	100.00	69.21	100.00
Blue Lions Middle East FZ	69.21	100.00	69.21	100.00
Blue Lions Safrica	69.21	100.00	69.21	100.00
Blue Lions SARL AU	62.29	90.00	55.37	80.00
Blue Lions SAS	69.21	69.21	69.21	69.21
Capital Innovation	71.39	71.39	71.39	71.39
CC Holding Asia	90.00	100.00		
CloudRaker	63.31	100.00	51.04	100.00
Communication Altavia Canada	63.31	63.31	51.04	51.04
Communication Altavia Prodigy Canada Inc.	63.31	100.00	51.04	100.00
Creative Capital Management	90.00	100.00		
Creative Capital USA	45.90	51.00		
Disko Italia	88.68	100.00	54.71	66.57
Disko SAS	97.36	97.36	65.83	65.83
Fil Conseil	92.18	100.00	92.18	100.00
Fil Rouge	92.18	100.00	92.18	100.00
HRG Group Ltd	76.00	76.00	76.00	76.00
HRG UK Ltd	76.00	100.00	76.00	100.00
IMS Groupe	95.00	95.00	95.00	95.00

Insitaction	70.00	70.00	70.00	70.00
JetPulp	92.44	97.35	86.17	100.00
Kamikaze	52.25	55.00	52.25	55.00
Les Ingénieurs Sociaux	100.00	100.00	100.00	100.00
Mad & Women	80.00	80.00	80.00	80.00
MBO Comunicación	95.39	99.88	95.39	99.88
Ophtaservices	92.18	100.00	92.18	100.00
Oyez SAS	90.77	90.77		
Oyez Tunisie	88.05	97.00		
Retail Access	71.25	95.00		
RS Media Adware	95.00	100.00		
RS Media Deutschland GmbH	95.00	100.00		
Shopper Mind	100.00	100.00	100.00	100.00
Sumis BV	100.00	100.00	100.00	100.00
Sumis Logistics BV	100.00	100.00	100.00	100.00
Wetail	100.00	100.00	100.00	100.00

Equity method

Simone	25.04	25.04	25.04	25.04
--------	-------	-------	-------	-------

1.2.2 Changes in the consolidation scope

During fiscal year 2019, the Altavia Group notably:

- purchased shares in Disko SAS, through Altavia SA, thereby increasing its stake from 65.83% on 31.12.18 to 97.36% on 31.12.19
- purchased shares in Altavia Aura, through Altavia France, thereby increasing its stake from 88.5% on 31.12.18 to 95% on 31.12.19
- purchased shares in Blue Lions CIV and Blue Lions AU, through Blue Lions SA, thus increasing its holding from 80% on 31.12.18 to 90% on 31.12.19
- purchased shares in Communication Altavia Canada, through Altavia International, thereby increasing its stake from 51.01% on 31.12.18 to 63.3% on 31.12.19
- purchased shares in Altavia Dekatlon, through Altavia Europe, thereby increasing its stake from 55% on 31.12.18 to 100% on 31.12.19
- sold shares in Altavia Asia, reducing its stake from 100% on 31.12.18 to 90% on 31.12.19, as consideration for the contribution of shares in Creative Capital Holding
- acquired 100% of Creative Capital Holding, which in turn owns Creative Capital Management and Creative Capital USA, through Altavia Asia
- acquired 75% of Ask Marketing, through Communication Altavia Canada
- acquired 90.77% of Oyez France, which in turn owns Oyez Tunisia, through Altavia France
- acquired 100% of RS Media GmbH and RS Media Adware, through Altavia Deutschland
- acquired 95% of Retail Access Consultant and 90.2% of Active Creative Middle East, through Altavia Middle East
- sold shares in Altavia Middle East, reducing its stake from 100% on 31.12.2018 to 75% on 31.12.2019
- purchased shares in Altavia RetailTech, thus increasing its stake from 54.79% on 31.12.2018 to 64.79% on 31.12.2019, through Altavia Coach
- purchased shares in Altavia Baltics, thereby increasing its stake from 95% on 31.12.2018 to 100% on 31.12.2019, through Altavia Europe
- purchased shares in Altavia Polska, thereby increasing its stake from 95% on 31.12.2018 to 100% on 31.12.2019, through Altavia Europe
- purchased shares in Disko Italia, thus increasing its stake from 37.4% on 31.12.2018 to 50% on 31.12.2019, through Altavia Italia
- purchased shares in Disko Italia, thus increasing its holding from 37.6% on 31.12.2018 to 50% on 31.12.2019, through Disko SAS
- purchased shares in HTT, thereby increasing its stake in the company from 94.58% on 31.12.2018 to 98.13% on 31.12.2019, through Altavia Europe
- liquidated Rokivo Inc. and TMAI, owned by Disko Italia and Altavia International respectively

1.2.3 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 (4.43%), as does Actstar, which holds a minority stake in Dammet (6.9%).

1.2.4 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.

The ANC (Autorité des Normes Comptables) accounting regulations nos. 2015-06 and 2015-07 transpose the European Accounting Directive into French regulations.

Pursuant to these texts, the Group considers that their useful life is unlimited. The Group carries out annual impairment tests.

1.2.5 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 conversion differences".

Profit and loss account items are converted at the average rate for the fiscal year.

Exchange rates used at 31 December 2019 and 31 December 2018 are expressed in currency units per €1:

Country	Currency	Closing rate		Average rate	
		31/12/19	31/12/18	2019	2018
South Africa	Rand	15.78	15.93	16.18	15.62
Canada	Canadian Dollar	1.46	1.56	1.49	1.53
South Korea	Korean Won	1,296.28	1,277.93	1,304.78	1,300.68
Ivory Coast	CFA Franc	655.97	655.96	655.95	655.96
Croatia	Croatian Kuna	7.44	7.41	7.42	7.42
United Arab Emirates	Emirati Dirham	4.08	4.22	4.11	4.34
United States	US Dollar	1.12	1.15	1.12	1.18
Hong Kong	Hong Kong Dollar	8.75	8.97	8.78	9.27
Hungary	Forint	330.53	320.98	324.73	319.06
Japan	Japanese Yen	121.94	125.85	122.13	130.31
Kazakhstan	Kazakhstani Tenge	421.03	441.84	428.90	407.64
Morocco	Moroccan Dirham	10.65	10.98	10.77	11.19
Poland	Polish Zloty	4.26	4.30	4.30	4.26
People's Republic of China	Yuan	7.82	7.88	7.73	7.80
Czech Republic Czech	Koruna	25.41	25.72	25.69	25.64
Romania	New Romanian Leu	4.78	4.66	4.74	4.65
United Kingdom	Pound Sterling	0.85	0.89	0.88	0.88
Russia	Ruble	69.96	79.72	72.68	74.03
Switzerland	Swiss Franc	1.09	1.13	1.11	1.15
Tunisia	Tunisian Dinar	3.13		3.15	
Turkey	Turkish Lira	6.68	6.06	6.34	5.67
Ukraine	Hryvnia	27.79	31.86	28.93	32.12

1.2.6 Deferred taxes

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

The method used to recognise deferred taxes is the liability 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.

Deferred tax assets are analysed on a case-by-case basis and posted in the balance sheet when it is probable that they will be recovered in subsequent years.

In addition, the application of the tax consolidation regime makes it possible to allocate the losses of subsidiaries included in the Altavia SA tax consolidation scope.

Deferred taxes for French companies expected to be settled in 2019 are valued at 33.33% and at 25% for those expected to be settled after 2022.

In foreign countries, the tax rate is consistent with the local tax system.

1.2.7 Treatment of Group internal operations

Reciprocal transactions between fully consolidated companies have been eliminated in the balance sheet, income statement and cash flow statement.

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

Definition of cash in the balance sheet

Cash and cash equivalents correspond to cash in hand, marketable securities and bank overdrafts. The definition excludes recourse factoring contracts, which are considered as "Receivables discounting credits" under financial debts. Similarly, in the cash flow statement, as the credits for the discounting of receivables are a financing resource, changes in these credits are allocated to the line items for debt issues/repayments.

Intangible and tangible fixed assets

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

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

- Software	1 year
- Fixtures and general facilities	4 to 10 years
- Office and computer equipment	2 to 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 such cases, 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 is depreciated over its economic life for the Group. The debt is amortised over the term of the lease. 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. The capitalisation of these costs is justified insofar as these projects generate 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 made.

The inventory value is established on the basis of the corresponding share of the shareholders' equity of the company concerned, possibly adjusted for 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 estimated on delivery.

Trade receivables and related accounts

Trade receivables and related accounts are posted at their nominal value. The risk of non-recovery is subject to appropriate provisions for depreciation, determined on an individual basis or on the basis of seniority criteria.

Marketable securities

Marketable securities include treasury shares in 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 conversion differences

Conversion differences resulting from transactions denominated in foreign currencies are posted in the income statement.

Retirement benefits

In France, retirement benefits are payable on retirement if the employee is still with the Group at that date. These benefits are valued and provisioned based on the employee's salary and seniority on the date of departure, according to the regulations of the applicable agreements. The amount of the commitment is determined in accordance with the provisions of Appendix 1 to ANC recommendation no. 2013-02.

The posting of actuarial gains and losses is determined using method 1, known as the "Corridor" method.

Under the assumptions used, the retirement age is 65 years old and the social contribution rate assumption is 45%. The discount rate and the rate of salary increases used to calculate commitments are 1% and 2% as at 31 December 2019, compared to 1.57% and 1.55% respectively as at 31 December, 2018.

The portion of the change in actuarial gains and losses exceeding 10% of the commitment is spread over the average remaining period of service.

See paragraph 3.11

Provisions for risks and expenses

Provisions for risks and expenses are posted when their purpose is clearly specified at the end of the fiscal year or before the financial statements are 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.

Under this agreement, each company in the tax consolidation group accounts for its own tax. In addition, the income and expenses of the tax consolidation group are posted by the Group's parent company in its profit and loss statement.

During the year, a new tax consolidation group was set up with Altavia Aura and Jetpulp.

Posting turnover

The various services and income from ordinary activities are posted using the percentage-of-completion method. The same is true for operations partially completed at the end of the fiscal year; as the margin is established only upon delivery of the operation. Services invoiced on a fixed fee basis are posted monthly.

For our subsidiaries whose main activity is digital, services are posted using the percentage of the contract progress method.

Gross income

Gross income is defined as the difference between customer invoicing and net expenditure directly related to services provided to customers, and includes income from financial discounts.

3. Notes to the consolidated balance sheet

3.1 Goodwill

In thousands of euros	31/12/19	31/12/18
Gross value on 1 st January	101,426	89,962
New goodwill for the financial year (1)	16,282	11,464
Disposals during the financial year		
Gross value at year-end	117,708	101,426
Goodwill amortisation at 1 st January	-45,777	-43,088
Charges to provisions for impairment of goodwill	-823	-2,689
Net goodwill value at end of period	71,108	55,649

The new goodwill for the year (1) relate to acquisitions made during the 2019 fiscal year:

- Ask Marketing in Canada
- Creative Capital in China
- RS Media Group in Germany and Poland
- Oyez Group in France
- RAC and ACME in the United Arab Emirates

3.2 Intangible fixed assets

Gross values

In thousands of euros	Gross value on 31 Dec. 2018	Increases during the financial year	Reductions during the financial year	Variations in scope	Misc. movements	Gross value on 31 Dec. 2019
Incorporation expenses	31					31
Research and development expenses	1,321			1,721	-1	3,041
Concessions, patents and licences	8,860	1,180	-127	938	104	10,955
Business Goodwill	293		-802		617	108
Other intangible assets	991	4		-16	-926	53
Work in progress		1,673	-243		243	1,673
Advances & down payments on intangible assets	11					11
TOTAL	11,506	2,857	-1,172	2,643	37	15,870

Amortisation and provisions

In thousands of euros	Amortisations and provisions on 31 Dec., 2018	Provisions for the financial year	Reductions for the financial year	Variation in scope	Misc. Movements	Amortisations and provisions on 31 Dec., 2019
Incorporation expenses	31					31
Research and development expenses	1,149	136		1,642	9	2,936
Concessions, patents and licences	7,181	972	-123	903	-16	8,916
Business Goodwill	293	1	-186			108
Other intangible assets	44	6		1		50
TOTAL	8,698	1,115	-309	2,545	-7	12,042

3.3 Tangible fixed assets

Gross values

In thousands of euros	Gross value on 31 Dec. 2018	Increases during the financial year	Reductions during the financial year	Variation in scope	Misc. movements	Gross value on 31 Dec. 2019
Buildings	2,809			21	108	2,938
Other tangible fixed assets	25,467	1,586	-133	488	101	27,508
Tangible fixed assets in progress	139	1,498	-1,318			320
Advances and down payments on fixed assets	8		-8			
Own fixed assets	28,423	3,084	-1,459	509	209	30,765
Other leased tangible fixed assets	271	16	-70		1	218
Leased tangible fixed assets	271	16	-70		1	218
TOTAL	28,694	3,099	-1,529	509	210	30,983

Amortisation and provisions

In thousands of euros	Amortisations and provisions on 31 Dec., 2018	Provisions for the financial year	Reductions for the financial year	Variation in scope	Misc. Movements	Amortisations and provisions on 31 Dec., 2019
Buildings	1 093	133		12	31	1,269
Other tangible fixed assets	17,202	2,761	-877	364	71	19,521
Own fixed assets	18,295	2,894	-877	375	102	20,790
Other leased tangible fixed assets	221	58	-59		1	220
Leased tangible fixed assets	221	58	-59		1	220
TOTAL	18,516	2,952	-936	375	103	21,010

3.4 Long-term investments

Gross values

In thousands of euros	Gross value on 31 Dec. 2018	Increases during the financial year	Reductions during the financial year	Variation in scope	Misc. movements	Gross value on 31 Dec. 2019
Other long-term securities	1,194	1,514		94		2,802
Loans	176	5	-20	7	-146	22
Other long-term investments	1,769	504	193	74	5	2,545
TOTAL	3,140	2,023	173	175	-140	5,369

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

Amortisation and provisions

In thousands of euros	Amortisations and provisions on 31 Dec., 2018	Provisions for the financial year	Reductions during the financial year	Movements during the financial year	Misc. Movements	Amortisations and provisions on 31 Dec., 2019
Other long-term securities	132		-50			82
Loans						
Other long-term investments						
TOTAL	132		-50			82

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		22		22
Other long-term investments		2,545		2,545

3.5 Securities accounted for under equity method

In thousands of euros	31/12/19	31/12/18
Net value as at 1 st January	223	218
Opening correction	-48	
Distribution of dividends	-37	-16
Earnings for the period	-7	21
TOTAL	131	223

3.6 Inventory and work-in-progress

In thousands of euros	Gross value as at 31 Dec. 2019	Depreciation as at 31 Dec. 2019	Net value as at 31 Dec. 2019	Net value as at 31 Dec. 2018
Raw materials and supplies	2,141	-696	1,445	2,051
In progress	19,031		19,031	30,318
Finished goods	8	-6	2	38
Goods	578	-70	508	313
Stocks in transit				
TOTAL	21,757	-772	20,986	32,720

3.7 Trade receivables and related accounts

In thousands of euros	31/12/19	31/12/18	Variation
Gross value	158,861	149,516	9345
Provisions	-3,365	-3,246	-119
Net value	155,495	146,270	9,225

Receivables are debts due in under 1 year.

3.8 Other receivables and accrual accounts (assets)

In thousands of euros	Gross value as at 31 Dec. 2019	Depreciation as at 31 Dec. 2019	Net value as at 31 Dec. 2019	Net value as at 31 Dec. 2018
Advances and deposits	673		673	594
Other receivables	23,753	17	23,736	20,444
Prepayments and deferred charges	2,514		2,514	2,815
Deferred tax assets	1,387		1,387	1,504
TOTAL	28,328	17	28,311	25,357

The various debtors have due dates within one year.

3.9 Marketable securities

In thousands of euros	Gross value as at 31 Dec. 2019	Depreciation as at 31 Dec. 2019	Net value as at 31 Dec. 2019	Net value as at 31 Dec. 2018
Treasury shares	5,268		5,268	5,390
Marketable securities	353		353	9,236
TOTAL	5,622		5,622	14,626

3.10 Shareholders' equity, Group share and minority interests

The share capital is made up of 1,282,137 shares, each with a face value of €3.

In thousands of euros	Registered capital	Share premium account	Consolidated income and reserves	Shareholders' equity (Group share)	Minority interests	Total
Net position on 31/12/17 after net income appropriation	3,846	2,446	56,403	62,695	3,947	66,642
Changes in scope (1)					759	759
Dividend distributions			-3,784	-3,784	-1,326	-5,110
Change in translation differences			118	118	37	155
Other variations			398	398	-130	268
Net income on 31/12/18			6,878	6,878	641	7,519
Net position on 31/12/2018 after net income appropriation	3,846	2,446	60,013	66,305	3,928	70,233
Changes in scope (2)					-439	-439
Dividend distributions			-3,784	-3,784	-831	-4,615
Change in translation differences			189	189	-6	183
Other variations			190	190	6	196
Net income on 31/12/2019			4,644	4,644	743	5,387
Net position on 31/12/2019 after net income appropriation	3,846	2,446	61,252	67,544	3,401	70,945

(1) Changes in scope correspond to minority interests in Altavia RetailTech and Fil Rouge.

(2) Changes in scope correspond mainly to minority interests in Creative Capital Group, RAC & ACME and the Oyez Group.

A stock option plan, authorised by the Combined General Meeting of 20 May, 2010, has been put in place. 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. The options may be granted to executives (as defined by article L.225-185 paragraph 4 of the French Commercial Code) and employees holding permanent employment contracts with Altavia, as well as to employees of companies or economic interest groups in which Altavia holds at least 10% of the capital or voting rights, directly or indirectly.

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	17/07/2013	9,175	01/11/2017	01/01/2018 postponed back by GM on 01/01/2020	€74.87

The options may in principle be exercised at the end of a period of four years following the date of their allocation by the Board of Directors, provided that those awarded them are still employed by the Group on that date, and no later than six months after the end of this four-year vesting period. It is specified that Altavia's corporate officers must retain at least 50% of the shares they hold after exercising the stock options awarded them until the end of their term of office.

3.11 Provisions for contingencies and expenses

In thousands of euros	31/12/19	31/12/18
Provisions for contingencies	691	1,080
Provisions for expenses (incl. retirement benefits)	7,719	6,610
TOTAL	8,411	7,690

Change in provisions for contingencies and expenses

In thousands of euros	Provisions on 31 Dec. 2018	Allocations for the fiscal year	Reversals for the fiscal year	Variation in scope	Misc. movements	Provisions on 31 Dec. 2019
Provisions for contingencies	1,080	619	-1,009		1	691
Provisions for expenses (incl. retirement benefits)	6,610	1,060	-250	301	-1	7,719
TOTAL	7,690	1,679	-1,259	301		8,411

Provisions for contingencies include mainly trading and wage disputes.

Provisions for expenses are related for the most part to provisions for retirement benefits.

The "corridor" method is used to account for the provision for retirement benefits.

The application of this method results in spreading over the average remaining contribution period (9 years), the portion of the variation exceeding 10% of the commitment. Thus the provision at 31 December 2019 amounts to €8,411k for Altavia Group entities.

3.12 Borrowed funds and financial debts

In thousands of euros	31/12/19	31/12/18
Borrowings from credit institutions	55,370	43,058
Other financial debts	1,808	1,726
Current bank overdrafts	4,956	8,352
Leasing loans	132	132
Accrued interest not yet due on loans	35	
TOTAL	62,301	53,268

Altavia Group has a confirmed line of credit of up to €135M signed on 7 January 2015.

In 2015, the Group took out a new redeemable loan of €5M.

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 years	TOTAL
Borrowings from credit institutions	11,159	43,990	221	55,370
Accrued interest not yet due	35			35
Other financial debts	1,808			1,808
Bank loans and overdrafts	4,956			4,956
Leasing loan	132			132
TOTAL	18,090	43,990	221	62,301

3.13 Other debts and accrual accounts (liabilities)

In thousands of euros	31/12/19	31/12/18
Tax and payroll-related payables	38,275	33,066
Miscellaneous debts	9,913	11,236
Other deferred revenue	24,586	23,817
Debts on fixed assets and related accounts	805	133
TOTAL	73,579	68,252

All debts are payable in under one year.

3.14 Off-balance sheet commitments (individually greater than 50 K€)

In thousands of euros	TOTAL	Due dates		
		< 1 year	1-5 years	> 5 years
Off-balance sheet commitments given				
First-demand guarantees	300	300		
Comfort letters				
Bank guarantees	1,410	249	168	993
Lease guarantees	131			131
Earn-outs	1,175	295	880	
Loan agreement	1,000		1,000	
Mortgages/Pledges	1,726			1,726
Asset and liability guarantees	906		906	
TOTAL	6,648	844	2,954	2,850
Off-balance sheet commitments received				
Asset and liability guarantees	21,971	5,427	16,644	
Lease guarantees	131			131
Loan guarantees	1 000		1 000	
TOTAL	23,102	5,427	17,644	131

Other commitments

Pledges: Commitment of Altavia SA to the Lending Pool: Pledge of a Financial Securities Account covering 60% of the shares comprising the capital of Altavia France (i.e. 10,292 shares) and 60% of the shares in Altavia Europe (i.e. 3,356,957 shares) or 51% of the shares if the maximum authorised outstanding amount is less than €20 million, with effect from 07/01/2015 under a €20 million Refinancing Loan, a €75 million Revolving Loan 1 and a €20 million Revolving Loan 2.

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

Commitments to sell shares granted by minority shareholders to Altavia SA, Altavia France, Altavia Europe, Altavia International and Communication Altavia Canada under predefined conditions.

Acquisition of Groupe Fil Rouge: Option to convert 37,439 preference shares held by a minority shareholder in Altavia Field into ordinary shares based on the achievement of performance targets for a period up to 31 December 2022.

4. Notes on the consolidated income statement

4.1 Breakdown of turnover by geographical area

	2019		2018	
	in thousands of euros	as a percentage	in thousands of euros	as a percentage
Sales in France	470,365	61%	388,183	52%
EU countries sales	253,135	33%	283,793	39%
Sales outside the EU	52,967	7%	67,681	9%
TOTAL	776,467	100%	739,657	100%

4.2 Other operating income

In thousands of euros	2019	2018
Inventory production	-11,652	7,399
Self-constructed assets	1,934	312
Operating subsidiaries	313	255
Reversals of operating provisions	2,055	3,526
Transfers of operating expenses	607	-1,066
Other operating income	1,519	1,526
TOTAL	-5,224	11,952

4.3 Payroll expenses and staff size

In thousands of euros	2019	2018
Salaries	78,638	71,731
Social security charges	25,451	23,027
TOTAL	104,090	94,758

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

Staff size of fully consolidated companies at year-end

	2019	2018
France	984	947
Abroad (excluding China)	835	715
China	144	171
GROUP TOTAL	1,963	1,833

4.4 Operating depreciations and provisions

In thousands of euros	2019	2018
Allocations to depreciation of intangible fixed assets	1,115	974
Allocations to depreciation of own fixed assets	2,894	2,398
Allocations to depreciation of leased tangible fixed assets	58	45
Allocations and reversals of provisions on inventories	141	138
Allocations and reversals of provisions on receivables	102	642
Allocations and reversals of provisions for risks and operating expenses	-428	-1,692
TOTAL	3,883	2,505
of which total allowances	5,929	6,031
of which total reversals (note 4.2)	2,055	3,526

4.5 Financial expenses and income

In thousands of euros	2019	2018
Foreign exchange gains and losses	-172	-110
Allocations and reversals of financial provisions	39	-132
Financial interest and expenses	-1,059	-869
Other financial income	40	35
Income from disposal of investment securities	2	6
TOTAL	-1,151	-1,070

4.6 Extraordinary expenses and income

In thousands of euros	2019	2018
Extraordinary income and expenses on capital transactions	-31	-160
Allocations and reversals of extraordinary provisions	-106	-49
Adjustment for amortisation/depreciation N-1		
Extraordinary income and expenses on management transactions	-136	-29
TOTAL	-273	-238

4.7 Income tax

In thousands of euros	2019	2018
Taxes payable on profits	3,920	5,356
Deferred taxes	522	163
TOTAL	4,442	5,519

We have applied the effective tax rate method, based on a projection of the income tax rate at the end of December 2019, determined at the time of the latest estimates for each subsidiary.

Tax credits directly related to an operating expense have been classified as operational. These include research, innovation and donation tax credits.

4.8 Tax analysis

In thousands of euros	2019	2018
Net earnings of the consolidated entity	5,387	7,518
Goodwill impairment cancellation	823	2,689
Share of earnings from companies accounted for under the equity method	7	-21
Income tax	4,442	5,519
Theoretical tax base	10,660	15,705
Tax rate applicable to the consolidating company	33.33%	33.33%
Theoretical tax	3,553	5,234
Impact of permanent differences	182	-108
Tax credits and other corporate tax elements	596	-207
Tax rate differences	-165	-301
Capitalisation of tax loss	-816	185
Deferred taxes not recorded on losses	1,092	716
Income tax posted	4,442	5,519

5. Summary of statutory auditing fees

In thousands of euros	Statutory audit, certification, examination of individual and consolidated accounts	Audit	Other services			Grand Total	
		Other related assignments and other auditing assignments	Audit sub-total	Legal, tax, social	Other		Other sub-total
Altavia SA							
End Dec. 2019	143		143				143
Deloitte	116		116				116
Angeli	27		27				27
Subsidiaries							
End Dec. 2019	426	20	446	30	3	34	480
Deloitte	334	13	347	6	1	7	354
Crowe	13	6	20				20
Franck Droze	11		11				11
Mars Audit	5		5				5
Mazars	5		5				5
SJA	4		4				4
Van Oers	39	1	40	24	2	26	65
Others	15		15		1	1	16
Total Fees 2019	569	20	589	30	3	34	622
Altavia SA							
End Dec. 2018	127		127				127
Deloitte	100		100				100
Angeli	27		27				27
Subsidiaries							
End Dec. 2018	409	15	423	20			443
Deloitte	341	15	355				355
Eura Audit Revisa	6		6				6
Franck Droze	2		2				2
Mars Audit	5		5				5
Mazars	4		4				4
Van Oers	47		47	20			67
SJA	4		4				4
Total fees for 2018	536	15	550	20			570

MANAGEMENT REPORT BY THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

Altavia SA continued to develop the Altavia Group and synergies between its various subsidiaries during the 2019 fiscal year. Despite this work, the Group's results are down compared to 2019 although turnover and gross income are up.

Your Board of Directors met six times during the fiscal year and specifically discussed plans for acquisitions and the creation of new locations. In addition, as agreed, we continued to pursue external growth and made six acquisitions, including Oyez in France, RS Media in Germany and Poland, RAC and ACME in Dubai, Creative Capital in China and Ask Marketing in Canada. The acquisition of the Pixel&Pixel agency in Spain was completed at the very beginning of 2020.

1. MANAGEMENT REPORT

I - ALTAVIA GROUP ACTIVITY IN 2019

1. Earnings and financial position

In 2019, consolidated turnover amounted to €776.5 million, up 4.9% compared to 2018. Consolidated gross turnover (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 €166.5 million in 2019, compared to €159.8 million in 2018, up 4.2%. It is on the rise thanks to the full-year effect of the acquisitions made in 2018 and the acquisitions made in 2019. These increases were partially offset by decreases in Europe and Asia, with France remaining stable overall (excluding the scope effect).

Operating earnings totalled €12.1 million in 2019, down from €17.0 million in 2018. This decline was due in particular to a weaker than expected performance of the acquisitions made in 2018, a decline in the European Publishing market and lower activity in Asia. The Altavia Coach scope also had an unfavourable impact on operating earnings.

Net financial earning totalled -€1.2 million, down slightly compared to 2018 following the financing of the acquisitions made in 2019.

Extraordinary earnings for 2019 were not significant.

In 2019, in accordance with accounting regulations, impairment tests were conducted on goodwill and led to a goodwill impairment charge for two subsidiaries, one of which was acquired in 2018.

The 2019 Group share of net earnings was €4.6 million, down compared to 2018, due to the decrease in operating earnings.

2. Financial position

Total consolidated shareholders' equity as at 31 December 2019 was €70.9 million compared to €70.2 million as at 31 December 2018. Shareholders' equity (Group share) was €67.5 million, compared to €66.3 million as at 31 December 2018.

Gross financial debt increased to €62.3 million at the end of 2019 compared to €53.3 million at the end of 2018, following the financing of external growth operations by drawing on the line of credit set up in 2015. The Group's gross debt ratio (gross loans and financial debt over consolidated shareholders' equity) was 87.9% on 31 December, 2019.

Consolidated available cash and cash equivalents of the Altavia group at the end of 2019 (excluding treasury shares) were slightly higher than at the end of 2018 (€57.3 million), reaching €64.3 million thanks to good management of the Group's working capital requirement.

Net cash and cash equivalents (investments and cash, excluding treasury shares, less gross loans and financial debts) on 31 December, 2019 was €2.0 million compared to €4.0 million on 31 December, 2018. It is impacted appreciably by the acquisitions made during the year and the cash generated.

Events subsequent to the end of the fiscal year

The 2019 financial statements were prepared before the health crisis and the Covid-19 pandemic. The company's priority is to guarantee the health and safety of its human capital, its partners and its customers. Against this background of great uncertainty, the Company has implemented an action plan designed to preserve all of its assets. The Company is confident in the measures taken to strengthen control over its investments, secure its cash position and manage its profitability dynamically. On the closing date of the financial statements, the impact, particularly on the equity interests, of the Covid-19 crisis occurring after the closing date was not measurable and therefore could not be taken into account.

We also inform you that the minority shareholders of HRG each sold, on 4 March, 2020, as planned at the time of the acquisition, all the shares they held in the capital of HRG Group Ltd, accounting for 24% of the capital.

In addition, on 28 February, 2020, through Altavia Ibérica, we acquired 81.24% of the share capital representing 2,442 shares of Pixel And Pixel Marketing And Design Solutions, S.L., a limited liability company under Spanish law, with registered office at Calle María Guerrero 34, 2º, Rozas de Madrid, registered under tax identification number B-83325472.

In accordance with the provisions of articles L. 232-1 and L. 233-26 of the French Commercial Code, we inform you that Blue Lions Middle East FZLLC was liquidated legally on 27 February, 2020.

II - OUTLOOK

Subject to the development of the Covid-19 corona virus epidemic, the Group intends to continue to strengthen its Marketing Services and Digital expertise to serve its "Retail" customers. In 2019, the integration of the companies in this sector within the Group resulted in the implementation of synergies, particularly commercial synergies, as well as in the creation of omnichannel commercial activation offers. This momentum will continue in 2020.

Lastly, Altavia will continue negotiations to renew the line of credit set up in 2015 so that it can continue its development in targeted countries and in certain businesses where it wishes to improve its position once the epidemic is eradicated.

III - ALTAVIA (PARENT COMPANY) FINANCIAL AND LEGAL INFORMATION

1. Altavia operations

In addition to leading the Group, defining and managing its policies and overseeing their implementation, Altavia SA provides various services to Group companies.

Its turnover, consisting mainly of income from services and rebilling of property rents, was €14,593,585.33, compared to €14,562,211.11 in 2018. After taking into account €14,812,829.39 in operating expenses, the operating earnings for 2019 and 2018 represents a loss of €200,708.51 compared to a profit of €182,846.89 in 2018.

The financial earnings in 2019 were €3,350,243.49 compared to €8,115,038.02 in 2018.

Earnings before tax and extraordinary items totalled €3,593,266.16 in 2019 compared to €8,512,936.28 in 2018.

Extraordinary earnings in 2019 were €109,189.38, compared to €-46,492.36 in 2018.

In 2019, Altavia SA's tax charge was negative and amounted to €640,326.00. In 2018, it was €-9,156.00

Net earnings for the 2019 fiscal year thus come to €4,342,781.54 compared to €8,475,599.92 in 2018.

All of the French companies in the Altavia Group, with the exception of Altavia Optitrans, Capital Innovation, Altavia Pallas, Insitaction, Atelier Benneton, Altavia Nativ, Simone, Stimshop, Altavia RetailTech, Altavia Carmillon, My Genius and Untienots, were more than 95% owned as at 31/12/2019, directly or indirectly, by Altavia SA and are therefore included in its tax consolidation scope.

Mr Raphaël Palti and Mrs Corinne Evens were reappointed as Directors for a term of six years and Mr Luc Bertholat was reappointed as Non-Voting Director for a term of six years. Mr Pierre-Michel Passy resigned from his position as Non-Voting Director and EPM Advisory Ltd, represented by Mr Pierre-Michel Passy, was appointed as a new Non-Voting Director for a term of six years.

Finally, Mr Raphaël Palti was reappointed Chairman and Chief Executive Officer and Messrs. Lorenzo Bertagnolio and Laurent Gampel were reappointed Deputy Chief Executive Officers. Mr Olivier Nachba was appointed Deputy Chief Executive Officer in charge of Innovation by the Board of Directors on 3 October, 2019.

Mr Sébastien Reydon has resigned from his position as permanent representative of Viateam on Altavia's Board of Directors. Mr Joël Jung has been appointed permanent representative of Viateam on the Board of Directors of Altavia for an indefinite period.

Mr Michel Duval and Mr Alain Roubach were reappointed as members of the Audit, Financial Statements and Investments Committee. Mr Michel Duval was reappointed Chairman of said Committee.

Mr Sébastien Reydon was appointed member of the Audit, Financial Statements and Investments Committee.

Mr Daniel de Botton was reappointed Chairman and member of the Appointments and Remuneration Committee. Messrs Alain Roubach, Michel Duval and Raphaël Palti were reappointed as members of said Committee. Mr Pierre-Michel Passy resigned from his duties as a member of the Appointments and Remuneration Committee and was replaced in these duties by EPM Advisory Ltd., represented by Mr Pierre-Michel Passy.

A proposal will be made to the General Meeting of the Shareholders to renew the terms of office of Mrs Catherine Dunand and Viateam, represented by Mr Joël Jung, as directors for a period of 6 fiscal years, and to appoint Mr Jean-Michel Gabriel as director, as well as the renewal of the mandate of the firm Deloitte et Associés, domiciled at 6, Place de la Pyramide - 92908 Paris la Défense, as Statutory Auditor, for a period of six fiscal years, i.e. until the end of the Ordinary General Meeting called to approve the 2025 financial statements, which will be held in 2026.

The General Meeting will be asked to appoint Cabinet Crowe HAF, domiciled at 85, rue Edouard Vaillant in Levallois-Perret, as Statutory Auditors of the company for a period of six fiscal years, i.e. until the end of the Ordinary General Meeting called to approve the 2025 financial statements, which will be held in 2026.

2. Allocation of earnings

In euros	2019	2018	Change as a %
Turnover excl. VAT	14,593,585	14,562,211	0.22
Other income	95	16	499.87
Operating income	16,612,121	14,576,591	13.96
Operating expenses	14,812,829	14,393,744	2.91
Of which salaries and payroll taxes	5,554,748	5,317,287	4.47
Operating earnings	-200,709	182,847	N/A
Joint ventures	443,731	215,051	106.34
Financial earnings (loss)	3,350,243	8,115,038	-58.72
Earnings before tax and extraordinary items	3,593,266	8,512,936	-57.79
Extraordinary earnings	109,189	-46,492	N/A
Earnings before taxes	3,702,456	8,466,444	-56.27
Taxes	-640,326	-9,156	N/A
Earnings after taxes	4,342,782	8,475,600	-48.76

We propose that you approve the following allocations:

Allocation of 2019 earnings

After discussion and exchange of views, the Board decided to propose to the next General Meeting of Shareholders to allocate the profit for the year, i.e. the sum of €4,342,781.54, as follows:

a. Amounts to be allocated

Retained earnings	€44,686,801.79*
*(including the dividends for the 2018 fiscal year attached to the 69,176 treasury shares for an amount of €215,829.12)	
Earnings for fiscal year 2019	€4,342,781.54
Total to be allocated	€49,029,583.33

b. Allocations

Dividends* €0

To a special reserve account pursuant to article 238a AB of the General Tax Code €30,000.00

To the "Retained Earnings" account €4,312,781.54

The "Retained Earnings" account will be €48,999,583.33 after allocation

*The Board of Directors considers it prudent not to pay dividends this year, given the health context, in order to manage the consequences of the Covid 19 epidemic to best effect and to be in a position better to anticipate the end of the crisis.

Pursuant to article 243 a of the French General Tax Code, we remind you that the dividends distributed per share over the last three fiscal years were as follows:

Dividend statement

Financial years of distribution Decisions	Total of the sums distributed (in euros)	Number of shares concerned	Dividend per share (in euros)	Income distributed by shares	
				Eligible for the deduction of 40% mentioned in 2° of 3 of article 158 of the CGI	Not eligible for the deduction of 40% mentioned in 2° of 3 of article 158 of the CGI
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
2019	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 very slightly modified during 2019*.

On 31 December, 2019, the capital amounted to €3,846,411, divided into 1,282,137 shares, each with a face value of €3 and distributed as follows:

- Mr Raphaël Palti 38.42% of the capital
- Firapa 11.69% of the capital
- Viateam 9.63% of the capital
- Andera Partners 9.57% of the capital
- Mr Lorenzo Bertagnolio 6.81% of the capital
- BNP Paribas Developpement 6.37% of the capital
- Other shareholders (1) 12.25% of the capital
- Treasury shares 5.26% of the share capital

(1) mainly other members of the Company's Board of Directors and certain employees or corporate officers of the Company or its subsidiaries.

On 31 December, 2019, there were no other shareholders holding directly or indirectly more than 5% of the registered capital or voting rights.

*For information purposes, one of the Company's minority shareholders sold 1,800 shares to two new shareholders who were approved by Altavia's Board of Directors on 7 February 2019.

Altavia sold 1,768 treasury shares to a new shareholder, who was approved by Altavia's Board of Directors on 4 July 2019.

The Articles of Association provide for dual voting rights attached to all fully paid-up shares that have been registered in the name of the same shareholder for at least four years. Each shareholder may temporarily waive his double voting right on all or part of his shares.

4. Stock options and treasury shares

A stock option plan, authorised by the Combined General Meeting of 20 May, 2010, has been put in place. 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. The options may be granted to executives (as defined by article L.225-185 paragraph 4 of the French Commercial Code) and employees holding permanent employment contracts with Altavia, as well as to employees of companies or economic interest groups in which Altavia holds at least 10% of the capital or voting rights, directly or indirectly.

The options may in principle be exercised at the end of a period of four years following the date of their allocation by the Board of Directors, provided that those awarded them are still employed by the Group on that date, and no later than six months after the end of this four-year vesting period.

It is specified that Altavia's corporate officers must retain at least 50% of the shares they hold after exercising the stock options awarded them until the end of their term of office.

In 2010, the Boards of Directors awarded 50,519 stock options. In 2011, the Boards of Directors awarded 29,313 stock options. In 2012, the Boards of Directors awarded 16,996 stock options. On 4 February, 20 June and 17 July, 2013 the Boards of Directors awarded a total of 35,596 stock options. The number of expired stock options was 112,663 on 31 December, 2018.

The Extraordinary General Meeting of the Shareholders held on 20 November, 2014 decided, without modifying the performance conditions, to extend by 2 years the period during which the stock options authorised by the Extraordinary General Meeting of the Shareholders held on 20 May, 2010 may be exercised. The options will give the right, subject to the conditions set for this purpose being met, to acquire Altavia shares during a period that always begins at the end of a 4-year period following the date of their award by the Board of Directors, and no later than two years and six months after the end of this 4-year vesting period.

At the end of this plan, on 1 January, 2020, all 132,424 stock options expired, and the stock option plan implemented on 20 May, 2010 is therefore closed.

A special report on Stock Options was drawn up in accordance with the Law of no. 2001-420 of 15 May 2001.

5. Employee shareholding

The Company has not set up any employee shareholding mechanism since the closing of the aforementioned Stock Option Plan.

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

None.

7. Treasury shares held by the Company

We inform you that the company held, on 31 December 2019, 67,408 of its own shares, i.e. 5.26% of the capital.

Summary table:

	Number of shares acquired by the company during the 2019 financial year	Number of shares sold by the company during 2019	Number of shares registered in the name of the company at the end of the year 2019	Purchase price of the treasury shares at 31/12/19
2019	0	1,768	67,408	€5,263,294

8. Subsidiaries and Equity Interests

Equity investments and divestments occurring during the 2019 financial year (direct and indirect)

In accordance with the deliberations of your Board of Directors and our development strategy, we have pursued external growth operations within the Group. During the fiscal year, the Group acquired interests or controlling interests in the following companies:

1. Acquisition through Altavia SA of 900 shares in Disko held by former managers and 46 shares held by Disko's minority shareholders, bringing its capital holding to 97.36% of Disko's authorised capital. We inform you that Disko has been included in the tax consolidation scope of Altavia S.A. with effect from 1 January 2020. Disko has decided to terminate the company's term of office as Chairman and member of the Management Committee, as well as its term of office as Chief Executive Officer and member of the Management Committee with immediate effect on 27 March 2019. On the same date, Mr Sydney Palti was appointed Chairman of Disko for an indefinite term. Mr Sébastien Reydon resigned from his position as a member of Disko's Management Committee on 23 May, 2019 and was replaced in that capacity by Mr Joël Jung.
2. Acquisition via Altavia France, on 2 August 2019, of 10,595 shares, each with a face value of €541.24, accounting for 90.77% of the authorised capital and voting rights of Oyez, a simplified joint stock company with capital of €116,730, whose registered office is at 1 rue de Metz 75010 Paris, registered with the Paris Trade and Companies' Register under the number 492 508 825. Rollover equity corresponding to 3% of the value of the shares held by the Company's executive was granted by Altavia SA. The officer resigned from his position as Chairman of Oyez on 3 October 2019 and was appointed Chief Operating Officer responsible for Innovation by Altavia SA on the same date. Oyez holds 97% of the shares of Oyez T, a Tunisian company with its headquarters at 6 rue de l'artisanat, Chargaia II, 2035, Ariana Tunisie MF 1510752/G/A/M000. During the first half of 2020, 2% of the capital held by two minority shareholders of Oyez T will be sold to Oyez SAS
3. We inform you that, on 2 January, 2019, Altavia Carmillon changed its name to Altavia Field and its registered office to 10 bis, rue de la Pâtur - 78420 Carrières-sur-Seine.
4. On 14 January 2019, Altavia France acquired 183 shares in Altavia Auvergne-Rhône-Alpes held by a company executive. On the same date, this executive also resigned from his position as Chief Executive Officer and member of the Management Committee.
5. On 12 June 2019, the share capital of Altavia Auvergne-Rhône-Alpes was restructured by dividing the nominal value of each Altavia share by 140 and increasing the number of shares accordingly, from 2,831 shares to 396,340 shares, with the share capital remaining unchanged at 396,340 euros.
6. On 24 June 2019, SIDJI sold 63 shares in Altavia Auvergne-Rhône-Alpes to the Company, which now holds 95% of the company's share capital.
7. The tax group headed by Altavia Auvergne Rhône-Alpes, which included Jetpulp, was terminated so that these two companies could be integrated into the Altavia S.A. tax group with effect from 1 January 2020.
8. On 30 October, 2019, a first capital reduction motivated by Ariane's losses of €925,860 and a second capital reduction not motivated by losses bringing the capital to €5,617,725 were carried out successively, followed by an extraordinary dividend distribution of €1,450,000, with the aim of enabling Altavia Field to honour repayment of the first instalment of the loan (€700K) and repayment of the €450K current account advance granted by the Company to Altavia Field.
9. Altavia Pallas, Agence Cosmic, Au Numéro 6, Altavia Nativ and Oyez changed their registered office to 2 place du Colonel Fabien - 75019 Paris with effect from 3 February 2020.

10. The following were acquired, via Altavia Deutschland, on 29 August 2019, as part of the takeover procedure of a German company in liquidation:
 - 100% of the shares of a company in liquidation, RS Media Marketing Services GmbH, having its registered office at Grafenberger Allee 295, 40237 Düsseldorf, registered in the German Commercial Register under the number 80775,
 - 100% of the shares of RS Adware Polska sp. z o.o., with registered office ul. Towarowa 35, 61-896 Poznań, registered in the Poznan Commercial Register under the number KRS 0000040039.

On 20 December 2019, RS Media Marketing Services GmbH changed its name to Altavia RS Media.
11. We inform you that, on 28 February 2020, Altavia Ibérica acquired 81.24% of the share capital, representing 2,442 shares, in Pixel And Pixel Marketing And Design Solutions, S.L., a limited liability company under Spanish law, with registered office at Calle María Guerrero 34, 2º, Rozas de Madrid, registered under tax identification number B-83325472.
12. On 24 January 2019, Altavia Ibérica set up a branch office under the name Altavia Ibérica CFA, S.A. Sucursal in Mexico, with its head office in calle Oxford Col Juarez Del. Cuauhtémoc number 30, in México City C.P. 06600 CDMX
13. On 30 July, 2019, Orange Comunicazione sold all of its shares, i.e. 8.62% to Altavia Italia and 12.41% to Disko SAS, and the managers resigned from their positions as directors of Disko Italia. Following this operation, the capital of Disko Italia is now owned 50% by Altavia Italia and 50% by Disko SAS.
14. Disko Italia was recapitalised on 6 December 2019, by a waiver of debt from the partners (Altavia Italia and Disko SAS) for a total amount of €338,000.88 and a cash contribution via the current account in an amount of €305,943.78.
15. We inform you that an amicable liquidation procedure for Rokivo Inc. was initiated on 31 October, 2019 and will be finalised during the first half of 2020.
16. On 15 July 2019, Altavia Europe acquired 3.54% of the share capital of Altavia HTT Limited from a minority shareholder.
17. On 4 March 2020, through Altavia Europe, all the shares held by minority shareholders in the capital of HRG Group Ltd were acquired, representing 24% of the capital.
18. We hereby inform you that on 6 December 2019 we sold 5% of the shares held by the executive in the capital of Altavia Polska sp.z.o.o. and SIA Altavia Baltics. The officer also resigned from his employment contract as Director of Altavia Polska and from his positions as a member of the Management Board of Altavia Polska sp.z.o.o., SIA Altavia Baltics and Kamikaze. The sale of 5% of Kamikaze shares held by this director will be completed in the first half of 2020.
19. We hereby inform you that Altavia Dekalton, a 100%-owned subsidiary of Altavia Europe, increased its share capital on 25 December 2019 by TRL 373,986 to TRL 673,986. This capital increase was carried out by incorporating virtually the entire current account receivable held by the Company.
20. Altavia Hungária was recapitalised on 11 October 2019 in two stages. Initially, the company's share capital was increased by converting a current account credit from Altavia Europe in an amount of HUF 30 million and a cash contribution from Altavia Europe in an amount of HUF 40 million. Following this first operation, the share capital is now owned 97.14% by Altavia Europe and 2.86% by a minority shareholder.
21. In a second step, the share capital was reduced by HUF 67,300,000 to cover the amount of the losses. This capital reduction was carried out on a *pro rata* basis in relation to the capital held by Altavia Europe and the minority shareholder and therefore did not change the distribution of capital after the capital increase.
22. On 11 January, 2019, the Group acquired, through Altavia Communication Canada Inc. 750 Class A Shares and 100,000 Class B Shares, accounting for 75% of the share capital of 8844607 Canada Inc. commercially known as Ask Marketing, a Canadian corporation governed by the laws of the Province of Quebec, having its head office at 4710 Saint-Ambroise Street - # 317B - Montreal, Quebec, H4C 2C7.

23. On 5 April 2019, Altavia International acquired 12.27% of the share capital and voting rights of Communication Altavia Canada Inc., accounting for 75,317 shares held by a minority shareholder. The latter resigned from his position as Chairman of Communication Altavia Canada Inc. but remained a director of that company. The new president is Thane Calder.
24. It was decided, on 18 February 2019, to set up a branch of Altavia Middle East DMCC, registered in Mainland Dubai (United Arab Emirates) with the Dubai Economic Department (DED).
25. On 26 August 2019, it was decided to increase the share capital of Altavia Middle East DMCC by AED 3,100,000 to AED 3,500,000 by direct incorporation of the same amount from the current account of Altavia International.
26. Altavia Middle East DMCC acquired 95% of the shares of Retail Access Consultant FZC, a company incorporated under the laws of the United Arab Emirates, registered in the RAKEZ Free Zone under number RAKIA74FZ306125649 and 90.20% of the shares of Active Creative Middle East FZ-LLC, a company incorporated under the laws of the United Arab Emirates, registered in the DCCA Free Zone under number 92268.
27. Altavia Middle East DMMC changed its registered office to Emaar Business Park, Building 02, Office 505, Dubai, UAE on 18 November 2019 with effect from 1 January 2020.
28. On 10 December 2019, the share capital of Altavia Middle East DMMC was increased from AED 1,000 to AED 3,501,000. The price of this new share is composed of (i) a nominal value of AED 1,000 and (ii) an issue premium of AED 17,929,290 by direct incorporation of such amount from the Member's current account.
29. On 12 December 2019, Altavia Middle East DMMC appointed Martin Mirmand and Joël Jung as Directors of the company and authorised the sale of 25% of the company's share capital to a new shareholder.
30. On 8 April 2019, Blue Lions SAS, a subsidiary of Altavia International, acquired 20 shares, each with a face value of 5,000 CFA francs, from Blue Lions CIV, a limited liability company governed by Ivorian law, with capital of 1,000,000 CFA francs, whose registered office is located in Ivory Coast at Marcory, Zone 4 C, Bietry, rue des Majorettes, Lot no. 402 D, Ilot 59 TF, no. 2146 in the Bingerville land register.
31. On 8 April 2019, Blue Lions SAS, a subsidiary of Altavia International, acquired 10 shares, each with a face value of MAD100 from Blue Lions Maroc, a Moroccan limited liability company with capital of MAD10,000, whose registered office is located at Angle rue Taoufik Al Hakim and Najib Mahfoud, 6th floor, Gauthier, Casablanca.
32. We inform you that Africadesk, a company 100%-owned by Blue Lions SAS, has been the subject of a Universal Transmission of its assets and liabilities in favour of the latter, with effect from 31 December 2019.
33. TMAI, a subsidiary of Altavia International, increased its share capital on 10 July 2019 by 316,000,000 Won by offsetting the current account receivable held by the Company, and TMAI was then liquidated on 2 October 2019.
34. Altavia Asia, a company incorporated under Hong Kong law, acquired 100% of the share capital of CC Holding Asia Limited, a company incorporated under Hong Kong law which owns 100% of CC Creative, a company based in China, which in turn owns 51% of a company in the United States and a holding in a company in Indonesia. The director of these companies acquired 10% of the share capital of Altavia Asia Limited through a contribution of shares.
35. We inform you that Les Ingénieurs Sociaux acknowledged on 16 January 2019 the appointment of Altavia Coach as Chairman of Les Ingénieurs Sociaux, replacing Mr Raphaël Palti.
36. On 17 May 2019, Stimshop increased its share capital from €117,500 to €163,100, reducing Altavia Coach's capital ownership from 7.23% to 5.21%.
37. On 24 May, 2019, Nicolas Vouland contributed all the shares he held in Altavia Retailtech, i.e. 31.80%, to the newly formed holding company, Envi Capital, located at 50 rue du Jas des Vaches, 13100 Aix en Provence.

38. Mr Richard Maupas also contributed, on 28 May 2019, all the shares he held in the capital of Altavia Retailtech, i.e. 31.80% to the newly formed holding company, R. Capital Invest, located at 1795 Chemin des Mulets, 84440 Cavaillon.
39. We inform you that, on 25 July 2019, Envi Capital and R. Capital Invest sold 7% and 3% respectively of Altavia Retailtech's capital to the Company.
40. We remind you that, on 2 August 2019, Altavia Coach acquired a minority stake of 1,700 shares in UntieNots, a simplified joint stock company with capital of €10,767, registered with the Nanterre Trade and Companies' Registry under the number 812 492 767 and whose head office is located at 1 allée Santos Dumont 92150 Suresnes, corresponding to 13.64% of the capital. The objective is for Altavia Coach to eventually hold 15.18% of the share capital and voting rights of UntieNots on a diluted basis, i.e. after conversion of the convertible bonds into shares held by HoReCa Innovation I GmbH & Co KG and Red Cart Ventures and after exercise of the warrants issued to UntieNots employees.
41. On 3 October 2019, Altavia Coach subscribed 300,000 bonds convertible into new shares issued by My Genius and, at the same time, signed a business contribution agreement for the benefit of My Genius. The total amount of business contributed by the Company will then enable it to subscribe to the capital of My Genius at a later date, through a cash contribution, up to a maximum amount of 15% of the capital.
42. Les Ingénieurs Sociaux became part of the Altavia S.A. tax consolidation group with effect from 1 January 2020.
43. On 31 January 2020, the director of Mad&Women was dismissed from her position as Managing Director and sold 20% of the shares she held in the company's capital.
44. On January 31 2020, Mad&Women also redeemed the 143 convertible bonds held by the former director.

Activity of subsidiaries and affiliates

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

a. In France

Altavia France

The subsidiaries of Altavia France are: Altavia Paris (100%), Altavia Nantes (100%), Altavia Lille (100%), Altavia Optitrans (80.98%), Altavia Auvergne-Rhône-Alpes (95%), Altavia Pallas (85%), Agence Cosmic (95%*), Au Numéro 6 (95%), IMS Groupe (95%), Altavia Nativ (75%), Insitaction (70%), Altavia Field (92.18%), Altavia Newco 3 (100%) and Oyez (90.8%).

The indirect subsidiaries of Altavia France are: Jetpulp (97.3%-owned subsidiary of Altavia Auvergne-Rhône-Alpes), Ariane, Ophtaservices, Fil Rouge, Fil Conseil and Oyez T in Tunisia (97%-owned subsidiary of Oyez SAS).

Altavia France also holds an equity stake in Altavia Connect.

France's contribution to the Group's consolidated turnover amounted to €446.8 million.

Altavia Paris

Altavia Paris had a year of strong revenue growth with market share gains among Major Food Retailers and a highly structuring new business.

Altavia Nantes

In 2019, Altavia Nantes continued to grow both in terms of earnings and EBIT. Altavia Nantes benefited from growth in activity on its customer portfolio.

Altavia Lille

Altavia Lille has returned to a conquest dynamic with a new governance and the gain of a client, which will consolidate its customer base.

Altavia Optitrans

Altavia Optitrans benefited from a volume effect related to the gain of a new Major Food Retail player in 2019.

Altavia Auvergne-Rhône-Alpes

Altavia Aura saw its earnings increase in 2019 with sound profitability of its customer portfolio. The loss of two major customers will have a full impact in 2020. Nevertheless, the gain of new customers, a change in the organisation and the merger with its subsidiary Jetpulp should enable it to continue its growth in 2020.

JetPulp

Jetpulp made a loss in 2019. A great deal of attention has been paid to analysing its business lines, organisation and client assets. This analysis has led to an action plan that will bear fruit in 2020.

Altavia Pallas

2019 was marked by a decline in business, and the repositioning of retail design within the group will give this offering greater visibility.

Altavia Cosmic

In 2019, the agency experienced a year marked by a contraction in the activity of its historic clients combined with the development of its new clients.

Au Numéro 6

The agency experienced a significant drop in business in 2019, but 2020 should see a return to growth as the agency refocuses on a new market linked to the development of IT solutions for retail companies.

IMS

IMS had a somewhat lacklustre 2019 in terms of new business. On the other hand, it is winning a strategic competition that will ensure gross income growth in 2020.

Insitaction

The synergies expected from the integration of Insitaction into the group are continuing and have developed in 2019, a year marked by strong growth.

Altavia Nativ

Altavia Nativ continues to deploy its offer and its customer portfolio.

Fil Rouge

For Fil Rouge, the year was marked by a strong last quarter, which placed it in a growth situation. 2020 will be marked by the implementation of a new organisation and the refocusing on four historical offers.

Altavia Connect (EIG)

Altavia is also a member of the Altavia Connect Economic Interest Grouping.

In 2019, the EIG pursued its objective of structuring and optimising the operational and functional services provided to the Group's subsidiaries, with in particular and as planned, the development of a new collaborative system for online order workflow and price configuration on behalf of Altavia's existing and prospective customers.

The positive earnings generated by the EIG, taking into account tax transparency, will be passed on to its members in proportion to their holdings, i.e. 34% to Altavia.

Altavia Coach

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

Actipaper

The company, which produces the daily newsletter Altavia Watch, posted a 2019 result that is up from 2018.

Capital Innovation

The company, which creates innovative products based on consumer observation, did not have sufficient turnover to enable it to generate a positive result, so it continued to develop a medical solution in R&D that will last for several more years.

Wetail

The subsidiary hosts co-workers and organises events on the future of retail and private events for companies. It also offers an acceleration programme for retail start-ups. In 2019, the Company has still not achieved sufficient business volume to allow it to reach operating breakeven.

Simone

Simone, a Paris-based strategy and brand image consulting agency, reported a sharp decline in 2019, mainly due to the loss of a long-standing client.

Shoppermind

In 2019 this subsidiary, specialising in consumer studies, posted a year in line with 2018, but revenues were insufficient to reach operational equilibrium.

Stimshop

The start-up company, which is developing a series of mobile applications that combine the use of the phone's microphone and ultrasounds, is still looking for sufficient retail outlets to record significant results.

Altavia RetailTech (Ex Ubiq Toolbox)

Altavia Coach subscribed to the Ubiq Toolbox capital increase and the partners then decided to change the name 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 64.8% of the capital.

Mad&Women

Altavia Coach purchased the business assets of this advertising agency dedicated to women before the commercial court in June 2018. Due to a complicated year in 2019 and the withdrawal of several key accounts, the company posted a significant loss in 2019.

Atelier Benneton

Altavia Coach invested in January 2018 to acquire 60% of the capital of this family business specialising in heraldic engraving.

Les Ingénieurs Sociaux

At the end of 2018, Altavia Coach acquired 100% of the shares in the company, which has developed a neighbourhood network coordination software package. Simultaneously, the Saint Glin Glin project, a celebration where anything is possible aimed at uniting the entire commercial ecosystem, was initiated. The official launch of this operation has been postponed.

b. In Europe

As at 31 December 2019, 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 the HRG Group.

Actstar is a subsidiary of Altavia Belgium.

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

Altavia Sumis B.V. and Sumis Logistics are 100%-owned subsidiaries of Altavia Sumis Marketing Services B.V.

RS Media Marketing Services GmbH and RS Adware Polska sp. z o.o. are 100%-owned by Altavia Deutschland.

Altavia Europe also holds a 33% stake in Altavia Connect.

The contribution of Altavia Europe and its subsidiaries to the Group's consolidated turnover amounted to €259.6 million

Altavia Turan, Limited Liability Partnership, was created on 22 February 2018 in Kazakhstan, with a share capital of 29,186,130 tenge, 100%-owned by Altavia CEI. The company is growing thanks to the gains of international customers.

In 2019, Altavia Rus saw its business grow, despite a difficult market.

Altavia Ukraina's business has been boosted by an improving economic situation in Ukraine.

Altavia Belgium had a stable year in 2019 with a focus on productivity in its packaging activity.

Actstar had a difficult year-end 2019 due to the loss of a customer.

Altavia Česká had a stable year in 2019 despite the delay in the commercial development of the complex POS offer.

Altavia Deutschland: 2019 was a tough year due to a tense pricing environment and a sharp drop in volumes, but a major customer was won, which suggests future growth. This company also acquired RS Media and the integration is proceeding satisfactorily.

Altavia Hellas after having seen its business strongly impacted by the liquidation of a long-standing customer, the subsidiary is continuing to redevelop its existing and new customers. 2019 was again a year of sustained growth.

Altavia HTT had a difficult year due to the sharp decline in print volumes and the loss of a long-standing customer.

HRG had a satisfactory year.

Altavia Ibérica CFA had a good year, with activity in line with expectations in an increasingly competitive environment.

Altavia Iletisim: this company is no longer active.

Altavia Dekatlon: 2019 was a year of decline due to a very difficult economic climate in Turkey.

Altavia Italia had a difficult year due to the sharp decline in print volumes and the loss of a long-standing customer.

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

Kamikaze experienced a year of improved profitability with strong growth.

Sumis: a difficult year due to the continued decline of the print market in a constrained regulatory framework, despite the gain of important customers.

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. Asia - America - Africa

I. Asia

The Altavia Group trades in South Korea through its subsidiary **Altavia Korea**, which has seen its business stabilise during the year. **TMAI**, the second company in Korea, with no business in 2019, was liquidated at the end of 2019.

Altavia Japan, accelerated its development in 2019 by relying on its new colour management commercial offer proposed to new customers. This new process, developed by our Japanese subsidiary, optimises colour conformity and thus allows colours that are as close as possible to reality to be achieved, which is particularly useful for customers specialising in beauty care.

Altavia Trading and **Altavia Advertising** experienced a slowdown in their activity.

Creative Capital, which specialises in branding, has developed its portfolio in 2019 with a view to strong integration with Altavia, which already operates in China.

II. America

Communication Altavia Canada, a 100%-owned subsidiary of Altavia International, is pursuing the group's international development in Canada through research into new technologies to complement Altavia's portfolio in Canada.

Communication Altavia Prodigy Canada focused its efforts primarily on winning a structuring international client in the future.

CloudRaker, acquired in 2017, had a stable year in 2019, after two years of strong business growth.

III. Africa

Altavia Morocco saw its business growth stop during 2019. It is continuing to build up its client base through an expanded portfolio. This company is a limited company under Moroccan law, with its registered office in Casablanca.

Altavia International owns 100% of this company.

Altavia Middle East, based in Dubai, was created in May 2017. It is 75% owned by Altavia International. In 2019, the company's business grew strongly, with a new structuring international client confirming the services offered in Print Management.

On 18 February 2019, a subsidiary of Altavia Middle East DMCC was set up and registered in Mainland Dubai (United Arab Emirates) with the Dubai Economic Department (DED).

Active Creative Middle East, which specialises in point-of-purchase communication for premium beauty customers, saw its business sustained, in line with expectations in the last quarter of 2019.

Retail Access Consultants, which specialises mainly in Travel Retail Design consulting, confirmed the growth expected in the last quarter of 2019.

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 established in France (Blue Lions France, Africadesk), Ivory Coast (Blue Lions CIV), Morocco (Blue Lions Maroc), Dubai (Blue Lions Middle East), and South Africa (Blue Lions Africa).

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. 2019 confirmed the potential for growth in digital business and the rapid integration of commercial offers.

9. Changes made to the presentation of the annual financial statements or to the valuation methods used in prior years

We inform you that our company's accounts have been drawn up in accordance with the forms and methods prescribed by ANC regulation no. 2014-03 of 05/06/2014. It should be noted that, in accordance with the regulations, the accounting methods have been changed with regard to the treatment of goodwill, foreign exchange gains and losses and tax credits as mentioned in the notes to the accounts.

10. Research and development activity

The Altavia Group is developing a permanent research and innovation activity based on its teams and partnerships. These teams are made up of specialists in their respective fields of expertise with the aim of fostering innovation and excellence.

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

We point out that the accounts for the past financial year included charges that are not deductible from taxable income in accordance with article 39-4 of the French General Tax Code for an amount of €44,327, but that they are of no consequence, given the tax loss carried 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 provide you below with information on invoices received and issued that had not been paid by the closing date of the financial year and which are now overdue (table required by Article D.441-4(l)).

	Article D. 441 I-1: Invoices received but not paid at the end of the financial year for which the term is overdue						Article D. 441 I-2: Invoices issued and outstanding at the date of the balance sheet for the financial year for which the term is overdue					
	0 days (indication)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)	0 days (indication)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
(A) Late payment instalments												
Number of invoices concerned	71					49	6					273
Total amount of the invoices concerned including VAT	276,749	182,990	-407		-20,245	162,337	129,657	1,426,424	368,889	374,277	1,772,026	3,941,616
Percentage of amount total purchases excluding VAT for the year	3.74	2.47	-0.01		-0.27	2.19						
Percentage of turnover net of tax for the year							0.79	8.68	2.24	2.28	10.78	23.99
(B) Invoices excluded from (A) relating to disputed or unrecorded payables and receivables												
Number of invoices excluded										28		
Total amount of excluded invoices										389,407		
(C) Reference payment periods used (contractual or legal period - article L. 441-6 or article L. 443-1 of the French Commercial Code)												
Terms of payment used for calculating late payments	Contractual periods: invoices received are generally payable within 30 days						Contractual periods: invoices issued are usually paid within 30 days					

13. Table of the Company's earnings for each of the last five financial years or each of the financial years closed since the Company's incorporation

The table stipulated in the Companies' Act 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:

It is proposed to renew the terms of office of Mrs Catherine Dunand and Viateam, represented by Mr Joël Jung, for a period of six years.

It is appropriate to decide on the renewal of the mandate of the Deloitte et Associés partnership, based at 6, Place de la Pyramide - 92908 Paris la Défense, as Statutory Auditor for a period of six financial years.

Finally, it must be decided whether to appoint Cabinet Crowe HAF, domiciled at 85, rue Edouard Vaillant in Levallois-Perret, as Statutory Auditors of the company for a period of six fiscal years, i.e. until the end of the Ordinary General Meeting called to approve the 2025 financial statements, which will be held in 2026.

In addition, it was found that 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 2019 and completely fulfilled their examination and advisory role.

CORPORATE GOVERNANCE REPORT

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

In accordance with articles L. 225-38 *et seq.* of the French Commercial Code, we ask you to approve the agreements listed in said articles and signed during the past financial year after having been duly authorised by your Board of Directors.

Your Statutory Auditor has been duly advised of these agreements, which it described in its special report.

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

It is also specified, as required by article L. 225-37 of the French Commercial Code, that no agreement was concluded during financial year 2019 between the Managing Director, a Deputy Managing Director, a board member or a shareholder holding more than 10% of the Company's voting rights and another company in which the Company directly or indirectly holds more than half of the registered capital.

17. Summary table of delegations of authority and powers

In accordance with the provisions of article L225-37-4, paragraph 3 of the French Commercial Code, you will find below a table summarising the delegations of authority and powers granted by the General Meeting to the Board of Directors with respect to capital increases pursuant to the provisions of articles L.225-129-1 and L.225-129-2 of said 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, we inform you that your Board of Directors has decided to combine the functions of Chairman of the Board of Directors and of Managing Director.

19. List of corporate offices held in any company by each corporate officer during the financial year

Offices held by Raphaël Palti

In the Altavia Group:

- Chairman and 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: 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, Altavia Hong Kong Ltd, Communication Canada Prodigy Inc, Rokivo Inc. (until 31/10/2019), Altavia Morocco, Altavia Baltics, Altavia Dekatlon (until 31/05/2019), Altavia Middle East DMCC, CloudRaker Inc, Altavia Sumis Marketing Services B.V., Altavia Hrvatska d.o.o., Disko Italia Srl,
- Executive Director: Altavia Korea LLC,
- Chairman: Atelier Benetton SAS, Altavia Newco 4,
- Member of the Executive Board: Altavia Polska Sp z.o.o., Kamikaze Sp. z.o.o., Altavia Adware,
- Member of the Supervisory Board: Altavia Hungária KFT, Altavia Ukraina SARL,
- Member of the Executive 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 Field, Mad&Women, Blue Lions, Oyez, Les Ingénieurs Sociaux,
- Member of the Management Committee: Wetail SARL,
- Co-Manager: Altavia Česká SRO, Altavia Deutschland GmbH, Altavia RS Media GmbH,

- Legal representative of Altavia SA: Manager of Altavia Coach SC, Chairman of Altavia International SAS, Member of the Board of Directors of Altavia Connect, Member of the Management Committee of Altavia Nativ,
- Permanent representative of Altavia SA on the Board of Directors of Altavia Europe SAS,
- Member of Altavia SA's Remuneration Committee,
- Member of Untienots Strategy Committee.

Outside the Altavia Group:

- Chairman and Chief Executive Officer and Director of Foncière Blanqui SA,
- Chairman of Firapa SAS,
- Co-Manager of SCI Rembrandt Courcelles, SCI Bellesherbes,
- Chairman of Firapa SAS, itself Chairman of Viateam SAS,
- Director of Fondiaria 78/3 Srl,
- Director of the Fondation du Collège de France,
- Member of the Supervisory Board: Etam Développement SCA,
- Manager of SNC Terre de la Côte.

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 and member of the Executive Committee: Altavia International,
- Manager: Altavia CEI SARL,
- Chairman and member of the Executive Committee: Altavia Fiber Value,
- Member of the Executive Committee: Blue Lions,
- Representative of Altavia Europe on the Board of Directors of Altavia Connect, member of the Executive Committee of Altavia CEI,
- Representative of Altavia International, Chairman of Blue Lions SAS.

In the Altavia group, abroad:

- Chairman of the Board of Directors and Deputy Director: Altavia Hellas AE,
- Chairman and Managing Director and Director: Altavia Morocco,
- Director and Chairman of the Board of Directors: Mbo Communication LSA, Altavia Ibérica CFA, Altavia România Communication SRL,
- Member and Chairman of the Management Board: Altavia Polska Sp. z.o.o.,
- Co-Manager: Altavia Česká SRO, Altavia Deutschland GmbH,
- Director: Altavia Belgium SA, Altavia HTT Ltd (Executive Director), Dekatlon AS, Altavia Italia Srl, HRG Group Ltd, HRG UK Ltd, Altavia Baltics, Altavia Sumis Marketing Services B.V, Altavia Hrvatska d.o.o, Communication Altavia Canada, Communication Altavia Prodigy, CloudRaker Inc., Altavia Inc., Altavia Asia Ltd, Altavia Japan KK, Altavia Hong-Kong Ltd, Altava Middle East DMCC, Altavia Beijing Advertising Co. Ltd, Altavia Shanghai Trading Co. Ltd, Altavia Korea, Ask Marketing,
- Vice-Chairman: Altavia Iletisim,
- Member of the Supervisory Board: Altavia Hungária KFT, Altavia Ukraina,
- Member of the Executive Board: Kamikaze Sp. z.o.o., Altavia Adware.

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: EPP Ile de France, Paradis Ile de France, Rafiloc, Suresnes Nieuport, Rugelec, Le Nil, Ivry Michelet, Scartemple, Audoen et Paul, Manzabott, SCI Nrna,
- Joint Manager of the following SCIs: Rembrandt-Courcelles, Paradalp, Ferber Ile de France, FDL 1, Saint-Antoine 18/30,
- Manager of the following limited liability companies (SARLs): Tigre, EPP Montreuil Beaune, EPP Montreuil Holdings, Le Raphael, 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, SARL Loire Boulogne 66,
- Joint Manager of the following limited liability companies (SARLs): Le Noisy le Grand, Le Saint-Ouen, EPP Saint-Ouen, Sezarr, Petinan, A&G Valcke et Cie, V de Villiers, K de Kleber, S.B. Investments,
- Joint Manager of SC 3B,
- Manager of the following SNCs (general partnerships): EPP Bezons, EPP Massy Ile de France,
- Chairman of SAS Tifuh.

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, SAUL Foundation for Progress (USA),
- Manager: Novinvest Partners SARL,
- Director: Advicenne (A company listed in Eurolist Sub-fund C), Aryballe Technologies SA, Feeligreen SA, Faber Novel SAS, Wandercraft SAS, Cosmo Tech, FAAU Foundation, Diabeloop SA, Avicenna SAS.

Offices held by Michel Duval

In the Altavia Group:

- Director: Altavia SA and Altavia France

Outside the Altavia Group:

- Manager: SCI La Mare,
- Co-Manager: MD Conseil.

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,
- Chairman: Montalivet Investment Managers,
- Permanent representative of Andera Partners on the Board of Directors: Platinum Group SAM, PGSAM Holding sas,
- Permanent Representative of Andera Partners, Chairman of the Strategy Committee, 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, Financiere TMG,
- Chairman of the Supervisory Committee: Arche TMG,
- Director in his 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:

- Vice-President: BMIP-Bethlehem Multidisciplinary Industrial Park,
- Director: Bold Rock Management Ltd. (UK),
- Director: SCI DU 34-38 Rue Camille Pelletan (France), Microworld (Luxembourg),
- President: Link Point SA (Luxembourg), G. Evens Diamonds & Co. N. V. (Belgium), Siiffa SAS (France), Association Européenne du Musée de l'Histoire des Juifs de Pologne,
- Honorary President: Evens Foundation,
- Executive Member of the Trustees: The Africa Center,
- Executive Member: Positive Planet (microfinance),
- Member of the governance: Tel Aviv University,
- Treasurer: Learning for Well Being Foundation (Holland).

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

Outside the Altavia Group:

- Manager of Etam Développement SCA,
- Chairman of the Board of Directors and Director of Gerset SAS,
- Chairman of Imminvest, Egest, Tarmilind and Setger,
- Manager of H.A.H. SCA,
- Chairman of Etam SAS and Covi 2 SAS,
- Representative of Etam Développement SCA, itself Chairman of Norpierre SAS,
- Director of Modasia Holding (until 13 November 2019), Shanghai Intermay Clothing, Ifem SA, Nora Limited, Finora SA, Vivar Global Ltd, Vivar Resources Limited,
- Director of Shanghai Aige Clothing, Shanghai Intermoda Clothing Co Ltd (until 31 May, 2018),
- Director of Investint Fashion Lingerie Shanghai,
- Representative of Etam SAS on the Board of Directors of Modasia Holding (until 13 November, 2019),
- Deputy managing Director of Elan Industries SAS and Nortex SAS,
- Representative of Investint on the Board of Directors of Société Luxembourgeoise Etam, 123 Luxembourg,
- Permanent representative of Etam SAS on the Board of Directors of Société Belge Etam and Investint,
- Permanent representative of Société Belge Etam on the Board of Directors of Société Foncière Etel,
- Manager of Seva, Selau and Tami,
- Chairman of the Board of Directors of Mordka SA

Offices held by Joël Jung

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 of Actipaper SA,
- Member of the Management Committee of IMS Group, Disko, Altavia Fiber Value, Jetpulp, Blue Lions, Oyez,
- Director of Altavia Hellas AE, Altavia HTT Ltd, MBO communication, Altavia Ibérica CFA, Altavia Asia limited (Hong Kong), Altavia Hong Kong Limited, Altavia Beijing Advertising co. Ltd, HRG Group Ltd, HRG UK Ltd, Altavia Baltics, Communication Altavia Canada Inc, Communication Altavia Prodiety, CloudRaker Inc, Ask Marketing, Kamikaze sp.z.o.o., Altavia Shanghai Trading co. Ltd, 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 RS Media GmbH,
- Member of the Supervisory Board of Altavia Ukraina SARL,
- Business Controller of Altavia Connect,
- Member of the Management Committee of Wetail,
- Member of the Selection and Monitoring Committee of Altavia Coach.

Outside the Altavia Group:

- None

Offices held by Alain Roubach

In the Altavia Group:

- Director: Altavia SA and Altavia Europe SAS.

Outside the Altavia Group:

- Manager: Opera Immobilier SARL, SCI des Petibous,
- Co-Manager: Alclan SC Anegada Company SARL,
- Director: Ogury LTD, Arts et Biens SA, ASP, ORT France,
- Member of the Supervisory Committee: Praditus SAS, Siffa SAS, Little Extra SAS, DS Cafe SAS, Mozoo SAS,
- Member of the Strategy Committee: Askmona SAS.

3. EXTRA-FINANCIAL PERFORMANCE STATEMENT

I - BACKGROUND

A. Regulatory framework

The Order of 19 July 2017 transposing Directive 2014/95/EU of 22 October 2014 on the publication of non-financial information and information relating to diversity by certain large companies and groups, created the extra-financial performance statement (French abbreviation DPEF).

The Law of 30 October 2018 amended article L.225-102-1 of the French Commercial Code, which stipulates that the DPEF must include information concerning the manner in which the company takes into account the social and environmental consequences of its activity. Altavia is now included in the new scope of consolidation for the companies concerned.

Article R. 225-105 of the French Commercial Code specifies that the statement presents the company's business model and, for each category of information:

- a description of the main extra-financial risks (e.g. through a materiality analysis)
- a description of the policies applied (where the company does not apply a policy with regard to one or more of these risks, the statement should include a clear and supported explanation of the reasons for this);
- where applicable, the due diligence procedures implemented to prevent, identify and mitigate the occurrence of risks
- the results of these policies, including key performance indicators.

The indicators in article R. 225-105, which are similar to the list in the previous system, are only required if they are relevant to the main risks identified.

B. Control of extra-financial information

The information contained in the extra-financial reporting will be subject to verification by an independent third-party organisation in accordance with specific procedures.

The independent third-party organisation (ITO) mentioned in article L.225-102-1(V) is appointed by the Chairman and CEO, for a period that may not exceed six financial years, from among the organisations accredited for this purpose by the French Accreditation Committee (COFRAC) or by any other accreditation body that is a signatory to the multilateral recognition agreement drawn up by the European Coordination of Accreditation Bodies.

This audit by the ITO results in a notice, which is sent to the shareholders together with the management report. Pursuant to the provisions of the French Commercial Code set out above, the ITO 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 on 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

Founded in 1983 by its Chairman and CEO, Altavia is the leading independent international group specialising in commercial communication for the retail sector. It is a federation of about fifty independent operational companies. Operating in 28 countries, Altavia, with 2,000 employees and a governance structure that encourages local initiative, continues to grow in the service of retailers and major brands.

Altavia offers its clients 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

Print management

- Ecodesign
- Paper purchasing
- Printing and printing optimisation
- Logistics

A. Organisation and structure of Altavia

Altavia is a public limited company with capital of €3,846,411 and a Board of Directors. Altavia's subsidiaries are led and coordinated through executive committees.

Altavia has a Board of Directors, an Audit and Investment Committee and a Remuneration Committee, which meet several times a year. The Board of Directors consists of ten members appointed by the General Meeting for a term of 6 years. The Board of Directors takes all decisions relating to the Group's major strategic, economic, social, financial or technological policies 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 activities is defined by a strategic plan called MOVE (Make Our Vision Effective). The plan is structured around 6 fundamentals: Human capital, Client base, Finances, Offerings and expertise, Identity and Image, CSR, deployed in each subsidiary through actions, pilot projects and innovations.

MOVE is adopted by the Board of Directors. Beforehand, Business Units work on their roadmap and objectives (quantitative and qualitative). In 2019, they initiated a new MOVE which will be finalised in 2020.

In particular, it includes a projection of changes in Altavia's main CSR, operational and financial indicators. The Chairman and CEO presents a draft annual budget within the framework of these guidelines to the Board of Directors, which approves it.

Although not a publicly listed company, Altavia has been publishing its annual report every year since 2000. This demanding exercise is in line with the group's beliefs and values of transparency.

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 37 years, its employees have shared the same commitment to retail and are mobilised every day in the service of 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 abolition of the 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 its retailer clients build productive relationships with their own customers on a daily basis by offering sales activation solutions.

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

- Our employees: the attraction of talent and their retention which fits in with our policy of diversity, broadening skills to ensure the growth in our areas of expertise, non-discrimination and equal pay. This is addressed in particular through the "Caring for the people" pillar and its "Internal Practices". The Group and local Human Capital teams work together to implement actions that meet these key challenges.
- Our partners: Our customers and our suppliers. Altavia has put its customers at the heart of all its business thinking and actions. All creative and technological innovation, all value propositions as well as the execution of these propositions through the supply chain take into account a responsible approach and will be increasingly designed in a sustainable development approach. The entire approach is focused on procurement, in particular through the deployment of a Responsible Purchasing policy.
- The environment: controlling our internal impacts and our products and services, particularly in terms of energy and paper consumption, greenhouse gas emissions and waste. These actions are deployed through the "Caring for the Planet" pillar of the Group's CSR roadmap.

C. Objective and value-added strategy

The company's priorities

1. Altavia's CSR policy

Altavia is a company that is aware of the challenges facing society, its impacts and the expectations of its stakeholders. The Group has also been committed historically to Corporate Social Responsibility issues. A strong sign of this commitment is its membership of the UN Global Compact since 2008. Renewed each year, this membership is proof that Altavia's top management wishes to act with complete transparency and, above all, commit to a process of continuous improvement.

The Global Compact is a body that helps companies to structure their sustainable development approach, and requires proof of their actions, in particular through the drafting of a key document: the Communication on Progress (COP). As far as Altavia is concerned, its COP has reached the "advanced" level since 2018, which proves the importance of this subject for the company and the maturity reached. It is obtained by only 8% of companies in the world.

In addition to this strong commitment at Group level, Altavia has structured an action plan and offers (products & services) around CSR year after year.

The framework for action, also validated by the Global Compact, is built around two pillars: "Caring for the people" and "Caring for the planet".

This is complemented by a third, more economical pillar, which is "Caring for profit" and which ensures that value propositions are economically viable and therefore sustainable.

Altavia deploys its CSR policy along these two major lines, which are reflected in our internal practices and then in our 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 we live in,
 To ensure the company's sustainability and its financial performance.
 We want to implement these actions in each of our BUs and measure their effectiveness.

Caring for the people

In house, Altavia focuses on a social development objective through its Human Capital policy and actions. Indeed, the company wishes to guarantee optimal working conditions for all its employees, in particular by pursuing the objectives of diversity, gender equality and quality of life at work.

In terms of offers & services, Altavia has developed a responsible purchasing program called "Positive Sourcing".

The company interacts with a large number of economic players, suppliers and especially printers. The printing industry is an economic sector that allows integration into society through work, for many people whose ties with society have been severed. Positive Sourcing focuses on this positive social impact, by promoting business relationships with companies such as Adapted Enterprises (EA) or Supporting Establishments and Services through Work (ESAT).

The EA and ESAT are structures that have integrated into their model the recruitment and retention of persons with disabilities in employment, the latter being particularly affected by unemployment. By maximising the use of EA and ESAT, Altavia develops its positive societal impact in its value chain. In 2019, the budget entrusted to the STPA panel (Protected and Adapted Work Sector) was €150,000. The total since 2016 is more than 1 million euros (€1,136,000).

Caring for the planet

Altavia pays particular attention to its environmental impact. Internally, this involves, in particular, implementation of actions to reduce waste and energy savings, but also the reduction of CO₂ emissions (by taking action on business travel, for example). The Business Units use their creativity and motivation to implement solutions adapted to their local concerns, with the support of the Group CSR team.

A fine example is the Altavia HTT Business Unit (England), which for several years has been measuring and offsetting its carbon footprint related to employee business travel and the use of energy on their premises. This represented 70 tonnes of CO₂ equivalent in 2017 and 68 tonnes in 2018. Carbon offsetting is provided by the World Land Trust, which works on forest protection projects in various countries (Vietnam, Ecuador, Paraguay, Guatemala). The subject of climate impact and therefore the reduction of CO₂ emissions is a key issue for Altavia, and the Group is currently considering how to extend these best practices (measurement; reduction actions; offsetting) to the other Business Units. The first objective will be to deploy a similar action plan in a few other pilot Business Units by the end of the current MOVE, i.e. in 2023.

Many of our offerings of products and services have an environmental focus.

First of all, it should be noted that the Group has been FSC® and PEFC™ certified for 10 years (2010). These certifications are essential to guarantee responsible sourcing of raw materials (paper from sustainably managed forests) and the traceability of products throughout the manufacturing stages.

Currently 15 of our Business Units are FSC® certified: Altavia Paris; Altavia Nantes; Altavia Aura; Altavia Lille; Altavia ACT* (Benelux); Altavia Deutschland; Altavia HTT; Altavia Italia; Altavia Ibérica; Altavia Hellas; Altavia România; Altavia Polska; Altavia Česká; Altavia Japan; Altavia Fiber Value.

14 are PEFC™ certified: all FSC® certified Business Units are Altavia Japan.

In 2019, the share of FSC® or PEFC™ certified paper bought by the central paper purchasing department on behalf of the French Business Units was 98.6%.

The Business Units (excluding France) that purchased paper in 2019 are: Poland, Romania, Italy, Spain and Belgium. Of these paper purchases, 81.6% were FSC® or PEFC™ certified.

In addition to print product certification, Altavia has created an eco-design standard: Ecopublishing®. Created and launched in 2012 by Altavia, the Ecopublishing® environmental footprint reduction baseline is an eco-design approach based on a set of criteria covering the entire production and distribution chain for communication media.

The 5 following baseline criteria are selected:

- Responsible source of paper
- Commitment of paper makers to a responsible environmental approach
- Commitment of printers to a responsible environmental approach
- A more easily recyclable medium
- Environmentally friendlier transport

Media manufactured under Ecopublishing® therefore guarantee our customers that the maximum has been done to reduce the environmental footprint of the communication medium.

The Ecopublishing® standard is available throughout the Group and can be offered to customers proactively to support them in their efforts to reduce their environmental impact. The Group's objective for the coming years is to facilitate processes related to the application of Ecopublishing® in order to move towards a generalisation of the standard when conditions allow (absence of technical characteristics that are not in line with an eco-design approach).

Altavia has also developed the UpCycling offer, which is part of a circular economy and responsible purchasing approach. The aim is to give a second life to communication media through integration companies. Raw material (tarpaulins, fabric) is recovered and then transformed into new objects: goodies, furniture. This 100% sustainable approach illustrates the logic behind Altavia's approach.

The company is seeking to continue its progress on the road to eco-design, currently working on a methodology for the development of Point of Sale Advertising in a sustainable development perspective that takes into account the environmental impact from the creation of POS advertising to its end of life. This methodology will be delivered before the end of the first half of 2020 to all BUs in the form of a toolbox. Finally, studies are underway on the environmental impact of digital, with a project group that is looking into "Green Digital", and in particular how to develop more responsible services and websites.

Altavia's central CSR team has mobilised the management of the various BUs and the network of its CSR ambassadors within the group around the principle of continuous improvement. A tool facilitating this approach has already been adopted in house: Ecovadis. To date, 11 of our Business Units have been evaluated through this questionnaire. 8 out of 11 won the gold medal.

The GOLD level is obtained by having a score higher than 66 out of 100 points. Our objective for the year 2020 is to double the number of BUs with a satisfactory rating on Ecovadis proactively, as well as to anticipate the demands of our international customers.

Finally, Altavia is working closely with the eco-organisation Citéo for the implementation of PaperMetrics.

The latter is a digital system that enables Altavia and its clients to assess the environmental impact of a print production as early as the quotation phase. This helps to promote decision-making in favour of eco-responsibility and eco-design.

Coordination within the group

Workplace, a corporate social network, enables the CSR team to inform and raise awareness of CSR among all employees. A group dedicated to CSR, and open to all employees, Workplace enables the BUs to share their "best-of and best practices" as well as global or national CSR events.

This group is also intended to be a real space for sharing CSR news and trends.

Finally, the CSR Department provides training media on the Group's various CSR offers to help them take ownership of these subjects and find the best solution for their clients.

The Altavia Group's CSR policy is also driven by a network of employees on whom the CSR Department relies to report on the initiatives of their business units in this area.

The role of these CSR ambassadors is also to raise employee awareness and deploy CSR actions within their business unit. They are involved in building Altavia's CSR strategy by taking part in workshops. They benefit from expert assistance to enrich their knowledge of CSR and thus enable them to address the environmental, corporate and societal issues of their business unit.

More than thirty of them are now working on these issues at local level, sometimes driven jointly with the Business Unit Director. Individual or collective calls can be organised (at the initiative of the CSR Department or at the request of ambassadors) to ensure frequent and effective support on various aspects of sustainable development: certifications; eco-design; strategic intelligence; internal awareness raising; meeting customer expectations.

2 - The Altavia Group Responsible Purchasing Policy

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

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

Altavia's Purchasing Department manages all the French business units' subcontractors. The specifications to be signed by subcontractors (mainly printers) include a CSR Charter dedicated to subcontracting activities. This is the "Responsible Business Partner Policy", updated in 2019. By signing this document, the partner undertakes to respect ethical principles, the environment and labour standards in force.

With the international structuring of the Purchasing teams, the signature of the CSR Charter will be extended to all business units.

We are going to act in a progressive manner, sending and causing our strategic suppliers to adhere to this document as a priority in 2020.

In addition to the vigilance exercised upstream of Altavia's activities, the Altavia Optitrans business unit, which specialises in transport and logistics, surveyed its 44 transport service providers on CSR issues in 2017.

The questionnaire was used to verify the transport service providers' commitment to reducing their greenhouse gas emissions. It transpired that 38% of the service providers were complying with the EURO 5 standard and 53% respect the EURO 6 standard. In addition, 82% of service providers are ISO 14001 certified. Altavia Optitrans also identified best practices such as the purchase of gas-powered vehicles, the use of accessories to reduce aerodynamic drag, recycling of engine oil and the organisation of eco-driving courses. This survey, which is very important for the sustainability of our supply chain, will be updated in 2020.

Finally, the Altavia Group aims 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 identified as posing a risk.

3 - Respect for Human Rights

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

Altavia's Human Capital Department and BU teams recently reviewed the Group's Human Capital policy.

A decision was taken to ensure maximum transparency in the Group's human capital policy and provide employees with tools and an arsenal of best practices. A website dedicated to human capital is accessible to all employees. It works through a standard system on the market: Talentsoft; on a single platform, it enables centralisation of appraisal interviews, individual objectives follow-up, skills mapping, mobility requests as well as the founding principles, managers' responsibilities, our rights and obligations, the Human Capital practices base as well as 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), as well as an induction manual, a presentation on collaborative tools and useful links.

Finally, a dedicated group on the company's social network (Altavia Inside) shares best practices on a daily basis and encourages direct interaction between employees.

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

b. Diversity: a real asset for Altavia

Altavia values diversity, expressed in particular by the wide range of career paths followed by its employees. In addition, all ages are represented within the Group, from work-study students to seniors nearing retirement.

On 1 March 2020, women represented 54% of employees in France.

A speaking course to train forty-five women in diversity was organised. Training related to speaking, to the way of posing one's voice in order to maximise the chances of imposing oneself in initially male environments.

Altavia confirms its commitment to a policy of integration and support for employees recognised as disabled. In this respect, as in previous years, the actions carried out in France concern:

- Recruitment: once a recruitment need is identified, an advertisement 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 employees recognised as disabled.

c. Duty of vigilance with regard to respect for human rights

The CSR Charter signed by the French business units' subcontractors includes requirements in terms of respect for human rights to prevent discrimination and child labour. With the international structuring of the Purchasing teams, the signature of the CSR Charter will be extended to all business units. Altavia's ambition is to implement a Responsible Purchasing policy based in particular on the integration of social and governance criteria into the supplier and subcontractor referencing process. A risk analysis and audits will be conducted among strategic suppliers in countries identified as posing a risk.

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

4 - Respect for labour standards

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 Conventions, which can be accessed by employees through a link. Altavia also ensures that labour standards are respected by its suppliers by having them sign the Supplier CSR Charter.

Health and safety of employees

"The Art and Style of Altavia" reminds every employee of the health and safety rules to be respected in the workplace.

Everyone ensures that their behaviour does not endanger others and reports to their manager or BU managing director any hazard they may come across.

The French business units apply employment law in close cooperation with the employee representatives and members of the local CSE (Social and Economic Committee).

The safety instructions and regulations to be observed in the workplace are posted 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 initiatives are also taken outside of France, particularly in FSC® or PEFC™ certified business units.

Altavia wanted to establish an even more sustained social dialogue throughout its BUs by setting up Forums. These Forums encourage all employees, whatever the BU, size or country concerned, to come and express their opinions and contributions on everyday topics. An important topic of these forums in 2020 will be the effective implementation of remote working for employees.

Training

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

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

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 practise a sport.

Work/life balance

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

Evaluation of the social footprint

In France, the company’s social performance is measured annually (Workforce, Employment, Temporary Staff, Absenteeism, Workplace Accidents, Training, Social Dialogue, Discrimination, Remuneration and Social Benefits).

Internationally, the business units are audited once a year by an in-house auditor. Among the many areas audited, the in-house auditor verifies that occupational health and safety procedures are respected. On the Human Capital side, the management of recruitment, careers and departures, business expenses and the allocation of company cars are also audited.

5 - Reliable environmental protection policies and procedures

Responsible communication

Within the framework of the ISO 14001 standard, the business units Altavia Ibérica (Spain and Portugal), audited by Bureau Veritas, Altavia HTT (United Kingdom), audited by the British Assessment Bureau, and Altavia Sumis (Netherlands) carry out an annual

assessment of environmental indicators (impact diagnosis, improvement actions, implementation of dedicated policies, evaluation of efficiency, internal and stakeholder commitment).

Some Business Units are also committed to the ISO 9001 Quality Management standard: Altavia Optitrans; Altavia Paris; Altavia HTT; Altavia Ibérica; Altavia Italia; Altavia Sumis. This gradually improves efficiency by materialising processes, targeting non-conformities and setting progress objectives on various management indicators.

Internal actions

a. Training of employees on responsible communication

Employees receive training on responsible communication offers, and the Group Executive Committee is informed every year of the issues relating to FSC® & PEFC™ certification management during periodic reviews.

b. Employee mobility: remote meetings

In order to reduce carbon emissions generated by business trips, the Altavia Group has been implementing a number of Google Suite solutions (Hangout - Google Drive) since 2016, with good experience of remote meetings with video and document sharing. Aware of the environmental impact of business travel, the business units are also taking measures to reduce car use by a single person.

c. Waste sorting and reduction of greenhouse gas emissions (GHG)

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.

Some subsidiaries, notably the two UK business units, have gone even further by committing to global initiatives to reduce their greenhouse gas emissions.

As a member of the POPAI Sustainability Standard, HRG has 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 program to offset their greenhouse gas emissions.

6. Anti-corruption policies and procedures

a. Regulatory framework: the Sapin II Law

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 8 principles of the Sapin II law:

- The risk map has been created.
- The code of ethics has been updated. It describes the best practices to be followed internally and with Altavia’s stakeholders. The code of conduct included in the code of ethics also stipulates disciplinary action 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 Remuneration 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.

b. GDPR

As part of the implementation of the EU data protection reference text that came into force in all EU Member States on 25 May 2018 (EU Regulation 2016 / 679 of 27 April 2016), Altavia has set up a working group to put in place the mechanisms required by the evolution of this regulation:

Implementation of a dedicated organisation:

- Appointment of a Steering Committee, meeting every month until completion of the compliance project
- Appointment of an IT and Freedoms contact person (Relais Informatique et Libertés) in each of the Group’s entities
- Documentation of our compliance project kept on an internal network

On the legal side, the work group proceeded to:

- Map personal data processing (as data controller and subcontractor): preparation of processing sheets, then distributed to Altavia Group entities (monitoring and support for compilation)
- Draft and/or update supplier/customer contracts and information notices, update the general terms and conditions of the entities in the Altavia Group
- Draft procedures:
 - Procedure for exercising the rights of individuals
 - Policy for Managing Security Incidents
 - Procedure for organising the management of personal data
 - Privacy Policy
- Impact study carried out for sensitive data processing

On the IT side, the following work was completed:

- Securing of our websites (https)
- On-line publication of our privacy policy and cookie policy
- Display of the cookie banner on our websites

Concerning Human Capital, the following steps were taken:

- Information for employees
 - Training of employees via 5 GDPR MOOCs provided by a specialised law firm with the CNIL label
- Internal Audit carries out checks to ensure that compliance is maintained during its visits to Altavia Group entities. Risk is included in the Altavia Group risk map.

7. Foundation & Skills patronage

The Altavia Group has always been committed to the economic and social development of the regions in which it operates. Since its creation, the Group's various agencies have regularly contributed, in the form of financial donations and skills sponsorship, to associative projects of general interest. Today, Altavia wishes to affirm its long-term philanthropic commitment through the creation of an Endowment Fund.

Created on 7 March 2020, Altavia Foundation aims to support small local businesses (particularly micro-retailers), an essential link in local life. The fund will thus support social innovation projects which, through micro-retail, and will participate in:

- Repairing the social bond where there has been a breakdown
- Combating the isolation of individuals or communities that are vulnerable (due to age, disability, illness or economic reasons)
- Accelerating the professional reintegration processes
- Improving the territorial cohesion in city centres or rural areas losing their dynamism

III - KEY SOCIAL PERFORMANCE INDICATORS**Employment**

Average FTE workforce*	2018	2019
France	940	984
Europe	596	679
Rest of the world	308	300
GROUP TOTAL	1,844**	1963

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

* Workforce at the end of the year of the companies in the Group's scope of consolidation on 31/12 of the year under review.

** Full-time equivalent.

Work-related injuries*	2018	2019
France	14	13
Europe	4	
Rest of the World		
GROUP TOTAL	18	13

*Corresponds to the definition of labour regulations in France.

Recruitment*	2018	2019
France	263	218
Europe	128	82
Rest of the world	85	72
GROUP TOTAL	475	372

*Physical headcount.

Departures*	2018	2019
France	236	242
Europe	112	86
Rest of the world	101	137
GROUP TOTAL	449	465

*Physical headcount.

Employee turnover rate	2018	2019
France	25.1%	27.7%
Europe	18.8%	12.7%
Rest of the world	32.8%	45.7%
GROUP TOTAL	24.3%	23.7%

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

Disability	2018	2019
France	8	9
Europe	3	4
Rest of the world	2	2
GROUP TOTAL	13	15

Training expenses

BU	Altavia	AFDAS/FAFIEC	No. of hours
Altavia Nantes	€12,762.00	€4,065.00	694.50
JetPulp	€12,658.00	€2,726.00	598.00
Altavia Aura	€19,503.00	€9,115.00	474.50
Altavia France	€754.98	€10,415.00	191.00
Altavia Connect	€5,056.50	€11,906.00	419.00
Altavia In Store		€729.00	30.00
Altavia Fiber Value	€ 250.00	€700.00	21.00
Altavia Europe	€556.00	€4,224.00	143.00
Altavia Optitrans	473.75	€10,669.75	121.00
Altavia Lille	€10,711.50	€3,978.00	1,569.00
Altavia Paris	€71,774.00		2,686.00
Altavia Coach		€3,200.00	35.00
Altavia Cosmic		€10,000.00	48.00
Altavia Pallas		€4,600.00	28.00
Disko	€ 83.03	€11,220.75	161.00
Fil Rouge	€180.00	€4,850.00	85.00
Altavia SA		€ 13,608.00	€165.00
	€134,762.76	€106,006.50	
TOTAL FRANCE	€240,769.26		€7,469.00

IV - CORRELATION TABLE FOR THE EXTRA-FINANCIAL PERFORMANCE DECLARATION

Articles L225-102-1 and R225-105 of the French Commercial Code	Paragraph references
Company business model	Reference to Chapter II of this document
Description of the main risks relating 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 C1 and II C2
Effects of the business activity on respect for human rights	II C3
Impact on climate change of the company's business activity and use of the goods and services 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 issue of combating food insecurity is identified as irrelevant
Societal commitments to combat food waste	Due to the absence of a corporate restaurant at all of the BUs, the issue of 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 and sustainable food	Due to the absence of a corporate restaurant at all of the BUs, the issue of responsible, fair and 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

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

To the General Meeting of Altavia

Opinion

As part of the assignment entrusted to us by the General Meeting, we carried out the audit of Altavia's consolidated financial statements for the financial year ended 31 December 2019, as attached to this report. These accounts were approved by the Board of Directors on 26 March 2020 on the basis of the information available at that date in the context of the evolving health crisis linked to Covid-19.

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 is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities in accordance with these standards are set out in the section "Responsibilities of the Statutory Auditors in the audit of the consolidated 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, 2019 to the date of issue of our report, and in particular we did not provide any services prohibited by the code of ethics of the audit profession.

Justification of our assessments

Pursuant to the provisions of articles L.823-9 and R.823-7 of the French Commercial Code to the basis for our assessments, we inform you that the most significant assessments we made, in our professional judgement, concerned the appropriateness of the accounting principles applied, the reasonableness of significant estimates made and the overall presentation of the accounts, in particular with respect to goodwill, the net amount of which is shown in the balance sheet dated 31 December, 2019 at €71.1 million. The goodwill underwent impairment tests as described in note 1.2.4 of the notes to the consolidated financial statements. We examined the methods used to carry out these tests, as well as the cash flow forecasts and assumptions used and reviewed the calculations leading to the posted impairment amounts.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole, prepared in accordance with the conditions described above and in the context of forming our opinion expressed above. We do not express an opinion on individual items in these consolidated financial statements.

Specific verifications

In accordance with the professional standards applicable in France, we also carried out the specific verifications required by the law and regulations on information relating to the Group given in the Board of Directors' management report dated 26 March, 2020. With regard to the events that occurred and the elements known after the closing date of the accounts relating to the effects of the Covid-19 crisis, management has informed us that they will be the subject of a communication to the General Meeting called to approve the accounts.

We have no comment to make as to their fair presentation and 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 have been 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 and Paris-La Défense, 13 May 2020

By the Statutory Auditors

Cabinet Angeli

Deloitte & Associés

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 31/12/2019			Values at 31/12/2018
	Gross	Amort. & deprec.	Net Values	
Capital assets				
Intangible fixed assets				
Development costs	856,162	856,162		
Concessions, patents and similar rights	133,539	122,489	11,050	14,050
Goodwill (1)	1		1	1
Tangible fixed investments				
Other tangible fixed assets	4,787,679	3,315,305	1,472,374	974,381
Advances and deposits	234,747		234,747	96,174
Long-term investments (2)				
Equity investments	38,445,912	1,936,211	36,509,700	35,587,030
Other fixed equity investments	76		76	76
Loans	35,428,655		35,428,655	
Other long-term investments	904,883		904,883	596,921
TOTAL (I)	80,791,654	6,230,167	74,561,487	37,271,634
Current assets				
Advance payments on orders				1,602
Receivables				
Trade receivables and related accounts (3)	5,207,144	389,407	4,817,736	4,023,902
Other receivables (3)	31,039,363	2,188,473	28,850,890	58,617,817
Marketable securities				
Own shares	5,263,294		5,263,294	5,385,109
Other securities				2,291,957
Cash instruments and cash equivalents	7,498,906		7,498,906	435,548
Prepayments (3)	106,129		106,129	92,351
Total (II)	49,114,835	2,577,880	46,536,955	70,848,287
Grand total (I-II)	129,906,489	8,808,047	121,098,442	108,119,920

(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	31/12/2019 Net	31/12/2018 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	564,590	518,590
- Other reserves	5,493,479	5,493,479
Retained earnings	44,686,802	40,041,640
Earnings for the fiscal year (profit or loss)	4,342,782	8,475,600
Net position	61,771,997	61,213,654
Regulated provisions	43,975	24,982
Total (I)	61,815,972	61,238,636
Provisions		
Provisions for risks		58,819
Provisions for charges	668,476	590,610
Total (II)	668,476	649,429
Debts (1)		
Borrowed funds and debts with credit institutions (2)	52,672,479	39,655,302
Miscellaneous borrowed funds and financial debts (3)	318,654	1,055,184
Trade payables and related accounts	1,336,946	2,353,488
Tax and social liabilities	2,387,753	1,848,655
Other debts	1,893,593	1,313,456
Deferred revenue	4,570	5,770
Total (III)	58,613,994	46,231,855
Currency translation adjustment (liabilities) (IV)		
Grand total (I-IV)	121,098,442	108,119,920
(1) Of which more than one year	42,559,570	29,895,834
(1) Of which less than one year	16,054,424	16,336,021
(2) Of which bank loans, overdrafts and bank credit balances	850	36,266
(3) Of which equity loans		

INCOME STATEMENT

Euros	from 01/01/19 to 31/12/19	from 01/01/18 to 31/12/18	Variation as amount	Variation as a %
Operating income				
Production sold (goods/services), of which export. : 5,570,190	14,593,585	14,562,211	31,375	0.22
Net turnover	14,593,585	14,562,211	31,374	0.22
Reversals of provisions (amortisation), transfers of charges	18,441	14,364	4,077	28.38
Other income	95	16	79	499.87
Total operating income (I) (1)	14,612,121	14,576,591	35 530	0.24
Operating expenses				
Other purchases and external expenses	7,882,038	8,115,203	-233,164	-2.87
Taxes, duties and similar payments	968,724	632,837	335,887	53.08
Salaries and wages	3,920,026	3,744,198	175,829	4.70
Social security charges	1,634,722	1,573,089	61,632	3.92
Net allowances for amortisation, depreciation and impairment:				
- On fixed assets: allocations to amortisation	246,117	206,684	39,433	19.08
- Allocations to provisions	77,866	70,987	6,879	9.69
Other expenses	83,336	50,746	32,590	64.22
Total operating expenses (II) (2)	14,812,829	14,393,744	419,085	2.91
Operating earnings (I - II)	-200,709	182,847	-383,555	-209.77
Share of profit/(loss) from joint operations				
Profit or transferred loss (III)	443,731	215,051	228,680	106.34
Financial income				
From equity interests (3)	7,252,103	7,911,931	-659,827	-8.34
Other interest and similar income (3)	757,875	506,263	251,612	49.70
Positive exchange differences	10		10	
Total financial income (V)	8,009,988	8,418,194	-408,206	-4.85
Financial expenses				
Amortisation, depreciation and impairment allocations	4,124,684		4,124,684	
Interest and similar expenses (4)	3497,984	303,156	194,828	64.27
Negative exchange differences	37,077		37,077	
Total financial expenses (VI)	4,659,744	303,156	4,356,589	
Financial earnings (V - VI)	3,350,243	8,115,038	-4,764,795	-58.72
Earnings before extraordinary items and taxes (I+II+III-IV+V-VI)				
	3,593,266	8,512,936	-4,919,670	-57.79
Extraordinary income (VII)	134,825	21,529	113,296	526.24
Extraordinary expenses (VIII)	25,636	68,022	-42,386	-62.31
Extraordinary earnings (VII - VIII)	109,189	-46,492	155,682	334.85
Income tax (X)	-640,326	-9,156	-631,170	
Total income (I+III+V+VII)	23,200,665	23,231,365	-30 700	-0.13
Total expenses (II+IV+VI+VIII+IX+X)	18,857,884	14,755,765	4,102,118	27.80
Profit or loss (total income - total expenses)	4,342,782	8,475,600	-4,132,818	-48.76
(1) Of which income from previous fiscal years				
(2) Of which expenses from previous fiscal years				
(3) Of which income from related entities	8,009,976	8,415,463		
(4) Of which interest from related entities	186	1,364		

HIGHLIGHTS OF THE YEAR

The following notes or tables form an integral part of the annual financial statements.

Notes to the balance sheet before distribution for the financial year ended 31/12/2019, which totalled €121,098,441.90, and the income statement for the financial year shows a profit of €4,342,781.54.

The financial year has a duration of 12 months, covering the period from 01/01/2019 to 31/12/2019.

In addition, we provide further details on the following events:

HIGHLIGHTS

The company subscribed to the capital increase of Altavia Asia for €1,487K.

On 31 December 2019, Altavia SA held 90% of the shares.

During the 2019 financial year, the company also acquired an additional shareholding in DISKO for a total of €1,372K. On 31 December 2019, its percentage holding stood at 97.36%.

EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END DATE

The 2019 financial statements were prepared before the health crisis and the Covid-19 pandemic. The company's priority is to guarantee the health and safety of its human capital, its partners and its customers. Against this background of great uncertainty, the Company has implemented an action plan designed to preserve all of its assets. The Company is confident in the measures taken to strengthen control over its investments, secure its cash position and manage its profitability dynamically. On the closing date of the accounts, the impact, particularly on the equity interests, of the Covid-19 crisis occurring after the closing date was not measurable and therefore could not be taken into account.

ACCOUNTING RULES AND METHODS

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

- comparability and going concern
- consistency of accounting policies from one year to the next
- independence of accounting periods

and in accordance with the general rules for preparing and presenting annual financial statements.

The accounting items recorded have been valued using the historical cost method.

The annual financial statements as at 31/12/2019 were prepared in accordance with French accounting rules, pursuant to the provisions of regulation no. 2014-03 of 5 June, 2014 relating to the general accounting plan.

For application of the regulation regarding the posting, valuation, depreciation, amortisation and impairment of assets, the entity has chosen the prospective method.

Intangible fixed assets

Intangible fixed assets are valued at their acquisition cost, which is made up of their purchase price (including customs duties and non-recoverable taxes, after deduction of discounts, trade rebates, cash discounts), and costs directly attributable to these assets for their intended uses.

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

- Software 1 year
- Trademarks and logos 5 years

Tangible fixed assets

Tangible fixed assets are valued at their acquisition cost, consisting of:

- their purchase price (including customs duties and non-recoverable taxes, after deduction of rebates, trade discounts, cash discounts),
- costs directly attributable and incurred in bringing these assets to a state of readiness for their intended use,

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

- Fixtures and general facilities 5 to 10 years
- Transport equipment 2 to 5 years
- Computer and office equipment 3 years
- Furniture 5 to 10 years

Equity investments, other long-term investments, marketable securities

Equity investments

Long-term investments are recorded in the balance sheet at their historic value. They consist of subsidiary equity investments, receivables related to these holdings and deposits and sureties paid.

At the close of the financial year, the 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.

A provision for depreciation of securities of €1,936,211.48 was posted during the year.

Receivables related to equity holdings

During the 2019 financial year, the loans that Altavia SA granted to its subsidiaries were posted under "Receivables related to equity holdings" for a total of €44,489K, bearing interest at the 3-month Euribor rate of 0% + a margin of 1.30%.

Marketable securities

Marketable 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.

Marketable securities only include shares in Altavia for an amount of €5,263K. They were acquired under a stock option plan established during the first half of 2003 and share purchases from shareholders in 2008, 2009, 2010, 2012 and 2013. In 2019, 1,768 shares were sold for €121,815.20.

Receivables

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

The amount of the provision for depreciation of trade receivables at 31/12/2019 was €389,407.

The amount of the provision for depreciation of current accounts at 31/12/2019 amounts to €2,188,472.

Provisions for risks and expenses

The company applies ANC regulation no. 2014-03 covering liabilities.

Provisions for risks and expenses are made to cover risks and expenses that are clearly specified as to their purpose, and which events that have occurred or are in progress make probable.

Retirement benefits

In France, contractual retirement benefits are payable when an employee retires and that employee is still part of the Group at the retirement date. These benefits are valued and provisioned based on the employee's salary and seniority on the date of departure, according to the regulations of the applicable agreements.

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

Actuarial differences are recognised using method 1, known as the "Corridor" method.

Assumptions used to calculate the commitment are the discounting rate and the wage inflation rate which were 1% and 2% in 2019.

The retirement age used was 65.

The social security contributions rate stood at 45%.

The provision at 31/12/19 totalled €668,476, i.e. an allocation of €77,866 and a corresponding deferred tax of -€19,466 for the 2019 financial year.

The corporate tax rate of 25% was used for calculation of the deferred tax.

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.

On 01 January, 2020 the 132,424 options granted had expired; the risk provision was thus written back in full for €59K.

Borrowed funds and financial debts

Altavia Group has a confirmed line of credit of up to €135M.

On 31/12/2019, this credit line had been used for €51.1 million.

The credit line is no longer hedged as of 31/12/2019.

In addition, Altavia signed a €5 million loan with BPI in 2015, amortised at €1 million/year over 5 years. The first repayment was made on 15/01/2016, bringing the outstanding amount of this loan as at 31/12/2019 to €1 million.

Information on other line items

Executive remuneration

Remuneration allocated to Altavia's corporate officers totalled €1,419,225.

Tax consolidation

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

The Group's parent company is Altavia. The scope of tax consolidation was extended on 01/01/2009 to include the subsidiaries initially consolidated under Altavia France.

The subsidiaries included in the tax consolidation group 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 and 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 N°6 since 1 January 2014, Altavia Newco (now Altavia Fiber Value) since 1 January 2015, IMS since 1 January 2016, Altavia Newco 3 and Altavia Newco 4 on 1 January 2019.

The Group's parent company is liable for corporate income tax and contributions related to this tax for itself and for the 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 parent company.

The group's taxable earnings were €5,659,277.

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

The taxable earnings of Altavia itself were -€2,273,341.

The tax savings associated with the tax consolidation recorded at Altavia totalled €1,088,912 at 31/12/2019.

Altavia covered the tax on behalf of companies that returned to profit on 31/12/2019, i.e. Altavia Nantes for €407,447 and Altavia International for €81,005.

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2019

To the General Meeting of Altavia

Opinion

As part of the assignment entrusted to us by the General Meeting, we carried out the audit of Altavia's annual financial statements for the financial year ended 31 December 2019, as attached to this report. These accounts were approved by the Board of Directors on 26 March 2020 on the basis of the information available at that date in the context of the evolving health crisis linked to Covid-19.

We certify that the annual financial statements, with regard to French accounting regulations and principles, 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 company at the end of that year.

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 is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities in accordance with these standards are set out in the section "Responsibilities of the Statutory Auditors 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, 2019 to the date of issue of our report, and in particular we did not provide any services prohibited by the code of ethics of the audit profession.

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 hereby inform you that the most significant assessments that we made, in our professional judgement, concerned the appropriateness of the accounting principles applied, the reasonableness of the significant estimates made and the overall presentation of the financial statements, in particular those relating to long-term investments, which are valued in accordance with the methods described in the "Long-term investments" note in the notes to the accounts. We have verified the appropriateness of these accounting methods and assessed the reasonableness of the estimates used to determine the values in use of the long-term investments.

These assessments were made in the context of our audit of the annual financial statements taken as a whole, prepared in accordance with the conditions described above and in the context of forming our audit opinion expressed above. We do not express an opinion on individual items in these annual financial statements.

Specific verifications

In accordance with the professional standards applicable in France, we also performed the specific verifications required by French law.

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

We have no observations to report as to the fair presentation and consistency with the annual accounts of the information given in the management report by the Board of Directors approved on 26 March 2020 and in the other documents sent to the shareholders on the financial position and the annual financial statements sent to the shareholders. With regard to the events that occurred and the elements known after the date of closing the accounts relating to the effects of the Covid-19 crisis, management has informed us that they will be the subject of a communication to the General Meeting of Shareholders called to approve the accounts.

We hereby certify that the information relating to the payment deadlines mentioned in article D.441-4 of the French Commercial Code is true and consistent with the annual financial statements.

Corporate governance information

We certify that the information required by article L.225-37-4 of the French Commercial Code has been included in the section of the Board of Directors' management report devoted to corporate governance.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of holdings and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Responsibilities of the management and the members of the corporate governance bodies 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 have been approved by the Board of Directors.

Responsibilities of the statutory auditors in the audit 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 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 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 whether they reflect the underlying transactions and events so as to give a true and fair view.

Paris and Paris-La Défense, 13 May 2020

By the Statutory Auditors

Cabinet Angeli

Deloitte & Associés

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.