



**DOCUMENT  
DE RÉFÉRENCE  
2018**

**SQLI  
DIGITAL  
EXPERIENCE**



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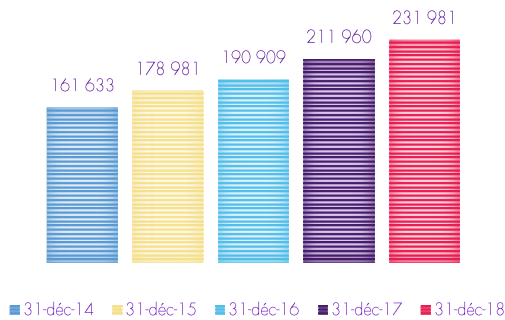


# CHAPTER 1. INTRODUCING SQLI AND THE GROUP ACTIVITIES

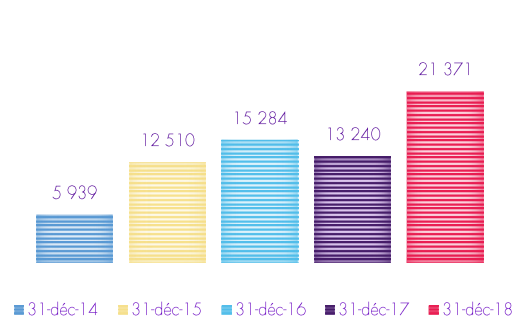
## 1.1. SYNOPSIS

### 1.1.1. KEY FINANCIAL INDICATORS

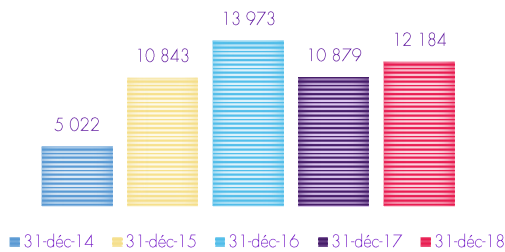
Turnover (in €)



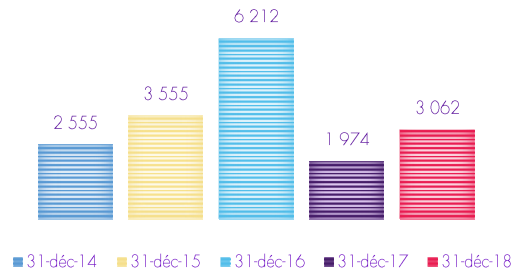
EBITDA<sup>1</sup> (in €)



Current Operating result (in €)



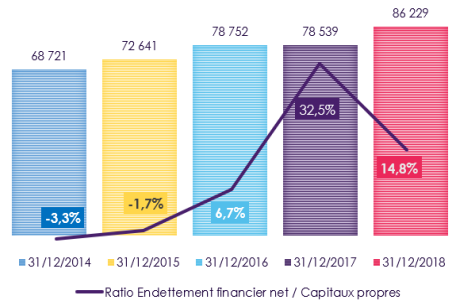
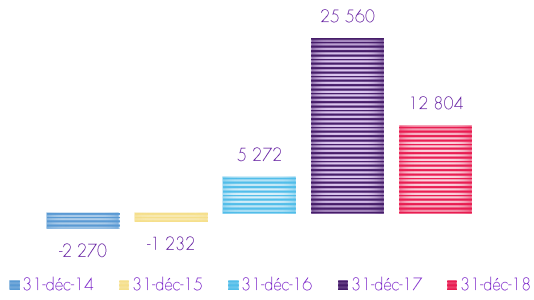
Net result Group share



Net financial debt

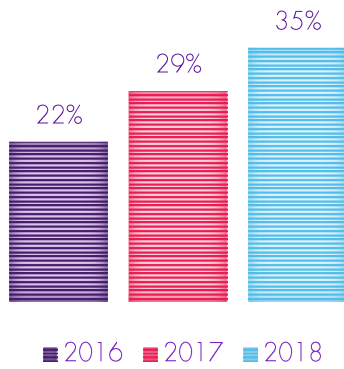
Shareholders' Equity and Net Debt to equity ratio

<sup>1</sup> Or Recurring operating income before depreciation, amortization and provisions

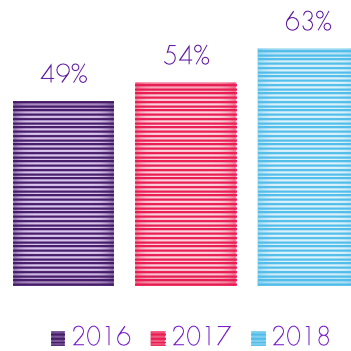


### 1.1.2. KEY PERFORMANCE INDICATORS

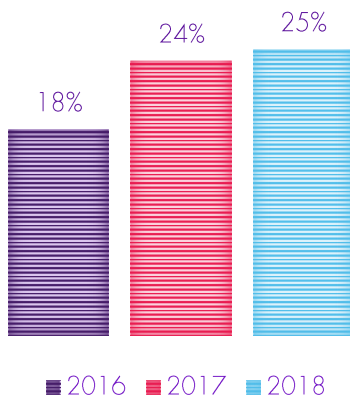
international revenues



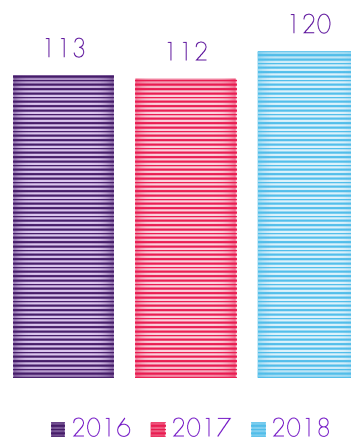
Revenues related to Digital platforms



« Best Place to Work » or staff turnover rate

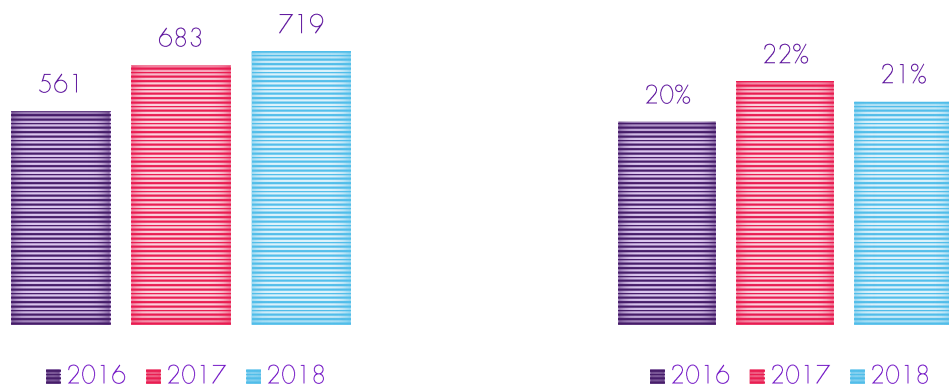


Revenue per employee (ex. non billable) in K€



Number of employees dedicated to the Service centers

Share of fixed costs vs. turnover



## 1.2. PRESENTATION OF SQLI GROUP

### 1.2.1. HISTORY AND DEVELOPMENT

Since its creation in 1990, SQLI has been helping companies in using new technologies to improve their global performance. The Group seeks to develop its expertise in analyzing how new technologies can serve new usages and be implemented in organizations systems of various sectors.

Thanks to a strong R&D department, SQLI was able to anticipate the sector key developments, embracing in 1995 the internet revolution, thus becoming a pure player. From the beginning, SQLI founders were convinced that the only purpose of technology is creating or answering the new needs of society, and giving a unique experience to the user. In 1998 they created a web integrated agency whose success was made possible by the user knowledge and interface ergonomics.

SQLI pursued its growth by developing an intensive recruitment policy targeting expert profiles with complementary skills and opening new local agencies. In order to accelerate its growth, the company was listed in the stock market in 2000 and with various acquisitions and the creation of a Swiss subsidiary.

In 2002, the founders put a new management team into place, focusing on project industrialization with CMMI processes. SQLI pioneered in this field by being the first French digital services company to obtain CMMI certification in all the group agencies. SQLI created its first offshore development center in Morocco in 2003. Becoming a leader on French e-business market, SQLI pursued its growth with the acquisition of many companies between 2005 and 2009, becoming a major actor in the sector, operating in France, Belgium, Switzerland and Morocco.

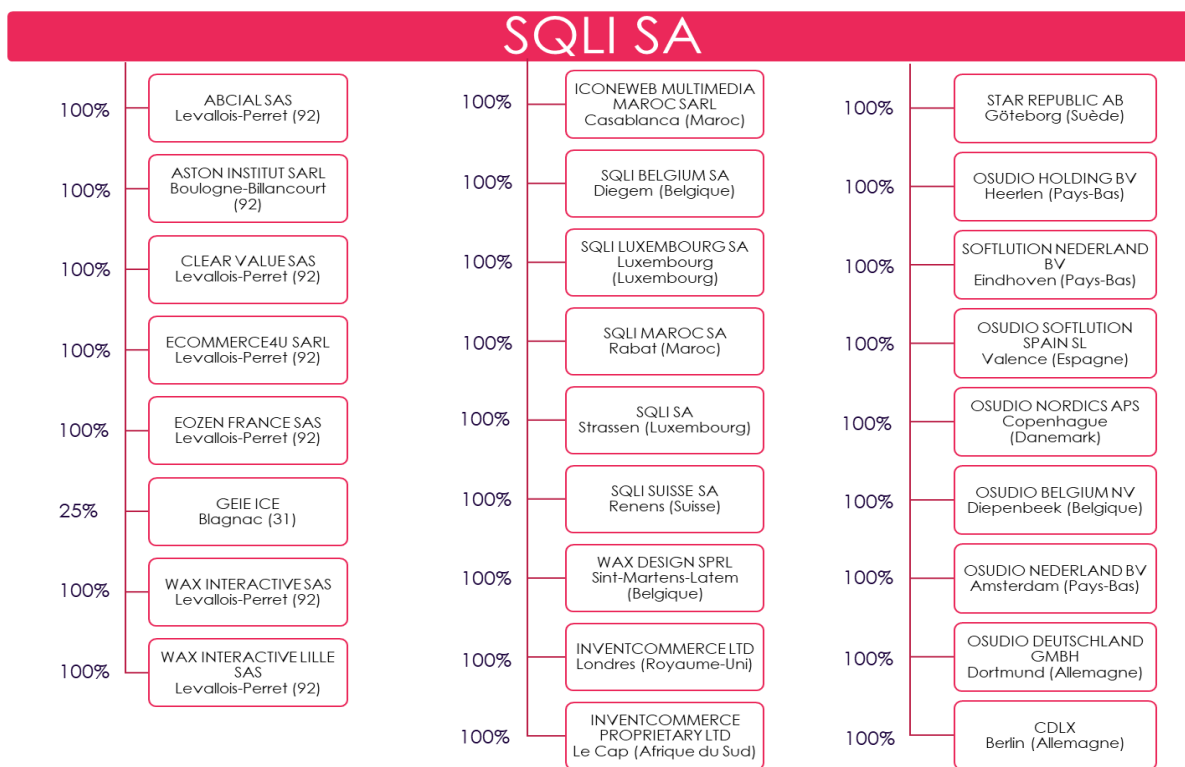
In 2009, the new management board introduced the Boost plan, a three-year strategic plan, aimed at improving the Group organization and strengthening its value offer. The company chose to focus on digital activities, by creating transversal business lines, and selling non-core activities.

In 2013, SQLI management board was changed in order to create a new growth movement. Didier Fauque was appointed as CEO and launched a new strategic plan : Ambition 2016. From then, the Group consists in two complementary business branches : "Digital Technologies" and "Digital Commerce" (including mainly WAX INTERACTIVE business organized around the acquisition of NAXEO and LSF INTERACTIVE). Thanks to the actions taken with this strategic plan, the Group was able to reach its objectives, in terms of revenues and profitability. SQLI also implemented an international growth strategy, in particular with the acquisition of InventCommerce, a company specialized in ecommerce operating in the UK and in South Africa.

In line with this, the Executive Board introduced a new plan, Move Up 2020, giving new objectives to the company. The Group wants to reinforce its position in the digital experience and unified commerce market, with some new targeted acquisitions in Europe: Star Republic in Sweden and Osudio, operating in the Netherlands, in Germany and in Belgium. In 2018, SQLI acquires CodeLux, an agency based in Berlin with strong creative skills, and opens a new agency in Barcelona, Spain, including 50 experts in digital activities. With these recent acquisitions and the new agency, SQLI obtains a privileged position on the European omnichannel commerce market.

Furthermore, this unique local/nearshore model based on an international and local network and on digital service centers in France and Morocco counting more than 700 experts allows the Group to gain major clients.

## 1.2.2. ORGANIZATION CHART

**Table 1. SQLI legal chart at 31 December 2018**

In 2018, SQLI announced the acquisition of the German company CodeLux, an digital and design strategy agency based in Berlin (CDLX). The transaction included a 51% stake purchased by Osudion, a SQLI subsidiary acquired in 2017, operating in Germany since 2005.

On 6 March 2019, SQLI and Alpenite announced the creation of a jointventure, Invent Commerce SAS, the first 100 % Salesforce multi-cloud agency in France. SQLI owns 51% of Invent Commerce SAS, which is fully consolidated in the Group accounts.

SQLI owns 71.9% of OSUDIO HOLDING BV and 91.7% of STAR REPUBLIC AB, with purchase options allowing the Group to acquire 100% of the capital by 2021.

SQLI owns 100% of the interests related to the Group activities within GEIE ICE.

## 1.3. PRESENTATION OF SQLI GROUP ACTIVITIES

### 1.3.1. ACTIVITIES: DIGITAL EXPERIENCE EUROPEAN GROUP SPECIALIZED IN UNIFIED COMMERCE, THE CREATION OF DIGITAL SERVICES AND TRANSFORMATION SUPPORT.

SQLI is a European Group dedicated to digital experience, which helps big international companies to improve their performance by focusing on design, implementation, piloting and global deployment of digital processes enabling to offer their clients, partners and stakeholders new and attractive interactions.

The many competitive advantages defining its business model enable the Group to be a reference company on the market:

- + A strong European presence: 11 countries, with a potential for global expansion
- + An local/nearshore organization - 32 agencies/13 countries, enabling to combine operational performance and competition for the major accounts/ international brands and well-established middle size companies, based on :
  - > A European network of local agencies operating in the main digital markets in Europe ;
  - > A network of Innovative Service Centers offering productive answers to its customers;
- + A strong partners ecosystem including the major digital technology producers, such as Salesforce, SAP, Adobe and Microsoft;
- + A flexible approach, adapted to any project and specific client need, relying on Agility, DevOps, etc.;
- + About 2300 partners with complementary skills regarding technology, consulting and experience design;
- + Flagship references on the market such as Airbus, Nespresso, Groupe Seb, Generali, Tarkett, Carlsberg, Miele, L'Oréal, etc. and a significant experience with more than 500 projects focused on digital experience.

The digital experience offer covers 3 main areas:

1. The agency business dedicated to client, experience and unified commerce: a global solution covering the whole customer journey: on line, with an app, through a voice assistant and in the shop; this business is strongly represented abroad;
2. An innovative digital services offer combining consulting, experience design and advanced technology expertise enabling to accelerate digital transformation and ensuring architecture performance and durability, relying on SQLI DNA. This business is mainly operated in France;
3. A training offer with 2 complementary activities, one focusing on preparatory training to IT jobs for students, job seekers and people in professional transition, and the other dedicated to internal or external continuous training regarding the many sectors related to digital activities.

**Table 2. SQLI business model**

Modèle Ressources	Modèle Métier					Valeur créée pour les parties prenantes
<b>Industriel</b> 32 agences Locaux « nouvelle generation »	<b>Expertise</b>	<b>Partenaires technologiques</b>	<b>Modèle Local / Nearshore</b>	<b>International</b>	<b>Méthodologie projets</b>	<b>Collaborateurs</b> « Great place to work » Satisfaction des collaborateurs
<b>Humain</b> + de 2400 collaborateurs	Conception & mise en œuvre de Commerce Unifié & d'Expérience digital	Plateformes de commerce omnicanal	26 agences locales	Présence dans 12 pays	Méthodologie flexible adaptée aux projets clients	<b>Clients</b> Programme « Client For Life » Satisfaction client
<b>Intellectuel</b> Communautés d'experts et esprit d'innovation / formation	Conception & développement de services digitaux sur-mesure	Solutions PIM / DAM	6 centres de services digitaux		Lean Scrum Agile Tribe Atelier de conception	<b>Actionnaires</b> Création de valeur et développement long terme
<b>Financier</b> Structure financière saine	Formation & accompagnement du changement	Solutions CMS	Solutions collaboratives			<b>Financiers</b> Gestion des risques Préparation à la croissance
<b>Gouvernance</b> Structure de gouvernance adaptée aux ambitions						<b>Fournisseurs &amp; sociétal</b> Ethique Démarche RSE

### 1.3.1.1. Unified commerce and Client experience

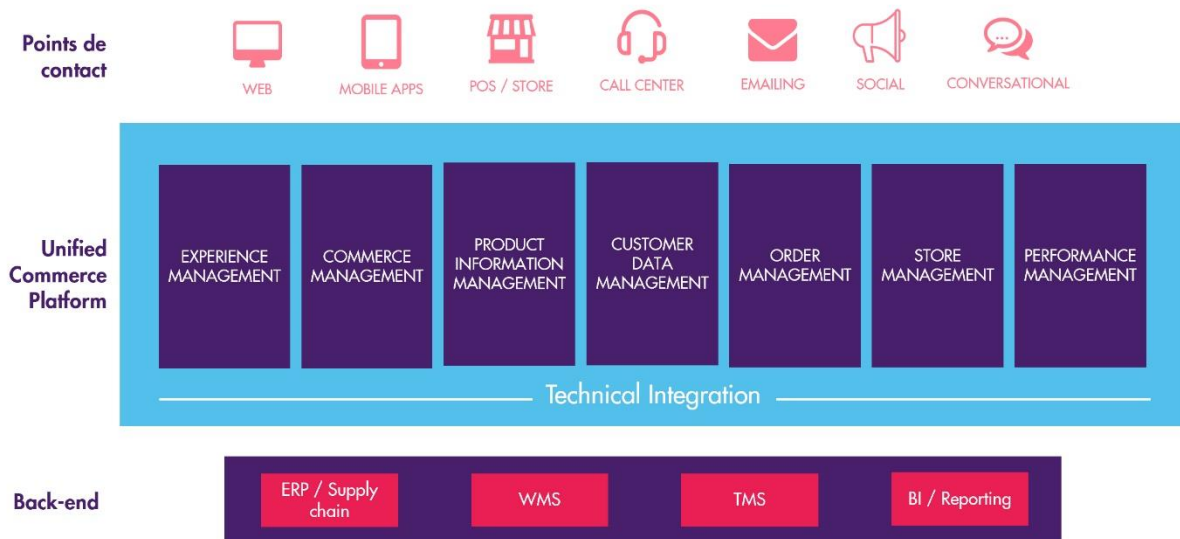
The development of new technologies and the explosion of e-commerce have revolutionized customers' behavior and the shopping experience. Today, consumers are omni-channel and demand the best at all times. They want to be able to find information or order a product wherever they are and have a smooth and consistent pathway on every channel.

A unified commerce strategy removes the silos between channels enabling customers to have a unique and seamless shopping experience between the web, mobile and the bricks-and-mortar network.

SQLI works with major names in the luxury, retail and industry sectors on the following activities:

- **Designing and implementing a unified commerce platform :** about 800 experts of the Group assist the clients at every step: from strategic planning to designing the system, integrating and deploying the platform, with the purpose to offer a seamless journey on online and offline channels. Product and customer data are centralized in a unified software structure, offering a consistent customer experience from the e-commerce site to the point of sale, boosting customer engagement at every touch point.
- **Customizing the path to purchase journey:** our Experience Design experts (UX/UI) design customized user-centric purchasing experience allowing to capture, transform and retain the consumer who expects to be recognized by the brand.
- **Product data management:** Against a backdrop of digital transformation and growing omnichannel commerce, product information has become a key factor. For customer experience to be a success, product information must be clear, reliable and attractive. Implementing a PIM (Product Information Management) or DAM (Digital Asset Management), integrating or migrating a high volume of product data and related assets, sharing it via an ERP, WMS, PLM or external data sources (suppliers, distributors) is a challenge and raises a whole range of organisational questions. SQLI teams are here to build a solid product repository, select and implement PIM or DAM solution best suited to the client organization.

- **Digitizing the point of sale:** digital has changed the path to purchase journey. Consumers expect a seamless user experience from one channel to the other, with innovative solutions from the brands. Combined with advanced technology systems based on powerful omnichannel solutions, data can be delivered in real time at the point of sale to offer a customized experience. Our experts are here to streamline the customer journey: generating traffic to the store, merchandising, mobile apps, vendor tablets, smart shelving, optimizing points of contact all journey long, transforming payment into a service, developing loyalty post-purchase.
- **Internationalization:** Deploying an e-commerce strategy on an international scale throws up numerous challenges: multiple markets and/or brands, creation of a core system and market-specific infrastructure. Our teams are based in 13 European countries and deploy international-scale projects all around the world.



### 1.3.1.2. Designing and developing customized digital services

Our expert consulting, UX/UI design and technology teams support companies from the design to the implementation of digital products and services. They work closely together to create user-centric web or mobile solutions based on an effective, solid and coherent technical base.

#### I – SOLUTIONS & SERVICES

- **Service design:** we design digital services and products answering satisfying the client and user needs and the business requirements. Our designers teams work hand in hand with our engineers to create and test solutions enabling the organizations to boost their competitiveness.
- **Web & mobile solution** SQLI helps Europe's biggest brands by designing and implementing unified and user-centric digital solutions (corporate websites, intranets, collaborative platforms). We accelerate the transition towards a "mobile-ready IS: vendor tablets, mobility of field-based experts, corporate applications management, mobile governance...
- **Innovation :** Within SQLI lab, our internal innovation center, we try to analyze new digital technologies in order to identify the future usages and opportunities. Our creative technology specialists bring their advice and expertise adapted to different sectors and activities. They can anticipate tomorrow's services, design and test prototypes (virtual or augmented reality, artificial intelligence, IoT, chat bots & voice assistants, blockchain...).
- **Agile transformation:** SQLI offers advice, support and assistance to companies trying to adopt a lean and agile organization. After defining the company objectives and framework, our consultants and certified "Agile" coaches (with an average of 15 years of experience) analyze the organization and existing processes (information pathway, interactions, etc.), assess the risks and create a roadmap towards agile transformation including KPI. Afterwards, they oversee the implementation of this roadmap and the pursuit of defined objectives.

## II – ARCHITECTURE & TECHNOLOGIES

- **Digital information system:** through the implementation of best architecture and infrastructure practices, SQLI SI architects and experts create secure, flexible and durable open digital IS (API design to ensure interoperability) interfaced to "Legacy" systems, supporting all channels and technology solutions.
- **Architecture and technology support:** our teams take into account the existing IT ecosystem (security, performance, urbanization, scalability and durability) in order to support its transformation and anticipate tomorrow's needs. This architecture analyse process includes a help service for choosing the solution best adapted to the users needs and company resources: CMS or Framework, impact on IT teams and jobs, DevOps tools to adopt to supervise the continuous development process, etc.
- **Transition Cloud:** we develop and implement Cloud strategies enabling to create value and gain agility, while accelerating the new products or services time-to-market. We help companies operating a quick and safe transition of infrastructure and applications so that they can benefit from the "as-a-Service" model.
- **Performance:** our experts help clients tracking and analyzing continuously the performance of their digital system at three different levels: the user perception of a website or business application, the technical performance and ability to generate productivity and efficiency. This analyzing step is followed by the planning and implementation of actions designed to improve the service quality and reliability, until the total restructuring of the technology platform.

### 1.3.1.3. Training/ Transition assistance: SQLI Institut & Aston Ecole



SQLI has been developing a training activity since 1997. This training offer consists of a continuous training dedicated to companies with SQLI Institut and an IT business training dedicated to students, job seekers and people in professional transition, with Aston Ecole.

#### I – SQLI INSTITUT

SQLI Institut inter-company training offer includes more than 400 modules, scheduled all year long. SQLI Institut training experts provide courses certified by the market editors and covering all digital activities: project monitoring, development, digital transformation, IS management, collaborative solutions, technology frameworks, methodologies, etc.

SQLI Institut also provides customized intra-company sessions and big-scale training programs.

The purpose is to provide assistance in:

-  identifying educational activities and training approaches best adapted to the project;
-  designing educational material and customized tools (training kits, assessments, etc.);
-  identifying the best technical and business experts;

- + organizing and running training sessions at national or international level;
- + creating assessment and reporting tools;
- + ensuring the project administrative management.

## II - ASTON ECOLE

Aston trains and guides more than 1 300 students every year, from A-level to master degrees (5 years degree), through initial training or apprenticeship. These degrees are strongly linked to career goals and regularly adapted to the market needs. The various training courses focus in IT:

- + Information System manager (5 y. degree)
- + Information System Security Manager
- + System and network administrator (4 y. degree)
- + Advanced technician in Computers and network maintenance (2 y. degree)
- + Technician in Maintenance of microcomputers (A-level)

These training programs lead to a French-state recognized diploma. They offers RNCP (National Directory of Professional Certification) enabling the graduate to find a job.

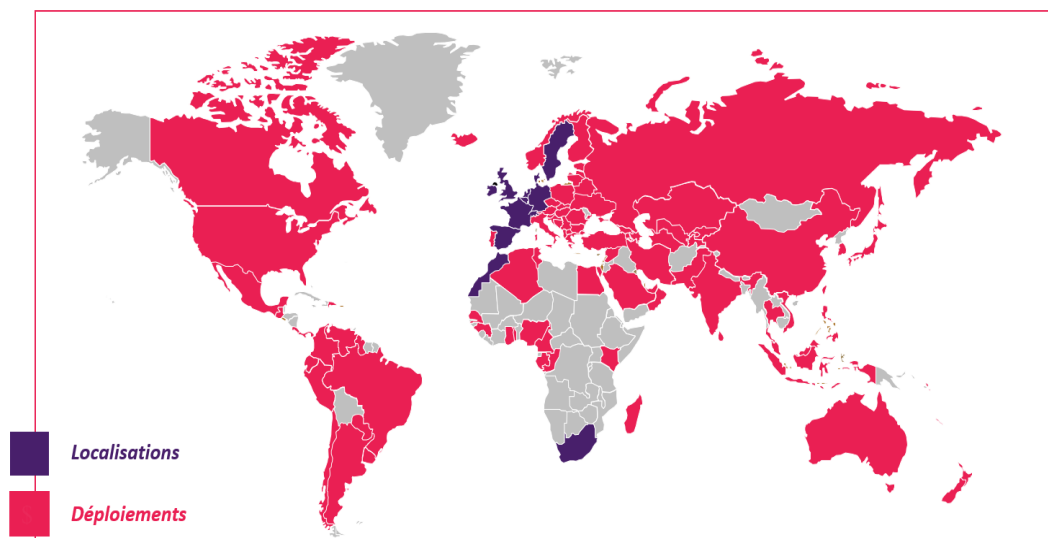
Editors certificates represent a big part of the different courses.

### 1.3.2. ORGANIZATION

Sqli group is one of the very few international group dedicated to digital experience and unified commerce to have such a big network covering 26 agencies in 11 countries across all Europe. Thanks to this local presence, the company can offer local advice and commercial support to the clients and prospects.

This network is supported by 6 digital service centers distributed in 4 countries, which enable the company to provide flexible and agile solutions to customers, including the main national/international accounts which need assistance on their global scale platform deployment projects.

**Table 3. Deployment capacity**



At 31 December 2018, 719 experts work in these innovative service centers (vs. 683 in 2017). Sqli objective is to keep expanding these service centers to include 1000 people by the end of 2020.

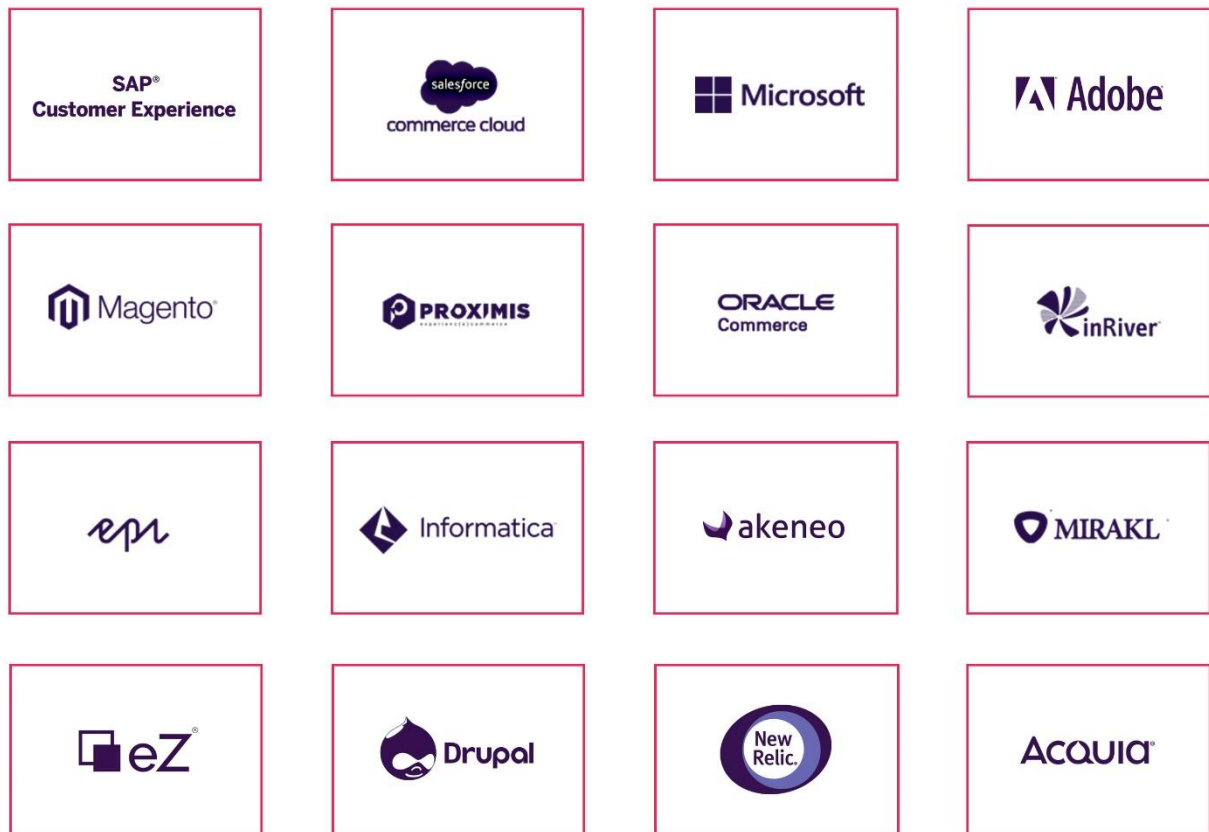
**Table 4. Geographical coverage**

The Group will keep expanding its network on most dynamic markets in line with the development plan, in order to consolidate its position of digital services reference leader in Europe.

The international growth is a key factor of success for SQLI, with the objective is to have 45% of the total turnover accounted by foreign activities (ex. France) against 35% in 2018 and 29% in 2017.

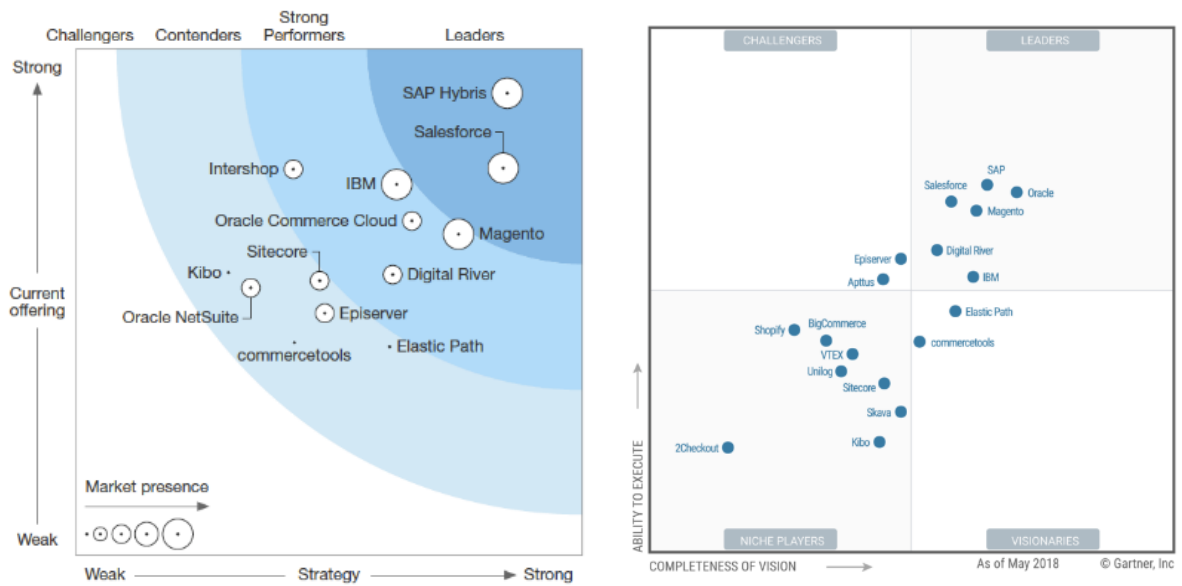
### 1.3.3. ESTABLISHING STRATEGIC PARTNERSHIPS WITH THE MAJOR DIGITAL TECHNOLOGY PRODUCERS

SQLI creates strategic partnerships with major digital technology producers capable to offer technology excellence. SQLI Group is an expert of reference digital software in Europe, especially for Omnichannel commerce and PIM (Product Information Management) solutions, but also regarding digital marketing/experience platforms.



Technology innovations are provided by platforms editors. SQLI can choose the platform best adapted to the client/prospect needs (BtoB, BtoC, sectors, ERP tools integration, CRM, customization, budget, etc.).

**Table 5. Classification of main e-commerce platform editors according to Forrester in the 3d quarter of 2018 (left) and Gartner in May 2018 (right).**



Built on lasting collaboration, these partnerships rely on a deep knowledge of solutions and of their evolution.

SQLI positioning and expertise have been recognised by recent awards highlighting the successful platform implementation for the clients:

**Table 6. Awards**



### 1.3.4. CREATION OF A JOINT-VENTURE WITH ALPENITE

On 7 March 2019, SQLI and Alpenite announced the creation of a joint venture called Invent Commerce to accelerate the deployment of the multi-cloud Salesforce offer on the French market.

Invent Commerce is now a force representing more than 120 experts in digital commerce and the Salesforce multi-cloud suite, with 30 experts certified by the publisher, meeting the challenges of quality customer experience in an omnichannel commerce context from start to finish.

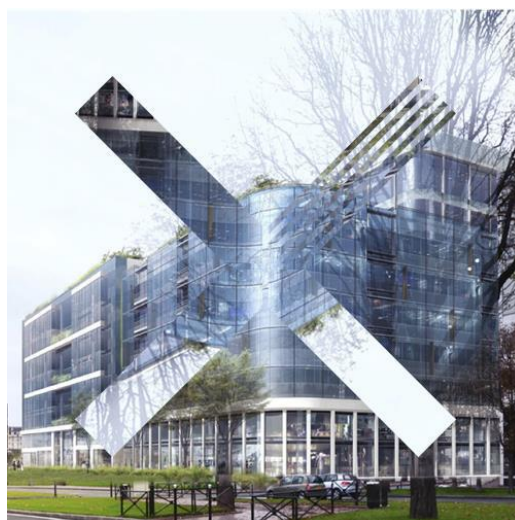
### 1.3.5. WORK ENVIRONMENT: THE COMPANY PREMISES

SQLI tangible fixed assets consist in general facilities and premises, office equipment, IT hardware and furniture. The Group rents the majority of its premises under traditional commercial leases. The largest premises are in the Company's headquarters in Levallois-Perret and in Lyon (these areas have been renovated and restructured in 2017).

SQLI policy is to give employees the best possible work environment, fostering creativity, collaboration and sharing in order to reflect an enhanced image and greater attractiveness as an employer.

In February 2018, all the teams distributed on 4 different sites (Saint-Denis, Villiers, Rochefort et Boulogne) moved together in the new headquarters premises in Levallois-Perret.

In Bordeaux, SQLI created a new high-quality work environment, with proximity to amenities, encouraging interaction and sharing.



At 31 December 2018, the "premises for rent and rental costs" external costs amount to 2,194 K€, compared to 8,128 K€ in the end of 2017, following the application of IFRS 16. Only the short-term rents (less than 12 months) are included in the costs.

The transfer of French (especially in the Paris region), Swiss and Moroccan agencies and the opening of a new agency in Barcelona generated significant investment in equipment, furniture and layout representing about 4.8 M€ in 2018.

### 1.3.6. EMPLOYEES

SQLI succeeded in expanding its workforce, proving its ability to attract talent while maintaining control over its turnover. The staff turnover stabilised in the beginning of 2018 and declined during the second half-year. The Group implemented a series of measures to attract employees in this very tight market, enhanced by the Group transformation plan.

In terms of net recruitment, the group reported a 124 people drop in the first half of 2018 but positive result of 90 new hires in the second half.

SQLI has 2,238 employees at 31 December 2018 compared with 2,272 in 2017.

SQLI aims to become a reference in the sector and be on the list of best places to work, by offering a great working experience to its workforce in order to stabilize the staff turnover between 20 and 23%.

**Table 7. Variation of SQLI workforce during the last 2 years**

	2018	2017	Variation
Average workforce (trainees ex.)	2,218	2,167	+218
Workforce recorded at 1st January (trainees excluded)	2,272	2,020	+145
Scope variations	12	228	+206
Increase (decrease)	-46	24	-99
Workforce recorded at 31 December (trainees excluded)	2,238	2,272	+252

### 1.3.7. CLIENT REFERENCES - DEMONSTRATION OF SQLI CAPABILITIES

SQLI is an expert in digital experience, with more than 500 experience or commerce platform projects achieved until now.

SQLI model is based in strong references demonstrating the company operational quality and achievement capability.

SQLI designs and implements various projects for key actors on the market:



SQLI increased his portfolio of major accounts, with 22 major accounts accounting for 50% of the Group Turnover in 2018 (with budgets exceeding 1.5 M€ of To/client).

SQLI commercial expansion in 2018 included big companies such as LVMH, Aviva, AXA, Bridgestone, JouéClub, Plantagen and a major Swiss luxury watch brand.

SQLI references are presented on the website <https://www.sqli-digital-experience.com/clients>

These references enable SQLI to negotiate with other key actors belonging to the same vertical sector or having similar challenges, providing a demonstration of the company operational excellency and capability.

## NESPRESSO, a unique global e-commerce platform

- + Integration of SAP Customer Experience solution
- + 10 years of assistance
- + UX/UI Service Design
- + Development and maintenance of e-commerce sites and mobile applications
- + Customer Experience



## SEB GROUP, a multibrand experience platform

- + Integration of SAP Customer Experience solution
- + Definition and design of the brand content for Moulinex and Rowenta digital platforms.
- + Management of the global deployment of e-commerce platforms for 21 brands belonging to Seb Group (Moulinex, Rowenta, Krups, Tefal, etc.).
- + industrialized E-commerce service centers with an annual production capacity of 8000 days/man.



## JOUECLUB, a unified e-commerce platform created to bring in-store traffic

- + Offering a streamlined purchase experience in line and within the 300 stores
- + Increasing brand awareness
- + SQLI multi skill approach
  - > Omnichannel strategy and solution comparison
  - > Identification of functional and technical fields
  - > Design of interfaces
  - > Deployment of PROXIMIS unified commerce solution
  - > SEO migration and implementation of Analytics and Taggings tools



### **FRESSNAPF, a unique global e-commerce platform**

+ Creation of an e-commerce platform in 6 European countries: Austria, Germany, France, Italy, Luxembourg and the Netherlands

+ The key of success

- > Ability to perform multilingual/multi-country projects
- > Expertise in e-commerce platforms internationalization
- > SAP Hybris and PIM expertise

+ Contribution of Osudio Allemagne, SQLI France and the digital services centers



### **ARCELORMITTAL, a B2B and B2C e-commerce platform**

+ Design and implementation of an e-commerce platform (first pilot project achieved in less than 6 months)

+ Attractive interface and restructuring of B2B experience

+ Steel industrial products available 24/7

+ Contribution of SQLI France / SQLI Belgium and the digital services centers



### **JOTUL, a new digital client experience**

+ Design of a commercial prospect solution and implementation of an INRIVER PIM

+ Expertise contribution UX/UI + Drupal + SEO / Analytics + InRiver PIM

+ The keys of success : PIM expertise / International organisation (contribution of SQLI France and STAR REPUBLIC Sweden)



## BRIDGESTONE, B2B omnichannel commerce platform

- + Consolidating its position of European leader
  - Improving client experience
  - Improving sales performance
- + Providing global support
  - Integrating SAP Experience Cloud (ex-Hybris)
  - SAP ERP, TMA, services center,
  - Agile coaching and project methodology



## LVMH, digital commerce strategy consulting

- + Consulting in omnichannel commerce
  - Creating a framework of guidelines, models and support
  - Helping 70 brands in operating their digital transformation
- + Multiple e-commerce projects for various LVMH brands



### 1.3.8. INNOVATION AND BRANDS

In 2018, the group carried on new research and innovation projects in the following fields:

- + Creation of a portal giving access to a great number of services in a specific field (gas) and complying with critical technical criteria;
- + Implementation of a tool capable to accurately measure the distortions appearing on a nuclear reactor thanks to machine learning and a smartphone camera
- + Creation of a cross-platform mobile application prototype aggregating NMEA (National Marine Electronics Association) grids through wifi connexion for the streamers with a 3G/4G http feed;
- + implementation of a real-time data synchronization system via http/mqtt, with a NMEA feed satellite connexions coming from a fleet;
- + Feasibility Study of a light visioconference tool (web) sharing the same functions as a "heavy" client such as Skype (file sharing, signature option);
- + Development of a chatbot allowing to switch from natural language to source code;
- + R&D on visual impairment and the tools related to the improvement of visual perceptions (Hololens);

The R&D tax credit for 2018 amounts to 2.7 K€, and was subject to a non deductible provision of 30% of the amount.

#### 1.3.8.1.Brands

SQLI does not have any dependence on patents or licenses essential for its activity. The Groups key brands (SQLI, WAX INTERACTIVE but also OSUDIO, STAR REPUBLIC and INVENTCOMMERCE) are protected in Europe.

All the brands belong to SQLI. There is no existing item owned by the company managers or their families. All legal forms of protection of the trademarks, domain names and the copyright have been carried out to the benefit of SQLI or its subsidiaries.

SQLI and its subsidiaries benefit from the copyright protection, enforced by the law of 3 July 1985, on all their software solutions and training aids. Major works have been deposited with a bailiff or with specialized depositories.

### 1.3.9. MAIN MARKETS AND STRATEGIES

#### 1.3.9.1. Main markets

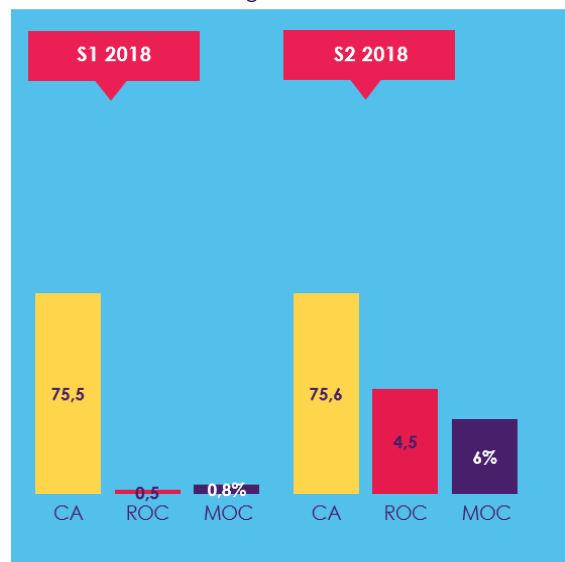
**Table 8. Turnover and current operating income per area**

(Data in thousands of euros)	2018 <sup>1</sup>		2017	
	Turnover	Recurring operating income	Turnover	Recurring operating income
France	151,186	5,060	149,586	8,026
Switzerland	32,078	2,440	31,600	702
Northern Europe	45,593	3,700	26,470	1,381
Other countries	3,124	984	4,304	770
<b>Total</b>	<b>231,981</b>	<b>12,184</b>	<b>211,960</b>	<b>10,879</b>

The turnover in France is slightly increasing (1.1%): 151.2 M€ in 2018 against 149.6 M€ in 2017.

The current operating income for France was impacted by the restructuration of premises in Paris and a lack of resources. The Group showed a positive trend between the first and second half of 2018: recurring operating income of 0.5 M€ in the first half and 4.5 M€ in the second half, thanks to the improving employment rate (from 80% to 82% in France) and a decreasing staff turnover (from 28% to 23%).

The turnover accounting for overseas operations stood at 80.8 M€ (vs 62.4 M€ in 2017), up 29.5% year on year.



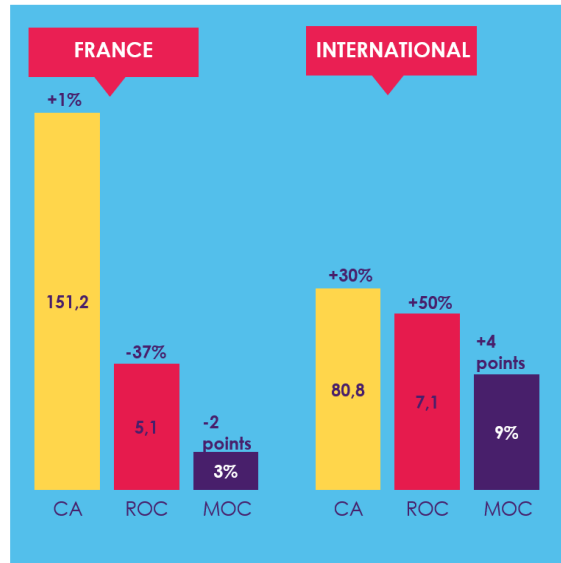
- + Switzerland reported a slightly better turnover (+1.5%), and a significantly better margin (7.6% vs 2.2 in 2017).
- + Northern Europe, including England, Belgium, Luxembourg, the Netherlands, Sweden, Germany and Denmark) is up by 72.2%, thanks to the acquisition of CODELUX in Germany, and the successful integration of STAR REPUBLIC and OSUDIO, along with the good momentum in this area;
- + The Other countries (Morocco and South Africa in 2017, joined by Spain in 2018 (which reported the creation of a services center in Barcelona enabling the success of NESTLE/NESPRESSO programs transfer and OSUDIO activity in Valencia) reported a global

<sup>1</sup> The accounts at 31 December 2018 are drawn up in compliance with IFRS 9 and IFRS 15 and with IFRS 16 by anticipation (application of the simplified retrospective transition method without restatement of 2017 period).

slowdown, mainly due to the gradual closure of Moroccan activities for local clients, replaced by a repositioning on Delivery activities for the Group clients.

The global operating income reached 12.2 M€ (compared with 10.9 M€ in 2017) with a contribution of overseas operations increasing from 26 to 58%.

The international growth is a key factor of success for the Group. SQLI's objective is to have 45% of the total turnover accounted by overseas operations (ex. France) in 2020, vs 35% in 2018, 29% in 2017 and 22% in 2016.



### 1.3.9.2.Perspectives, strategy and group projects

SQLI expects to increase its turnover compared with 2018, and to confirm its performance combining organic growth and external growth.

SQLI intends to improve its operational profitability compared with 2018, with the following actions:

-  ensuring the recovery of French activities
-  increasing the development of overseas activities
-  boosting the sale of digital solutions

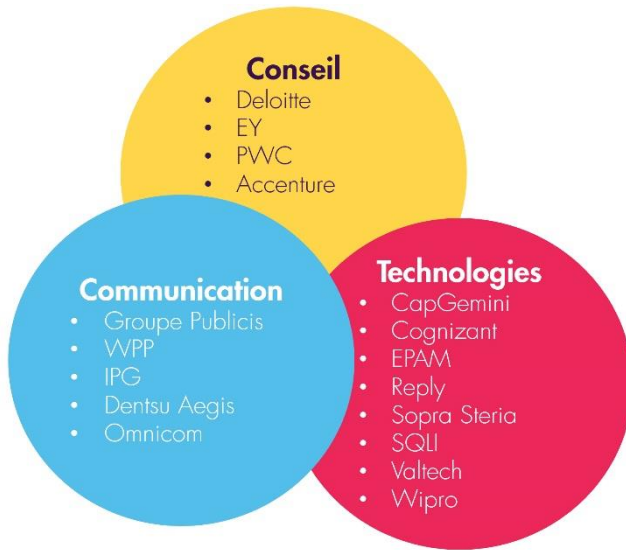
21019 first quarter operational indicators confirm the improvement of operational performance. A strong decrease of the amount of non-recurring expenses for the Group is expected.

Beyond this short-term positive trend, the Group confirms its ambition of becoming a leading European player on the digital experience market and maintaining sustainable growth and improved margins. However, the external growth drivers have not been leveraged as anticipated since 2016 and the recovery in France took longer than expected. Accordingly, SQLI is preparing a new medium-term strategic plan to replace the current plan, which will be unveiled in early July.

The company results between now and 2020 will be critical to assert SQLI position as a potential leader of the connected commerce market.

### 1.3.9.3. The Group competitive environment

SQLI competitors belong to three different sectors:



- + Companies with an historical experience in technology,
- + Consulting firms,
- + Communication services agencies

These companies are partners helping the clients in designing, implementing and monitoring digital client experience in the process of digital transformation.

They must provide both a marketing and technology expertise.

In this market, SQLI is now part of the 20 first agencies dedicated to digital experience in Europe (Source: Forrester).

**Table 9. Digital experience agencies in Europe, Q3 2018 - source: Forrester).**

Groupes réalisant plus de 400M€ de revenus dans le domaine de la « Digital Experience » (DX)	Groupes réalisant entre 125M€ et 400M€ de revenus dans le domaine de la « DX »
<ul style="list-style-type: none"> <li>• CapGemini</li> <li>• Accenture</li> <li>• Deloitte</li> <li>• IBM</li> <li>• Groupe Publicis</li> <li>• WPP</li> </ul>	<ul style="list-style-type: none"> <li>• Cognizant</li> <li>• EPAM</li> <li>• EY</li> <li>• HCL Technologies</li> <li>• IPG – InterPublic Group</li> <li>• Omnicom</li> <li>• PWC</li> <li>• Reply</li> <li>• Sopra Steria</li> <li>• <b>SQLI</b></li> <li>• Tata Consulting Services</li> <li>• Valtech</li> <li>• Wipro</li> </ul>

## 1.4. REVIEW OF FINANCIAL YEAR 2018

The figures below represent consolidated data. The rules and accountancy procedures used for their drafting are detailed in paragraph 4.1. Consolidated annual accounts at 31 December 2018, Section II "Accounting procedures and criteria, appendix and explanations".

### 1.4.1. ANALYSIS OF THE RESULT ACCOUNT

**Table 10. SQLI Consolidated income statement**

<i>Data in thousands of euros</i>	2018 <sup>1</sup>	2017	Variation
<b>Turnover</b>	231,981	211,960	20,021
Other earnings	5,060	5,958	-898
Used purchases	-2,097	-2,126	29
Staff costs	-139,201	-133,733	-5,468
External expenses	-70,912	-65,696	-5,216
Taxes and dues	-3,520	-3,182	-338
(Net) Depreciation and other operating provisions	-9,147	-2,361	-6,786
Other operating costs and charges	20	59	-39
<b>Recurring operating income</b>	12,184	10,879	1,305
Goodwill depreciation	0	0	0
Other non current operating incomes and expenses	-4,173	-6,411	2,238
<b>Operating income</b>	8,011	4,468	3,543
Cash and cash equivalent income (charges)	69	75	-6
Total of gross financial debt	-2,723	-1,448	-1,275
<b>Total of net financial debt</b>	-2,654	-1,373	-1,281
Other financial revenues and expenses	-277	60	-337
<b>Result (bef. taxes)</b>	5,080	3,155	1,925
Tax liability	-2,018	-1,181	-837
<b>Net result (before result of activities transfered or being transfered)</b>	3,062	1,974	1,088
Result of activity being stopped or transferred	0	0	0
<b>Net income</b>	3,062	1,974	1,088
Group share	3,062	1,974	1,088
Minority interests	0	0	0

<sup>1</sup> The accounts at 31 December 2018 are drawn up in compliance with IFRS 9 and IFRS 15 and with IFRS 16 by anticipation (application of the simplified retrospective transition method without restatement of 2017 period).

### 1.4.1.1. Analysis of turnover

Sqli turnover amounted to 232.0 M€ in 2018 (up 9% year on year). Stripping out the impact of changes in exchange rates, growth was 10% for the full-year.

This result comes on the back of sustained growth in overseas operations (+31%) which now accounts for 35% of total Group sales (versus 29% in 2017). The growth in France was weak but positive in 2018 (1%).

Organic growth (change in turnover at constant scope and exchange rates) edged up steadily in 2018 (up 1% in the first half, 2% in the third quarter and 4% in the fourth quarter) to reach 2% for the year as a whole.

### 1.4.1.2. Result analysis

The EBITDA representing the current operating income (12.2 M€) cumulated with depreciation and amortization and provisions (9.5 M€), showed a significant improvement, from 13.2 M€ to 21.7 M€ year on year (+64%). Excluding the positive difference related to the application of IFRS 16 (+5.5 M€) and the impact of the distribution of rentfree periods (2.0 M€), the EBITDA gained 7.6%.

Current operating income came out at 12.2 M€ (up 10.9% year on year), including a lower non-recurring charge (2.2 M€).

#### Analysis of operating charges

In 2018, operating charges included staff costs for 61.9% (64.6% in 2017 and 66.3% in 2016) and external charges for 31.5% (31.7% in 2017 and 28.9% in 2016).

#### Staff costs

Staff costs stood at 139.4 M€ versus 133.9 M€ in 2017 (up 4.2% year on year), with a growth more limited than the turnover, allowing the Group to outsource the contribution per billable employee up to 120 K€ in 2018 (vs 112 K€ in 2017).

**Table 11. Evolution of staff costs**

<i>(Data in thousands of euros)</i>	2018 <sup>1</sup>	2017	Variation
Wages and allowance	101,816	96,799	5,017
Social costs	37,385	34,934	2,451
Participation of employees	0	0	0
<b>Staff costs</b>	<b>139,201</b>	<b>133,733</b>	<b>5,468</b>
Provision for retirement compensations and other benefits	237	120	117
			0
<b>Total Staff costs</b>	<b>139,438</b>	<b>133,853</b>	<b>5,585</b>

### External expenses

External costs increased between 2017 and 2018, with an increase of outsourcing use (+10,703 K€) offset by a decrease of "premises for rent and rental costs".

At 31 December 2018, the "premises for rent and rental costs" external expenses amount to 2,194 K€, compared with 8,128 K€ in the end of 2017, following the application of IFRS 16. Only the short-term rents (less than 12 months) are included in the costs.

**Table 12. Evolution of external costs**

<i>(Data in thousands of euros)</i>	2018 <sup>2</sup>	2017	Variation
Global outsourcing	53,681	42,978	10,703
Leasing and related costs	2,194	8,128	-5,934
Maintenance and repairs	1,519	1,293	226
Insurance premiums	769	581	188
Various materials	520	604	-84
Fees and staff outside the company	4,054	4,918	-864
Advertising and external relationship	1,211	890	321
Goods transportation	40	68	-28
Business trips, missions and receptions	4,445	4,565	-120
Mailing and telecommunication costs	1,242	1,111	131
Bank services	210	240	-30
Other external services	1,027	320	707
<b>Total external costs</b>	<b>70,912</b>	<b>65,696</b>	<b>5,216</b>

Non-recurring income and expenses stand at 4.2 M€ in 2018 (vs. 6.4 M€ in 2017), distributed as follows:

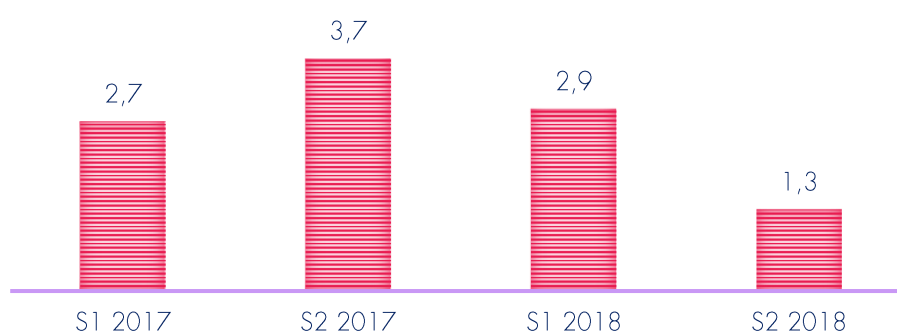
**+** restructuring costs (1.6 M€) mainly related to the departure of some Group managers;

<sup>1</sup> The accounts at 31 December 2018 are drawn up in compliance with IFRS 9 and IFRS 15 and with IFRS 16 by anticipation (application of the simplified retrospective transition method without restatement of 2017 period).

<sup>2</sup> The accounts at 31 December 2018 are drawn up in compliance with IFRS 9 and IFRS 15 and with IFRS 16 by anticipation (application of the simplified retrospective transition method without restatement of 2017 period).

- + Premises transfer costs (0.9 M€);
- + Additional acquisition costs amounting to 0.4 M€ and are booked as expenses for the year, in compliance with IFRS 3.
- + The other transactions related to agreements and litigation (1.1 M€) are mainly related to tax controls (0.5 K€) and risks and expenses related to trade litigation (0.5 K€).
- + Costs related to stock options and free shares (0.2 M€).

The review of non-recurring income and expenses per 6 month-period during the last 2 years confirms the restructuring of SQLI Group organization with the increase of connexions between the different entities. The Group recorded more than 1 M€ savings on non-recurring operating expenses in H2 2018.



Operating income increased by 80% to 8.0 M€ year on year (4.5 M€ in 2017), with a significant improve during the year: 2.4 M€ in H1 2018 (2.0% of the To) and 5.6 M€ in H2 (4.8% of To). This rise is due to the employment rate increase (0.6 p), the cost cut program and the improvement of Parisian teams performance. The global average daily rate went from 476 € to 466 € (-2.1%), resulting from a mix effect (increase of offshore share). The local average daily rate (excl. offshore) is up 6.5%.

The cost of net financial debt records a loss of 2.654 K€ compared to a loss of 1,373 K€ in 2017, mainly due to the increase of interests on long term loans.

**Table 13. Total of SQLI consolidated net financial debt**

(Data in thousands of euros)	2018 <sup>1</sup>	2017	Variation
Revenues from loans and receivables	70	30	40
Net earnings from VMP sales	-1	45	-46
<b>Cash and cash equivalent income</b>	<b>69</b>	<b>75</b>	<b>-6</b>
Interest charges	-1,327	-1,163	-164
Interest charges on lease obligations	-974	-23	-951
Factoring financing commission	-135	-99	-36
Hedging instruments for loans rates	-287	-163	-124

<sup>1</sup> The accounts at 31 December 2018 are drawn up in compliance with IFRS 9 and IFRS 15 and with IFRS 16 by anticipation (application of the simplified retrospective transition method without restatement of 2017 period).

Total of gross financial debt	-2,723	-1,448	-1,275
			0
Total of net financial debt	-2,654	-1,373	-1,281

The net profit amounts to 3.0 M€, after deduction of financial debt (2.7 M€) and tax liability (2.0 M€), showing a 50% improvement year on year.

## 1.4.2. REVIEW OF BALANCE SHEET, CASH FLOW AND SHAREHOLDER EQUITY

### 1.4.2.1. Consolidated shareholders' equity

At December 31 2018, SQLI shareholders' equity stood at 86,229 K€ (78,539 K€ in 2017), an increase mainly due to the positive global result of 3,119 K€ for 2018 and the BSAAR capital increase (5,434 K€).

**Table 14. Table of the Variation of shareholders' equity in the last three years**

<i>Data in thousands of euros</i>	Number of shares	Equity	Premium	Reserves	Year result	Translation & actuarial differences	Shareholder's Equity		Total
							Group share	Minority shareholders	
<b>Situation at 31/12/16</b>	<b>3,856,923</b>	<b>3,086</b>	<b>39,261</b>	<b>28,566</b>	<b>6,212</b>	<b>1,627</b>	<b>78,752</b>		<b>78,752</b>
<b>Income appropriation</b>				<b>2,794</b>	<b>-2,794</b>				<b>0</b>
<b>Dividend allocation</b>					<b>-3,418</b>		<b>-3,418</b>		<b>-3,418</b>
<b>Exercise of BSAAR</b>	<b>97,432</b>	<b>78</b>	<b>1,447</b>				<b>1,525</b>		<b>1,525</b>
<b>Group Saving Plan</b>	<b>5,183</b>	<b>4</b>	<b>156</b>				<b>160</b>		<b>160</b>
<b>Allocation of stock-options</b>			<b>122</b>				<b>122</b>		<b>122</b>
<b>Self-control</b>			<b>117</b>				<b>117</b>		<b>117</b>
<b>Comprehensive income of the period</b>					<b>1,974</b>	<b>-693</b>	<b>1,281</b>		<b>1,281</b>
<b>Situation at 31/12/17</b>	<b>3,959,538</b>	<b>3,168</b>	<b>41,103</b>	<b>31,360</b>	<b>1,974</b>	<b>934</b>	<b>78,539</b>		<b>78,539</b>
<b>Income appropriation</b>				1974	-1974				0
<b>Exercise of BSAAR</b>	358,302	286	5,148				5,434		5,434
<b>Group Saving Plan</b>	811	1	14				15		15
<b>Allocation of stock-options</b>			211				211		211
<b>Issue of new shares replacing bonuses</b>	107,946	86	-98				-12		-12
<b>Impact of the accounting procedure change</b>				-908			-908		-908
<b>Self-control</b>			-169				-169		-169
<b>Comprehensive income of the period</b>					3062	57	3119		3,119
<b>Situation at 31/12/18</b>	<b>4,426,597</b>	<b>3,541</b>	<b>46,209</b>	<b>32,426</b>	<b>3,062</b>	<b>991</b>	<b>86,229</b>		<b>86,229</b>



### 1.4.2.2. Source, amount and description of consolidated cash flow

At 31 December 2018, the Group available cash flow stood at 27,049 K€ (2017: 19,225 K€). This increase is essentially due to the lower number of acquisitions in 2018 compared with 2017, and to higher operating cash flows.

**Table 15. SQLI consolidated cash flow**

<i>(Data in thousands of euros)</i>	2018 <sup>7</sup>	2017	Variation
Cash flow due to operational activities	22,211	8,173	14,038
Cash flow on investment activities	-7,652	-24,910	17,258
Cash flow on financing activities	-6,819	31,720	-38,539
Cash flow fluctuation	7,740	14,983	-7,243
Cash flow and equivalent at 1st January	19,225	4,680	14,545
Effect of currency rates fluctuation	84	-438	522
			0
Cash flow and equivalent at 31 December <sup>8</sup>	27,049	19,225	7,824

<sup>7</sup> The accounts at 31 December 2018 are drawn up in compliance with IFRS 9 and IFRS 15 and with IFRS 16 by anticipation (application of the simplified retrospective transition method without restatement of 2017 period).

<sup>8</sup> The comparison between the net cash position and equivalents exposed in the balance sheet, and the amount of net cash flow exposed in the cash flow variation chart is presented below : Cash flow and equivalents (27,468 K€) with deduction of overdrafts (419 K€), allowing to get the net cashflow within the cash flow variation chart: 27,049 at 31 December 2018.

Consolidated operating cash flow improved by 14,038 K€ thanks to the mathematical impact of increasing Net Depreciation, amortization and provisions incurred by the application of IFRS 16 and the positive impact of the Variation of customers.

**Table 16. Consolidated operating cash flow**

<i>(Data in thousands of euros)</i>	2018 <sup>9</sup>	2017	Variation
Consolidated net income	3,062	1,974	<b>1,088</b>
Net allowance to depreciation and provisions <sup>(1)</sup>	9,867	3,140	<b>6,727</b>
Calculated charges (income)	355	197	<b>158</b>
Transferred capital gain and loss	331	-59	<b>390</b>
<b>Self-financing capacity generated by activity (ex. cost of financial debt and taxes)</b>	<b>13,615</b>	<b>5,252</b>	<b>8,363</b>
Tax liability (deferred taxes included)	2,018	1,181	<b>837</b>
Cost of financial debt	2,723	1,448	<b>1,275</b>
<b>Self-financing capacity generated by activity (inc. cost of financial debt and taxes)</b>	<b>18,356</b>	<b>7,881</b>	<b>10,475</b>
Variation of customers	11,034	-3,902	<b>14,936</b>
Variation of suppliers	593	2,332	<b>-1,739</b>
Variation of other current assets and liabilities	-4,547	4,418	<b>-8,965</b>
(paid) reimbursed Corporate Tax <sup>(2)</sup>	-3,225	-2,556	<b>-669</b>
<b>Cash flow due to operational activities</b>	<b>22,211</b>	<b>8,173</b>	<b>14,038</b>

*Note:* <sup>(1)</sup> Excluding provisions related to current assets.

<sup>(2)</sup> Including 1,473 K€ of CVAE.

<sup>9</sup> The accounts at 31 December 2018 are drawn up in compliance with IFRS 9 and IFRS 15 and with IFRS 16 by anticipation (application of the simplified retrospective transition method without restatement of 2017 period).

Cash flow on investment activities are increasing due to lower investment (in terms of new acquisitions). Scope variation included the firm price payment of CDLX securities (550 K€), OSUDIO earn-out (925 K€) and SQLI UK earn-out (327 K€).

**Table 17. Cash flow on investment activities**

(Data in thousands of euros)

	2018 <sup>10</sup>	2017	Variation
Acquisition of fixed assets	-6,192	-3,607	-2,585
Transfer of fixed assets	402	162	240
Scope variation <sup>11</sup>	-1,862	-21,465	19,603
<b>Cash flow on investment activities</b>	<b>-7,652</b>	<b>-24,910</b>	<b>17,258</b>

Consolidated financing cash flow reported a strong decrease, mainly due to the 39,790 K€ loan issue in 2017. The impact of IFRS16, loan repayments and paid interests is partly compensated by the 5,450 K€ capital increase.

**Table 18. Consolidated financing cash flow**

(Data in thousands of euros)

	2018 <sup>12</sup>	2017	Variation
Capital Increase	5,450	1,685	3,765
Dividends paid to the shareholders of the controlling company		-3,417	3,417
Dividends paid to minority shareholders	-127		-127
Loan issue		39,790	-39,790
Acquisition (transfer) of treasury shares	-170	117	-287
Loan repayment	-4,613	-5,361	748
Repayment of rental debts	-4,572		-4,572
Paid Interest on rental obligations	-974		-974
Paid interests	-1,813	-1,094	-719
<b>Cash flow on financing activities</b>	<b>-6,819</b>	<b>31,720</b>	<b>-38,539</b>

#### 1.4.2.3. Main current investments and financing strategy

The company did not plan any specific new or continued investment in 2019 and in the years to come.

<sup>10</sup> The accounts at 31 December 2018 are drawn up in compliance with IFRS 9 and IFRS 15 and with IFRS 16 by anticipation (application of the simplified retrospective transition method without restatement of 2017 period).

<sup>11</sup> Firm price payment of CDLX securities (550 K€), OSUDIO earn-out (925 K€) and SQLI UK earn-out (327 K€).

<sup>12</sup> The accounts at 31 December 2018 are drawn up in compliance with IFRS 9 and IFRS 15 and with IFRS 16 by anticipation (application of the simplified retrospective transition method without restatement of 2017 period).

Regarding its current investments, the company will use a part of its available cash flow, which amounts to 27.5 M€ at 31 December 2018.

#### 1.4.2.4. Lending conditions and financing structure

##### Consolidated debt

The gross financial debt amounts to 40,272 K€ at 31 December 2018, against 44,836 K€ at the end of the previous year, mainly due to long-term debt repayment.

**Table 19. SQLI gross financial debt during the last two years**

<i>(Data in thousands of euros)</i>	2018	2017	Variation
Loans toward credit institutions	33,750	42,050	-8,300
Restatement of lease contracts		226	-226
Valuation of rate hedging instruments	224		224
<b>Other non current liabilities</b>	<b>33,974</b>	<b>42,276</b>	<b>-8,302</b>
Loans toward credit institutions	5,582	1,895	3,687
Restatement of lease contracts		173	-173
Received security deposits	21	21	0
Current bank lendings	419	51	368
Accrued interest not due	243	308	-65
Valuation of rate hedging instruments	33	112	-79
<b>Current liabilities</b>	<b>6,298</b>	<b>2,560</b>	<b>3,738</b>
<b>Total of gross financial debt</b>	<b>40,272</b>	<b>44,836</b>	<b>-4,564</b>

Financial debt consists essentially of loans toward credit institutions: 39,332 K€ at the end of 2018 (43,939 K€ in 2017).

**Table 20. Loans toward credit institutions**

Bank	Availability	Duration (years)	Rate of the year	Position end of 2017	Repayment	Position end of 2017
BPI France	11/2014	7	2.84 %	2,000	-500	1,500
BPI France	11/2014	10	4.43 %	2,500	-357	2,143
BPI France	03/2017	7	1.57 %	5,000	0	5,000
BPI France	03/2017	7	1.57 %	2,000	0	2,000
BNP <sup>13</sup>	03/2017	7	EUR 12 +3.15 %	7,864	0	7,864
BNP <sup>14</sup>	05/2017	6	EUR 3 +2.30 % <sup>15</sup>	6,881	-1,050	5,831
BNP <sup>16</sup>	09/2017	6	EUR 3 +2.30 %	17,694	-2,700	14,994
<b>Total</b>				<b>43,939</b>	<b>-4,607</b>	<b>39,332</b>

#### Credit agreement with the bank pool

In 2017, SQLI contracted 3 new loans for its investment program, including a credit agreement of 33 M€ with BNP Paribas and a bank pool. These loans have been contracted to (i) repay existing bank loans, (ii) consolidate the Group working capital and (iii) finance external growth operations.

The loans balance is 28,689 K€ at 31 December 2018.

As a guarantee for the repayment of the 33 M€ debt, SQLI as given to BNP a pledge of all the securities of STAR REPUBLIC and OSUDIO HOLDING BV.

"Avenir" loan of 2500 K€ with Bpifrance Financement:

Available from 13 November 2014

Duration: 10 years - fixed rate 4.43 % / year

The principal repayment will be made in 28 quarterly payments at the end of the month, with the capital being depreciated on a straightline basis, after a 36 month deferred period during which only interests will be perceived.

This loan didn't generate any security right or personal guarantee.

The loans balance is 2,143 K€ at 31 December 2018.

<sup>13</sup> 800 K€ with deduction of 136 K€ borrowing costs. Repayment in fine March 2024

<sup>14</sup> 5,950 K€ with deduction of 119 K€ borrowing costs. Annual repayment of 1.1 M€ until 2022 and 1.8 M€ in March 2023.

<sup>15</sup> Applied margin from 2.30% to 1.25% according to the Net financial debt/consolidated EBITDA ratio.

<sup>16</sup> 15,300 K€ with deduction of 306 K€ borrowing costs. Annual repayment of 2.7 M€ until 2022 and 4.5 M€ in March 2023.

Croissance loan of 2500 K€ with Bpifrance Financement:

Available from 13 November 2014

Duration: 7 years - fixed rate 2.84 % / year

The principal repayment will be made in 20 quarterly payments at the end of the month, with the capital being depreciated on a straightline basis, after a 24 month deferred period during which only interests will be perceived.

This loan didn't generate any security right or personal guarantee.

This loan is attached to a hold back of 125 K€.

The loans balance is 1,500 K€ at 31 December 2018.

Bank loan of 5 000 K with Bpifrance Financement:

Available from March 2017

Duration: 7 years - fixed rate 1.57% / year

The principal repayment will be made in 20 quarterly payments at the end of the month, with the capital being depreciated on a straightline basis, after a 24 month deferred period during which only interests will be perceived.

This loan didn't generate any security right or personal guarantee.

Bank loan of 2,000 K with Bpifrance Financement:

Available from March 2017

Duration: 7 years - fixed rate 1.57% / year

The principal repayment will be made in 20 quarterly payments at the end of the month, with the capital being depreciated on a straightline basis, after a 24 month deferred period during which only interests will be perceived.

This loan didn't generate any security right or personal guarantee.

#### 1.4.2.5. Debt maturity

The following chart presents SQLI debt situation according to payment deadlines.

**Table 21. Gross financial debt per maturity**

<i>(Data in thousands of euros)</i>	2018	2017
Due within one year	6,298	2,560
Due between 1 and 5 years	33,974	26,105
Due in more than 5 years	0	16,714
<b>Total of gross financial debt</b>	<b>40,272</b>	<b>44,836</b>

### 1.4.2.6. Net financial debt

At 31 December 2018, SQLI net financial debt is 12.8 M€, about half of 2017 amount (25.6 M€), with own equity amounting to 86.2 M€. The net debt-to-equity ratio increased from 15% to 33% in one year.

**Table 22. SQLI net financial debt during the last two years**

<i>(Data in thousands of euros)</i>	2018	2017	Variation
Total of gross financial debt	40,272	44,836	-4,564
Cash flow and equivalents	-27,468	-19,276	-8,192
<b>Total of net financial debt</b>	<b>12,804</b>	<b>25,560</b>	<b>-12,756</b>

### 1.4.2.7. Possible restrictions on capital use

Credit agreement of 33 M€ with BNP Paribas and a bank pool

The 33 M€ credit agreement includes several cases of anticipated collectability, regarding, among others, failure to comply with the following financial ratios:

**+** R2 = Net financial debt/consolidated EBITDA ratio :

	31/12/2018	31/12/2019	31/12/2020	31/12/2021
R2 <	3.00 x	2.75 x	2.50 x	2.25 x

**+** R4 = Net financial debt / Own equity ratio < 1 for each of the years 2017 to 2021.

These ratios have been respected at 31 December 2018.

### 1.4.3. INFORMATION ABOUT THE TRENDS AND PROFIT FORECAST

The Group expects growth of both turnover and earnings in 2019. Sqli should be able to support strong organic growth. Even if the year roadmap does not include any major acquisitions, the Group is continuing to examine potential targeted acquisition opportunities. This growth, combined with the full effects of the recovery plan in France, ongoing optimization and the growing contribution from overseas, will have a positive impact on its results.

This optimistic outlook is underpinned by a good start to the year, which should be reflected in the Group's firstquarter 2019 results.

Preparation of a new medium-term strategic plan

Beyond its short-term success, the Group confirms its ambition of becoming a leading European player on the digital experience market and maintaining sustainable growth and improved margins. However, the external growth drivers have not been leveraged as anticipated since 2016 and the recovery in France took longer than expected. Accordingly, Sqli is preparing a new medium-term strategic plan to replace the current plan, which will be unveiled in early July.

### 1.4.4. DIVIDEND PAYMENT POLICY

To preserve its strong financial leverage as it prepares its new strategic plan, the Executive Board proposes that no dividends be distributed this year.

Sqli Executive Board decided on the following appropriation of distributable earnings for the year ended 31 December 2018: 18,544,223 €, including a profit of 384,315 € and previous retained earnings of 18,159,908 €, divided as follows:

- + 37,365 € of legal reserve;
- + 18,506,858 € of retained earnings.

Sqli has distributed dividends as follows:

- + 0 € for year ended 31 December 2017;
- + 3,417,734.40 Euros for year ended 31 December 2016;
- + 2,211,549.60 euros for year ended 31 December 2015;

## 1.5. RISK FACTORS

Main risks related to social and environmental responsibility are detailed in Paragraph 3.2. "Main risks related to social and environmental responsibility"

- + Social risks:

- Attractiveness, retention of talents, well-being and engagement
- development and transformation of skills
- Diversity and equal opportunity
- ⊕ Risks related to the markets and business governance
  - Client satisfaction
  - Operational security (including cybersecurity and data protection)
  - Local and community impact
- ⊕ ethical and governance risks
  - Ethics and corporate governance
- ⊕ Environmental risks
  - Environmental footprint

### 1.5.1. ACTIVITY-RELATED RISKS

#### 1.5.1.1. Customers

While expanding its activity, SQLI tries carefully to keep both diversified customers and diversified business fields, in order to limit the concentration risk on a restricted number of customers.

In 2018, the importance of main SQLI customers was as follows:

- ⊕ The first customer accounted for 6.6 % of the consolidated turnover (against 7.7 % en 2017);
- ⊕ The first five customers accounted for 24.4 % of the consolidated turnover (against 28.1 % en 2017);
- ⊕ The first ten customers accounted for 36.2 % of the consolidated turnover (against 40.2 % en 2017);

The company works with a factoring company which provides credit insurance, customers credit quality study, follow-up services and legal conflicts assistance for the main part of SQLI business in France. Furthermore, since the group works only for major accounts, the insolvency risk is limited.

Finally, the credit management and collection procedures that have been set allow the company to control the customer risk (advance check of the prospects solvency, monitoring outstanding invoices, follow-up on customer payment periods, customer reminders and legal proceedings).




SQLI offers package projects as part of its activity. This kind of contract implies certain risks. SQLI implemented internal processes in order to limit these risks (1. Risk review before submitting the offer. 2. Creation of reserves included in the provisional costs in order to limit the identified risks, 3. Regular review of over-budget expenses, and 4. Intervention, if required, of an internal committee in charge of project control. This process has been created 3 years ago and helps to limit the risks related to the execution of package projects.

SQLI also subscribed a "Professional risks" insurance policy covering its liability for a total amount of 10 millions euros.

### 1.5.1.2. Suppliers

SQLI does not have any significant supplier. The company is not dependent on any supplier regarding the costs or resources. SQLI can easily change supplier if needed, and find similar products for a similar price.

The dependence upon suppliers is as follows:

-  The first supplier accounts for 3.1 % in SQLI purchases.
-  The first 5 suppliers account for 9.2 % in SQLI purchases,
-  The first 10 suppliers account for 14.9 % in SQLI purchases,

Specific contracts are signed with each subcontractor, in to protect SQLI from the related risks. SQLI SA total purchases amount to 62,302 K€ in 2018.

Following articles L.441-6-1 and D.441-4 of the Commercial Code, we inform you that the balance of trade accounts payable to SQLI SA suppliers by due date at the end of year 2018 is presented below:

**Table 23. Received and outstanding invoices at the accounts closing date (in arrears)**

In €	0 day	1 to 30 days	31 to 60 days	60 days and more	Total
Number of related invoices					2,862
Total amount of related invoices (incl. VAT)	9,223,074	4,656,231	1,634,160	7,810,982	23,324,447
Total amount of related invoices (incl. VAT) Exc. Group	7,916,828	4,055,624	894,370	904,702	13,771,524
Total amount of related invoices (incl. VAT) Group	1,306,246	600,606	739,790	6,906,280	9,552,923
Percentage of total purchase amount for the year		7%	3%	13%	37%

### 1.5.1.3. Technology

SQLI Group operates in an environment where technology development is changing fast. There is a real existing risk of major technological evolution, which could have a significant impact in SQLI results and plans.

Ever since its creation, the group has focused on helping its customers to take benefit from this technology. SQLI group has always been a precursor when it comes to adaptation and integration of new technologies.

Although SQLI group can't guarantee that it will always be able to quickly identify and build up knowledge for every change in technology, this skill is part of the company culture and constitutes one of its strong points.

Strikingly, the group keeps on giving a big budget to R&D of new technologies every year.

In order to cover this risk, SQLI chose to build close partnerships (gold or premium Partner) with the main digital solutions providers such as Adobe/Magento, SAP/Hybris, Microsoft, IBM, Salesforce, etc.

Further information about SQLI innovative model is presented in Paragraph 1.3.8. "Innovation and brands".

### 1.5.1.4. External growth

This growth strategy include the following risks : integration problems, departure of key men and partners, customer loss, occurrence or discovery of conflicts, spreads on expected results.

Even if these risks are hardly measurable, SQLI thinks that the risk of goodwill depreciation will exist (amounting to 86 M € at the end of 2018) if the profitability does not reach the expected amount.




By applying operational, technical, legal, social, accounting and financial due diligence processes, SQLI takes all the necessary measures to mitigate these risks. The Group also tries to retain the operational shareholders of purchased companies in order to grow in the targeted countries and keep its model key resources.

#### 1.5.1.5.Competition

Facing the competition increase, SQLI intends to strengthen its competitive position by industrializing its business approach (Agile approach) and focusing on high value added projects, such as E-Commerce or omnichannel commerce and User Experience (UX).

Its European expansion allows SQLI to trade with major international brands,

As explained in paragraph 1.3.9.3. « The Group competitive environment », SQLI competes with three major sectors which concentrate their activities on Digital development :

-  Communication companies ;
-  Consulting companies ;
-  Technology companies (SQLI historical competitors).

Within these sectors, the leading groups are a lot bigger than SQLI and can rely on their international network.

Between 2017 and 2018, some financial analysts mentioned potential transactions between the major communication groups (WPP, Omnicom, Publicis, Interpublic, Dentsu) and the leading companies of the other 1 sectors. Competitors such as Cap Gemini were afraid of a higher pressure on the market relating to the concentration of the leaders in these three sectors.<sup>17</sup>

M&A operations such as this one could reorganise the market and lead to weaker results for SQLI.

Nevertheless, SQLI has other significant competitive advantages which are described in paragraph 1.3.9.3. « The Group competitive environment », allowing to limit the impact of a potential concentration of the market.

## 1.5.2. FINANCIAL RISKS

### 1.5.2.1. Liquidity - financing

At 31 December 2018, SQLI net financial debt is 12.8 M€, about half of 2017 amount (25.6 M€), with own equity amounting to 86.2 M€. The net debt-to-equity ratio increased from 15% to 33% in one year.

**Table 24. SQLI net financial debt during the last two years**

<i>(Data in thousands of euros)</i>	2018	2017	Variation
Total of gross financial debt	40,272	44,836	-4,564
Cash flow and equivalents	-27,468	-19,276	-8,192
<b>Total of net financial debt</b>	<b>12,804</b>	<b>25,560</b>	<b>-12,756</b>

The Group financial structure is very healthy at 31 December 2018 with:

- + three credit lines of 1 M€ each, with BNP Paribas, Caisse d'Épargne and the Banque Palatine;
- + an unused 16 M€ factoring capacity at 31 December 2018.

The group debt structure is detailed in paragraph 1.4.2.4. "Lending conditions and financing structure".

Covenants, early redemption and default clauses related to SQLI loans are presented in paragraph 1.4.2.7. "Possible restrictions on the use of capital".

<sup>17</sup> "The CEO of Cap Gemini expects to be under pressure if Accenture buys Publicis to digitalize its consulting business" Thomas Giraudet – Reuters + Business Insider

## **A. WORKING CAPITAL REQUIREMENT AND CREDIT ACCESS CAPACITY**

The invoicing is submitted to seasonal fluctuation according to the number of working days in the month, and to year fluctuation in December related to the customers annual budgets closure.

Costs register a peak on the first day of every halfyear term related to pension and insurance periodic rents and costs.

The Working capital requirement variation reaches 3,855 K€ in 2018 vs 292 K€ in 2017.

**Table 25. Variation of working capital requirement**

<i>Data in thousands of euros</i>	Data 2018	Data 2017
Variation of customers	11,034	-3,902
Variation of suppliers	593	2,332
Variation of other current assets and liabilities	-4,547	4,418
(paid) reimbursed Corporate Tax	-3,225	-2,556
<b>Variation of working capital requirement</b>	<b>3,855</b>	<b>292</b>

### 1.5.2.2. Rate

In terms of market-related risk management, SQLI policy consists in hedging rate risks related to medium-term financial debts.

The conditions of derivative instruments related to the rate risk management at 31 December 2018 are exposed as follows:

**Table 26. Hedging instruments**

	Bank loan of 33 M€		
Starting date	30/06/2017	30/06/2017	20/12/2017
Floating rates payer	BNP	BNP	PALATINE
Floating rate	12 months EURIBOR	3 months EURIBOR	3 months EURIBOR
SQLI Fixed / floating rate	0.68 %	0.44 %	0.32 %
<b>Notional amounts covered at 31 December:</b>			
2018	8,000	10,200	11,050
2019	8,000	8,400	9,100
2020	8,000	6,600	7,150
2021	8,000	4,800	5,200
2022	8,000	3,000	3,250
2023	8,000	-	-
2024	-	-	-
Instruments fair value at 31/12/2018	-143	-70	-43

The table below describes SQLI Group exposure at 31 December 2018.

**Table 27. SQLI Group exposure to the rate risk**

	Financial assets		Financial liabilities		Net exposure before hedging		Rate hedging instruments		Net exposure after hedging	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
< 1 year	27,468	-	1,907	3,750	-	3,750	-	3,750	-	-
From 1 year to 2 years	-	-	2,257	3,750	25,561	3,750	-	3,750	25,561	2,257
From 2 to 3 years	-	-	2,257	3,750	2,257	3,750	-	3,750	2,257	2,257
From 3 to 4 years	-	-	1,757	3,750	1,757	3,750	-	3,750	1,757	1,757
From 4 to 5 years	-	-	1,757	6,250	1,757	6,250	-	6,250	1,757	1,757
> 5 years	-	-	707	8,000	707	8,000	-	8,000	707	707
<b>Total</b>	<b>27,468</b>	<b>-</b>	<b>10,643</b>	<b>29,250</b>	<b>-</b>	<b>29,250</b>	<b>-</b>	<b>29,250</b>	<b>-</b>	<b>-</b>
					16,825				16,825	

### 1.5.2.3.Change

Part of SQLI business takes place outside of the euro zone through its subsidiaries in the UK, Sweden, Switzerland, South Africa and Morocco.

The group bears an exchange rate risk in connection with the activities in the United Kingdom, Sweden, Switzerland, Morocco and South Africa, representing a total turnover out of the euro zone of 35.7 M€ in 2018 for 232 M € of consolidated accounts (15.4% of the total turnover). However, the exchange rate risk is very limited as all costs (mainly salaries) and revenues are carried out in the local currency.

SQLI considers that the amounts involved are non relevant and, since the currency risk is distributed among different currencies The positions in currency are not covered by hedging instruments.

**Table 28. Exchange risk**

<i>(Data in thousands of euros)</i>	£	SEK	CHF FR	ZAR	MAD	Total
Assets	2,619	11,028	15,103	1,188	11,952	41,890
Liabilities	174	2,417	6,882	180	8,215	17,868
Net position before management	2,445	8,611	8,221	1,008	3,737	24,022
Off-Balance sheet commitments			-		-	
Net position after management	2,445	8,611	8,221	1,008	3,737	24,022

**Table 29. Calculation of the risk of loss on currency global net position**

<i>(Data in thousands of euros)</i>	£	SEK	CHF FR	ZAR	MAD	Total
Impact in result bef. taxes						
1% increase of the exchange rate	24	86	82	10	37	240
1% decrease of the exchange rate	-24	-86	-82	-10	-37	-240

#### 1.5.2.4. The Group commitments

Off-balance sheet commitments are presented in the consolidated accounts, paragraph "VII. Off-Balance sheet commitments". The consolidated accounts are included in paragraph 4.1. of this Reference Document. Off-balance sheet commitments included below are the only existing risk for the Group.

##### Litigation

Various legal actions have been made against the group companies from former employees or customers, or as parts or tax controls. SQLI made reserves according to the level of risk calculated by the management team and based on the recommendations of legal counseling.

SQLI Belgium has been notified in December 2017 of a VAT recovery payment of 1.2 M€ with 2.5 M€ of fine and default interests for years 2011 to 2016. The company is denying this recovery and filled a contradictory application in front of the first instance court. The hearing will take place in April 2019.

SQLI Morocco received a tax adjustment notice in January 2019 regarding income tax, corporate tax and VAT for years 2014 to 2017, totalizing a principal amount of 22,510 KDH. The company is objecting this tax adjustment and started negotiating with the Moroccan tax authorities.

### 1.5.3. LEGAL, REGULATORY AND TAX-RELATED RISKS

#### 1.5.3.1. Insurance

SQLI Group has adequate professional risk cover and is not currently implicated in any conflict related to activities not covered by its insurance policies. Risks relating to losses due to contact termination or late payment penalties not covered by third party insurance are covered by provisions for risks and costs in the company's accounts.

SQLI Group has a third party insurance policy with AXA company which covers any damages caused by third parties to its activities up to a maximum amount:

 of 9,100,000 € per accident implying the operating third party liability;

 of 10,000,000 € per claim and per insurance year implying the professional liability;

The third party liability of Executive managers relating to the exercising of their mandate is covered by an insurance policy with AXA; the guarantee amounts to 10,000,000 €.

The business loss risk is a major risk for which the company is not covered and whose management is ensured by the company itself. The costs of re-entry in case of loss exceeding the normal operating charges are covered by an insurance policy with AXA for an amount of 2,000,000 €.

The total amount of insurance premiums paid in 2018 amounts to 769 K€ for the Group (2017: 581 K€).

**Table 30. Summary of the main effective insurance policies (France)**

<b>Risk factors</b>	<b>Company</b>	<b>Annual cost 2018</b>	<b>Cover extense</b>
<b>MRE</b>	<b>AXA</b>	<b>41.2 K€</b>	<b>Fires, explosion, theft, additional costs</b>
<b>Professional third party liability</b>	<b>AXA</b>	<b>218.2 K€</b>	<b>Civil liability insurance, ceiling of 9,100 K€ per accident Professional liability, 10,000 K€ per accident and insurance year</b>
<b>Liability of Executive managers and Head managers</b>	<b>AXA</b>	<b>16.7 K€</b>	<b>Fault or oversight on behalf of managers, guarantee of 10,000 K€ per claim</b>
<b>Car fleet</b>	<b>AXA</b>	<b>193.9 K€</b>	<b>Damages all accidents</b>

### 1.5.3.2. Government action, economics, budget, currency and policy-related risks

The Company did not report any financial risk related to climate change. Consequently, SQLI did not take any step to limit this risk by implementing a low carbon approach in its business organization.

#### 1.5.4. RISK REVIEW – LIST OF SIGNIFICANT RISKS

After assessing the risks which may have a significant negative impact on SQLI activity, financial situation or results, the company concluded there is no significant existing risk beyond those presented in this Reference document.

After reviewing the liquidity risks, the Company considers itself as being able to meet future deadlines.

The main existing risks which have been detailed above are the followings:

-  Competition-related risks;
-  External growth policy-related risks

Technology-related risk is not considered as significant since SQLI decided to partner with the main e-commerce platform editors and is thus less dependent on future major technology developments.

**Chapitre 2. COMPANY GOVERNANCE AND INTERNAL CONTROL**

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*2.1. Executive Board Report on company governance - year 2018*

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# CHAPTER 2. COMPANY GOVERNANCE AND INTERNAL CONTROL

## 2.1. EXECUTIVE BOARD REPORT ON COMPANY GOVERNANCE - YEAR 2018

Madam, Sir,

You will find below a report on company governance, which is presented separately from the management report, in application of Article 225-37, final alinea of the French Commercial Code, as amended by ordonnance n° 2017-1162 on 12 July 2017.

This report presents all governance processes implemented by SQLI, information regarding mandates and functions of SQLI Executive managers in other companies, information related to the remuneration of these representatives, including the proposed resolutions to the General Meeting ruling on this remuneration criteria (*ex ante* and *ex post* "say on pay" vote), in compliance with Loi Sapin II), as well as details regarding factors likely to have a significant effect in case of public offering.

We wish to remind you that the Company relies on the MiddleNext corporate governance rules, which can be found on the company website and on MiddleNext. In compliance with article L.225-37-4 8° of the French Commercial Code, the current report describes the few MiddleNext Code rules which have not been applied by SQLI and the explanations of this decision.

## 2.1.1. EXECUTIVE AND MANAGEMENT BOARDS

### 2.1.1.1. Management procedures of the head managers

The Executive Board decided on 7 July 2010 to separate the mandates of President of the Executive Board and CEO.

Didier Fauque has been appointed CEO on 7 May 2013. His mandate was renewed until 31 December 2020 by decision of the Board on 28 April 2016.

The CEO is assisted by two Co-CEOs:

- + Nicolas Rebours, appointed by the Executive Board on 30 June 2008, and reappointed by the Board on 25 June 2014 until the date of the Shareholders' Meeting called to assess the financial statements for the financial year ending 31 December 2019, and
- + Thierry Chemla, appointed by the Executive Board on 14 January 2014, and reappointed by the Board on 28 June 2017, until the date of the Shareholders' Meeting called to assess the financial statements for the financial year ending 31 December 2019.

Hervé de Beublain became Chairman of the Executive Board on 26 September 2018, being appointed by the Board after Roland Fitoussi resignation. His mandate will expire at the end of the General Meeting called to assess the financial statements for the financial year ending on 31 December 2022.

### 2.1.1.2. Members of the Executive Board

The following table describes the Executive Board members and committees at 31 December 2018.

First name, Last name, Title/Function of Board members	Independent <sup>18</sup>	Mandate starting date	Mandate ending date	Audit Committee	Compensation Committee	Strategy Committee	Acquisition Committee	Experience and expertise
<b>Executive Board members at 31 December 2018</b>								
<b>Hervé de Beublain</b> Board member Chairman of the Executive Board	Independent	Appointed as Board member on 14/06/2011 Mandate renewed on 28/06/2017 Appointed as Chairman of the Board on 26/09/2018	General Meeting presiding on year ended on 31 December 2022	Chairman		Member	Chairman	Expert in finance and accounting
<b>Véronique Reille-Soult de Dalmatie</b> Board member	Independent	25 June 2014	General Meeting presiding on year ended on 31/12/2019		Member	President		
<b>Fonds Nobel</b> Board member Represented by his permanent representative, Philippe de Verdalle	No, because of his reference shareholder position	28/11/2018 (cooptation)	General Meeting presiding on year ended on 31/12/2019	Member	Philippe de Verdalle : Chairman		Philippe de Verdalle : Member	
<b>Didier Fauque</b> Board member	No, because of his CEO mandate	15 May 2013 (cooptation) Mandate renewed on 25 June 2014	General Meeting presiding on year ended on 31/12/2019			Member		
<b>Board member representing employee shareholders at 31 December 2018</b>								
<b>Jérôme Abergel</b> Board member	No, being an employee of SQLI	Appointed by the Staff Committee : 23/11/18 Acknowledged by the Board on 28/11/18	General Meeting presiding on year ended on 31 December 2020					
<b>Member of the Executive Board whose mandate ended between 1<sup>st</sup> January and 31 December 2018</b>								
First name, Last name, Title/Function of Board members	Independent*	Mandate starting date	Mandate ending date					

<sup>18</sup> The role of independent member has been controlled by the Executive Board on 22 March 2019 and is compliant with Rule n°3 of the Middledex corporate governance code.

<p><b>Roland Fitoussi</b> Board member Chairman of the Executive Board</p>	<p>No, because of his reference shareholder position<sup>19</sup></p>	<p>30 June 2008 (Reappointed on 25 June 2014)</p>	<p>Roland Fitoussi resigned as Chairman of the Executive Board on 26 September 2018 Roland Fitoussi resigned as member of the Executive Board on 27 September 2018 Member of the Audit and Strategy Committees until 27 September 2018</p>
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<sup>19</sup> *The role of independent member has been controlled by the Executive Board on 27 March 2018 and is compliant with Rule n°3 of Middlednext corporate governance code (cf. infra).*

SQI statutes provide that:

- + the duration of the Board members mandate is 6 years;
- + The Executive Board members are not required to own a specific number of shares of the company. Despite rule n°1 of the Middledex Code, the Executive Board rules of procedure do not include this requirement.

### 2.1.1.3. Diversity policy applied to the Executive Board members

SQI takes into account the Principle of equal representation of men and women within the Executive Board. SQI is also compliant with Article L 225-18-1 of the French Commercial Code requiring that the difference between the number of members of each gender can not exceed 2 when the Board has 8 members at the most.<sup>1</sup>

The company doesn't have a specific gender diversity policy within its management team but pays attention to gender diversity regarding promotions and wages. The company Management team has 30% of women.

### 2.1.1.4. Conditions of preparation and organization of the Executive Board missions

#### 1. Role of the Executive Board

Pursuant to the law, the Executive Board decides of the company strategic orientations and supervises their implementation. At any time of the year, the Board can organize verifications and controls considered as needed and appropriate and request the documents deemed to be useful for the accomplishment of its mission.

In compliance with the powers given by law to the shareholders meetings, and in the limit of the social purpose of the company, the Board deals with any issue regarding the good functioning of the company.

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<sup>1</sup>According to Article L.225-197-1 II alinea 2 of the French Commercial Code, the Board members representing employee shareholders are not included in the number of Board members considered for the application of Article L.225-18-1, alinea 1 of the French Commercial Code which provides for gender diversity rules applied to public limited companies listed on a regulated stock market.

Pursuant to the law, the Board has the following missions: deciding and approving the annual budget, elaborating the company strategy, closing the half-year and year accounts, appointing the Executive managers in charge with the management of the company and deciding their remuneration, choosing the organization system (unification or separation of the functions of Chairman and CEO), controlling the management and the quality of information given to the shareholders and the markets, through the company accounts publication and during important deals. The Board is also in charge of preparing Annual General Meetings allowing with the related material.

## 2. Functions of the Executive Board Chairman

The Executive Board chairman is a non executive Chairman. Pursuant to the law, he organizes and supervises the Board works and ensures the smooth operation of the corporate bodies.

The Executive Board didn't give him any other task except presiding the Audit Committee, the Strategy Committee, the Acquisitions Committee and being a member of the Strategy Committee.

## 3. Limitation of the CEO and Co-CEOs powers.

On 22 September 2011, the Executive Board adopted new internal rules stating that all decisions and actions regarding the following subjects must receive its approval:

- + External growth operations;
- + Approval and modification of annual budget;
- + Any investment not included in the annual budget (including since 2012 the investment budget) which exceeds a global amount of 500,000 euros and any expense not included in the annual budget which exceeds a global amount of 500,000 euros (excluding recruitment operations);
- + Any subsidiary creation or joint venture agreement;
- + Any agreement or disposal or transfer act, with or without charge, of assets which are essential to the Company and/or its subsidiaries;
- + Contracting a loan or any bond issue which would not be included in the annual budget and concluding an off-balance sheet commitment whose amount would exceed 1,000,000 euros (including liability guarantees);
- + The grant of any security affecting the company and/or subsidiaries assets outside of their normal business and exceeding the annual allocation;
- + Any decision leading to a modification of the Company statutes including but not limited to a change in the social form, the governance procedures, the social purpose and the nature of business;
- + Any capital increase or decrease, securities issue in any category, merger, separation or partial contribution of assets regarding a company in the group;

- + Any decision affecting SQLI brand by extension or restriction of its use;
- + The implementation or modification of any participation, interest, stock option plan, of free shares allocation plan or of carry BSAAR.
- + Any decision related to a change in the place of quotation for the company securities, including the withdrawal.
- + Any change in accounting procedures;

According to the rules of procedure, the following items will have to be regularly reported to the Board:

- + Cash position;
- + Any change in high management positions (agency managers) and any change in the terms of agreement with one of these members (including in the work contract).
- + For subsidiaries managers, any change regarding:
  - > Their appointment and dismissal;
  - > The appointment of the directors of the subsidiaries;
  - > The powers of the Executive Boards of SQLI subsidiaries.
- + Any decision leading to a modification of a subsidiary statutes including but not limited to a change in the social form, the governance procedures, the social purpose and the nature of business;

#### 4. Preparation and organization of the Executive Board works

##### Executive Board

The rules of procedure of the Executive Board, as adopted on 22 September 2011, are available at the Company headquarters and on its website: <http://www.sqli.com>.

These rules of procedure are likely to be modified by the Executive Board following the laws and regulations and its own organization.

The purpose of the rules of procedure is the following:

- + Identifying the formation, the organization, the role and powers of the Executive Board towards the General Meeting by completing the existing legal procedures and statutes;
- + Improving the efficiency of meetings, debates, and being a reference for the periodic valuation of the Executive Board organization ;
- + Integrating the management of the Company in the rules guaranteeing the respect of corporate governance principles.

Consequently, the rules of procedure provide that the Chairman or Chief Executive Officer has to give every Board member all the material and data needed to the achievement of their mission.

Before the meeting of the Board, the Executive Board members must receive the material needed to study the agenda which will be debated during the meeting.

According to the Executive Board rules of procedure, for the calculation of the quorum and the majority, the Executive Board members who attend to the meeting by telepresence or telecommunications are deemed to be present if they can be identified and can effectively participate. However the participation to the Executive Board meetings by telepresence or telecommunication is not accepted for the matters defined by articles L.232-1 et L.233-16, that is for the annual accounts and Management report elaboration as well as for the consolidated accounts and group management report elaboration.

The rules of procedure were adopted on 22 September 2011, i.e. before the Executive Board decision of 21 March 2013 to comply, from 1st July 2013, with MiddleNext corporate governance code (which has then been subsequently modified in September 2016).

The Executive Board might decide to amend its rules of procedure in order to comply with the new MiddleNext corporate governance code as modified in September 2016, particularly with recommendations n° 4 and 7 included below.

### Elaboration of the rules of procedure of the Executive Board (Recommendation n°7 of the MiddleNext Code)

The Code recommends to adopt Rules of Procedure covering at least the following eight points:

- + functions of the Board including any operations that are subject to prior authorization by the Board, if applicable;
- + composition of the Board /independence criteria applicable to board members;
- + defining the missions of every specific committee;
- + directors' duties (ethics: loyalty, non-competition, disclosure of conflicts of interest and the duty to abstain, confidentiality etc.);
- + organization of the Board (frequency of the meetings, convening process, member information, use of video conference and telecommunication) and of the committees;
- + measures of protection for Executive managers: third party insurance (RCMS);
- + calculation rules for the remuneration of the Board members;
- + details on the succession plan for the Head manager and key managers.

It is also advisable to make the rules of procedures or a significant summary of it available on the company website with an presentation within the President report.

### Information of the Board members (Recommendation n°4 of the MiddleNext Code)

The company is advised to give to the Board members, in a timely manner, any relevant information related to the Company news and updates received between the Board meetings. It is advisable to include in the rules of procedure the methods used to deliver this information, with the establishment of a reasonable time-frame for this delivery.

During the meeting of 22 March 2019, the Executive Board carried out its own evaluation, in compliance with the MiddleNext Code, with the following comments and conclusions:

The Executive Board met 11 times in 2018, and recorded its decisions in minutes. The attendance rate of his members reached 100 %. The Executive Board Chairman presided over all the Board meetings. Each of these meetings was preceded by all the communications and information defined by the rules of procedure.

During these meetings, the Board debated the following items: development strategy, external growth projects, semi-annual and annual accounts closure, quarterly turnover closure, financial management, capital increase through issue premiums, record of exercise of securities giving access to the capital, capital increase dedicated to employees, governance, managers remuneration, preparation of the annual meeting.

According to Rule n°2 of the MiddleNext Code, the Executive Board made an assessment of potential conflicts of interests within the Board on 22 March 2019, and did not identify any potential conflict of interests. During the meeting of 22 March 2019, the Board members reminded that any (rare) situation likely to generate a potential conflict of interests had been carefully managed, with the eviction of the related Board members from the debates and decisions.

## Committees

The Committees are strictly consultative. They are under exclusive and collective responsibility of the Executive Board members. They report to the Executive Board which can decide of what to do according to the Committee advices.

## Audit Committee

The Executive Board created an Audit committee on 1st September 2009.

In compliance with Article L.823-19 II of the French Commercial Code, this Committee has the following functions:

- + supervising the financial reporting process and giving recommendations to guarantee its integrity;
- + checking the efficiency of internal control and risk management procedures, along with internal audit procedures, regarding the accounting and financial reports preparation and processing, without compromising its independence;
- + giving recommendations to the Statutory auditors whose appointment has been proposed by the General Meeting. These recommendations submitted to the Executive Board are prepared in compliance with Article 16 of Regulation UE n° 537/2014. A recommendation is also provided for the renewal of the auditors mandate, such as defined in Article 823-3-1 of the French Commercial Code;
- + following the execution of the Statutory auditors mission; regarding the Public interest entities, the committee takes into account the conclusions and statements of the Haut Conseil du Commissariat aux Comptes (Audit Office Control Board) relating to the evaluations made in compliance with Articles L. 821-9 and followings of the French Commercial Code;
- + ensuring the compliance of independence conditions by the statutory auditor, such as defined in Section 2, chapter II, Title II, Book VIII of the French Commercial code; if needed, the Committee takes the necessary steps to comply with paragraph 3, Article 4 of Regulation UE n° 537/2014 and ensure the compliance with the conditions mentioned in Article 6 of this Regulation;
- + approving the execution of the services described in Article L. 822-1 1-2 of the French Commercial Code;
- + reporting on a regular basis to the Executive Board regarding its missions; The Committee also reports the results of the accounts certification, describing how this task contributed to preserve the integrity of the financial information and its role in the process. Every issue met in the process must be reported as quickly as possible.

Before Roland Fitoussi resignation as Chairman and member of the Executive Board in September 2018, the Audit Committee has the following members:

- + Roland Fitoussi - Chairman of the Executive Board (until the abovementioned date)
- + Hervé de Beublain, independent member in compliance with Middlednext Code criteria and expert in finance and accounting. Hervé de Beublain was also chairman of the Audit Committee.

Since 28 November 2018, the Committee members are:

- + Hervé de Beublain, Chairman and member of the Executive Board, independent member in compliance with Middlednext Code criteria and expert in finance and accounting.
- + Fonds Nobel.

Hervé de Beublain is also chairman of the Audit Committee.

The Audit Committee met twice in 2018 with an attendance rate of 100%.

#### Compensation Committee

On 8 November 2011, the Executive Board decided to create a Compensation Committee, in charge of expressing recommendations regarding the remuneration granted to Executive managers and Head managers.

Until 28 November 2018, the Compensation Committee was composed of Hervé de Beublain and M. Bernard Jacon (independent and external member).

Since 28 November 2018, Philippe de Verdalle and Mme Véronique Reille-Soult are also members of this Committee. Philippe de Verdalle is chairman of the Audit Committee.

The Audit Committee met twice in 2018 with an attendance rate of 100 %.

#### Strategy Committee

The Strategy Committee mission is to study the Company strategy(ies) which the CEO expects to follow, in particular regarding investments and current activities, and to measure the project development progress.

Until 26 September 2018, the Strategy Committee was composed of Véronique Reille-Soult de Dalmatie (independent Board member), Roland Fitoussi (member and Chairman of the Executive Board) and Didier Fauque (Board member and CEO).

Reginald Sion and Bernard Jacon were the external members of the Strategy Committee.

Since 28 November 2018, the Strategy Committee members are:

+ Véronique Reille-Soult, independent Board member. Véronique Reille-Soult is also chairman of the Strategy Committee.

+ Hervé de Beublain, Board member and Chairman of the Executive Board;

+ M. Didier Fauque - Board member Chief Executive Officer

The Audit Committee met twice in 2018 with an attendance rate of 100 %.

#### Acquisition Committee

On 28 November 2018, the Executive Board decided to create an Acquisition Committee, in charge of studying acquisition projects and their conditions, before their submission to the Board approval.

Hervé de Beublain and Philippe de Verdalle are currently members of this Committee. Hervé de Beublain is also chairman of the Acquisition Committee.

The Audit Committee met once in 2018 with an attendance rate of 100 %.

### 2.1.1.5. List of mandates and functions of SQLI Executive managers in all the companies.

You will find in the following table the list of all mandates and functions of each one of SQLI officers in any and all companies during the past year:

**Table 31. Executive Board members (excluding Didier Fauque)**

Name of Executive managers	Mandate or function	Company in which the mandate or function is exercised	Headquarters location
Executive Board members at 31 December 2018			
Hervé de Beublain	Board member	SQLI (SA)	166, rue Jules Guesde 92300 Levallois Perret
	Chairman of the Executive Board	SQLI (SA)	166, rue Jules Guesde 92300 Levallois Perret
	Chairman	Platinum Gestion (SAS)	203, rue du Faubourg St Honoré 75008 Paris
		FD5 (SA)	203, rue du Faubourg St Honoré 75008 Paris
		Platinum Assur (SARL)	203, rue du Faubourg St Honoré 75008 Paris
Member of the Supervisory Board	Groupe Legris Industries (SA)	56 rue des Colonies Brussels, Belgium	
Véronique Reille-Soult de Dalmatie	Chairman	Boutic Factory SAS	5 Avenue des Chasseurs - OPC Incubateur Business Center 3 - 75017 Paris
	Executive Officer	Dentsu Aegis Network France	4 Place de Saverne 92400 Courbevoie
	Board member	SQLI (SA)	166, rue Jules Guesde 92300 Levallois Perret
Fonds Nobel Representative: Philippe de Verdalle Executive Board member since 28 November 2008	Board member (Permanent representative of Fonds Nobel with SQLI Executive Board)	SQLI (SA)	166, rue Jules Guesde 92300 Levallois Perret
	Partner of Weinberg Capital Partners (WCP) (France), Managing director of Nobel, specialized investment firm managed by WCP	Fonds Nobel	1, rue Ginoux 75008 Paris
	Board member	LNA Santé	7 Bd Auguste Priou 44120 Vertou
	Board member	SOLOCAL	204 rond-point du pont de sèvres 92100 Boulogne-Billancourt
Jérôme Abergel (Executive Board member since 28 November 2008)	Board member representing SQLI employee shareholders	SQLI (SA)	166, rue Jules Guesde 92300 Levallois Perret

### Members of the Executive Board who ceased to exercise their functions between 1st January and 31 December 2018

Roland Fitoussi (Executive Board member until 27 September 2018)	Chairman of the Executive Board (until 26 September 2018)	SQLI (SA)	166, rue Jules Guesde 92300 Levallois Perret
	Chairman of the Executive Board	Sethi (SA)	331 avenue Louise, Brussels
	Manager	Immobilière Fenelon (SARL)	76 avenue d'Iéna 75116 Paris

**Table 32. CEO and DEO**

Name of Executive managers	Mandate or function	Company in which the mandate or function is exercised	Headquarters location
Didier Fauque	Chief Executive Officer	SQLI (SA)	166, rue Jules Guesde 92300 Levallois Perret
	Chairman	EOZEN France (SA)	
	Chairman	ASTON EDUCATION (SA)	
	Manager	ASTON INSTITUT (one-person SARL)	
	Chairman	CLEAR VALUE (SA)	
	Co-manager	GEIE ICE	Parc de Lisieux – Bâtiment B 6, impasse de Lisieux 31300 Toulouse
	Board member and delegated member	SQLI Luxembourg (SA)	19 rue de Bitbourg L-1273 Luxembourg
	Board member and delegated member	EOZEN SA (Belgian company)	204, route d'Arlon L-8010 Strassen
	PDG	SQLI MAROC SA (Moroccan company)	Mahaj Ryad Center, Bâtiments 1 et 2, 3ème, 4ème et 5ème étages, Hay Riad, Rabat, Morocco
	Delegated Board member	EOZEN BELGIUM (Belgian company)	Lambroekstraat 5C B-1831 Diegem, Belgium
	Chairman	SQLI SUISSE (Swiss company)	3 avenue William Fraisse CH-1006 Lausanne Switzerland
	Manager	WAX (Belgian company)	B-9830, SaintMartens-Lateme Kortrijksesteenweg 90 (Belgium)
	Chairman	WADI management (SA)	33, rue Jean Mermoz 92380 Garches
	Co-manager	WADI investment SPRL (Belgian company)	97, rue Royale 1000 Bruxelles, Belgium
	Chairman	WAX INTERACTIVE (SAS)	166, rue Jules Guesde 92300 Levallois Perret
	Chairman	WAX Interactive Lille (formerly NAXEO) (SAS)	
	Chief Executive Officer	SQLI Ltd (formerly Invent Commerce)	United Kingdom
	Chief Executive Officer	SQLI (PTY) Ltd (formerly Invent Commerce proprietary Ltd)	South Africa
	Manager	ECOMMERCE4U (SARL)	25, rue Corneille 59100 Roubaix

Name of Executive managers	Mandate or function	Company in which the mandate or function is exercised	Headquarters location
	Board member	Star Republic	Ekelundsgatan 9 Göteborg – Sweden
	Board member	Osudio Holding BV	Orionsingel 18 (6418 KK) Heerlen, Netherlands
Nicolas Rebours	Chairman and member of the Executive Board	ABCIAL SAS	166, rue Jules Guesde 92300 Levallois Perret
	Board member	SQLI MAROC SA (Moroccan company)	Immeuble High Tech Avenue Annakhil, 1 <sup>er</sup> étage Hay Ryad Rabat, Morocco
	Work contract (Executive and Financial Manager) Co-Chief Executive Officer	SQLI (SA)	166, rue Jules Guesde 92300 Levallois Perret
	Board member	SQLI Luxembourg SA (Luxembourg company)	19 rue de Bitbourg L-1273 Luxembourg
	Board member	Star Republic	Ekelundsgatan 9 Göteborg – Sweden Sweden
	Board member	Osudio Holding BV	Orionsingel 18 (6418 KK) Heerlen, Netherlands
	Work contract (Director of Strategy and Development) Co-Chief Executive Officer	SQLI (SA)	166, rue Jules Guesde 92300 Levallois Perret
Thierry Chemla	Work contract (Director of Strategy and Development) Co-Chief Executive Officer	SQLI (SA)	166, rue Jules Guesde 92300 Levallois Perret

## 2.1.2. COMPENSATIONS AND IN-KIND BENEFITS, "SAY ON PAY" VOTE

### 2.1.2.1. Presentation of principles and criteria used to define, divide and distribute fixed, variable and extraordinary components of the total remuneration and in-kind benefits due to SQLI Executive managers (Article L.225-37-2 of the Commercial Code)

Principles and criteria used to define the remuneration policy for head managers




The global remuneration policy applied to each Executive manager is defined by the Executive Board, after recommendation of the Compensation Committee, during the appointment or reappointment of each Executive manager.

This policy is reviewed and discussed every year by the Board, after consulting the Compensation Committee.

The remuneration of the Executive managers, and especially the annual calculation of their variable remuneration along with the attribution of any kind of benefits, are based on the accomplished work, results, duration of service and responsibility with the objective of retaining and rewarding the company head managers.

In order to define the remuneration policy, the Executive Board takes into account the principles of comprehensiveness, balance, benchmark, consistency, readability, measurement and transparency recommended by the MiddleNext corporate governance code.

The Executive Board controls the following criteria:

-  the Executive officers remuneration must be set on a comprehensive basis, in order to include all the components (fixed, variable, stock-options, free shares, attendance fees, specific benefits...) in the global calculation of the remuneration amount;
-  the remuneration components must be justified and consistent with the general interest of the Company;
-  the compensation must be assessed, to the extent possible, in relation to a reference profession and market, and must be in proportion with the situation of the company, while paying attention to any inflationary effects;

- + the Executive managers remuneration must be set in a manner that is consistent with that of the company's other managers and employees;
- + the rules must be simple and transparent; the performance criteria used for the performance-related components of compensation or for allocating any options or bonus shares must correspond to the purposes of the company, must be demanding, explainable and, to the extent possible, sustainable. They must be detailed without compromising the confidentiality which can be necessary for some items; the remuneration and allocation of options or bonus shares should find the right balance and take into account the general interest of the company, market practices and manager performance.
- + annual information disclosure to shareholders on the compensation of the managers must be made in accordance with the applicable regulation.

Application if these general principles and criteria for year 2019

In application of Article 225-37-2 of the French Commercial Code, the paragraph a) describes the application of principles and criteria mentioned above to the calculation of the total remuneration and in-kind benefits due to the Board Chairman, the CEO and DEO of SQLI regarding their mandate for year 2019.

Compliant with the abovementioned article, these principles and criteria will be submitted to the approval of SQLI General Meeting on 27 June 2019 (ex ante vote).

If these principles and criteria were to be effectively approved by SQLI General Meeting on 27 June 2019, via the ex ante vote, the resulting amounts would be, under Article L 225-100 of the French Commercial Code, submitted to the approval of the shareholders in 2020, with an ex post vote.

The payment of variable and extraordinary remuneration components is submitted to the approval by the General Meeting to be held in 2020 of the remuneration composition for each Executive manager for year 2019 (Ex post vote).

1. Approval of principles and criteria used to define, divide and distribute all components of the total remuneration and in-kind benefits due to the company CEO for his mandate related to year 2019

The CEO remuneration policy has been reviewed and discussed by the Executive Board on 25 April 2019, after consultation with the Remuneration Committee.

The Board decided to amend the composition of the CEO remuneration. The new criteria used to define, divide and distribute the fixed and variable components of his total remuneration for 2019, following the above-mentioned principles, are exposed hereafter.

In case of early termination of the CEO mandate, these remuneration components will be assessed prorata temporis until the effective end of the mandate.

Fixed annual remuneration:

The CEO fixed annual remuneration is based on the level and complexity of his responsibilities, his experience in this function, his length of service in the company and a comparison with standard practices in similar companies.

It can be reviewed to take into account the events impacting the company and the other components of the remuneration, with a potential revaluation of the fixed amount.

Following the review of the composition of the CEO remuneration by the Executive Board on 25 April 2019, the fixed remuneration has been set to 450 000 € (gross) for year 2019.



Annual variable remuneration

The variable remuneration rewards the performance of the CEO for the previous year and helps to link his interests with SQLI operational strategy for that period.

The variable remuneration is subject to specific criteria assessing the CEO performance, decided in the beginning of the year under review by the Executive Board, after consultation with the Remuneration Committee.

The maximal amount of the CEO variable remuneration for year 2019 amounts to 300 000 euros (gross), corresponding to the achievement of 100% of the objectives predefined by the Executive Board.

The variable remuneration is divided as follows:

-  50% of quantitative results directly linked to the operational performance as expected in the budget (mainly organic growth and recurring operating income);
-  20% of qualitative results related to the improvement of staff turnover rate, to the increase of talent value and the CSR performance of the Company;

- + 30% of criteria related to the company stock performance (variation of the stock price compared with similar companies)

The ponderation of each of the components and the objectives to be achieved are decided in the beginning of the year under reviewed and disclosed to the CEO.

Long-term remuneration (free shares, stock options, financial instruments...)

The CEO annual remuneration can be completed with deferred components linked to long-term objectives: allocation of free shares, stock options or financial instruments, with acquisition or exercise conditions submitted to the achievement of conditions and criteria related to the Group strategy.

Depending on the authorization of the Shareholders General Meeting regarding the issue and distribution of such instruments by the Executive Board, the latter can set the allocation and exercise conditions and criteria after consultation with the Remuneration Committee.

The Executive Board can not proceed to the allocation of free shares or options to the financial manager at the time of his departure.

In-kind compensations

The CEO in-kind benefits include a company vehicle and the related costs and insurance policies (compulsory or optional), the expenses related to fuel, repair and maintenance works and parking for this vehicle, regarding the personal use of this vehicle by the CEO.

Other remuneration components:

When assessing the general remuneration of the head manager, the Executive Board takes into account the other remuneration components submitted to the General Meeting, as part of the procedure for regulated agreements and commitments.

These components are the following:

- + Didier Fauque is entitled to the pension, health and social security benefits contracted by the Company for the Executive managers;
- + If SQLI decided to apply the non-competition clause, M. Fauque would receive, in case of termination of his mandate, for any reason, an allowance equal to 60% of (i) the fixed part of his remuneration and (ii) the variable part of his remuneration for the year preceding the end of his mandate. This allowance will be paid on a monthly basis during the whole period of application of the non-competition undertaking.

The Company subscribed on 1st June 2013 a guarantee of unemployment benefit for Didier Fauque (representing 80% of revenues) for a duration of 18 months maximum.

Being a member of the Executive Board, Didier Fauque can also benefit from attendance fees. The amount and distribution of the Board members attendance fees have been calculated according to the members attendance to the Board meetings and to their participation in one or more Committee(s).

Possible nomination of a new CEO

The remuneration conditions and framework described in the present report will apply to any new CEO being nominated during the application period of the present policy, after taking into account the new CEO responsibilities and professional experience. This policy will also apply to the other benefits granted to the CEO.

The Executive Board will decide of the CEO remuneration conditions in line with the current CEO conditions and the standard practices applied in similar companies.

In case of nomination of a new CEO coming from another Group (unrelated to SQLI), the new CEO could benefit from a new function allocation in order to compensate from the loss of remuneration related to his previous mandate in another group, up to a ceiling of a 3 month allowance.

2. Approval of principles and criteria used to define, divide and distribute all components of the total remuneration and in-kind benefits due to the company Co-CEOs for their mandate related to year 2019

In case of early termination of the Co-CEO mandate, these remuneration components will be assessed pro rata temporis until the effective end of the mandate.

### Nicolas Rebours

The remuneration of Nicolas Rebours for his Co-CEO position was set by the Executive Board during the meeting of 29 July 2013 and confirmed when his mandate was renewed on 25 June 2014.

An annual fixed remuneration is due to Nicolas Rebours for his mandate of Co-CEO. Monsieur Nicolas Rebours does not receive any variable remuneration and other benefit for this mandate.

The fixed annual remuneration is based on the level and complexity of the manager responsibilities, his experience in this function, his length of service in the company and a comparison with standard practices in similar companies. This remuneration is reviewed quite rarely.

Nicolas Rebours annual fixed remuneration remains identical in 2019, and has been since 29 July 2013, in compliance with the Executive Board decision. This annual fixed remuneration stands at 20.000€ (gross).

## Thierry Chemla

On 28 June 2017, the Executive Board decided that Thierry Chemla would not receive any compensation for his mandate of Co-CEO.

### Possible nomination of a new Co-CEO

The remuneration conditions and framework described in the present report will apply to any new Co-CEO being nominated during the application period of the present policy, after taking into account the new Co-CEO responsibilities and professional experience. This policy will also apply to the benefits being granted to these managers.

The Executive Board is in charge of setting the managers remuneration fitting these criteria.

3. Approval of principles and criteria used to define, divide and distribute all components of the total remuneration and in-kind benefits due to the Executive Board chairman for his mandate related to year 2019.

The remuneration policy of the Board Chairman has been reviewed and discussed by the Executive Board on 9 January 2019, after consultation with the Remuneration Committee.

The Board decided to keep the same remuneration policy applied to the previous Chairman, excepted for the variable component which has been suppressed.

The annual fixed remuneration of Hervé de Beublain for his EB Chairman mandate in 2019 is based on the level and complexity of his responsibilities, his experience in this function, his length of service in the company and a comparison with standard practices in similar companies. This remuneration stands at 74,112 euros (gross).

Hervé de Beublain does not receive any variable remuneration and other benefit for this mandate.

He can however receive attendance fees. The amount and distribution of the Board members attendance fees have been calculated according to the members attendance to the Board meetings and to their participation in one or more Committee(s).

In case of early termination of the Executive Board Chairman mandate, these remuneration components will be assessed prorata temporis until the effective end of the mandate.

Possible nomination of a new Chairman :

The remuneration conditions and framework described in the present report will apply to any new Chairman being nominated during the application period of the present policy, after taking into account the new Chairman responsibilities and professional experience. This policy will also apply to the benefits being granted to the Executive managers.

The Executive Board will decide of the Executive manager remuneration conditions in line with the current Chairman remuneration conditions and the standard practices applied in similar companies.

In line with the points 1 to 3 above, we submit the following resolution project to an ex ante vote.

**Resolution project submitted to an ex ante vote, regarding the CEO:**

Approval of principles and criteria used to define, divide and distribute all components of the total remuneration and in-kind benefits due to the company CEO

The General Meeting, after review of the Executive Board report on Corporate governance, under Article L 225-37 of the Commercial Code, approves the principles and criteria used to define, divide and distribute all components of the total remuneration and in-kind benefits due to the CEO for year 2019, such as presented in Chapter II, point 1, paragraph a) of this report.

**Resolution project submitted to an ex ante vote, regarding the Co-COO:**

Approval of principles and criteria used to define, divide and distribute all components of the total remuneration and in-kind benefits due to the company Co-COOs

The General Meeting, after acknowledgement of the Executive Board report under Article L 225-37 of the Commercial Code, approves the principles and criteria used to define, divide and distribute all components of the total remuneration and in-kind benefits due to the Co-COOs for year 2019, such as presented in Chapter II, point 2, paragraph a) of this report.

**Resolution project submitted to an ex ante vote, regarding the Executive Board Chairman:**

Approval of principles and criteria used to define, divide and distribute all components of the total remuneration and in-kind benefits due to the company EB Chairman

The General Meeting, after acknowledgement of the Executive Board report under Article L 225-37 of the Commercial Code, approves the principles and criteria used to define, divide and distribute all components of the total remuneration and in-kind benefits due to the EB Chairman for year 2019, such as presented in Chapter II, point 3, paragraph a) of this report.

## 2.1.2.2. Remuneration of the Executive managers for year 2018

**Table 33. Summary of the Remuneration, options and shares allocated to every Executive manager**

Hervé de Beublain Chairman of the Executive Board since 26 September 2018	2016	2017	2018
Remuneration due for the financial year	14,000 <sup>1</sup>	14,000 <sup>1</sup>	14,000 <sup>1</sup>
Valuation of stock options granted during the year	NA	NA	NA
Valuation of performance shares granted during the financial year	NA	NA	NA
<b>TOTAL</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>
M. Didier Fauque Chief Executive Officer	2016	2017	2018

<sup>1</sup> Attendance fees

Remuneration due for the financial year	681,577	554,825	491,027 <sup>1</sup>
Valuation of stock options granted during the financial year <sup>2</sup>	NA	75,531	NA
Valuation of performance shares granted during the financial year <sup>3</sup>	NA	34,615	20,000
<b>TOTAL</b>	<b>681,577</b>	<b>664,971</b>	<b>511,027</b>
<b>Nicolas Rebours - Co-Chief Executive Officer</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Remuneration due for the financial year	235,719	212,394	220,392
Valuation of stock options granted during the financial year	NA	12,877	NA
Valuation of performance shares granted during the financial year	NA	57,077	NA
<b>TOTAL</b>	<b>235,719</b>	<b>282,348</b>	<b>220,392</b>
<b>Thierry Chemla - Co-Chief Executive Officer</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Remuneration due for the financial year	445,945	217,777	330,724
Valuation of stock options granted during the financial year	NA	NA	NA
Valuation of performance shares granted during the financial year	NA	NA	NA
<b>TOTAL</b>	<b>445,945</b>	<b>217,777</b>	<b>330,724</b>

<sup>1</sup> This amount includes an extraordinary remuneration amounting to 100,000 euros paid to Didier Fauque on 15 October 2018 by Aston Institut, a SGLI subsidiary, for his managing director mandate with this company, in order to recognize his efforts which strongly contributed in the company excellent results in the last two years.

<sup>2</sup> Appendix 2 of AMF n°2014-14 guideline (drafting guide for reference documents for small and mid-caps) mentions that this information must be completed by the "value of the options and financial instruments at the time they were awarded, in accordance with IFRS 2, after primarily taking into account a potential discount linked to performance criteria and the probability of the individual's continued presence in the company at the end of the acquisition period, but before the averaging effect under IFRS 2 of the expense over the acquisition period."

**Table 34. Summary of the Remuneration, options and shares allocated to the Executive managers who ceased to exercise their functions during year 2018**

<b>Roland Fitoussi Chairman of the Executive Board until 26 September 2018</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Remuneration due for the financial year</b>	<b>175,500</b>	<b>107,364</b>	<b>83,364</b>
<b>Valuation of stock options granted during the year</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Valuation of performance shares granted during the financial year</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>TOTAL</b>	<b>175,500</b>	<b>107,364</b>	<b>83,364</b>

Remuneration due/paid to each Executive manager by the Company and its subsidiaries, according to article L 233-16 of the Commercial Code.

**Table 35. Components of the remuneration paid or distributed to Didier Fauque for year ended on 31 December 2018, submitted to the approval of SQLI General Meeting on 27 June 2019**

M. Didier Fauque Chief Executive Officer	Year 2016		Year 2017		Year 2018	
	Due amounts <sup>1</sup>	Paid amounts <sup>2</sup>	Amounts due <sup>1</sup>	Paid amounts <sup>2</sup>	Due amounts <sup>3</sup>	Paid amounts <sup>2</sup>
Fixed remuneration <sup>4</sup>	266,448	266,448	266,450	266,450	266,450	266,450
Variable remuneration	127,000	167,600	159,400	227,000	27,000	59,400
Extraordinary remuneration	NA	186,222	NA	NA	100,000 <sup>5</sup>	100,000 <sub>5</sub>
Attendance fees	11,500	11,500	11,500	11,500	14,000	14,000
In-kind compensations	49,807	49,807	49,875	49,875	51,179	51,179
Valuation of stock options granted during the financial year	NA	NA	NA	75,531 <sup>6</sup>	NA	NA
Valuation of performance shares granted during the financial year				34,615 <sup>7</sup>		20,000 <sup>8</sup>
<b>TOTAL</b>	<b>454,755</b>	<b>681,577</b>	<b>487,223</b>	<b>664,971</b>	<b>478,629</b>	<b>511,029</b>

<sup>1</sup> Remuneration due to the executive manager during the year, regardless of the payment date.

<sup>2</sup> Total remuneration paid to the executive manager during the year.

<sup>3</sup> Remuneration due to the executive manager during the year, regardless of the payment date, subject, regarding the variable part amounting to 21,000 euros, to the approval of the remuneration components paid or allocated to Didier Fauque for year 2018 ("ex post" vote), by the Annual General Meeting held on 27 June 2019.

<sup>4</sup> Gross pretax basis

<sup>5</sup> This amount includes an extraordinary remuneration paid to Didier Fauque on 15 October 2018 by Aston Institut, a SQLI subsidiary, for his managing director mandate with this company, in order to recognize his efforts which strongly contributed in the company excellent results in the last two years.

<sup>6</sup> On 22 February 2017, the Executive Board decided, after authorization of the General Meeting of 15 June 2016, to grant Didier Fauque 10,000 stock options as part of his compensation for year 2016.

<sup>7</sup> On 22 February 2017, the Board decided, after authorization of the General Meeting of 15 June 2016, to grant Didier Fauque 1,437 free shares as part of his compensation for year 2016.

<sup>8</sup> On 27 March 2018, the Board decided, after authorization of the General Meeting of 15 June 2016, to grant Didier Fauque 565 free shares as part of his compensation for year 2017.

Application of the remuneration policy approved by the General Meeting of 22 June 2018 regarding the CEO remuneration for year 2018:

The remuneration policy applied to Didier Fauque for his CEO mandate has been reviewed and discussed by the Executive Board on 27 March 2018, after consultation with the Remuneration Committee. It has then been approved with the 7th resolution of the General Meeting adopted on 22 June 2018.

According to this resolution, the remuneration components paid or allocated to Didier Fauque for his CEO mandate in 2018 are the following:

Fixed annual remuneration:

The fixed annual remuneration is based on the level and complexity of the manager responsibilities, his experience in this function, his length of service in the company and a comparison with standard practices in similar companies.

This fixed remuneration has been set to 266,450 € (gross).

Annual variable remuneration

The Executive Board members consider that the variable remuneration is to reward the performance of the CEO for the previous year, helping to reconcile his interests with SQLI operational strategy for that period.

The variable remuneration is subject to the achievement of specific and ambitious objectives, decided in the beginning of the year under review by the Executive Board, after consultation with the Remuneration Committee, and based on quantity and quality criteria (considering that the detail and weighting of these criteria are communicated to the CEO but not to the public for confidentiality purpose).

The composition of this variable remuneration includes targeted levels in case of achievement of the objectives defined by the Board, maximum levels in case of surperformance and minimum levels under which this remuneration is not paid.

The performance criteria set by the Board on 27 March 2018 are the following:

- + a quantitative factor measuring the Company performance compared with a targeted recurring operating income;
- + a quality factor, part of the Move Up 2020 plan presented by the Company in June 2016.

A bonus representing an additional variable component can also be allocated to the CEO for year 2018. This potential bonus depends on the annual variation of SQLI share market price compared with the arithmetic mean of a panel composed of similar companies submitted by the Executive Board, after consultation with the Remuneration Committee (taking into account the arithmetic mean of the companies share market prices during the year). If the bonus is approved, the bonus amount calculation is based on the achievement rate of quality and quantity criteria such as mentioned above, with a fixed minimal amount of 10,000 euros.

On 22 March 2019, the Executive Board decided to give Didier Fauque a total variable remuneration of 27,000 euros, for the following reasons:

- + Non-payment of a bonus (additional variable component) of 100,000 euros related to SQLI share price variation compared to a panel of similar companies, following the decision expressed by Didier Fauque in a letter sent to the Board Chairman on 12 October 2018, to waive irrevocably and unconditionally any right to the fixed part bonus amounting to 100,000 euros.
- + payment of a variable amount of 27,000 euros (the company performance didn't reach the recurring operating income objective, but the quality criteria based on Move Up 2020 plan, as presented in June 2016, have been partly achieved - allocation of 15 % for the major accounts).

In compliance with Article L 225-37-2 of the Commercial Code, the payment of this variable remuneration is subject to the approval of this remuneration by the Annual General Meeting held in 2019, under the provisions of Article L 225-100 of the Commercial Code.

### + Allocation of stock options and free shares:

- Regarding the allocation of free shares, as part of Didier Fauque remuneration for year 2018:

Before the remuneration policy review operated by the Executive Board on 25 April 2019, the stock options policy previously established by the Board, after consultation with the Remuneration Committee, consisted in allocating every year a fixed number of options to the CEO, submitted to the performance of Sqli share price which would have to reach a certain level in the previous year, such as decided by the Executive Board. The exact number of shares which could be granted to the CEO also depended on the annual growth rate of Sqli share price.

The Executive Board established on 29 March 2019 the new conditions of allocation of stock options to Didier Fauque for year 2018.

In compliance with this new policy, Didier Fauque was not allocated any option for year 2018.

- Regarding the allocation of free shares, as part of Didier Fauque remuneration for year 2018:

Before the remuneration policy review operated by the Executive Board on 25 April 2019, the free shares policy established by the Board since 2016, after consultation with the Remuneration Committee, consisted in allocating every year a certain number of free shares to the CEO, established as follows: 20 000 euros / SP, with "SP" being Sqli share price at 30 December of the previous year.

The Executive Board established on 29 March 2019 the new conditions of allocation of free shares to Didier Fauque for year 2018.

In compliance with this new policy, Didier Fauque was allocated 1,123 new shares for year 2018.

### In-kind compensations

Didier Fauque in-kind benefits include a company vehicle and the related costs and insurance policies (compulsory or optional), the expenses related to fuel, repair and maintenance works and parking for this vehicle, regarding the personal use of this vehicle by Didier Fauque.

### Other remuneration components:

When assessing the general remuneration of the head manager, the Executive Board takes into account the other remuneration components submitted to the General Meeting, as part of the procedure for regulated agreements and commitments.

These components are the following:

- + Didier Fauque is entitled to the pension, health and social security benefits contracted by the Company for the Executive managers;

- ⊕ The Company subscribed on 1st June 2013 a guarantee of unemployment benefit for Didier Fauque (representing 80% of revenues) for a duration of 18 months maximum.
- ⊕ Being a member of the Executive Board, the CEO can also receive attendance fees. The amount and distribution of the Board members attendance fees have been calculated according to the members attendance to the Board meetings and to their participation in one or more Committee(s).

Following the Board decision made on 28 April 2016, Didier Fauque shall have to respect a non competition undertaking for a period of 24 months in case of termination of his CEO mandate, for any reason, if SQLI decides to apply this undertaking. In compensation for the application of this undertaking, Didier Fauque would receive an allowance equal to 60% of (i) the fixed part of his remuneration and (ii) the variable part of his remuneration for the year preceding the end of his mandate. This allowance will be paid on a monthly basis during the whole period of application of the non-competition undertaking.

In order to comply with the MiddleNext Code, such as modified in September 2016, the following table summarises the benefits or allowances granted to Didier Fauque:

	Work contract	Extra pension plan	Non-competition clause
<p><b>Didier Fauque</b> His CEO mandate was renewed from 7 May 2016 until 31 December 2020</p>	NO	NO	<p>YES</p> <p><u>Duration</u> : 24 months in case of termination of his CEO mandate, for any reason.</p> <p><u>Remuneration in case of activation of the non-competition clause by SQLI</u>: In compensation for the application of this undertaking, Didier Fauque would receive an allowance equal to 60% of (i) the fixed part of his remuneration and (ii) the variable part of his remuneration for the year preceding the end of his mandate. This allowance will be paid on a monthly basis during the whole period of application of the non-competition undertaking.</p>

Resolution project regarding Say on pay principle - ex post vote (Article L 225-100 of the Commercial code):

In compliance with article L.225-100 of the French Commercial Code and following the 7th resolution adopted by the General Meeting on 22 June 2018, regarding Didier Fauque remuneration for year 2018, an ex post vote will be submitted to the shareholders during the next Annual General Meeting, in order to approve the components of Didier Fauque global remuneration and in-kind benefits for his CEO mandate in 2018, such as presented above.

Resolution project: Approval of the global remuneration and in-kind benefits components due or paid to Didier Fauque, for his CEO mandate in 2018)

In compliance with article L.225-100 of the French Commercial Code, the General Meeting approves the fixed and variable components of the remuneration and in-kind benefits paid or allocated for year ended on 31 December 2018 to Didier Fauque, as company CEO, such as presented in Chapter II, point 2.1, paragraph b) of the Executive Board report on company governance.

On 16 September 2014, in compliance with the delegation granted by the General Meeting on 25 June 2014, the Executive Board decided to issue 215,784 shares with warrants attached (BSA), 143,856 of which have been subscribed by Wadi Investment, whose capital and voting rights are currently mainly owned by Didier Fauque. (see description in Chapter II, point 6) of the present report).

Components of the remuneration paid or distributed to Roland Fitoussi for year ended on 31 December 2018, submitted to the approval of SQLI General Meeting on 27 June 2019

Roland Fitoussi Chairman of the Executive Board between 01/01/2018 and 26/09/2018	Year 2016		Year 2017		Year 2018	
	Due amounts <sup>1</sup>	Paid amounts <sup>2</sup>	Amounts due <sup>1</sup>	Paid amounts <sup>2</sup>	Due amounts <sup>3</sup>	Paid amounts <sup>2</sup>
Fixed remuneration <sup>4</sup>	74,112	70,000	74,112	78,224	74,112	55,584
Annual variable remuneration	17,640	94,000	14,850	17,640	4,975	14,850
Extraordinary remuneration	NA	NA	NA	NA	NA	NA
Attendance fees	11,500	11,500	11,500	11,500	14,000	14,000
In-kind compensations	NA	NA	NA	NA	NA	NA
<b>TOTAL</b>	<b>103,252</b>	<b>175,500</b>	<b>100,462</b>	<b>107,364</b>	<b>93,087</b>	<b>102,962</b>

Application of the remuneration policy approved by the General Meeting of 22 June 2018 regarding Roland Fitoussi mandate as EB chairman between 1st January 2018 and 26 September 2018:

The remuneration policy regarding Roland Fitoussi and his Chairman mandate has been reviewed and discussed by the Executive Board on 27 March 2018, after consultation with the Remuneration Committee. It has then been approved with the 8th resolution of the General Meeting adopted on 22 June 2018.

According to this resolution, the remuneration components paid or allocated to Roland Fitoussi for his Chairman mandate in 2018 are the following:

#### Annual fixed remuneration

Roland Fitoussi fixed annual remuneration for 2018 is based on the level and complexity of the manager responsibilities, his experience in this function, his length of service in the company and a comparison with standard practices in similar companies or standard market customs.

This annual fixed remuneration amounts to 74.112€ (gross). For the period from 1st January 2018 to 26 September 2018, the remuneration has been calculated on a pro rata basis, amounting to 55,584€ (gross).

#### Annual variable remuneration

On 22 March 2018, the Board confirmed the allocation of a variable remuneration for year 2018 to Roland Fitoussi, regarding his mandate of Chairman of the Executive Board.

This remuneration includes the following components:

<sup>1</sup> Remuneration due to the executive manager during the year, regardless of the payment date.

<sup>2</sup> Total remuneration paid to the executive manager during the year.

<sup>3</sup> Remuneration due to the executive manager during the year, regardless of the payment date, subject, regarding the variable part amounting to 4 975 euros, to the approval of the remuneration components paid or allocated to Roland Fitoussi for year 2018 ("ex post" vote), by the Annual General Meeting held in 2019.

<sup>4</sup> Gross pretax basis

- + a first variable part set to 25% of the variable remunerations due for 2018 to the Chairman (excluding annual bonus);
- + a second variable part representing a major part of the variable remuneration amount due to the Chairman and subject to the variation of SGLI share price in 2018.

The maximal amount of the Chairman variable remuneration for year 2018 (including the bonus) is 91% of his annual fixed remuneration.

Considering of the early termination of Roland Fitoussi mandate on 26 September 2018, the Executive Board decided on 22 March 2019 to set R.Fitoussi variable remuneration amount at 4,974.66 €, for the following reasons:

The variable remuneration granted to Roland Fitoussi represents 25% of Didier Fauque variable remuneration.

In compliance with Article L 225-37-2 of the Commercial Code, the payment of this variable remuneration is subject to the approval of this remuneration by the Annual General Meeting held on 27 June 2019, under the provisions of Article L 225-100 of the Commercial Code.

#### Attendance fees

Roland Fitoussi received 14,000 euros of attendance fees in 2018. The amount and distribution of attendance fees have been calculated according to his attendance to the Board meetings and to their participation in one or more Committee(s).

#### Resolution project regarding Say on pay principle - ex post vote (Article L 225-100 of the Commercial code):

In compliance with article L.225-100 of the French Commercial Code and following the 7th resolution adopted by the General Meeting on 22 June 2018, regarding Roland Fitoussi remuneration for year 2018, an ex post vote will be submitted to the shareholders during the next Annual General Meeting, in order to approve the components of Roland Fitoussi global remuneration and in-kind benefits for his Chairman mandate until 26 September 2018, such as presented above.

*Resolution project: Approval of the global remuneration and in-kind benefits components due or paid to Roland Fitoussi, for his Chairman mandate until 26 September 2018)*

*In compliance with article L.225-100 of the French Commercial Code, the General Meeting approves the fixed and variable components of the remuneration and in-kind benefits paid or allocated for the period ended on 26 September 2018 to Roland Fitoussi, as Chairman of the Executive Board, such as presented in Chapter II, point 2.2, paragraph b) of the Executive Board report on corporate governance.*

Components of the remuneration paid or distributed to Hervé de Beublain for year ended on 31 December 2018, submitted to the approval of SGLI General Meeting on 27 June 2019

Hervé de Beublain Chairman of the Executive Board between September 2018 and December 2018	Year 2016		Year 2017		Year 2018	
	Due amounts <sup>1</sup>	Paid amounts <sup>2</sup>	Amounts due <sup>1</sup>	Paid amounts <sup>2</sup>	Amounts due <sup>1</sup>	Paid amounts <sup>2</sup>
Fixed remuneration <sup>3</sup>	NA	NA	NA	NA	19,492	0
Annual variable remuneration	NA	NA	NA	NA	NA	NA
Extraordinary remuneration	NA	NA	NA	NA	NA	NA
Attendance fees	16,500	16,500	16,500	16,500	14,000	14,000
In-kind compensations	NA	NA	NA	NA	NA	NA
<b>TOTAL</b>	16,500	16,500	16,500	16,500	33,492	14,000

Hervé de Beublain was nominated as new Chairman of the Executive Board on 26 September 2018. The remuneration due for his Chairman mandate between 1st January 2018 and 26 September 2018 was calculated as follows, the annual fixed allowance of 74,112 euros (gross) was adjusted to 19,492 euros (gross) for the period (pro rata temporis).

Roland Fitoussi received 14,000 euros of attendance fees in 2018. The amount and distribution of attendance fees have been calculated according to his attendance to the Board meetings and to their participation in one or more Committee(s).

Resolution project regarding Say on pay principle - ex post vote (Article L 225-100 of the Commercial code):

An ex post vote will be submitted to the shareholders during the next Annual General Meeting, in order to approve the components of Hervé de Beublain global remuneration and in-kind benefits for his Chairman mandate from 26 September 2018, such as presented above.

*Resolution project: Approval of the global remuneration and in-kind benefits components due or paid to Hervé de Beublain, for his Chairman mandate from 26 September 2018)*

*In compliance with article L.225-100 of the French Commercial Code, the General Meeting approves the fixed and variable components of the remuneration and in-kind benefits paid or allocated for the period starting on 26 September 2018 to Hervé de Beublain, as Chairman of the Executive Board, such as presented in Chapter II, point 2.3, paragraph b) of the Executive Board report on corporate governance.*

<sup>1</sup> Remuneration due to the executive manager during the year, regardless of the payment date.

<sup>2</sup> Total remuneration paid to the executive manager during the year.

<sup>3</sup> Gross pretax basis

Components of the remuneration paid or distributed to Nicolas Rebours for year ended on 31 December 2018, submitted to the approval of SQLI General Meeting on 27 June 2019

Functions related to the employment contract						
Nicolas Rebours Executive and Financial Manager	Year 2016		Year 2017		Year 2018	
	Due amounts <sup>1</sup>	Paid amounts <sup>2</sup>	Amounts due <sup>1</sup>	Paid amounts <sup>2</sup>	Amounts due <sup>1</sup>	Paid amounts <sup>2</sup>
Fixed remuneration <sup>3</sup>	151,593	151,593	151,700	151,700	151,700	151,700
Variable remuneration	40,000	59,500	40,000	36,000	40,000	44,000
Extraordinary remuneration	NA	NA	NA	NA	NA	NA
In-kind compensations	4,626	4,626	4,694	4,694	4,692	4,692
Valuation of options granted during the year (presented in point 4.2 below)				12,877	NA	NA
Valuation of options granted during the year (presented in point 4.2 below)				57,077	NA	NA
<b>TOTAL</b>	<b>196,219</b>	<b>215,719</b>	<b>197,394</b>	<b>262,348</b>	<b>196,392</b>	<b>200,392</b>
Functions related to the Co-CEO mandate						
Nicolas Rebours Co-Chief Executive Officer	Year 2016		Year 2017		Year 2018	
	Amounts due <sup>1</sup>	Paid amounts <sup>2</sup>	Amounts due <sup>1</sup>	Paid amounts <sup>2</sup>	Amounts due <sup>1</sup>	Paid amounts <sup>2</sup>
Fixed remuneration <sup>3</sup>	20,000	20,000	20,000	20,000	20,000	20,000
Variable remuneration	NA	NA	NA	NA	NA	NA
Extraordinary remuneration	NA	NA	NA	NA	NA	NA
In-kind compensations	NA	NA	NA	NA	NA	NA
<b>TOTAL</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>

The remuneration of Nicolas Rebours for his Co-CEO position was set by the Executive Board during the meeting of 29 July 2013 and confirmed when his mandate was renewed on 25 June 2014.

<sup>1</sup> Remuneration due to the executive manager during the year, regardless of the payment date.

<sup>2</sup> Total remuneration paid to the executive manager during the year.

<sup>3</sup> Gross pretax basis

The Annual fixed remuneration of Nicolas Rebours for his mandate of Co-CEO amounts to 20,000 euros (gross). Nicolas Rebours does not receive any variable remuneration and other benefit for this mandate.

The fixed annual remuneration is based on the level and complexity of the manager responsibilities, his experience in this function, his length of service in the company and a comparison with standard practices in similar companies.

The Annual fixed remuneration of Nicolas Rebours for his mandate of Co-CEO has been set to 20,000 euros for year 2018.

Monsieur Nicolas Rebours kept the benefit from his work contract of Executive and Financial manager of the group. The Annual fixed wages of Monsieur Nicolas Rebours for his function of Executive and Financial manager amounts to 151,700 euros (including vacation bonus). The variable part of his remuneration amounts to 70,000 € (gross value). The company vehicle in kind benefit amounts to 4,692 €.

**Resolution project regarding Say on pay principle - ex post vote (Article L 225-100 of the Commercial code):**

In compliance with article L.225-102 of the French Commercial Code and following the 9th resolution adopted by the General Meeting on 22 June 2018, regarding Nicolas Rebours remuneration for year 2018, an ex post vote will be submitted to the shareholders during the next Annual General Meeting, in order to approve the components of Nicolas Rebours global remuneration for his Co-CEO mandate in 2018, such as presented above.

*Resolution project: Approval of the global remuneration and in-kind benefits components due or paid to Nicolas Rebours, for his Co-CEO mandate in 2018)*

*In compliance with article L.225-100 of the French Commercial Code, the General Meeting approves the fixed and variable components of the remuneration and in-kind benefits paid or allocated for year ended on 31 December 2018 to Nicolas Rebours, as Co-CEO, such as presented in Chapter II, point 2.4, paragraph b) of the Executive Board report on corporate governance.*

**Table 36. Remunerations of Thierry CHEMLA**

Functions related to the employment contract						
Thierry Chemla Vice - President Strategy & Development	2016		2017		2018	
	Due amounts <sup>1</sup>	Paid amounts <sup>2</sup>	Amounts due <sup>1</sup>	Paid amounts <sup>2</sup>	Amounts due <sup>1</sup>	Paid amounts <sup>2</sup>
Fixed remuneration <sup>3</sup>	184,500	186,345	186,345	186,345	186,345	186,345
Variable remuneration	86,000	255,300	90,300	26,000	90,000	138,879
Extraordinary remuneration	NA	NA	NA	NA	NA	NA
In-kind compensations	4,300	4,300	5,432	5,432	5,500	5,500
<b>TOTAL</b>	<b>274,800</b>	<b>445,945</b>	<b>282,077</b>	<b>217,777</b>	<b>281,845</b>	<b>330,724</b>
Functions related to the Co-CEO mandate						
Thierry Chemla Co-Chief Executive Officer	Year N-2		Year N-1		Year N	
	Amounts due <sup>1</sup>	Paid amounts <sup>2</sup>	Amounts due <sup>1</sup>	Paid amounts <sup>2</sup>	Amounts due <sup>1</sup>	Paid amounts <sup>2</sup>
Fixed remuneration <sup>3</sup>	NA	NA	NA	NA	NA	NA
Variable remuneration	NA	NA	NA	NA	NA	NA
Extraordinary remuneration	NA	NA	NA	NA	NA	NA
In-kind compensations	NA	NA	NA	NA	NA	NA
<b>TOTAL</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

On 14 January 2014, the Executive Board decided that Thierry Chemla would not receive any compensation for his mandate of Co-CEO.

He kept the benefit from his work contract of Executive and Financial manager of the group. M. Chemla compensation regarding his employment contract is the following: fixed wages: 186,345€ (including vacation bonus), variable part based on target achievement: 155,000 €, bonus: 60,000 €. The company vehicle in kind benefit amounts to 5,500 €.

On 16 September 2014, in compliance with the delegation granted by the General Meeting of 25 June 2014, the Executive Board granted 71,928 BSA to Thierry Chemla (see explanations in point 6 of the present report).

<sup>1</sup> Remuneration due to the executive manager during the year, regardless of the payment date.

<sup>2</sup> Total remuneration paid to the executive manager during the year.

<sup>3</sup> Gross pretax basis

**Table 37. Distribution of attendance fees and other remunerations of Non Executive managers for year 2018**

Non Executive managers	Amounts paid during year 2016	Amounts paid during year 2017	Amounts paid during year 2018
<b>Véronique Reille Soult de Damaltie</b>			
Attendance fees	14,000	14,000	14,000
Other remuneration	NA	NA	NA
<b>Fonds Nobel elected on 28/11/2018</b>			
Attendance fees	NA	NA	NA
Other remuneration	NA	NA	NA
<b>Jérôme Abergel Nominated by the EB on 23/11/2018</b>			
Attendance fees	NA	NA	NA
Other remuneration	NA	NA	NA

The amount and distribution of attendance fees have been calculated according to the members attendance to the Board meetings and to their participation in one or more Committee(s).

## 1. Free shares

On 15 June 2016, the General Meeting authorized the Executive Board to allocate ordinary free shares, limited to 30,000 new shares, to employees or Executive managers of the group companies and subsidiaries, in compliance with Article L.225-197-2 of the French Commercial Code.

Following this authorization, the Executive Board proceeded with such allocations on 22 February 2017, 18 October 2017 and 27 March 2018.

In compliance with Article L.225-197-2 of the French Commercial Code, the information required regarding the allocation of free shares is included in the EB special report regarding free share allocations operated in 2017 submitted to the Combined General Meeting on 22 June 2018 and in the EB special report regarding free share allocations operated in 2018 submitted to the Combined General Meeting on 27 June 2019.

**Table 38. Table - Review of free shares allocation plans in 2018**

	2017		2018	Total
	1st allocation	2d allocation		
Date of authorization by the GM	15.06.2016	15.06.2016	15.06.2016	NA
Date of allocation by the Executive Board	22.02.2017	18.10.2017	27.03/2018	NA
Total number of allocated free shares	22,437	2,300	565	25,302
Adjusted number of allocated free shares <sup>1</sup>	23,010	2,358	580	25,948
Adjusted number of free shares definitely allocated at 31/12/2018	-	-	-	-
Adjusted number of free shares definitely not allocated yet at 31.12.2018	23,010	2,358	580	25,948

<sup>1</sup> The number of free shares has been adjusted in order to take into account the Capital increase by way of incorporation of issue premium amounts, decided by the Executive Board on 18 July 2018, following the authorization of the Combined General Meeting of 22 June 2018 (the "Capital increase"). This adjustment has been calculated as follows: Adjusted number of allocated free shares = Initial number of allocated free shares x (number of SQLI shares following the Capital increase/Number of SQLI shares before the Capital increase, rounded up to the superior unit.

Free shares allocated to Executive managers as part of the above-mentioned plans

In February 2017, the Executive Board, exercising the authorization given by the extraordinary General Meeting of 15 June 2016, decided to grant (i) 1,437 free shares to Didier Fauque (CEO) and (ii) a total amount of 21,000 free shares to certain employees including Nicolas Rebours, employee and Co-CEO.

In March 2018, the EB decided to allocate 565 free shares to Didier Fauque, CEO, following the authorization of the Combined General Meeting of 15 June 2016.

The following table describes all free shares allocated to Didier Fauque and Nicolas Rebours in 2017 and 2018:

Free shares allocated to each Executive manager					
Name of the Executive manager	N° and date of plan	Number of options granted in 2017	Valuation of shares following the methodology applied to consolidated accounts <sup>1</sup>	Date of acquisition (identical to the date of availability)	Performance conditions
Nicolas Rebours	2017 plan 22/02/2017	Initial: 1 500 After adjustment <sup>2</sup> : 1 538	57,077 €	01/01/2021	Without
Didier Fauque	2017 plan 2/22/2017	Initial: 1,437 After adjustment <sup>2</sup> : 1,473	34,615€	2/23/2019	Without
	2018 plan 3/27/2018	Initial: 565 After adjustment <sup>2</sup> : 580	€ 20,000	3/28/2020	Without

<sup>1</sup> Value of the options and financial instruments at the time they were awarded, in accordance with IFRS 2, after primarily taking into account a potential discount linked to performance criteria and the probability of the individual's continued presence in the company at the end of the acquisition period, but before the averaging effect under IFRS 2 of the expense over the acquisition period.

<sup>2</sup> The number of free shares has been adjusted in order to take into account the Capital increase by way of incorporation of issue premium amounts, decided by the Executive Board on 18 July 2018, following the authorization of the Combined General Meeting of 22 June 2018 (the "Capital increase"). This adjustment has been calculated as follows: Adjusted number of allocated free shares = Initial number of allocated free shares x (number of SQLI shares following the Capital increase/Number of SQLI shares before the Capital increase, rounded up to the superior unit.

The Executive Board didn't attach a performance condition to the free acquisition of all or part of Nicolas Rebours and Didier Fauque free shares, in spite of the MiddleNext Code recommendation, for the following reasons:

- + For Nicolas Rebours: the free shares allocated by the Executive Board on 22 February 2017 are related to his employment contract and not to his mandate of Executive manager, which shows he had the same rights as the other employees members of the stock options plan;
- + For Didier Fauque: the allocation of free shares in 2017 is part of his compensation for year 2016, such as decided by the Executive Board on 28 April 2016. The allocation of free shares in 2018 is part of his compensation for year 2017, such as decided by the Executive Board on 28 April 2016.

In compliance with article L.225-197-1 II alinea 4 of the French Commercial Code, the Executive Board decided that Didier Fauque and Nicolas Rebours would have to keep at least 5% of their free shares until the end of their mandate.

### Stock options

On 25 June 2014, 15 June 2016 and 28 June 2017, the General Meeting authorized the Executive Board to allocate stock options with a fixed price subscription right to employees or Executive managers of the group companies and subsidiaries, in compliance with Article L.225-180 of the French Commercial Code.

Following these authorizations, the Executive Board proceeded with the allocation of stock options on 25 November 2014, 22 February 2017, 18 October 2017 and 27 March 2018.

In compliance with Article L.225-184 of the French Commercial Code, the information required regarding the allocation of stock options is included in the EB special report submitted to the Combined General Meeting on 25 June 2015 and in the EB special report submitted to the Combined General Meeting on 22 June 2018.

Table - Review of stock option plans in 2018

	2014	2017	
		1st allocation	2d allocation
<b>Date of authorization by the GM</b>	<b>25.06.2014</b>	<b>15.06.2016</b>	<b>28.06.2017</b>
<b>Date of the Executive Board meeting</b>	<b>05.11.2014</b>	<b>22.02.2017</b>	<b>18.10.2017</b>
<b>Total number of allocated stock options</b>	<b>48,000</b>	<b>28,000</b>	<b>2,000</b>
<b>Initial purchase price (in euros)</b>	<b>€ 16.00</b>	<b>€ 32.84</b>	<b>€ 33.01</b>
<b>Adjusted purchase price<sup>1</sup> (in euros)</b>	<b>€ 15.61</b>	<b>€ 32.04</b>	<b>€ 32.20</b>
<b>Initial number of shares related to these stock options</b>	<b>48,000</b>	<b>28,000</b>	<b>2,000</b>
<b>Adjusted number of shares related to these stock options<sup>2</sup></b>	<b>7,636</b>	<b>27,675</b>	<b>2,052</b>
<b>Total number of options already exercised at 31/12/2018</b>	<b>33,050</b>	<b>-</b>	<b>-</b>

Free shares allocated to Executive managers as part of the above-mentioned plans

On 25 June 2014, the Executive Board, exercising the authorization given by the extraordinary General Meeting of 5 November 2014, decided to grant 48,000 stock options to certain employees and to Nicolas Rebours, employee and Co-CEO.

<sup>1</sup> The purchase price has been adjusted in order to take into account the Capital increase by way of incorporation of issue premium amounts, decided by the Executive Board on 18 July 2018, following the authorization of the Combined General Meeting of 22 June 2018 (the "Capital increase"). This adjustment has been calculated as follows: Adjusted purchase price = Initial purchase price x (number of SQLI shares before the Capital increase/Number of SQLI shares after the Capital increase).

<sup>2</sup> The number of shares to which the stock options give entitlement to keep the same purchase price has been adjusted in order to take into account the Capital increase by way of incorporation of issue premium amounts, decided by the Executive Board on 18 July 2018, following the authorization of the Combined General Meeting of 22 June 2018 (the "Capital increase"). This adjustment has been calculated as follows: adjusted number of shares related to these stock options = initial number of shares related to these stock options x (initial purchase price/adjusted purchase price, rounded up to the superior unit).

The following table describes stock options allocated to Nicolas Rebours in 2014:

Stock options allocated to each Executive manager in 2014							
Name	N° and date of plan	Type	Valuation of options (according to the selected method) <sup>1</sup>	Number of options granted in 2014	Exercise price	Performance conditions	Exercise period
Nicolas Rebours	2014 Plan 05/11/2014	Stock options	€6,211	3,500	€16	Without	01/01/2017 06/11/2019

The Executive Board didn't attach a performance condition to the exercise of all or part of Nicolas Rebours stock options, in spite of the MiddleNext Code fifth recommendation, for the following reasons: the consented options are related to M. Rebours employment contract and not to his Executive manager mandate, which shows he had the same rights as the other employees regarding these stock options.

On 5 November 2014, the Executive Board decided that the stock options holders who exercised their options, would have to register in their own name the shares subscribed after exercising their options.

The Executive Board, exercising the authorization given by the extraordinary General Meeting of 15 June 2016, decided on 22 February 2017, to grant (i) 10,000 stock options to Didier Fauque and (ii) a total amount of 18,000 stock options to certain employees including Nicolas Rebours, employee and Co-CEO.

<sup>1</sup> Appendix 2 of AMF n°2014-14 guideline mentions that this information must be completed by the "value of the options and financial instruments at the time they were awarded, in accordance with IFRS 2, after primarily taking into account a potential discount linked to performance criteria and the probability of the individual's continued presence in the company at the end of the acquisition period, but before the averaging effect under IFRS 2 of the expense over the acquisition period».

The following table describes stock options allocated to Didier Fauque and Nicolas Rebours:

Stock options allocated to each Executive manager in 2017								
Name	N° and date of plan	Type	Valuation of options (according to the selected method) <sup>1</sup>	Number of options granted in 2014	Exercise price	Adjusted number of shares <sup>2</sup> related to the allocated stock options	Performance conditions	Exercise period
Nicolas Rebours	2017 Plan 22/02/2017	Stock options	€13,500	1,500	Initial: 32,84€ After adjustment <sup>3</sup> : €32.04	1,538	Without	31/12/2020 22/02/2024
Didier Fauque	2017 Plan 22/02/2017	Stock options	€91,600	10,000	Initial: 32,84€ After adjustment <sup>3</sup> : €32.04	10,250	Without	23/02/2019 22/02/2024

The Executive Board met on 22 February 2017 didn't attach a performance condition to the exercise of all or part of Nicolas Rebours and Didier Fauque stock options, in spite of the MiddleNext Code fifth recommendation, for the following reasons:

- + Nicolas Rebours free options are related to his employment contract and not to his Executive officer mandate, which shows he had the same rights as the other employees members of the stock options plan;
- + For Didier Fauque : the allocation of stock options is part of his compensation for year 2016, such as decided by the Executive Board on 28 April 2016.

The Executive Board decided on 22 February 2017 that Didier Fauque and Nicolas Rebours, when exercising their options, would have to keep at least 5% of the shares acquired through the exercise of their options until the end of their functions of Executive managers.

## 1. Stock purchase warrants

<sup>1</sup> Appendix 2 of AMF n°2014-14 guideline mentions that this information must be completed by the "value of the options and financial instruments at the time they were awarded, in accordance with IFRS 2, after primarily taking into account a potential discount linked to performance criteria and the probability of the individual's continued presence in the company at the end of the acquisition period, but before the averaging effect under IFRS 2 of the expense over the acquisition period".

<sup>2</sup> The number of shares to which the stock options give entitlement to keep the same purchase price has been adjusted in order to take into account the Capital increase by way of incorporation of issue premium amounts, decided by the Executive Board on 18 July 2018, following the authorization of the Combined General Meeting of 22 June 2018 (the "Capital increase"). This adjustment has been calculated as follows: adjusted number of shares related to these stock options = initial number of shares related to these stock options x (initial purchase price/adjusted purchase price, rounded up to the superior unit).

<sup>3</sup> The purchase price has been adjusted in order to take into account the Capital increase by way of incorporation of issue premium amounts, decided by the Executive Board on 18 July 2018, following the authorization of the Combined General Meeting of 22 June 2018 (the "Capital increase"). This adjustment has been calculated as follows: Adjusted purchase price = Initial purchase price x (number of SQLI shares before the Capital increase/Number of SQLI shares after the Capital increase).

According to the delegation of authority granted by the Combined General Meeting twelfth resolution on 25 June 2014, the Board issued, on 16 September 2014, 215,784 BSA including 71,928 in the BSA 1 category ("BSA 1"), 71,928 in the BSA 2 category ("BSA 2") and 71,928 in the BSA 3 category ("BSA 3"), divided between holders as follows:

- + Thierry Chemla: 23,976 BSA 1 at the unit price of 1.33 €, 23,976 BSA 2 at the unit price of 1.14 € and 23,976 BSA 3 at the unit price of 0.88 €.
- + Wadi Investment, a private limited company incorporated under Belgian law (registration number: 0536.878,865), whose majority of capital and voting rights is currently owned by Didier Fauque: 47.952 BSA 1 at the unit price of 1.33 €, 47.952 BSA 2 at the unit price of 1.14 € and 47.952 BSA 3 at the unit price of 0.88 €.

These 215,784 BSA have been subscribed by their holders on 16 September 2014. BSA exercise unit price was set to 19.90 €.

In order to take into account the Capital increase by way of incorporation of issue premium amounts, decided by the Executive Board on 18 July 2018, following the authorization of the Combined General Meeting of 22 June 2018, the Co-CEO, recorded, following the EB decision of 18 July 2018, the transfer of the amount needed to allocate the related free shares to BSA holders to an unavailable reserve account, considering that these holders would exercise their BSA after the capital increase in the same number as the one they would have received if they had been shareholders at the time of the initial allocation.

## 2.1.3. OTHER INFORMATION RELATED TO THE REPORT ON CORPORATE GOVERNANCE

### 2.1.3.1. Information on SQLI share capital

#### 1. Capital structure

It is noted that article 26 of SQLI Statutes gives a double voting right:

- + "to all the totally paid-in shares which will be proved to have been owned by the same shareholder for at least three (3) years;
- + To the registered shares given to a shareholder, in case of capital increase through reserves incorporation, profit or issue premium, for the old shares he benefits from. "

#### 2. Table presenting the current delegations regarding capital increases at 31 December 2018 (article L.L 225-37-4, 3° of the French Commercial Code)

Date of General Meeting	Resolution n°	Purpose of the delegation	Duration of the delegation	Expiry date	Global ceiling (nominal)	Amounts used during year 2018
June 2017	28, 16	Increasing the share capital with the issue of ordinary share while retaining the subscription preferential right	26 months	August 28, 2019	92 K€	NA
June 2018	22, 19	Increasing the share capital with the issue of new shares in compliance with articles L.3332-18 and followings of the French Labour Code.	12 months	22 June 2019	14 K€	811 new shares have been issued for a value of 0,80 € each, representing a capital increase of 648.80 €, by decision of the Executive Board on 12 September 2018. This capital increase has been accounted for by the CEO on 21 December 2018.

### 2.1.3.2. Items likely to have an impact in case of takeover bid

To the company knowledge, there is no existing restriction on the exercise of voting rights and share transfer, nor is there any clause in the conventions registered by the company in application of Article L.233-11 of the Commercial Code ;

Direct or indirect participations in SQLI shareholders equity, of which the company is aware, are presented in Chapter III, paragraph c) of the Management Report.

There is no existing holder of any securities having special control rights

There is no existing control measure in the employees share system when the control rights are not exercised by the employees

There is no existing agreement between shareholders known by the company which could generate restrictions to the shares transfer and the exercise of voting rights.

The rules applied to the nomination and substitution of the Executive Board members are those requested by the law.

Regarding the amendment of the Company Statutes, article 28 of the Statutes specifies that "the Extraordinary General Meeting can alter any of the Company's Statutes and decide upon the transformation of the Company in another form of company, civil or commercial. This Meeting cannot, however, increase the commitments of the shareholders, subject to the operations that result from regular stock consolidation.

The Extraordinary General meeting can only legally make decisions if the number of shareholders present or represented, or having voted by post adds up to, on the first convening of the Meeting, the third, and on the second convening of the Meeting, the quarter of shares which have voting rights. If this quorum is not reached, the second Meeting can be adjourned to a later date that must take place within the two months following the second convocation.

The Extraordinary General Meeting rules with the majority of the two-thirds of the votes that have the shareholders present, represented or having voted by post, unless there have been legal infringements with those votes. "

The Executive Board has been authorised by the General meeting to make some issues or repurchase of shares.

A table presenting the current delegations authorized by the General Meeting to the Executive Board members regarding the capital increases and showing the use of these delegations in 2018 is included in the present report.

The General Meeting didn't restrain the Board power to use delegations in case of takeover bid.

There is no existing agreement contracted by the company which would be modified or would end in case of change in the company management, considering however that if any third party (other than managing shareholders), acting alone or in concert, would come to own more than 30% of SQLI share capital or voting rights, the company would be compelled to repay the outstanding loans granted as part of the loan agreement dated 16 March 2017 and mentioned in the Management Report.

There is no existing agreement providing damages to the Executive Board members or employees in case of redundancy or resignation without actual and serious basis or contract termination following a takeover bid or public exchange offer.

### 2.1.3.3.SHAREHOLDERS PARTICIPATION TO THE GENERAL MEETING

The company Statutes<sup>1</sup> do not specify any particular terms for the participation to the general meetings. The General Meeting meets in the conditions pursuant to the law and the regulations, at the company headquarters, or any other place indicated in the convening notice.

Any shareholder is allowed to attend the General Meeting, either personally or by proxy, in compliance with the law.

A shareholder can only be represented by his wife/her husband, his partner in a PACS union (registered domestic partnership) or by another shareholder and any other natural or legal person given proxy rights, in compliance with the laws and regulations.

Every shareholder is allowed to vote by using a postal vote by means of a form that s/he can obtain according to the conditions laid out in the notices of meeting and convening for the General meeting.

In order to make the participation to assemblies easier, and in compliance with the Financial Market Authority recommendations, the law and regulations, the General Assemblies documents are published on the company website, at least 21 days before the assembly date.

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<sup>1</sup> Available at the company headquarters, at the Clerk's office of the Commercial Court of Nanterre and on the company website: [www.sqli.com](http://www.sqli.com)

A combined General Meeting, ordinary and extraordinary, usually meets in June every year. The participation during the last three years was the following:

- Combined General Meeting of 25 June 2016: shareholders who were present, represented or sent their vote accounted for 54.96% of voting rights and 55.94% of the total number of votes.
- Combined General Meeting of 28 June 2017: shareholders who were present, represented or sent their vote accounted for 38.72% of voting rights and 42.40% of the total number of votes.
- Combined General Meeting of 22 June 2018: shareholders who were present, represented or sent their vote accounted for 45.809% of voting rights and 48.143% of the total number of votes.

#### **2.1.3.4.AGREEMENT(S) MADE BY AN EXECUTIVE MANAGER OR MAJOR SHAREHOLDER OF THE CONTROLLING COMPANY WITH A SUBSIDIARY**

In compliance with article L.225-37-4, 2° of the French Commercial Code, there is no existing agreement made, directly or through a third party, between the CEO, one of the Co-CEOs, one of the Board members or one of the shareholders owning more than 10% of SQLI voting rights and a company of which SQLI is a controlling shareholder.

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# CHAPTER 3. INFORMATION ABOUT ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

## 3.1. INTRODUCTION OF SQLI AND THE GROUP BUSINESS MODEL

For more information, see Chapter 1. "Introducing SQLI and the Group activities" of the present Reference Document 2018, in particular:

- + for the main resources: see paragraph 1.3.1.4. "Employees"
- + for the main activities: see paragraph 1.3.1. "Activities"
- + for the main achievements: see paragraph 1.3.1.5. "Client references - Demonstration of SQLI capabilities"
- + for the strategy and prospects: see paragraph 1.3.2. "Main markets and strategies" and paragraph 1.4.3 "Information about the trends and profit forecast"
- + for the graphical representation of the business model with comments: see paragraph 1.3.1. "SQLI business model" (in particular Table 2) "SQLI business model".

## 3.2. REVIEW OF THE MAIN RISKS RELATED TO SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

### 3.2.1. ANALYSIS METHOD FOR THE RISKS AND RESULTS

#### 3.2.1.1. Identification of CSR risks

SQLI benchmarked its main competitors in order to identify and prioritize the CSR challenges faced in its business sector.

The results of this study enabled the Group to identify the following risks:

- + Social risks:
  - Attractiveness, retention of talents, well-being and engagement
  - development and transformation of skills
  - Diversity and equal opportunity
- + Risks related to the markets and business governance
  - Client satisfaction
  - Operational security (including cybersecurity and data protection)
  - Local and community impact
- + ethical and governance risks
  - Ethics and corporate governance
- + Environmental risks
  - Environmental footprint

### 3.2.1.2. Classification of the main risks related to social and environmental responsibility

Each of the following risks has been classified according to severity and frequency rates

CLASSIFICATION OF THE RISKS		SEVERITY			
		Limited	Significant	Critical	Disastrous
FREQUENCY	Limited	local and community impact Environmental footprint	Diversity and equal opportunity Ethics and corporate governance		
	Significant				
	Critical			development and transformation of skills	
	Disastrous				Attractiveness, retention of talents, well-being and engagement Client satisfaction Operational security

Following this classification, 7 key categories have been selected by SQLI, such as presented below:

- + Attractiveness, retention of talents, well-being and engagement

-  Client satisfaction
-  Operational security
-  Development and transformation of skills
-  Diversity and equal opportunity
-  Ethics and corporate governance
-  Environmental footprint

### 3.2.2. SOCIAL RISKS:

#### 3.2.2.1. Attractiveness, retention of talents, well-being and engagement

##### **A. DESCRIPTION OF RISKS AND CHALLENGES**

Human resources needs are very tight within the digital environment (consulting, marketing and technology), mainly because there is a big demand for qualified and skilled workers in this high added-value and fast-growing sector.

SQLI ability to grow and to satisfy its customers' needs in the next years depends on its power in recruiting, attracting and keeping the competent persons in this very specialized field.

SQLI has to face the scarcity of available workers and the recruitment of its best candidates by its competitors and own customers.



In this context, there is a risk to encounter difficulties in recruiting and retaining people.

Recruitment issues and a staff turnover rise could put at risk the achievement of the Group strategy and the growth development.

Furthermore, the lack of investment in a good working environment and the company values transfer can lead to divestment and motivatio decline and eventually to a wave of defections absorbed by the competitors.

In order to compensate the risk of losing employees and key resources, including for the external growth, SQLI could be forced to accept wages rises not immediately built into the group prices, which would impact the Group activities and future results.

Therefore, SQLI must address the following challenges to mitigate these risks:

-  attract digital experts and retain talents;
-  offer a good working environment focusing on wellbeing and encourage all employees to participate in the Group projects.

## **B. POLICIES AND ACTIONS CARRIED OUT DURING THE YEAR**

### **1. Recruitment policy within the Group and integration of acquired companies**

SQLI recruitment policy is based on a consolidated hiring plan and a job board policy. This policy will be pursued in 2019 with the implementation of a streamlined process for all the Group subsidiaries.

Regarding the integration of partners coming from acquired companies, the Group carries out operating due diligences allowing to fully understand integration challenges and implements an integration plan for each one of the targeted companies. Since the boom of its international growth strategy, SQLI decided to appoint an Integration manager in charge of connecting the newly-acquired companies to SQLI organisation, to implement the integration plan and upgrade the connections planned at the time of the acquisition.

### **2. Co-option campaign**

In order to attract new talents, SQLI introduced a co-option process. Each co-option initiated by an employee gives him the right to receive a fixed-price premium. This policy helps to attract new talents and retain current employees.

### **3. Transfer into new premises**

In order to favour the employees wellbeing and improve working conditions, SQLI chose to transfer all Parisian teams in a HQE (high environmental quality) certified building. The premises have been arranged by CBRE, a company specialised in company office furnishing, in order to make the employees working environment as good as possible, to favour sharing and collaborating and to offer a high-quality work space. The premises include a spacious convivial space arranged for the employees. Open spaces have been organized in order to preserve a quite and sharing environment, with the introduction of different meeting areas and boothes. Following the parisian offices relocation, SQLI won the HR Digital award recognizing the Group support offered via digital apps during all the relocation process.

This program improving working conditions is implemented on all the Group sites, and benefited not only to the Paris teams but also to employees based in Lyon and in Morocco.

### **4. Development of teleworking**

SQLI considers developing teleworking options for all the French agencies in order to help employees in having a good professional/personnal life balance. This project is currently under test since October 2018 in the agencies located in Nantes and Bordeaux. 200 employees have been offered to participate and 70% accepted.

### **5. HR team leader**

In order to improve dialogue and listening, SQLI promotes closeness to its employees. We created the HR Team leader function. Each HR Team leader supervises the carrier development of eight partners along with their mission conditions and integration within the Group. The HR Team leader is a key link between the Group strategy communication and the employees day-to-day life.

## 6. ANNUAL PERFORMANCE REVIEW

Every year, SQLI employees are submitted to a performance review with their manager or HR Team leader. The annual performance review is a key component of SQLI HR processes. This review helps to assess the employee results, set new goals, learn about his expectations and difficulties.

## 7. Preventing psychosocial risks

The actions improving working conditions, the deployment of teleworking and the closeness follow-up performed by HR team leaders help preventing psychosocial risks and improving well-being at work. SQLI assesses regularly psychosocial risks with various kinds of measures, for instance the opportunity to chose a mood smiley showing their current state of mind within their monthly activity report. They can also include comments on any subject within the activity report.

SQLI ESU also created a Health, Safety and Working Conditions Committee (CHSCT) in charge of protecting physical and mental health and security of the employees, improving working conditions and controlling the application of legal and regulatory rules in this field.

## C. PERFORMANCE

### 1. Indicators

**Table 39. New hires in 2018**

	SQLI	ASTON INSTITUTE	SQLI MAROC	INVENTCOMMERCE PROPRIETARY	INVENTCOMMERCE RCE	SQLI SUISSE	SQLI BELGIUM	WAX BELGIQUE	SQLI SA (Luxembourg)	STAR REPUBLIC	OSUDIO	TOTAL
NEW HIRES IN 2018	368	3	177	9	1	50	16	9	1	22	42	698
NEW HIRES IN 2017	384	8	154	12	0	50	10	7	1	NC	NC	626

**Table 40. Ratio of employees who participated in an annual performance review in 2018**

SQLI	ASTON INSTITUTE	SQLI MAROC	INVENTCOMMERCE PROPRIETARY	INVENTCOMMERCE RCE	SQLI SUISSE	SQLI BELGIUM	WAX BELGIQUE	SQLI SA (Luxembourg)	STAR REPUBLIC	OSUDIO

Ratio of employees who participated in an annual performance review in 2018	63	58	99	100	100	100	66	96	100	100	100
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**Table 41. Voluntary departure turnover in 2018**

	SQLI	ASTON INSTITUT	SQLI MAROC	INVENTCOMMERCE PROPRIETARY	INVENTCOMMERCE	SQLI SUISSE	SQLI BELGIUM	WAX BELGIQUE	SQLI SA (Luxembourg)	STAR REPUBLIC	OSUDIO
Ratio of voluntary departure turnover in 2018	23.5	0	31.2	26.0	17.0	32.8	20.9		42.9	26.0	13.7

**Table 42. Absenteeism rate in 2018**

	SQLI	ASTON INSTITUT	SQLI MAROC	INVENTCOMMERCE PROPRIETARY	INVENTCOMMERCE	SQLI SUISSE	SQLI BELGIUM	WAX BELGIQUE	SQLI SA (Luxembourg)	STAR REPUBLIC	OSUDIO
Absenteeism ratio in 2018	5.5	4.8	0.9	2.4	0.7	2.6	4.4	8.0	2.5	4.3	2.8

**2. Ambition for 2019**

SQLI expects to consolidate its position as an accountable company by carrying attractive actions and projects enabling to hire and retain more than 900 talents.

In order to maximise collective effectiveness, one of the company objectives for 2019 is to submit 100% of employees to an annual performance review (excluding employees on long-term sick leave or sabbatical leave).

In 2019, SQLI wants to offer teleworking options in all the French agencies. The organization of teleworking conditions will be arranged through a corporate agreement or charter, in compliance with the law.

The group premises located in Toulouse, Nantes and Bordeaux will be renovated and rearranged in 2019, in order to improve the confort and wellbeing of the employees.

### 3.2.2.2.DEVELOPMENT AND TRANSFORMATION OF SKILLS

#### **A. DESCRIPTION OF RISKS AND CHALLENGES**

SQLI is willing and committed to bring permanent support to employees and provide them with the skills needed to perform digital transition, enabling them to pioneer in the integration of new technologies.

Following the transformation of the Group customers activities and digitalization evolution, training and adapting skills to these new activities become a key factor for the group workforce.

A lack of adapted training to new digital activities and new customer needs could put at risk the achievement of the Group strategy.

SQLI must be able to develop and streamline the workforce skills in order to answer the clients requirements.

#### **B. POLICIES AND ACTIONS CARRIED OUT DURING THE YEAR**

##### **1. TRAINING SCHEME**

SQLI ESU gives its employees the time and necessary means to consolidate their knowledge, with specific training plans, short sessions or technical certifications. The training plan established every year by all operational units and the HR department altogether (submitted after that to the Corporate Committee) enables managers and HR contacts to plan and follow training activities scheduled with the employees during annual and semestrial interviews.

##### **2. Training related to the Group orientations**

SQLI invests in training solutions with a strong focus on the Group strategic orientations, enabling employees to follow the client business transformation and digital revolution, and investing strongly in employees certification regarding advanced technologies.

##### **3. Continued investment in training**

Despite the reduced funding granted by the OPCA (Accredited fund collecting and distributing agencies), SQLI decided to maintain the same level of investment in training (with an increase of auto-financing) in order to offer quality trainings to as many employees as possible.

## C. PERFORMANCE

### 1. Indicators

**Table 43. Average number of training hours per employee in 2018**

	SQLI	ASTON INSTITUT	SQLI MAROC	INVENTCOMMERCE PROPRIETARY	INVENTCOMMERCE	SQLI SUISSE	SQLI BELGIUM	WAX BELGIQUE	SQLI SA (Luxembourg)	STAR REPUBLIC	OSUDIO
AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE	14	101	35	32	15	20	36	37	28	8	49

**Table 44. Number of certifications received in 2018**

	SQLI	ASTON INSTITUT	SQLI MAROC	INVENTCOMMERCE PROPRIETARY	INVENTCOMMERCE	SQLI SUISSE	SQLI BELGIUM	WAX BELGIQUE	SQLI SA (Luxembourg)	STAR REPUBLIC	OSUDIO	TOTAL
NUMBER OF CERTIFICATIONS RECEIVED	244	/	78	4	0	15	4	40	0	5	25	388

### 2. Ambition for 2019

In 2019, SQLI plans to implement the following actions:

- + increasing and maintaining the skill level by keeping the same amount of certifications (Agile (Scrum, Product Owner, SaFE, ...), AWS, OPQUAST, DEVOPS, HYBRIS);
- + supporting the group international development with language classes and a focus on intercultural exchange;
- + developing the teams knowledge and skills to increase their functional mobility (constant level of technical training, increasing business solutions);
- + implementing a training program dedicated to managers and HR Team leaders;
- + developing the training program dedicated to project managers and project directors in all the Group entities;

 deploying a group e-learning tool.

### 3.2.2.3.DIVERSITY AND EQUAL OPPORTUNITY

#### **A. DESCRIPTION OF RISKS AND CHALLENGES**

SQLI is convinced that staff diversity is an asset for performance development. The Company always paid particular attention to the application of anti-discrimination principles in terms of recruitment, development and training.

SQLI is paying serious attention to preventing any kind of discrimination, by encouraging the employability of disabled people, professional equality between men and women and integration of young people.

#### **B. POLICIES AND ACTIONS CARRIED OUT DURING THE YEAR**

##### **1. Supporting the return to employment**

SQLI supports the professional reintegration of unemployed people and people in professional transition through the POE program (Professional operational preparation - Préparation Opérationnelle à l'Emploi). With this system, a company can hire a job seeker after his training as part of a mentoring program. SQLI hired 17 candidates (10 in Bordeaux and 7 in Levallois-Perret) with this program.

##### **2. Training young people to the company businesses**

SQLI is also involved in the training of students to help them discover the different jobs of the company. In 2018, SQLI integrated 59 interns, 10 apprentices and 70 people with a professionalization contract. SQLI is also investing in training solutions dedicated to young people with the creation of partnerships with schools and participation in school fairs and forums. (Mines Saint-Etienne, ENSEEIHT Toulouse, Sup Info, Lyon 2, INSA Rennes). In 2018, SQLI was ranked fourth in the "Happy Trainees" classification within its sector.

##### **3. Fostering communication and raising awareness on disabilities**

As part of his partnership with TALENTEO (Monster), SQLI posts and shares on TALENTEO website interviews of disabled employees. All the job offers published by SQLI on Monster website are automatically transferred to TALENTEO, specialized in the recruitment of disabled people.

As part of the professional integration program for disabled people, SQLI is regularly contacting ESAT and EA (assistance and service centers helping disabled people into work) for different services, such as office equipment purchase and catering services (food tray meals, buffets, etc.).

In partnership with ETHIK EVENT, SQLI organized in 2018 the event "DANS LE NOIR (In the Dark): to raise awareness on disability in order to promote discussion and understanding between employees.

#### 4. Equal opportunities for men and women

SQLI committed to promote equal opportunities for men and women and as such to increase the proportion of women in its workforce, with the following actions:

- + - guarantee equal starting wages when recruiting male and female employees, basing the wages only on the level of training, experience and skills required for the job;
- + - guarantee equal remuneration of men or women for the same (or equivalent job) during the wages review periods;

### C. PERFORMANCE

#### 1. Indicators

**Table 45. Number of employees per gender**

	NUMBER OF EMPLOYEES IN 2018 PER GENDER				NUMBER OF EMPLOYEES IN 2017 PER GENDER			
	Women		Men		Women		Men	
	Number	%	Number	%	Number	%	Number	%
SQLI	332	27	917	73	349	26	983	74
ASTON INSTITUT	16	84	3	16	16	84	3	16
SQLI MAROC	152	34	300	66	156	34	309	66
INVENTCOMMERCE	2	33	4	67	2	50	2	50
INVENTCOMMERCE PROPRIETARY	8	38	13	62	9	43	12	57
SQLI SUISSE	22	15	120	85	13	9	126	91
SQLI BELGIUM	13	32	28	68	13	32.5	27	67.5
WAX BELGIQUE	10	42	14	58	9	36	16	64
SQLI SA (Luxembourg)	1	20	4	80	1	17	5	83
STAR REPUBLIC	12	18	56	82	NC	NC	NC	NC
OSUDIO	44	23	150	77	NC	NC	NC	NC
<b>TOTAL</b>	<b>612</b>	<b>28</b>	<b>1609</b>	<b>72</b>	<b>568</b>	<b>28</b>	<b>1483</b>	<b>72</b>

**Table 46. Number of partners per age group - 2018**

	NUMBER OF EMPLOYEES IN 2018 PER AGE GROUP									
	- 25 years old	25 - 30 years old	30 - 35 years old	35 - 40 years old	40 - 45 years old	45 - 50 years old	50 - 55 years old	55 - 60 years old	60 - 65 years old	+ 65 years old
SQLI	77	275	279	243	172	117	47	32	6	1
ASTON INSTITUT	0	8	2	2	3	3	0	1	0	0
SQLI MAROC	108	202	84	37	16	0	4	1	0	0
INVENTCOMMERCE	0	2	1	0	1	2	0	0	0	0

INVENTCOMMERCE PROPRIETARY	0	11	5	3	0	1	1	0	0	0
SQLI SUISSE	6	26	30	32	15	23	7	2	1	0
SQLI BELGIUM	2	8	12	4	4	7	0	3	1	0
WAX BELGIQUE	5	5	9	3	0	1	1	0	0	0
SQLI SA (Luxembourg)	0	0	1	1	1	2	0	0	0	0
STAR REPUBLIC	1	14	21	14	15	3	0	0	0	0
OSUDIO	12	29	58	28	31	16	17	2	1	0
<b>TOTAL</b>	<b>211</b>	<b>580</b>	<b>502</b>	<b>367</b>	<b>258</b>	<b>175</b>	<b>77</b>	<b>41</b>	<b>9</b>	<b>1</b>

**Table 47. Number of partners per age group - 2017**

	NUMBER OF EMPLOYEES IN 2017 PER AGE GROUP									
	- 25 years old	25 - 30 years old	30 - 35 years old	35 - 40 years old	40 - 45 years old	45 - 50 years old	50 - 55 years old	55 - 60 years old	60 - 65 years old	+ 65 years old
SQLI	76	285	307	273	188	106	63	27	5	2
ASTON INSTITUT	0	8	3	2	3	2	0	1	0	0
SQLI MAROC	110	189	110	35	15	3	2	1	0	0
INVENTCOMMERCE	0	1	1	2	0	0	0	0	0	0
INVENTCOMMERCE PROPRIETARY	2	9	4	5	0	0	1	0	0	0
SQLI SUISSE	0	23	38	30	20	19	5	2	2	0
SQLI BELGIUM	1	11	8	6	7	2	2	2	1	0
WAX BELGIQUE	7	8	5	2	2	0	1	0	0	0
SQLI SA (Luxembourg)	0	0	0	2	4	0	0	0	0	0
STAR REPUBLIC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC
OSUDIO	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC
<b>TOTAL</b>	<b>196</b>	<b>534</b>	<b>476</b>	<b>357</b>	<b>239</b>	<b>132</b>	<b>74</b>	<b>33</b>	<b>8</b>	<b>2</b>

**Table 48. Number of partners per length of service - 2018**

	NUMBER OF EMPLOYEES IN 2018 PER LENGTH OF SERVICE						
	- 2 years	2 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	20 - 25 years	+25 years
SQLI	535	328	184	122	57	16	7
ASTON INSTITUT	6	6	3	3	0	1	0
SQLI MAROC	265	80	62	44	1	0	0
INVENTCOMMERCE	1	2	3	0	0	0	0
INVENTCOMMERCE PROPRIETARY	7	11	3	0	0	0	0
SQLI SUISSE	48	54	14	19	7	0	0

SQLI BELGIUM	16	8	7	3	7	0	0
WAX BELGIQUE	9	9	6	0	0	0	0
SQLI SA (Luxembourg)	1	1	1	1	1	0	0
STAR REPUBLIC	5	12	25	14	12	0	0
OSUDIO	68	51	45	24	4	2	0
<b>TOTAL</b>	<b>961</b>	<b>562</b>	<b>353</b>	<b>230</b>	<b>89</b>	<b>19</b>	<b>7</b>

**Table 49. Number of disabled employees in 2018**

	SQLI	ASTON INSTITUT	SQLI MAROC	INVENTCOMMERCE PROPRIETARY	INVENTCOMMERCE	SQLI SUISSE	SQLI BELGIUM	WAX BELGIQUE	SQLI SA (Luxembourg)	STAR REPUBLIC	OSUDIO	TOTAL
NUMBER OF DISABLED EMPLOYEES	17	0	1	0	0	0	0	0	0	0	3	21

**Table 50. Average wages between men and women in 2018**

	AVERAGE WAGE MEN/WOMEN IN 2018					
	Average gross monthly wage - Women			Average gross monthly wage - Men		
	Executives	Employees	Trainees	Executives	Employees	Trainees
SQLI	€3563	€2354	€1198	€3933	€2331	€1344
ASTON INSTITUT	€3210	€2189	/	€3611	/	/
SQLI MAROC	€1353	/	/	€1588	€963	/
INVENTCOMMERCE	/	€2608	/	€9409	€3447	/
INVENTCOMMERCE PROPRIETARY	/	€1978	/	/	€2299	/
SQLI SUISSE	€6972	€5429	€926	€10076	€7084	/
SQLI BELGIUM	€9536	€4116	€1216	€6944	€5309	/
WAX BELGIQUE	€5061	€3800	/	€5874	€3216	/
SQLI SA (Luxembourg)	/	€2351	/	€13984	€5418	/
STAR REPUBLIC	€6044	€3800	/	€5472	€3878	/
OSUDIO	€6500	€3509	€850	€7508	€3963	€850

## 2. Ambition for 2019

In 2019, SQLI plans to implement the following actions:

Pursuing actions dedicated to promote the integration of disabled and young people;

Pursuing disability awareness campaigns within the workforce and using the services offered by the ESAT/EA. SQLI already planned to instaurate a partnership with CEDRE company (collecting and recycling) in 2019. This company workforce has 85% of disabled people within the operating unit.

Introducing a new action plan to promote equal opportunities between men and women.

### 3.2.3. RISKS RELATED TO THE MARKETS AND BUSINESS GOVERNANCE

#### 3.2.3.1. CLIENT SATISFACTION

##### **A. DESCRIPTION OF RISKS AND CHALLENGES**

Client satisfaction is a key issue for SQLI.

If the Group offer does not match the client needs or the new clients expectations in case of external growth, SQLI can lose part of its client and prospect portfolio and record a declining turnover.

SQLI offers fixed-rate packages as part of its activity. This business involves risks due to the obligation of result.

If the Group, or one of the purchased companies in case of external growth, fails to comply with the contract obligations, the client can take legal action and ask for damages.

Unsatisfied clients can impact the Group reputation and the client trust.

SQLI must provide a services offer answering the clients expectations and creating value.

## **B. POLICIES AND ACTIONS CARRIED OUT DURING THE YEAR**

### **1. End-to-end approach**

With its expertise in digital experience and omnichannel commerce, SQLI collaborates regularly with major European brands. SQLI follows an end-to-end approach combined with a strong core business in order to answer the clients needs and support them in the implementation of their projects and business challenges. This approach consists in identifying, designing, building, maintaining and promoting the clients projects. SQLI is now part of the 15\* first agencies dedicated to digital experience in Europe (medium-size companies) (Source: Forrester).

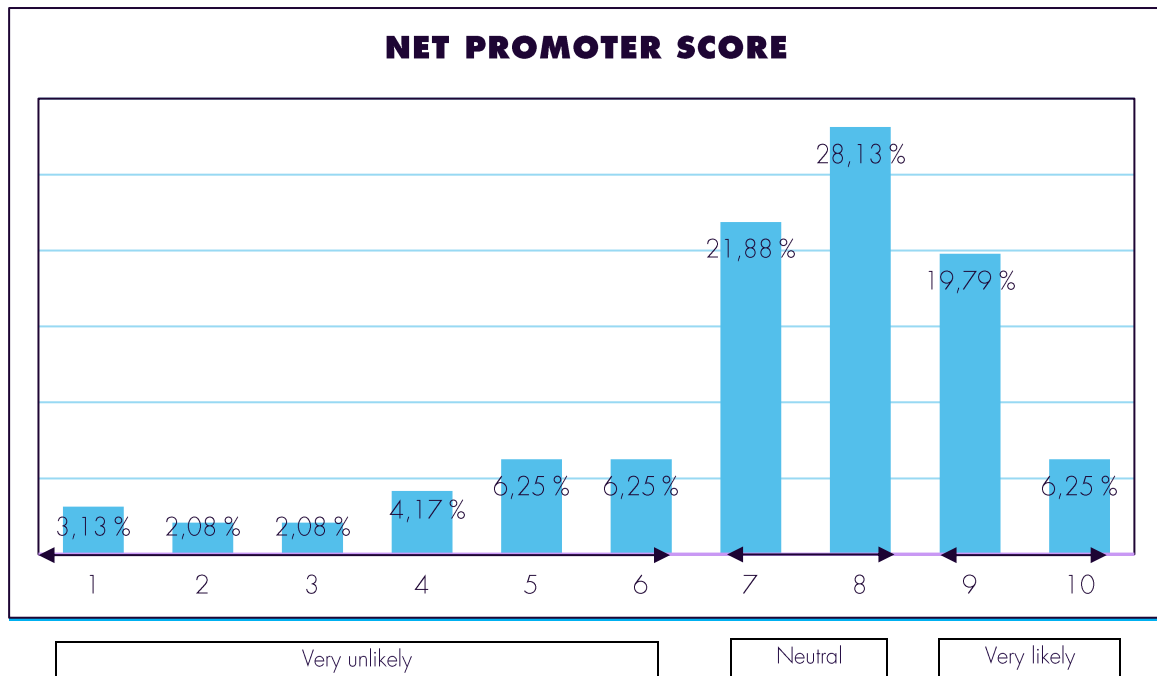
### **2. Satisfaction surveys**

In order to permanently improve the clients satisfaction, SQLI introduced in 2018 a continuous improvement process with satisfaction surveys enabling the Group to measure the satisfaction rate of customers. For the 2018 satisfaction survey, SQLI interviewed more than 700 customers in France, Switzerland, Belgium and Morocco.

## **C. PERFORMANCE**

### **1. Indicator**

The satisfaction survey included the following question: "From 0 to 10, how would you recommend SQLI to your family and colleagues". The possible answers were:



76.05% of customers replied to the satisfaction survey and gave SQLI a note between 7 and 10 out of 10.

## **2. Ambition for 2019**

SQLI expects to achieve a high promoter score in 2019, by offering customized offers adapted to the client business/activity challenges.

### **3.2.3.2. OPERATIONAL SECURITY (INCLUDING CYBERSECURITY AND DATA PROTECTION)**

#### **A. DESCRIPTION OF RISKS AND CHALLENGES**

Any cyber attack or security breach in the Group and/or the client's systems can lead to loss of information including confidential information related to sensitive activities, payment or payroll processes. Such situation can create a risk of damages claim and or sanctions. A major security breach can affect the Group reputation and impact the clients' trust.

Because of the nature of its activities, the Group has to respect national and international rules related to personal data protection. The Group may be held liable in case of voluntarily or involuntarily disclosure of all or part of the personal data belonging to a client or a third party. Even if SQLI takes all necessary measures to limit any negative impact, the violation misinterpretation of regulations can expose the Group to a performance, financial and/or reputational risk.

#### **B. POLICIES AND ACTIONS CARRIED OUT DURING THE YEAR**

##### **1. Information system security department (DSSI) SQLI Group**

Issues related to security and data protection are part of the Group priorities. In order to avoid any security breach or incident, SQLI created a DSSI (Direction of Information system security - DSSI). The DSSI supervises the security processes and projects (including the introduction of security measures related to data protection regulations), raises awareness, gives advice and monitors the implementation of standards and action plan in terms of security management.

## 2. IT Charter

In 2018, SQLI introduced in the French agencies, an IT Charter with instruction on the use of IT resources and communication channels provided to employees, managers and contractors, in order to secure its information system.

## 3. GDPR Committee

SQLI created in 2018 a GDPR Committee which controls that all the Group agencies (in France and abroad) respect the new European data protection regulation and share good practices, in their relationship with employees, clients and suppliers. The Committee is composed of all the support services representants and delivery managers who meet on a regular basis. Delivery managers supervise the correct application of the Group regulations related to the GDPR within their own agency.

## 4. GDPR conditions applied in the relationships between SQLI, clients and suppliers

SQLI defined some GDPR conditions regulating relationships with clients and suppliers. In case of data collection and processing, contractors and suppliers have to respect SQLI GDPR conditions, in order to ensure the respect of Data protection regulation. For relationships with customers, the Group legal department approves all the GDPR conditions applying to the contract, ensuring that all SQLI conditions are respected if the client decides to apply its own GDPR criterias.

## C. PERFORMANCE

### 1. Indicator

**Table 51. Total number of claims of invasion of privacy and loss of client data which resulted in legal action**

	SQLI	ASTON INSTITUT	SQLI MAROC	INVENTCOMMERCE PROPRIETARY	INVENTCOMMERCE	SQLI SUISSE	SQLI BELGIUM	WAX BELGIQUE	SQLI SA (Luxembourg)	STAR REPUBLIC	OSUDIO	TOTAL
	0	0	0	0	0	0	0	0	0	0	0	0

### 2. Ambition for 2019

Avoiding any incident or breach to the client private data along with loss of data;

performing risk analysis and pen-tests on SQLI business application and infrastructures;

deploying the IT Chart within all the subsidiaries located abroad who have the same rules and standards of SQLI France (Switzerland, Belgium, Luxembourg);

Providing all Delivery managers a continuous training on GDPR. DM will in return cascade this training to all the partners involved in data security matters within their agency. The training will be freely available to all the group employees via intranet (podcast).

### 3.2.4. ETHICAL AND GOVERNANCE RISKS

#### 3.2.4.1. BUSINESS ETHICS AND CORPORATE GOVERNANCE

##### **A. DESCRIPTION OF RISKS AND CHALLENGES**

Transparency and ethics are part of SQLI key values.

In the event of failure by one employee or supplier, the Group can be exposed to legal risks (criminal or administrative sanctions, liability). The Group reputation can also be damaged.

Therefore, SQLI must ensure that all the Group practices respect the common standards of ethics, especially in terms of corruption, Human rights, and environmental protection.

As an international Group, SQLI must have a strong governance and high standards of ethics.

## **B. POLICIES AND ACTIONS CARRIED OUT DURING THE YEAR**

### **1. Code of ethics**

SQII intends to run its activities in a responsible, transparent and ethical manner. The Company adopted a series of principles mainly based on compliance with internal rules and international law which have been listed within a Code of ethics. This Code deals with anti-competition principles, corruption and conflicts of interests, intellectual property and respect of people.

### **2. Relationship with suppliers**

SQII promotes the enforcement of OIL main conventions with suppliers and controls the respect of fundamental human rights. Suppliers and contractors must observe ethical rules and comply with fundamental principles related to sustainable development (Human rights, child labour, clandestine work, confidentiality, intellectual property, business corruption, environment footprint). Before contracting any commercial relationship, SQII controls that each supplier commits to respect SQII Business ethics charter, agrees to promote sustainable development and authorises SQII to perform audits. Any violation of one of the charter principles can lead to the termination of the commercial relationship with the supplier.

### **3. Fight against corruption**

The Group employees are invited to act against all kind of corruption, including extortion and bribery. In order to prevent any corruption risk, SQII created a Code of conduct based on Middlednext Code. This code will come into force after consultation with the employees representative bodies. An internal warning procedure is also being created.

### **4. CORPORATE GOVERNANCE**

At 31 December 2018, SQII Executive Board has three members, including a women and a representative of thhe Group employees, ensuring the respect of regulatory provisions regarding gender parity. The Executive Board met 11 times in 2018

## **C. PERFORMANCE**

### **1. Indicators**

#### BUSINESS ETHICS

The company did not report any act of corruption since its creation.

#### CORPORATE GOVERNANCE

**Table 52. CORPORATE GOVERNANCE**

	<b>% of WOMEN IN SENIOR MANAGEMENT TEAM IN 2018</b>	<b>ATTENDANCE RATE IN THE EXECUTIVE BOARD MEETINGS</b>
SQLI	33 %	100 %

### **2. Ambition for 2019**

As part of the fight against corruption, SQLI intends to ensure strict enforcement of the Code of Conduct and Internal warning procedure and to raise awareness to the fight against corruption among employees and managers.

In terms of corporate governance, SQLI commits to increase the number of women in senior management in compliance with the law and to ensure a high attendance rate in the meetings.

## **3.2.5. ENVIRONMENTAL RISKS**

### **3.2.5.1. ENVIRONMENTAL FOOTPRINT**

#### **A. DESCRIPTION OF RISKS AND CHALLENGES**

As a digital business company with dematerialized activities, the Group has a limited impact on the environment. However SQLI has identified the following environmental risks: gaz emissions related to the employees business trips, and energy consumption (gaz and electricity).

Since most of the Group entities are based in Europe, European environmental regulations apply, in particular emissions reduction measures, waste management and energy efficiency in buildings? Respecting all these regulations is a key matter for SQLI, knowing that a non-compliance could impact the Group image and reputation.

## **B. POLICIES AND ACTIONS CARRIED OUT DURING THE YEAR**

### **1. Introduction of good practices**

SQLI applies all adhoc measures considered as necessary to limit its consumption of energy and raw materials (decreasing printing of material, automatically switching-off lights in the evening, introducing motion detector lights and timer lights in specific places) or to limit business trips (using Green IT tools such as teleconference). The Group strongly encourages employees to sort waste and recycle. In 2018, SQLI started collaborating with CEDRE company (waste collecting and recycling) in order to introduce a waste sorting system in all the French agencies. From October 2018, SQLI introduced digital pay slips for thye employees in order to reduce paper consumption.

### **2. HQE buildings**

As part of its environmental polucy, SQLI decided to rent premises in HQE (high environmental quality) certified buildings, which have good performance and efficiency levels and allow the Group to reduce energy consumption, environmental footprint while improving health and confort conditions for employees. SQLI Parisian teams moved into new HQE certified (construction and renovation) premises in February 2018 (HQE Exploitation Axe 1, Breeam In Use Part 1). A Green Committee meets up every year with the owner of the building in order to maintain and improve the environmental performance of the building, through a follow-up of energy and water consumption and waste production. The Bordeaux agency also moved into new certified HQE premises (construction and BREEAM) in October 2018.

## C. PERFORMANCE

### 1. Indicators

**Table 53. Consumption of gaz/power in 2018**

	Energy consumption of the Group in 2018			
	Power consumption within the Group premises		Gaz consumption within the Group premises	
	In Mwh	Cost	In Mwh	Cost
SQLI	212.829	€34,473.38	NA	NA
ASTON INSTITUT	19.441	3,219.38€	NC	NC
SQLI MAROC	611.680	€98,645.42	NA	NA
INVENTCOMMERCE	13.000	€4,874.00	NA	NA
INVENTCOMMERCE PROPRIETARY	19.248	€1,884.00	NA	NA
SQLI SUISSE	66.055	NC	NA	NA
SQLI BELGIUM	17.842	4,208.78€	NC	NC
WAX BELGIQUE	30.954	€7301.00	NA	NA
SQLI SA (Luxembourg)	1.703	€422.66	5.948	€405.20
STAR REPUBLIC	88.042	NC	NA	NA
OSUDIO	200.180	€50,944.00	NC	NC
<b>TOTAL</b>	<b>1,280.974</b>	<b>205,972.62€</b>	<b>5.948</b>	<b>€ 405.20</b>

**Table 54. CO2 emissions related to business trips in 2017 and 2018**

	Energy consumption outside of the Group premises in 2018 (Business trips)		Energy consumption outside of the Group premises in 2017 (Business trips)	
	CO <sup>2</sup> Emissions in kg Flights	CO <sup>2</sup> Emissions in kg Train	CO <sup>2</sup> Emissions in kg Flights	CO <sup>2</sup> Emissions in kg Train
SQLI / ASTON INSTITUT	146,070	44,943	337,693	11,685
<b>TOTAL</b>	<b>191,013</b>		<b>349,378</b>	

**Table 55. Paper consumption in 2017 and 2018**

	SQLI	ASTON INSTITUT	SQLI MAROC	INVENTCOMMERCE PROPRIETARY	INVENTCOMMERCE	SQLI SUISSE	SQLI BELGIUM	WAX BELGIQUE	SQLI SA (Luxembourg)	STAR REPUBLIC	OSUDIO	TOTAL
PAPER CONSUMPTION IN 2018 (KG)	810	617	NC	NC	500	205	25	25	NC	230	2412	
PAPER CONSUMPTION IN 2017 (KG)	1019	776	30	22	375	410	15	32	NC	NC	2679	

**2. Ambition for 2019**

SQLI intends to enforce the good environmental practices adopted within the Group in order to limit energy and paper consumption, and to adopt a sustainable strategy regarding waste collection and recycling, via the partnership with CEDRE.

In line with this, the agency based in Nantes will move into new premises applying HQE-similar standards in 2019.

**3.3. OUR REPORTING METHODOLOGY**

The extra-financial performance statement offers an objective description of SQLI global performance in this field.

This statement is elaborated by SQLI legal department which centralises all information communicated by internal services, such as HR for social information, but also by external providers using measurement tools.

This statement is based on data collection and monitoring. SQLI relies on a series of indicators to measure its social, environmental and societal performance.

### 3.3.1. REPORTING SCOPE

Information presented in the "Social risks" section cover:

- + Sqli company,
- + ASTON INSTITUT, a French subsidiary of Sqli,
- + the following subsidiaries based abroad: Sqli MAROC, Sqli SUISSE, Sqli BELGIUM, WAX BELGIQUE, Sqli SA (Luxembourg), INVENTCOMMERCE LTD, INVENTCOMMERCE PROPRIETARY LTD, OSUDIO, STAR REPUBLIC.

Information presented in the "Environmental risks" section cover:

- + For business trips: company sites based in France;
- + For energy consumption within the Group premises: Sqli, following sites: Levallois-Perret from April 2018 to December 2018), La Chapelle sur Erdre, Toulouse, Pessac ; and ASTON INSTITUT for the following sites : Lille, Sqli MAROC, INVENTCOMMERCE, INVENTCOMMERCE PROPRIETARY LTD, Sqli SUISSE, Sqli BELGIUM, WAX Belgique, Sqli SA (Luxembourg), STAR REPUBLIC, OSUDIO for the following sites : Diepenbeek, Lünen, Berlin, Valencia ;
- + For paper consumption: all Sqli companies excluding STAR REPUBLIC

In the present statement, "NC" and "NA" mean "not communicated" and "not applicable".

### 3.3.2. SOCIAL REPORTING METHOD

The following terms have the following meanings in the present report:

- + Headcount/workforce: total number of employees (physical persons) with a work contract (temporary, permanent or apprentice) at 31 December 2018.
- + Absenteism: number of days off taken by employees for illness, work accident, maternity leave, authorised leave or other (paternity leave, for instance).
- + % of employees who performed an annual performance review (BAP): number of employees who performed a BAP/total number of employees at 31/12/2018. In France, annual reviews are recorded within an electronic approval and signature system by the manager and the HRTL and by the employee. In the subsidiaries based abroad, reviews are submitted through word forms which are printed and manually signed, except for the Belgian entities (digital process). These signed and approved reviews are included in the ratio.
- + Number of obtained certifications : certifications are awarded after completion of a training and final exam (such as a questionnaire or an oral exam in front of a jury, according to the type of certification and its reputation). Certifications enable to validate a specific skill level in a specific sector (by validating acquired knowledge). These certifications can be locally (on the French

market or within a specific expert community) or internationally recognized. The number of validated certifications represents the amount of final exams validated by the Group employees.

**+** Voluntary turnover : the voluntary departure turnover is calculated as follows : ((total number of departure/number of months) / average headcount since the beginning of the period) x 12  
 Voluntary departure include the employees deciding to leave at the end of their trial period, employees ending their temporary contracts and resignations.

### 3.3.3. SOCIAL REPORTING METHOD

Client satisfaction: our satisfaction survey applies the Net Promoter Score (NPS) method in order to identify the clients recommendation rate. The NPS approach is based on the following question: "How likely are you to recommend SQLI to a friend or colleague? " Participants are requested to give a score between 1 and 10, within the following categories: "Very unlikely" from 0 to 6, "Neutral" from 7 to 8 and "Very likely" from 9 to 10. Following the NPS approach, we addressed the following question: "On a scale from 0 to 10, how would you recommend SQLI to a relative or a colleague?" to 694 clients based in France, Switzerland, Belgium and Morocco.

Operational security: we asked all our subsidiaries (in France and abroad) to report the global number of legal actions taken against SQLI following a claim of invasion of privacy and loss of client data.

Governance: we calculated the total % of women within SQLI Executive Board as follows: number of women with the EB/total number of Board members (excluding the employees representative) x 100 :  $3 \times 100 : 33\%$ .

## 3.4. ENVIRONMENTAL REPORTING METHODS

Electricity bills sent by EDF are used to calculate the power consumption of the company sites based in Levallois-Perret, la Chapelle sur Erdre, Toulouse, Pessac and Lille for ASTON INSTITUT.

SQLI account extracts provided by the Group suppliers are used to calculate the paper consumption of SQLI/ASTON INSTITUT (based on the supplier invoices and CO2 emissions generated by the business trips (thanks to extracts provided by the company managing business trips within SQLI/ASTON INSTITUT.

### 3.5. CORRELATION TABLE

LEGAL TEXT	LIST OF COMPULSORY ITEMS	ITEM PROCESSING
Law on the fight against fraud (23 October, 2018)	Fight against tax evasion	Considering the late publication of the law, we could not include this matter into our review of CSR risks. This matter will be included in the risk review of next year if it is considered as a potential risk.
Law on sustainable nutrition of 30 October 2018	Fight against food insecurity, respect of animal welfare, sustainable, fair and responsible nutrition	Considering that SQLI business consists in providing dematerialised products and services, this matter is not considered as a significant CSR risk and does not need to be included in the present management report.
Decree implementing the European directive (n°2017-1265)	Impact of the Group activities and use of goods and services (contribution and adaptation) on climate change	Considering that SQLI business consists in providing dematerialised products and services, this matter is not considered as a significant CSR risk and does not need to be included in the present management report.
	Circular economy	Considering that SQLI business consists in providing dematerialised products and services, this matter is not considered as a significant CSR risk and does not need to be included in the present management report.
	Fight against food waste	Considering that SQLI business consists in providing dematerialised products and services, this matter is not considered as a significant CSR risk and does not need to be included in the present management report.
	Collective agreements within the company and impact on the Group economic performance.	Considering that SQLI business consists in providing dematerialised products and services, this matter is not considered as a significant CSR risk and does not need to be included in the present management report.
	Actions taken to fight against discrimination, promote diversity and actions in favour of disabled people.	See point 2.2.3 "Diversity and equal opportunity".
	Corporate commitments in terms of sustainable development.	See paragraph 2.5 "Environmental risks".

## 3.6. REPORT OF THE INDEPENDANT THIRD-PARTY

### SQLI

Year ended on 31 December 2018

#### **Report from the independent third-party on extra-financial performance statement included in the management report.**

To the General Meeting,

As an independent third-party firm accredited by COFRAC under n° 3-1050 (scope of accreditation available on [www.cofrac.fr](http://www.cofrac.fr) website) and member of the network of one of SQLI statutory auditors (the "entity"), we present our report on consolidated social, corporate and environment-related information regarding the financial year ended 31 December 2018 (the "Statement"), such as included in the management report, pursuant to Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the Commercial Code.

#### **Liability of the Entity**

The Executive Board must produce a Statement compliant with legal and regulatory provisions, including an presentation of the company business model, the most significant risks (excluding financial risks), the policies applied to limit this risks including key performance indicators.

The Statement has been produced in compliance with the Entity procedures (the "Standard"), which are summarized in the Statement.

#### **Independence and Quality Control**

Our independence is defined by the provisions of Article 822-11-3 of the Commercial Code and the the French Code of Ethics. We also implemented a quality control including documented policies and processes allowing to monitor that ethics rules, professional standards, regulations and laws are complied with.

#### **Liability of the independant third-party**

We must, as part of our mission, provide a documented review expressing a moderate assurance on :

- the Statement compliance with the provisions of Article R. 225-105 of the Commercial Code;
- the accuracy of submitted information, in compliance with article R. 225-105, I and II, 3° of the Commercial Code, regarding the results of executed policies with KPI, actions taken against the main identified risks, ("Information").

However, we can not express an opinion on:

- the Entity compliance with other legal and regulatory provisions, in particular regarding diligence and fight against corruption and tax evasion;
- the compliance of products and services to existing regulations.

### **Nature and scope of the mission**

We carried out our mission in compliance with the provisions of Articles A. 225-1 and followings of the Commercial Code establishing the procedure of independant third-party auditors, with professional standards and with ISAE 30002 "Assurance engagements other than audits or reviews of historical financial information".

Our objective is to assess the Statement compliance with regulatory provisions and the accuracy of Information:

- We reviewed all the activities of the companies included in the consolidation scope, the description of major social and environmental risks related to these activities and their impact in terms of Human rights and fight against corruption and tax evasion, as well as implementing policies and their results.
- We assessed the suitability of the Referential, in terms of relevance, completeness, reliability, objectivity and understandability, by comparing it, as needed, with the good practices of the sector;
- We controled that the Statement includes each category of information mentionned in Article L. 225-102-1, III of the Commercial Code in terms of social and environmental matters, respect of Human rights and fight against corruption and tax evasion;
- We checked that the Statement includes an explanation regarding the lack of information requested by article L. 225-102-1, III, alinea 2 of the Commercial Code;
- We checked that the Statement describes the business models and main risks related to all the entities included in the consolidation scope, including, if necessary, the risks related to business relationships, products and services as well as policies, actions and results, including KPI;
- We checked that the Statement includes all information, considered as relevant in view of the main risks and policies, requested by Article R. 225-105, II of the Commercial Code;
- We assessed the process of selection and validation of main identified risks;
- We checked the creation of internal control and risks management processes by the entity;
- We valued the consistency of results and KPI taken into consideration in view of the main risks and policies;
- We checked that the Statement includes the whole consolidated scope, i.e. all the companies included in the scope, in compliance with Article L. 233-16 of the Commercial Code;
- We assessed the collection process implemented by the entity and guaranteing completeness and accuracy of Information;
- We created, regarding the major KPI and other quantitative results presented in Appendix 1 :
  - review processes to check the accurate consolidation of collected data and consistency of their development;
  - detailed tests based on surveys to check the correct application of definitions and processes and reconcile the data with supporting documentation. These works have been carried out for the following participating entities: SQLI ESU, SQLI Belgium and WAX Belgique which represent 59 % of the consolidated data selected for these tests (59 % of the Group headcount).
- We read the documentary sources and run interviews to check the consistency of qualitative data (actions and results) considered as critical, such as presented in Appendix 1.

- We assessed the global consistency of the Statement, according our understanding of all the activities of the companies included in the consolidation scope.

We consider our work carried out in a professional manner enables us to provide a documented review expressing a moderate assurance; achieving a higher assurance level would have required deeper and more extended controls.

### **Means and resources**

Our mission was accomplished by 3 persons between January 2019 and March 2019, for a total duration of ten weeks.

We organized 5 meetings with the people preparing the Statement which represented the following departments: Human Resources, Legal department, Purchasing, Marketing and Communication

### **Conclusion**

Following our controls, we did not find any significant misstatement likely to compromise the compliance of the extra-financial performance statement with regulatory and legal provisions and the accuracy of information such as presented and based on the Referential.

Paris-La Défense, 15 April 2019

independant third-party auditor  
Ernst & Young and others

Eric Mugnier  
Sustainable development partner

Jean-François Bélorgey  
Partner

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# CHAPTER 4. FINANCIAL INFORMATION

## 4.1. CONSOLIDATED ANNUAL ACCOUNTS AT 31 DECEMBER 2018

### A. CONSOLIDATED FINANCIAL SITUATION

ASSETS (in thousands of euros)	Notes	31.12/2018	31.12.2017
Goodwill	1)	85,771	86,054
Intangible fixed assets	2)	3,712	3,238
Right of use related to leases	3)	36,653	-
Tangible fixed assets	4)	9,057	6,398
Financial assets	5)	5,447	5,214
Other non current assets	8)	6,066	5,804
Deferred taxes - assets	19)	3,824	2,115
<b>NON CURRENT ASSETS</b>		<b>150,530</b>	<b>108,823</b>
Customer receivables and related accounts	6)	54,029	59,610
Other claims and regularization accounts	7)	40,468	46,264
Tax outstanding assets	7)	785	957
Cash flow and cash flow equivalents	9)	27,468	19,276
<b>CURRENT ASSETS</b>		<b>122,750</b>	<b>126,107</b>
<b>TOTAL OF ASSETS</b>		<b>273,280</b>	<b>234,930</b>

LIABILITIES (in thousands of euros)	Notes	31.12.2018 <sup>1</sup>	31.12.2017
Equity	10)	3,541	3,168
Premium		46,209	41,103
Consolidated reserves		33,417	32,294
Consolidated result		3,062	1,974
<b>SHAREHOLDERS EQUITY (GROUP SHARE)</b>		<b>86,229</b>	<b>78,539</b>
Minority interests		-	-
<b>CONSOLIDATED SHAREHOLDERS' EQUITY</b>		<b>86,229</b>	<b>78,539</b>
Long term financial debt	13)	33,974	42,276
Lease obligations (> 1 year)	15)	32,277	-
Long term provisions	17)	3,447	3,428
Deferred taxes - liabilities	19)	564	468
Other non current liabilities	20)	11,454	15,884
<b>NON CURRENT LIABILITIES</b>		<b>81,716</b>	<b>62,056</b>
Short term financial debt	13)	6,298	2,560
Lease obligations (< 1 year)	15)	7,150	-
Long term provisions	17)	288	52
Debts with suppliers and related accounts		22,159	21,829
Other payables	21)	67,980	68,291
Tax outstanding liabilities	22)	1,460	1,603
<b>CURRENT LIABILITIES</b>		<b>105,335</b>	<b>94,335</b>
<b>TOTAL OF LIABILITIES</b>		<b>273,280</b>	<b>234,930</b>

### B. CONSOLIDATED INCOME STATEMENT

Data in thousands of euros	Notes	2018 <sup>55</sup>	2017
<b>TURNOVER</b>	VI.	<b>231,981</b>	<b>211,960</b>
Other earnings	24)	5,060	5,958

<sup>55</sup> The accounts at 31 December 2018 are drawn up in compliance with IFRS 9 and IFRS 15 and with IFRS 16 by anticipation (application of the simplified retrospective transition method without restatement of 2017 period).

Used purchases		-2,097	-2,126
Staff costs	25)	-139,201	-133,733
External expenses	28)	-70,912	-65,696
Taxes and dues		-3,520	-3,182
Net allowance to depreciation and provisions		-9,147	-2,361
Other operating costs and charges		20	59
<b>RECURRING OPERATING INCOME</b>	<b>VI.</b>	<b>12,184</b>	<b>10,879</b>
Goodwill depreciation		0	0
Other non current operating incomes and expenses	29)	-4,173	-6,411
<b>OPERATING INCOME</b>		<b>8,011</b>	<b>4,468</b>
Cash and cash equivalent income (charges)		69	75
Total of gross financial debt		-2,723	-1,448
<b>Total of net financial debt</b>	<b>30)</b>	<b>-2,654</b>	<b>-1,373</b>
Other financial revenues and expenses	30)	-277	60
<b>RESULT (bef. taxes)</b>		<b>5,080</b>	<b>3,155</b>
Tax liability	31)	-2,018	-1,181
<b>NET RESULT (before result of activities transferred or being transferred)</b>		<b>3,062</b>	<b>1,974</b>
Result of activity being stopped or transferred		0	0
<b>CONSOLIDATED NET INCOME</b>		<b>3,062</b>	<b>1,974</b>
Group share		3,062	1,974
Minority interests		0	0
Net result Group share per SQLI share (euro)		0.73	0.51
Average number of outstanding shares	32)	4,200 579	3,846 859
Net diluted result, Group share per SQLI share (euro)		0.71	0.46
Average number of outstanding BSAAR and shares	32)	4,290 173	4,246 793

## Comprehensive income

Data in thousands of euros	2018 <sup>57</sup>	2017
<b>NET INCOME</b>	<b>3,062</b>	<b>1,974</b>
Actuarial difference on defined benefit scheme after tax	-105	-27
<b>Items that will not be reclassified to profit or loss</b>	<b>-105</b>	<b>-27</b>
Translation differences	162	-666
<b>Items that will not be reclassified to profit or loss</b>	<b>162</b>	<b>-666</b>
Items booked as shareholder's equity:	57	-693
<b>COMPREHENSIVE INCOME</b>	<b>3,119</b>	<b>1,281</b>
Allocated to minority shareholders	0	0
Allocated to the group	3,119	1,281

**C. VARIATION OF CONSOLIDATED SHAREHOLDER'S EQUITY**

Data in thousands of euros	Number of shares	Equity	Premium	Reserves	Year result	Translation & actuarial differences	Shareholder's Equity		
							Group share	Minority interests	Total
<b>Situation at 31/12/16</b>	<b>3,856 923</b>	<b>3,086</b>	<b>39,261</b>	<b>28,566</b>	<b>6,212</b>	<b>1,627</b>	<b>78,752</b>		<b>78,752</b>
Income appropriation				2,794	-2,794				
Distribution of dividends					-3,418		-3,418		-3,418
Exercise of BSAAR and BSA	42,211	33	633				666		666
Allocation of stockoptions			52				52		52
Treasury shares			189				189		189
<i>Overall results H1</i>					<i>1,003</i>				
<i>Other items of comprehensive income</i>						-140			
Comprehensive income H1 2013					1,003	-140	863		863
<b>Situation at 30/06/17</b>	<b>3,899 134</b>	<b>3,119</b>	<b>40,135</b>	<b>31,360</b>	<b>1,003</b>	<b>1,487</b>	<b>77,104</b>		<b>77,104</b>
Exercise of BSAAR and BSA	55,221	45	814				859		859
Group Saving Plan	5,183	4	156				160		160
Allocation of stockoptions			70				70		70
Treasury shares			-72				-72		-72
<i>Total income H2</i>					<i>971</i>				
<i>Other items of comprehensive income</i>						-553			
Comprehensive income H2					971	-553	418		418
<b>Situation at 31/12/17</b>	<b>3,959 538</b>	<b>3,168</b>	<b>41,103</b>	<b>31,360</b>	<b>1,974</b>	<b>934</b>	<b>78,539</b>		<b>78,539</b>
Income appropriation				1,974	-1,974				
Exercise of BSAAR and BSA	348,576	278	4,962				5,240		5,240
Allocation of stockoptions			108				108		108
Treasury shares			-138				-138		-138
Impact of the accounting procedure change				-1,038			-1,038		-1,038
<i>Overall results H1</i>					<i>361</i>				
<i>Other items of comprehensive income</i>						40			
Comprehensive income H1 2013					361	40	401		401
<b>Situation at 31/12/14</b>	<b>4,308 114</b>	<b>3,446</b>	<b>46,035</b>	<b>32,296</b>	<b>361</b>	<b>974</b>	<b>83,112</b>		<b>83,112</b>
Exercise of BSAAR and BSA	9,726	8	186				194		194
Group Saving Plan	811	1	14				15		15
Issue of new shares replacing bonuses	107,946	86	-98				-12		-12
Allocation of stockoptions			103				103		103
Treasury shares			-31				-31		-31
Impact of the accounting procedure change				130			130		130
<i>Total income H2</i>					<i>2,701</i>				
<i>Other items of comprehensive income</i>						17			
Comprehensive income H2					2,701	17	2,718		2,718
<b>Situation at 31/12/18</b>	<b>4,426 597</b>	<b>3,541</b>	<b>46,209</b>	<b>32,426</b>	<b>3,062</b>	<b>991</b>	<b>86,229</b>		<b>86,229</b>

**D. VARIATION OF CONSOLIDATED CASH FLOW**

Data in thousands of euros	2018	2017
<b>CONSOLIDATED NET INCOME</b>	<b>3,062</b>	<b>1,974</b>
Depreciation, amortization and provisions <sup>56</sup>	9,867	3,140
Other allocated charges (revenues)	355	197
Transferred capital gain and loss	331	-59
<b>SELF FINANCING CAPACITY AFTER TAX AND FINANCING COST TO REVENUE</b>	<b>13,615</b>	<b>5,252</b>
Tax liability (deferred taxes included)	2,018	1,181
Cost of financial debt	2,723	1,448
<b>SELF FINANCING CAPACITY BEFORE TAX AND FINANCING COST TO REVENUE</b>	<b>18,356</b>	<b>7,881</b>
Variation of customers	11,034	-3,902
Variation of suppliers	593	2,332
Variation of other current assets and liabilities	-4,547	4,418
(paid) reimbursed Corporate Tax <sup>57</sup>	-3,225	-2,556
<b>CASH FLOW DUE TO OPERATING ACTIVITIES</b>	<b>22,211</b>	<b>8,173</b>
Acquisition of fixed assets	-6,192	-3,607
Transfer of fixed assets	402	162
Scope variation <sup>58</sup>	-1,862	-21,465
<b>CASH FLOW DUE TO INVESTMENT ACTIVITIES</b>	<b>-7,652</b>	<b>-24,910</b>
Capital Increase	5,450	1,685
Dividends paid to the shareholders of the controlling company	-	-3,417
Dividends paid to minority shareholders	-127	-
Loan issue	-	39,790
Acquisition (transfer) of treasury shares	-170	117
Loan repayment	-4,613	-5,361
Repayment of rental debts <sup>59</sup>	-4,572	-
Paid Interest on rental obligations	-974	-
Paid interests	-1,813	-1,094
<b>CASH FLOW RELATED TO FINANCING ACTIVITIES</b>	<b>-6,819</b>	<b>31,720</b>
<b>CASH FLOW FLUCTUATION</b>	<b>7,740</b>	<b>14,983</b>
Cash flow and equivalent at 1st January	19,225	4,680
Effect of currency rates fluctuation	84	-438
<b>CASH FLOW AND EQUIVALENT AT 31 DECEMBER<sup>60</sup></b>	<b>27,049</b>	<b>19,225</b>

<sup>56</sup> Excluding provisions related to current assets.

<sup>57</sup> Including 1,473 K€ of CVAE.

<sup>58</sup> Firm price payment of CDLX securities (550 K€), OSUDIO earn-out (925 K€) and Sqli UK earn-out (327 K€).

<sup>59</sup> Cf. note E.V.9) supra.

<sup>60</sup> Following the application of IFRS 16 by anticipation (based on the simplified retrospective transition method without restatement of the previous period).

## **E. APPENDIX TO THE CONSOLIDATED ACCOUNTS**

### I. Activity

Created in 1990, SQLI is the reference partner for companies operating a digital transition of their customer processes and all the internal services related. With a unique positioning covering marketing and technology, SQLI uses a global approach to meet the needs of developing sales and reputation (digital and social marketing, customer experience, e-Commerce, data intelligence), and productivity and internal efficiency goals (digitalization of operations, collaborative activity, mobility and connected devices, CRM...)

SQLI is listed on NYSE Euronext Paris, compartment C (ISIN FR0011289040).

SQLI turnover amounted to 232.0 M€ in 2018 (up 9% year on year). Stripping out the impact of changes in exchange rates, growth was 10% for the full-year.

This result comes on the back of sustained growth in overseas operations (+31 %) which now accounts for 35% of total Group sales (versus 29% in 2017). The growth in France was weak but positive in 2018 (1%).

Organic growth (change in turnover at constant scope and exchange rates) edged up steadily in 2018 (up 1% in the first half, 2% in the third quarter and 4% in the fourth quarter) to reach 2% for the year as a whole.

SQLI succeeded in expanding its workforce, proving its ability to attract talent while maintaining control over its turnover. The group reported a 124 people drop in the first half of 2018 but positive result of 90 new hires in the second half, with a final number of 2,238 employees (excluding interns).

New synergies are flourishing with newly acquired companies while the first common projects implemented with the services centers based in France and Morocco are a great success.

The Group records an strongly increasing EBITDA, from 13.2 M€ to 21.7 M€ (+ 64%). This improvement is partly due to the application of IFRS 16 (+5.5 M€).

Current operating income came out at 12.2 M€ (up 10.9% year on year), including a lower non-recurring charge (2.2 M€).

Operating income increased by 80% to 8 M€ year on year (4.5 M€ in 2017), with a significant improve during the year: 2.4 M€ in H1 2018 (2.0% of the To) and 5.6 M€ in H2 (4.8% of To). This rise is due to the employment rate increase (0.6 p), the cost cut program and the improvement of Parisian teams performance.

The net profit amounts to 3 M€, after deduction of financial debt (2.7 M€) and tax liability (2.0 M€), showing a 50% improvement year on year.

At 31 December 2018, SQLI has a strong balance sheet with 86.2 M€ of shareholder's equity and 12.8 M€ of financial debt. The balance sheet takes into account the positive result of the year and shows a potential leverage with the exercise of BSAAR expiring on 20 April 2018 (5.1 M€).

## II. ACCOUNTING RULES AND PROCEDURES

### 1) General framework

In application of the European regulation n°1606/2002 of 19 July 2002, the 2018 consolidated accounts are presented in compliance with the international accounting rules (IAS/IFRS) of the EU. They are applicable on 22 March 2019, closing date of the accounts chosen by the Executive Board. These rules are available on the EU Commission website:

[http://ec.europa.eu/internal\\_market/accounting/ias\\_fr.htm#adopted-commission](http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission).

The accounting rules applied at 31 December 2018 are the same as those applied at 31 December 2017, except for the rules and interpretations adopted by the EU which came into force on 1st January 2018 such as described hereafter, and standard IFRS applied by anticipation.

### 2) Evolution of accounting rules in 2018

#### α- New rules, amendments and interpretations which have not been applied yet by the Group

The Group has not applied by anticipation the rules, amendments and interpretations adopted or about to be adopted by the EU for which an early application was possible, and which will come into force after 31 December 2018.

These are the following standards and amendments, which will apply to financial years starting after 1st January 2019, subject to their adoption by the European Union:

- Annual improvements cycle 2015-2017 (a)
  - IFRS 9 amended (adopted in March 2018 by the EU) - Prepayment Features with Negative Compensation.
  - IAS 19 amended (a);
  - IFRIC 23 – Uncertainty over Income Tax Treatments
- b- New standards and compulsory interpretations coming into force at 1st January 2018

IFRS 15 "Revenue from contracts with customers";

SQLI adopted IFRS 15 "Revenue from contracts with customers" based on the adjusted retrospective transition without restatement of 2017 period. Restatements related to the first application of IFRS 15 are presented below.

To recognise revenue under IFRS 15, an entity must apply the following five steps:

1. identifying the contract scope;
2. identifying the performance obligations;
3. setting the transaction price;
4. allocating the transaction price to each performance obligation;
5. recognizing revenue during the transfer of control of a good or service to a customer.

the requested analysis showed a few discrepancies regarding the former standards applied to a limited amount of contracts. These discrepancies mainly relate to performance obligations for contracts with multiple items, start-up costs, transfer of control, contract amendment and transaction price determination (for contracts with variable remuneration components such as rebates or penalties).

The most significant restatements are related to the integration of start-up costs: their impact on the Group consolidate accounts are presented in not C below.

IFRS 9 "Financial instruments";

From 1st January 2018, the standard includes new dispositions related to classification and measurement of financial assets based on the entity business model and contractual characteristics of financial assets.

The difference with the former standards relates to the recognition of loss of value for financial assets. IFRS 9 introduces a prospective approach for expected loss on receivables. The application of this standard has little impact on the Group accounts, since its simulated application at 31 December 2016 and 2017 gives the same conclusion. The impact of this standard is described in note C below.

c- Application of IFRS 16 "Leases" by anticipation

SQLI decided to apply IFRS 16 "Leases" by anticipation from 1st January 2018.

The Group leases for office rental in France and abroad are compliant with IFRS 16 for most of company vehicles and IT materials.

Each lease has been categorized as financial lease or simple lease, with different accounting rules for each category. According to IFRS 16, all leases must be recognized in the assets for the right to use and in the liabilities with a debt corresponding to the discounted value of future payments. The lease term is defined for each contract and represents the firm commitment duration, while taking into account optional extensions which are likely to be applied.

The transition method consists in accounting the aggregate effect of initial application as an adjustment on shareholders equity appearing in the opening balance sheet, with the assumption that the assets related to the right of use equal to the amount of lease obligations, adjusted by the amount of prepaid rent and benefits granted by the lessors. The Group proceeded with the restatement of all contracts covered by the new standard, regardless of the underlying asset value.

Only short-term leases (less than 12 months) and contracts with a residual maturity of less than 12 months (from 1st January 2018) have been recorded directly as expenses.

## d- Impact of IFRS 9, 15 and 16 on consolidated accounts.

The impact of the first implementation of IFRS 9, 15 and 16 on the opening balance sheet has been reviewed since 30 June 2018 as such:

ASSETS (in thousands of euros)	31.12.2017	IMPACT IFRS 9	IMPACT IFRS 15	IMPACT IFRS 16	Impact Distribution of rentfree periods <sup>61</sup>	01.01.2018 Restated
Goodwill	86,054					86,054
Intangible fixed assets	3,238					3,238
Right of use related to leases	-			34,384		34,384
Tangible fixed assets	6,398					6,398
Financial assets	5,214					5,214
Other non current assets	5,804					5,804
Deferred taxes - assets	2,115	492			-179	2,428
<b>NON CURRENT ASSETS</b>	<b>108,823</b>	<b>492</b>	<b>-</b>	<b>34,384</b>	<b>-179</b>	<b>143,520</b>
Customer receivables and related accounts	59,610	-1,758	-1,510			56,342
Other claims and regularization accounts	46,264		1,510			47,774
Tax outstanding assets	957					957
Cash flow and cash flow equivalents	19,276					19,276
<b>CURRENT ASSETS</b>	<b>126,107</b>	<b>-1,758</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124,349</b>
<b>TOTAL OF ASSETS</b>	<b>234,930</b>	<b>-1,266</b>	<b>-</b>	<b>34,384</b>	<b>-179</b>	<b>267,869</b>

LIABILITIES (in thousands of euros)	31.12.2017	IMPACT IFRS 9	IMPACT IFRS 15	IMPACT IFRS 16	IMPACT Distribution of rentfree periods <sup>62</sup>	01.01.2018 Restated
Equity	3,168					3,168
Premium	41,103					41,103
Consolidated reserves	32,294	-1,266			358	31,386
Consolidated result	1,974					1,974
<b>SHAREHOLDERS EQUITY (GROUP SHARE)</b>	<b>78,539</b>	<b>-1,266</b>	<b>-</b>	<b>-</b>	<b>358</b>	<b>77,631</b>
Minority interests	-					-
<b>CONSOLIDATED SHAREHOLDERS' EQUITY</b>	<b>78,539</b>	<b>-1,266</b>	<b>-</b>	<b>-</b>	<b>358</b>	<b>77,631</b>
Financial debts (> 1 year)	42,276					42,276
Lease obligations (> 1 year)	-			30,142		30,142
Long term provisions	3,428					3,428
Deferred taxes - liabilities	468					468
Other non current liabilities	15,884					15,884
<b>NON CURRENT LIABILITIES</b>	<b>62,056</b>	<b>-</b>	<b>-</b>	<b>30,142</b>	<b>-</b>	<b>92,198</b>
Financial debts (< 1 year)	2,560					2,560
Lease obligations (< 1 year)	-			4,305		4,035
Long term provisions	52					52
Debts with suppliers and related accounts	21,829			207	-367	21,669
Other payables	68,291				-170	68,121
Tax outstanding liabilities	1,603					1,603
<b>CURRENT LIABILITIES</b>	<b>94,335</b>	<b>-</b>	<b>-</b>	<b>4,242</b>	<b>-537</b>	<b>98,040</b>
<b>TOTAL OF LIABILITIES</b>	<b>234,930</b>	<b>-1,266</b>	<b>-</b>	<b>34,384</b>	<b>-179</b>	<b>267,869</b>

<sup>61</sup> Impact to review together with the impact of IFRS 16

<sup>62</sup> Impact to review together with the impact of IFRS 16

The impact of IFRS 16 first application on the opening balance sheet is:

- + accounting of right of use and lease obligations;
- + the reclassification of assets and recorded debts related to finance leases in effect at 31 December 2017;
- + the distribution of rentfree periods and participation of lessors to renovation works during previous financial years become irrelevant.

The following tables include projective 2018 data considering the Group has been applying the same standards as in 2017:

Impact on the consolidated income statement at 31 December 2018

In thousands of euros	31.12.2018 Standard applied in 2018	IMPACT IFRS 9	IMPACT IFRS 15	IMPACT IFRS 16	IMPACT Distribution of rent-free periods <sup>63</sup>	31.12.2018 Standard applied in 2017
<b>TURNOVER</b>	<b>231,981</b>		<b>-658</b>			<b>231,323</b>
<b>Staff costs</b>	<b>-</b>		<b>685</b>			<b>-</b>
<b>External expenses</b>	<b>-70,912</b>			<b>-</b>	<b>-2,065</b>	<b>-78,524</b>
<b>Net allowance to depreciation and provisions</b>	<b>-9,147</b>	<b>-207</b>		<b>5,547</b>		<b>-2,039</b>
<b>Other revenues and expenses in the recurring operating income</b>	<b>-537</b>			<b>7,315</b>	<b>46</b>	<b>-491</b>
<b>RECURRING OPERATING INCOME</b>	<b>12,184</b>	<b>-207</b>	<b>27</b>	<b>1,768</b>	<b>-2,019</b>	<b>11,753</b>
<b>Other non current operating incomes and expenses</b>	<b>-4,173</b>					<b>-4,173</b>
<b>OPERATING INCOME</b>	<b>8,011</b>	<b>-207</b>	<b>27</b>	<b>1,768</b>	<b>-2,019</b>	<b>7,580</b>
<b>Total of net financial debt</b>	<b>-2,654</b>			<b>974</b>		<b>-1,680</b>
<b>Other financial revenues and expenses</b>	<b>-277</b>					<b>-277</b>
<b>RESULT (bef. taxes)</b>	<b>5,080</b>	<b>-207</b>	<b>27</b>	<b>2,742</b>	<b>-2,019</b>	<b>5,623</b>
<b>Tax liability</b>	<b>-2,018</b>	<b>58</b>	<b>-8</b>	<b>-768</b>	<b>565</b>	<b>-2,171</b>
<b>CONSOLIDATED NET INCOME</b>	<b>3,062</b>	<b>-149</b>	<b>19</b>	<b>1,974</b>	<b>-1,454</b>	<b>3,452</b>

<sup>63</sup> Impact to review together with the impact of IFRS 16

<b>LIABILITIES</b> (in thousands of euros)	<b>31.12.2017</b>	<b>IMPACT IFRS 9</b>	<b>IMPACT IFRS 15</b>	<b>IMPACT IFRS 16</b>	<b>IMPACT Distribution of rent-free periods<sup>64</sup></b>	<b>01.01.2018 Restated</b>
<b>Equity</b>	<b>3.168</b>					<b>3.168</b>
<b>Premium</b>	<b>41.103</b>					<b>41.103</b>
<b>Consolidated reserves</b>	<b>32.294</b>	-			<b>358</b>	<b>31.386</b>
		<b>1.266</b>				
<b>Consolidated result</b>	<b>1.974</b>					<b>1.974</b>
<b>SHAREHOLDERS EQUITY (GROUP SHARE)</b>	<b>78.539</b>	-	-	-	<b>358</b>	<b>77.631</b>
		<b>1.266</b>				
<b>Minority interests</b>	-					-
<b>CONSOLIDATED SHAREHOLDERS' EQUITY</b>	<b>78.539</b>	-	-	-	<b>358</b>	<b>77.631</b>
		<b>1.266</b>				
<b>Financial debts (&gt; 1 year)</b>	<b>42.276</b>					<b>42.276</b>
<b>Lease obligations (&gt; 1 year)</b>	-			<b>30.142</b>		<b>30.142</b>
				<b>2</b>		
<b>Long term provisions</b>	<b>3.428</b>					<b>3.428</b>
<b>Deferred taxes - liabilities</b>	<b>468</b>					<b>468</b>
<b>Other non current liabilities</b>	<b>15.884</b>					<b>15.884</b>
<b>NON CURRENT LIABILITIES</b>	<b>62.056</b>	-	-	<b>30.142</b>	-	<b>92.198</b>
				<b>2</b>		
<b>Financial debts (&lt; 1 year)</b>	<b>2.560</b>					<b>2.560</b>
<b>Lease obligations (&lt; 1 year)</b>	-			<b>4.305</b>		<b>4.035</b>
<b>Long term provisions</b>	<b>52</b>					<b>52</b>
<b>Debts with suppliers and related accounts</b>	<b>21.829</b>			<b>207</b>	<b>-367</b>	<b>21.669</b>
<b>Other payables</b>	<b>68.291</b>				<b>-170</b>	<b>68.121</b>
<b>Tax outstanding liabilities</b>	<b>1.603</b>					<b>1.603</b>
<b>CURRENT LIABILITIES</b>	<b>94.335</b>	-	-	<b>4.242</b>	<b>-537</b>	<b>98.040</b>
<b>TOTAL OF LIABILITIES</b>	<b>234.930</b>	-	-	<b>34.384</b>	<b>-179</b>	<b>267.869</b>
		<b>1.266</b>		<b>4</b>		

The impact of IFRS 16 first application on the opening balance sheet is:

- + accounting of right of use and lease obligations;
- + the reclassification of assets and recorded debts related to finance leases in effect at 31 December 2017;
- + the distribution of rentfree periods and participation of lessors to renovation works during previous financial years become irrelevant.

The following tables include projective 2018 data considering the Group has been applying the same standards as in 2017:

<sup>64</sup> Impact to review together with the impact of IFRS 16

## Impact on the consolidated income statement at 31 December 2018

In thousands of euros	31.12.2018 Standard applied in 2018	IMPACT IFRS 9	IMPACT IFRS 15	IMPACT IFRS 16	IMPACT Distribution of rentfree periods <sup>65</sup>	31.12.2018 Standard applied in 2017
TURNOVER	231.981		-658			231.323
Staff costs	-139.201		685			-138.516
External expenses	-70.912			-5.547	-2.065	-78.524
Net allowance to depreciation and provisions	-9.147	-207		7.315		-2.039
Other revenues and expenses in the recurring operating income	-537				46	-491
<b>RECURRING OPERATING INCOME</b>	<b>12.184</b>	<b>-207</b>	<b>27</b>	<b>1.768</b>	<b>-2.019</b>	<b>11.753</b>
Other non current operating incomes and expenses	-4.173					-4.173
<b>OPERATING INCOME</b>	<b>8.011</b>	<b>-207</b>	<b>27</b>	<b>1.768</b>	<b>-2.019</b>	<b>7.580</b>
Total of net financial debt	-2.654			974		-1.680
Other financial revenues and expenses	-277					-277
<b>RESULT (bef. taxes)</b>	<b>5.080</b>	<b>-207</b>	<b>27</b>	<b>2.742</b>	<b>-2.019</b>	<b>5.623</b>
Tax liability	-2.018	58	-8	-768	565	-2.171
<b>CONSOLIDATED NET INCOME</b>	<b>3.062</b>	<b>-149</b>	<b>19</b>	<b>1.974</b>	<b>-1.454</b>	<b>3.452</b>

## Impact on the consolidated income statement at 31 December 2018

ASSETS (in thousands of euros)	31.12.2018 Standard applied in 2018	IMPACT IFRS 9	IMPACT IFRS 15	IMPACT IFRS 16	IMPACT Distribution of rentfree periods <sup>66</sup>	31.12.2018 Standard applied in 2017
Goodwill	85.771					85.771
Intangible fixed assets	3.712					3.712
Right of use related to leases	36.653			-36.653		-
Tangible fixed assets	9.057					9.057
Financial assets	5.447					5.447
Other non current assets	6.066					6.066
Deferred taxes - assets	3.824	-434	-8	-768	744	3.358
<b>NON CURRENT ASSETS</b>	<b>150.530</b>	<b>-434</b>	<b>-8</b>	<b>-37.421</b>	<b>744</b>	<b>113.411</b>
Customer receivables and related accounts	54.029	1.551	852			56.432
Other claims and regularization accounts	40.468		-825			39.643
Tax outstanding assets	785					785
Cash flow and cash flow equivalents	27.468					27.468
<b>CURRENT ASSETS</b>	<b>122.750</b>	<b>1.551</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>124.328</b>
<b>TOTAL OF ASSETS</b>	<b>273.280</b>	<b>1.117</b>	<b>19</b>	<b>-37.421</b>	<b>744</b>	<b>237.739</b>

<sup>65</sup> Impact to review together with the impact of IFRS 16

<sup>66</sup> Impact to review together with the impact of IFRS 16

LIABILITIES (in thousands of euros)	31.12.2018 Standard applied in 2018	IMPACT IFRS 9	IMPACT IFRS 15	IMPACT IFRS 16	IMPACT Distribution of rent-free periods <sup>67</sup>	31.12.201 8 Standard applied in 2017
Equity	3.541					3.541
Premium	46.209					46.209
Consolidated reserves	33.417	1.266		32	-358	34.357
Consolidated result	3.062	-149	19	1.974	-1.454	3.452
<b>SHAREHOLDERS EQUITY (GROUP SHARE)</b>	<b>86.229</b>	<b>1.117</b>	<b>19</b>	<b>2.006</b>	<b>-1.812</b>	<b>87.559</b>
Minority interests	-					-
<b>CONSOLIDATED SHAREHOLDERS' EQUITY</b>	<b>86.229</b>	<b>1.117</b>	<b>19</b>	<b>2.006</b>	<b>-1.812</b>	<b>87.559</b>
Financial debts (> 1 year)	33.974					33.974
Lease obligations (> 1 year)	32.277			-32.277		-
Long term provisions	3.447					3.447
Deferred taxes - liabilities	564					564
Other non current liabilities	11.454					11.454
<b>NON CURRENT LIABILITIES</b>	<b>81.716</b>	<b>-</b>	<b>-</b>	<b>-32.277</b>	<b>-</b>	<b>49.439</b>
Financial debts (< 1 year)	6.298					6.298
Lease obligations (< 1 year)	7.150			-7.150		-
Long term provisions	288					288
Debts with suppliers and related accounts	22.159				2.432	24.591
Other payables	67.980				124	68.104
Tax outstanding liabilities	1.460					1.460
<b>CURRENT LIABILITIES</b>	<b>105.335</b>	<b>-</b>	<b>-</b>	<b>-7.150</b>	<b>2.556</b>	<b>100.741</b>
<b>TOTAL OF LIABILITIES</b>	<b>273.280</b>	<b>1.117</b>	<b>19</b>	<b>-37.421</b>	<b>744</b>	<b>237.739</b>

<sup>67</sup> Impact to review together with the impact of IFRS 16

## Impact on the consolidated cash flow at 31 December 2018

Data in thousands of euros	31.12.2018 Standard applied in 2018	IMPACT IFRS 9	IMPACT IFRS 15	IMPACT IFRS 16	IMPACT Distribution of rent-free periods <sup>68</sup>	31.12.2018 Standard applied in 2017
Consolidated net income	3.062	-149	19	1.974	-1.454	3.452
Depreciation, amortization and provisions	9.867			-7.315		2.552
Other calculated expenses (revenues)	355					355
Transferred capital gain and loss	331					331
Self-financing capacity after tax and financing cost	13.615	-149	19	-5.341	-1.454	6.690
Tax liability (deferred taxes included)	2.018	-58	8	768	-565	2.171
Cost of financial debt	2.723			-974		1.749
Self-financing capacity before tax and financing cost	18.356	-207	27	-5.546	-2.019	10.610
Variation of customers	11.034	207	-852			10.389
Variation of suppliers	593				2.065	2.658
Variation of other current assets and liabilities	-4.547		825		-46	-3.768
(paid) reimbursed Corporate Tax	-3.225					-3.225
Cash flow due to operational activities	22.211	-	-	-5.546	-	16.664
Cash flow on investment activities	-7.652	-	-	-	-	-7.652
Capital Increase	5.450					5.450
Dividends paid to minority shareholders	-127					-127
Acquisition (transfer) of treasury shares	-170					-170
Loan repayment	-4.613					-4.613
Repayment of rental debts	-4.572			4.572		-
Paid Interest on rental obligations	-974			974		-
Paid interests	-1.813					-1.813
Cash flow on financing activities	-6.819			5.546		-1.273
Cash flow fluctuation	7.740	-	-	-	-	7.740
Cash flow and equivalent at 1st January	19.225					19.225
Effect of currency rates fluctuation	84					84
Cash flow and equivalent at 31 December	27.049	-	-	-	-	27.049

## 3) Valuations and judgments

In order to establish the financial position in compliance with IFRS standards, the group has to carry out valuations and make hypotheses that affect the accounting value of some elements of the assets and liabilities, incomes and costs, as well as the data given in some footnotes of the appendix.

The company management continuously assesses these valuations and estimations on the basis of its past experience and of other sensible factors that make the core of these valuations. The future results are likely to noticeably differ in function of different hypotheses or conditions.

These estimations are focused on the acknowledgment of the turnover for package contracts, the recording of deferred taxes on the assets, the value tests on the assets and current and non-current provisions.

SQLI thinks there is an existing risk on R&D tax credits calculated according to R&D programs and considers the assets to be definitely acquired after a period of 3 years. The Group is taking this risk into account by recording a provision for depreciation or for risk when the tax credits are booked or repaid. This provision accounts for 30 % of the generated tax credit amount.

<sup>68</sup> Impact to review together with the impact of IFRS 16

#### 4) Consolidation principles

The mother company exercises an exclusive control over all the companies in the Group and all of the companies are fully consolidated. All transactions between consolidated companies as well as profits made within the Group have been canceled out.

The Income statement consolidates the accounts of the companies acquired during the financial year from the date that they were acquired and the accounts of companies transferred before their transfer date.

The company securities that are not consolidated but still meet the criteria mentioned above, are registered in "Financial assets". It is the case of companies which, whether individually or globally, are not important enough on any of the consolidated accounts aggregates.

#### 5) Consolidation of subsidiaries

The companies mergers are counted according to the acquisition procedure. With this method, the gained assets and taken liabilities as well as possible assumed liabilities, are fairly counted at the purchasing date.

##### a- Identified assets and liabilities

At the time of the first consolidation of an entity, the revaluation of assets and liabilities whose net accounting worth noticeably differs from their true worth is made.

The differences in value (goodwill) are put onto the balance sheet on the appropriate lines and must follow their own accounting rules. The Group has one year following the acquisition to finalize the valuations.

## b- Goodwill

The difference, noted when a participation is made, between the shares purchase price of the consolidated company and the group share retired from the own equity at the date of integration in the scope is considered as a difference of value likely to be allocated to the identifiable assets and liabilities. The Residual part not affected is booked in "Goodwill" item in the balance sheet assets.

Incidental expenses related to the acquisition are recorded in non current operating charges.

## 6) Conversion procedures for foreign currencies

### a- Foreign currencies transactions

Foreign currencies transactions are converted in euro in application of the average exchange rate of the transaction date. The monetary assets and liabilities denominated in foreign currencies at the closing date are converted to the current rate. The conversion adjustments are counted in incomes or costs. The non-monetary assets and liabilities denominated in foreign currencies and counted at historical cost, are converted to the exchange rate of the transaction date.

### b- Financial state of foreign entities

All the assets and liabilities of consolidated entities that are not denominated in euro, are converted to the closing rate. Incomes and costs are converted to the average exchange rate of the ended financial year. The exchange differences resulting from this treatment and those resulting from the conversion of the subsidiaries' shareholder's equity at the beginning of the financial year in function of the closing rates are included in the section "Translation differences" in "Other reserves" of consolidated shareholder's equity. The exchange rate differences coming from the conversion of net investments in subsidiaries and foreign associated companies are counted in the shareholders equity.

## 7) Operational sectors

Sectoral information to give according to IFRS 8 is based on internal reporting as used by the main operating decision-makers of the group, i.e. SQLI CEO, DEOs and Operational Managers.

As part of its international growth strategy, the Group reviewed its organisation which is now based on a geographical distribution, divided between the following operational sectors: "France", "Switzerland", "Northern Europe" and "Others".

The "Northern Europe" segment includes the following countries in 2018: United Kingdom, Sweden, Denmark, Belgium Luxembourg, Germany and the Netherlands). The "Other" sector includes Morocco, South Africa and Spain.

The turnover and the current operating income of each sector are regularly controlled as performance indicators.

## 8) Intangible fixed assets

Intangible fixed assets are registered at their acquisition cost and depreciated according to their utilization period, on a straightline basis:

Software and package software      1 to 5 years

Client portfolios                      8 years

In compliance with IAS 38, research costs are booked in the accounts of the financial year during which they have been used. As a rule, development costs have been kept in liabilities because they don't match the criteria given in the standard.

#### 9) Tangible fixed assets

Tangible assets are registered at their acquisition cost. The borrowing costs are not incorporated in the fixed assets.

Depreciations are calculated on a straightline basis according to the acquisition cost of the assets, in function of the utilization periods, generally established as follows:

Office arrangement                  8 to 10 years

Office Equipment and furniture      3 to 5 years

IT equipment                          2 years

The differences resulting from the various depreciation rates applied in the various group companies to fixed assets of the same nature are not significant and have not been subjected to restatement in the consolidated income statement.

#### 10) Rental contracts

The Group leases for office rental in France and abroad are compliant with IFRS 16 for most of company vehicles and IT materials.

According to IFRS 16, all leases must be recognized in the assets for the right to use and in the liabilities with a debt corresponding to the discounted value of future payments. The lease term is defined for each contract and represents the firm commitment duration, while taking into account optional extensions which are likely to be applied.

The lease obligation amount is the the discounted value of payments for the whole term. The amounts included as rental payments in the debt calculation are fixed and variable rental payments based on a specific rate or index, as well as payments due by the lessee for the residual value guarantee. The discount rate used to calculate lease obligations is determined for each asset and based on the Group marginal debt ratio effective as of contract date.

The right of use equals to the debt initial amount cumulated with any advance payments net of benefits received from the lessor, and with any initial direct costs potentially due by the lessee as part of contract subscription.

The right of use is depreciated on a straightline basis over the duration of use of underlying assets.

The Group proceeded with the restatement of all contracts covered by the standard, regardless of the underlying asset value. Only short-term leases (less than 12 months) are recorded as expenses.

#### 1.1) Depreciation of fixed assets

Goodwill are subject to a test for loss of value, in compliance with the measures of IAS 36 standard, at least once a year or more often if there are indications of loss of value.

The other fixed assets mainly related to computer and office equipment are not subject to a test for value because of their nature and their amortization period.

#### 1.2) Financial assets

This section consists in non consolidated equity securities, deposits and guarantees paid and loans. Unlisted securities are put in category « Securities available for sale ». They are registered at their acquisition cost (purchasing price plus acquisitions charges) or at their intake value.

When the inventory value at the closing date is lower than the accounted value, a provision for depreciation is made for the amount of the difference. The securities inventory value is counted on the basis of criteria such as the quota of the net position, the evolution of the turnover and the long-term profitability.

The 20-year loans constituting the company's participation in the construction effort are entered at their present value in the balance sheet.

The company concluded a liquidity contract pursuant to the AFEI charter in order to promote the liquidity of transactions and the regularity of trading in its securities. The transactions carried out in its name by the securities dealer who signed the contract are recorded in the long-term investments. The treasury shares under that contract are deducted from the consolidated shareholders' equity.

#### 1.3) Valuation of payables and receivables

Payables and receivables are valued at fair value, which is usually the nominal value. A provision for the depreciation of trade receivables has been added to take into account the risk of non-recovery.

SQI applies the simplified method defined by IFRS 9, recording the depreciations on customer receivables corresponding to the expected loss. Depreciation rates are based on maturity and delay of payment, taking into account the losses recorded by the Group in the past. The total number and amount of losses is reviewed every year in order to adjust depreciation rates.

Transactions that were executed in foreign currencies are translated using the exchange rate that prevailed at the time of the transactions. Losses and profits resulting from this translation of balances at the closing date are carried into the Income Statement.

#### 1.4) Administration of the turnover

Income related to services contracts executed by the Group is accounted in compliance with IFRS 15. These contracts usually include only one performance obligation which is executed as the work progresses.

When a contract includes different performance obligations, the Group assigns the contract global price to each performance obligation. Contract amendments (regarding price and/or scope) are accounted once approved by the Client. Whenever these amendments relate to new goods and services considered as different according to IFRS 15, assuming that the contract price increases by the amount of these additional goods and services, these amendments are recorded as part of a different contract.

In order to measure the contract progress, the Group can use either the method based on the number of executed days (cost-plus contracts) or the method based on planned costs (fixed-rate packages).

The accounted turnover amount which has not been invoiced yet is recorded as Contract assets (pending invoices) at the balance sheet date. On the opposite, the amounts already invoiced to the customer but not yet included in the turnover are recorded as Contract liabilities (deferred income).

The Group can purchase services for the account of third parties. When acting as an intermediate party between suppliers and final clients, the Group is considered as a broker and records only the transaction commission in the turnover.

Some multi-year contracts require a preparation period before their execution: the costs implied during this period are considered as start-up costs and recorded as deferred expenses, before being redistributed on the contract execution period.

In compliance with IAS 27 regarding fixed-rate packages, a provision for losses at termination is recorded once the expected provisional margin for the project becomes negative.

## 1.5) Financial instruments

Financial assets are registered in the balance sheet when the group becomes a party of the contract dispositions.

### Loans

On the day of their creation, the loans are registered at the fair-value of the given compensation, that is the net cash flow without the issue costs. The loans are then evaluated at the depreciated cost according to the effective rate of interest. The issue costs are then taken in on an actuarial basis through the effective rate of interest procedure.

### Cash Flow

The « Cash flow » category includes the float, the bank balance and the short-term investments in monetary instruments. These investments are available at any moment for their nominal value and the risk of value change is insignificant. The cash flow equivalents are evaluated at their market value at closing date. The difference of fair value coming from this revaluation is entered in the income statement of the current period, in section "Cash Incomes and equivalent".

## 16) Derivative Instruments

### a- Exposure to currency risk

The group is generally weakly exposed to the exchange rate on current commercial operations. These operations are made in countries where the risk of currency fluctuations is low. Therefore, there has not been any currency hedging contracted for commercial operations.

### b- Exposure to rate risk

The groups financial result is affected by the interest rate change. Indeed, part of the debt has a variable rate. The group Income statement can be affected by a fluctuation of interest rates in the Eur area. The group is contracting rate hedges in order to limit its exposure.

### c- Common principles related to coverage financial instruments

The instruments used are limited to interest rate swaps, future rate agreements, purchase of caps and "tunnels" for the exchange rate coverage.

These instruments

- + are used only for hedging,
- + are used only with French banks or foreign prime names,
- + do not have any illiquidity risk in case of possible reversal.

The use of these financial instruments, the choice of compensations and more broadly, the management of the exposure to the exchange risk, are subject to specific states of reporting for the companies' management and administrative boards.

### d- Accounting procedures

The accounting rule for rate hedging operations is the accounting of the variation of the hedging instruments fair value and the variation of the element that is symmetrically covered in the income statement.

The hedging financial instruments used by the group as booked as "Financial liabilities at fair value through the income statement".

## 17) Provisions

In compliance with the IAS 37 standard "Provisions, possible liabilities and assets", the provisions consist in the liabilities matching the following criteria:

- + the amount or the deadline have not been precisely set;
- + the economic impact is negative for the group, since these liabilities represent an obligation of the group towards a third party, and are likely to create a capital outflow in aid of this third party, without any compensation expected from the third party.

The non current provisions are not related to the normal operating cycle of the firms. They mainly include:

- + the provisions for end-of-career indemnities granted to employees on their retirement day. The evaluation of the obligations towards the end-of-carrier indemnities are in compliance with IAS 19.

Regarding the defined benefit scheme about post-work benefits and costs of services are estimated according to the projected credit unit method.

This method is based on the compensations paid to the employees at the probable date of their retirement, taking into account the age pyramid, the staff age, and the survival rate set according to official tables per age group. The amounts are raised according to the inflation and promotion hypotheses, and updated in order to take into account the date at which the compensations will actually be paid.

The provisions are updated if the time factor is significant.

For the first time in 2009, the group also registered a commitment related to provision contracts of SQLI Suisse employees. Because of the minimum interest rate legal guarantee to pay to employees and of the conversion rate, the Swiss pension funds are considered as having defined services plan according to IAS 19. The commitments are thus calculated in compliance with IAS 19 on an actuarial basis with information such as staff structure, turnover expectations and wages growth.

The provisions aimed at covering the conflicts, possible unexpected events of the groups activity in more than one year.

Current provisions are related to the normal operating cycle of the groups activity. They mainly include:

- + Provisions for losses on with end-of-contract terminations: they concern operations in progress, and are assessed case-by-case without compensation.
- + The provisions aimed at covering the conflicts, possible unexpected events of the groups activity in more than one year.

#### 1.8) Risk factors

The risks are described in section I c) of the management report. After the company analyzed these risks, it considered there was not any significant risk except for the following elements:

## Fluctuation of Sqli stock market price

Sqli share price is very volatile, following the example of technology companies.

Every event related to the stock market, the economic situation, the IT sector and its growth, the competitors and/or the group result variations is likely to have a significant impact on the stock market price.

Extraordinary events and conflicts :

The conflicts likely to create any expenditure are provisioned according to IAS 37 rule. There is no existing conflict, arbitration or extraordinary event which had, could have or will have a significant impact on the financial situation, results, activity and capital of the company.

### 19) Group Saving Plan

Throughout a Group Saving Plan, the company offers to its employees the possibility to subscribe to a capital increase, for a share value lower than the stock exchange one. These shares are submitted to a non-assignability clause for 5 years.

According to IFRS 2, the difference between the subscription price paid by the employee and the fair value of the shares represents a privilege registered in staff costs.

### 20) Other non current operating revenues and expenses

Included in the recurring operating income, they represent the operating incomes and costs considered as non recurrent compared with the company current operation.

### 21) Taxes on profit

Taxation on the result consists in the payable charge of each consolidated fiscal entity, minus the differed taxations. These taxations are calculated on all the temporary differences coming from the difference between the fiscal basis and the consolidated basis of assets and liabilities, according to a balance sheet approach with application of the variable report and in function of a reliable payment schedule. The taxation rate and the fiscal rules used are those of fiscal texts in force that will be implemented during the outcome of the operations concerned.

Deferred taxes are registered in the balance sheet because its more likely that they will be given back during the following years. The deferred taxes on assets and liabilities are not updated.

### 22) Self-owned shares

All the self-owned shares of the group are registered at their acquisition cost by decrease of the own equity. The income resulting from the possible sale of these shares is registered in increase of own equity, so that the capital gain or loss does not affect the year's net income.

### 23) Profit per share

Profit per share is calculated by divided the profit by the average number of outstanding shares during the course of the financial year, excluding self-owned shares. The diluted profit per share is arrived at by dividing the average number of outstanding shares during the course of the financial year as well as the average number of shares which would be issued following a conversion of convertible instruments into shares and the exercise of share subscription options granted at the end of the financial year.

### III. Consolidated perimeter

Name	Headquarters	12/31/2018		12/31/2017	
		Control %	Interest %	Control %	Interest %
<b>SQLI SA</b>	<b>Levallois Perret (92)</b>			<b>Consolidating Company</b>	
SQLI SWITZERLAND SA	Lausanne (Switzerland)	100 %	100 %	100 %	100 %
ABCIAL SAS	Levallois Perret (92)	100 %	100 %	100 %	100 %
SQLI MAROC SA	Rabat (Morocco)	100 %	100 %	100 %	100 %
CLEAR VALUE SAS	Levallois Perret (92)	100 %	100 %	100 %	100 %
SQLI LUXEMBOURG SA	Luxembourg (Lux)	100 %	100 %	100 %	100 %
EOZEN FRANCE SAS	Levallois Perret (92)	100 %	100 %	100 %	100 %
ICONWEB MULTIMEDIA MOROCCO SARL	Rabat (Morocco)	100 %	100 %	100 %	100 %
SQLI BELGIUM SA	Diegem (Belgium)	100 %	100 %	100 %	100 %
SQLI SA	Strassen (Luxembourg)	100 %	100 %	100 %	100 %
ASTON INSTITUT SARL	Levallois Perret (92)	100 %	100 %	100 %	100 %
WAX DESIGN SA	Sint-Martens-Latem (Belgique)	100 %	100 %	100 %	100 %
GEIE ICE	Blagnac (31)	25 %	100% (1)	25 %	100% (1)
WAX INTERACTIVE SAS	Levallois Perret (92)	100 %	100 %	100 %	100 %
WAX INTERACTIVE LILLE SAS	Levallois Perret (92)	100 %	100 %	100 %	100 %
ECOMMERCE4U SARL	Levallois Perret (92)	100 %	100 %	100 %	100 %
SQLI Ltd	London (United Kingdom)	100 %	100 %	100 %	100 %
SQLI PROPRIETARY LTD	Cape Town (South Africa)	100 %	100 %	100 %	100 %
STAR REPUBLIC AB	Göteborg (Sweden)	100 %	100 %	100 %	100 %
OSUDIO HOLDING BV	Heerlen (Netherlands)	100 %	100 %	100 %	100 %
SOFTLUTION NEDERLAND BV	Eindhoven (Netherlands)	100 %	100 %	100 %	100 %
OSUDIO SOFTLUTION SPAIN SL	Valencia (Spain)	100 %	100 %	100 %	100 %
OSUDIO NORDICS APS	Copenhagen (Denmark)	100 %	100 %	100 %	100 %
OSUDIO BELGIUM NV	Diepenbeek (Belgium)	100 %	100 %	100 %	100 %
OSUDIO NEDERLAND BV	Amsterdam (Netherlands)	100 %	100 %	100 %	100 %
OSUDIO DEUTSCHLAND GMBH	Dortmund (Germany)	100 %	100 %	100 %	100 %
CODELUX	Berlin (Germany)	100 %	100 %	-	-

(1) For business made by SQLI

#### IV. Acquisition of the year and impact on financial statements

##### CODELUX

On 1st July 2018, SQLI took over the German company CodeLux, an digital and design strategy agency based in Berlin (CDLX). The transaction was accomplished via the acquisition of a stake in Osudio, an SQLI subsidiary acquired in 2017 and already present in Germany since 2005, to the tune of 51% of CDLX's capital, and strengthens the presence of the SQLI Group on the German market.

Founded in 2005, the CDLX agency is well known and has several times won awards for its capacity to assimilate the brand culture of its clients and translate it into the best design associated with cutting-edge digital solutions. CDLX has developed a "Radical Simplicity" concept, (Radikale Einfachkeit in German), for its creations. The company has 12 employees.

OSUDIO Deutschland paid in cash a firm price of 550 K€, gaining control of 51% of CDLX capital. OSUDIO Deutschland has calls for the remaining 49% of securities. These options must be exercised before 2021, for a price based on the company operational performance. The options have been valued at 1,019 K€.

The acquisition costs amount to 47 K€ and are booked as expenses for the year.

CDLX accounted for 314 K€ of the group turnover in 2018 (6 months) and -65 K€ of the operating income.

At 31 December 2018, SQLI owns 51 % of CDLX securities. The call and put options on the last 49 % securities allows the Group to consider that 100% of the company is owned by SQLI, in terms of IFRS.

The goodwill generated by the acquisition amounts to 1,442 K€ (with 127 K€ of net assets).

Data in thousands of euros		CDLX
<b>Goodwill</b>	<b>A</b>	<b>1,442</b>
Net Intangible fixed assets		-
Net tangible fixed assets		17
Financial assets		-
<b>Non current assets</b>	<b>B</b>	<b>17</b>
Net customer receivables		107
Other current assets		17
Cash flow and equivalents		12
<b>Current assets</b>	<b>C</b>	<b>136</b>
Debts with suppliers		26
Other payables		-
Tax outstanding liabilities		-
<b>Current liabilities</b>	<b>D</b>	<b>26</b>
<b>Net acquisition cost</b>	<b>A+B+C-D</b>	<b>1,569</b>

V. VI Other information on the balance sheet and the income statement

Unless otherwise indicated, the information is given in euro.

## 1) Goodwill

	31.12.2017	Impact of exchange rate fluctuations	Scope variations	Acquisitions Allowance	Transfers Write-backs	31.12.2018
France	42,962					42,962
Northern Europe	47,780		1,442		-1,725	47,497
Other	2,040					2,040
<b>Gross value</b>	<b>92,782</b>		<b>1,442</b>		<b>-1,725</b>	<b>92,499</b>
Ami France	-4,119					-4,119
Ami Northern Europe	-2,609					-2,609
Ami Others	-					-
<b>Net Value</b>	<b>86,054</b>		<b>1,442</b>		<b>-1,725</b>	<b>85,771</b>

The goodwills of STAR REPUBLIC and OSUDIO have been adjusted downwards (1,329 K€ and 396 K€ respectively).

Goodwill is submitted to impairment tests at least once a year on 31 December and as soon as they show signs of value loss. The impairment tests are based on the value in use of each cash-generating unit, which depends on discounted future cash flows, following estimates and forecasts. An impairment is recorded if the recoverable value is lower than the carrying amount. The recoverable value is the highest value between the net fair value of transfer costs and the value in use. The signs of impairment followed by the group include in particular the turnover trend, the operating profitability shown by the operating result and/or the employment rate of partners.

The group studies goodwill values regarding the new geographical CGU which match the new operating segments as defined in note 7) Operating sectors, section II, Accountancy rules and procedures.

The methodology taken into account for the test is the following:

- + Duration of estimates: 4 years
- + Criteria used for the forecasts:
  - 2019: budget base
  - 2020-2022 : turnover growth rate between 3 and 14% per year according to the geographic areas;
  - EBIT rate: regular progress to reach a normative rate in 2022.

+ Capitalization rate (aft. Tax) 9.5 % (same at 31/12/2017) and 10.5% for « Others »  
CGU

+ Ad infinitum growth rate: 1.5% (same at 31 December 2017)

According to these tests, there has not been any new depreciation recorded.

#### Sensitiveness tests

The tests are not impacted by a reasonable variation of the actualization rate or the infinite growth rate. These tests have also been performed in the following cases:

+ 1 point decrease of turnover growth estimates for 2020-2022;

+ 1 point decrease of normative EBIT assumptions;

+ 1 point combined decrease of turnover growth estimates for 2020-2022 and normative EBIT assumptions.

No additional depreciation was recorded in any of this cases.

#### 2) Intangible fixed assets

	31.12.2017	Impact of exchange rate fluctuations	Acquisitions Allowance	Transfers Write- backs	Other movements	31.12.2018
R&D costs	45					45
Software	2,391	1	194	-75	687	3,198
Client portfolios	2,440	-17	690			3,113
Fixed assets under construction	689		291		-687	293
<b>Gross value</b>	<b>5,565</b>	<b>-16</b>	<b>1,175</b>	<b>-75</b>	<b>-</b>	<b>6,649</b>
R&D depreciation	-11		-10			-21
Software depreciation	-1,971	-1	-252	75		-2,149
Depreciation of client portfolios	-345	3	-425			-767
<b>Net Value</b>	<b>3,238</b>	<b>-14</b>	<b>488</b>	<b>-</b>	<b>-</b>	<b>3,712</b>

STAR REPUBLIC and OSUDIO portfolios have finally been valued at 525 K€ and 1,854 K€, +673 K€ year on year.

## 3) Rights of use

Review of rights of use per category of underlying goods.

	31.12.2017	First application	Impact of exchange rate fluctuations	Acquisitions Allowance	Transfers Write-backs	31.12.2018
Real estate		30,090	28	7,339		37,457
IT equipment		1,386	63	854		2,303
Vehicles		2,908	4	1,352		4,264
<b>Gross value</b>	-	<b>34,384</b>	<b>95</b>	<b>9,545</b>	-	<b>44,024</b>
Depreciations						
Real estate			-7	-4,890		-4,897
IT equipment			-46	-928		-974
Vehicles				-1,500		-1,500
<b>Net Value</b>	-	<b>34,384</b>	<b>-42</b>	<b>2,277</b>	-	<b>36,653</b>

Information regarding rental debts is available in note 15).

## 4) Tangible fixed assets

	31.12.2017	Impact of exchange rate fluctuations	Impact of the accounting procedure change	Scope variations	Acquisitions Allowance	Transfers Write-backs	31.12.2018
Constructions	1,101	27					1,128
Technical equipments	110	3				-10	103
Office equipment, hardware and furniture	15,930	87		17	5,125	-3,217	17,942
Hardware submitted to leasing	1,781		-1,781				
<b>Gross value</b>	<b>18,922</b>	<b>117</b>	<b>-1,781</b>	<b>17</b>	<b>5,125</b>	<b>-3,227</b>	<b>19,173</b>
Construction depreciation	-294	-7			-45		-346
Technical equipments depreciation	-57	-1			-9	8	-59
Depreciation of office equipment, hardware and furniture	-10,765	-53			-1,757	2,864	-9,711
Depreciation of Hardware under leasing	-1,408		1,408				
<b>Net Value</b>	<b>6,398</b>	<b>56</b>	<b>-373</b>	<b>17</b>	<b>3,314</b>	<b>-355</b>	<b>9,057</b>

The transfer of French (especially in the Paris region), Swiss and Moroccan agencies and the opening of a new agency in Barcelona generated significant investment in equipment, furniture and layout representing about 4.8 M€ in 2018.

## 5) Financial assets

	Available assets for sale		Loans and receivables Depreciated		Total
	Listed Securities	Unlisted Securities	Loans and receivables	Other financial assets	
Gross value		2	3,472	2,041	5,515
Total of impairments		-	-301	-	-301
<b>Net value at 31.12.2017</b>	-	2	3,171	2,041	5,214
Scope variations					
Investments			293	289	582
Transfers at sale value				-380	-380
Impact of exchange rate fluctuations				18	18
Increase (decrease) due to fair value fluctuations			13		13
Gross value		2	3,765	1,968	5,735
Total of impairments			-288		-288
<b>Net value at 31.12.2018</b>	-	2	3,477	1,968	5,447

The loans and claims are related to the price granted for the building effort. They are updated on the basis of the 10-year OAT rate (0.70% vs 0.68% at 31.12.2017).

The other financial assets represent the deposit and surety given for the groups real estate renting as well as for the liquidity contract signed with la Financière d'Uzès.

## 6) Receivables for customers and related accounts

	31.12.2018	31.12.2017
Customer receivables	41,725	44,251
Contract assets	16,304	18,436
<b>Gross value</b>	<b>58,029</b>	<b>62,687</b>
Provisions at opening date	-3,077	-2,253
Impact of exchange rate fluctuations	-5	14
Scope variations	-	-1
Impact of the accounting procedure change	-1,758	-
Allowance	-	-862
Recovery	840	25
<b>Provision at closing date</b>	<b>-4,000</b>	<b>-3,077</b>
<i>Including: Provisions on customer receivables</i>	-4,000	-3,077
<i>Provisions on contract assets</i>	-	-
<b>Net value</b>	<b>54,029</b>	<b>59,610</b>

As mentioned in note 15) Recognition principle of the turnover, section II, Accountancy rules and procedures, Contract assets relate to services performed but not yet invoiced.

The customer receivables current value doesn't differ from their accounting value. All customer receivables have deadlines less than 12 months.

Customer receivables include 3,370 K€ of doubtful accounts which have been provisioned for 2,776 K€ and 38,355 K€ of receivables, whose maturity breakdown is as follows:

	31.12.2018	Unmatured	Matured	1 to 30: days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	361 days and more
Customer receivables	38,355	29,058	9,297	3,841	951	60	205	1,262	2,978

In compliance with IFRS 9, the Group created an additional provision of 1,224 K€, by application of the prospective approach for expected loss on receivables, with an estimated client risk of 4,000 K€ at 31 December 2018.

The group outsources the management of its customer claims covering credit insurance, as well as recovery and refinancing management. The company assigned these claims within the framework of factoring agreements. 100% of the customer receivables are given in to the Factor and registered in the category "Other claims" (cf note 7) infra). This heading is totally payable.

The distribution of incurred costs is as follows:

	2018	2017
Credit insurance and customer management	241	244
Financial cost of receivables capitalization	136	99
<b>Total</b>	<b>377</b>	<b>343</b>

The cost of credit insurance and client portfolio management activities appear in the current operational income.

## 7) Other receivables

	31.12.2018			31.12.2017		
	Total	-1 year	+ 1 year	Total	-1 year	+ 1 year
Social receivables	559	559	-	5,061	5,061	-
Tax claims excluding corporate tax	18,669	18,669	-	12,897	12,897	-
Transferred claims (Provisions in the factor)	17,240	17,240	-	25,262	25,262	-
Deferred charges	3,744	3,744	-	2,584	2,584	-
Other receivables	256	256	-	460	460	-
<b>Gross value</b>	<b>40,468</b>	<b>40,468</b>	<b>-</b>	<b>46,264</b>	<b>46,264</b>	<b>-</b>
Provisions at opening date				-131	-131	
Allowance						
Recovery				131	131	
<b>Provision at closing date</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Provisions on other receivables</i>				-	-	
<b>Net value</b>	<b>40,468</b>	<b>40,468</b>	<b>-</b>	<b>46,264</b>	<b>46,264</b>	<b>-</b>

At 31 December 2018, the amount of customer receivables transferred to the factor (non consolidated) is 23,878 K€ (exc. guarantee fund for 1,267 K€). The maturity breakdown is as follows:

	31.12.2018	Unmatured	Matured	1 to 30: days	31 to 60 days	61 to 90 days	91 days and more
Transferred receivables	15,973	11,271	4,702	3,262	693	571	176

The non consolidated receivables transferred to the factor amount to 9,120 K€.

## 8) Tax assets

	31.12.2018			31.12.2017		
	Total	-1 year	+1 year	Total	-1 year	+1 year
State, R&D tax credit	8,277	339	7,938	5,607	360	5,247
State, CICE	58		58	2,131		2,131
State, corporate tax and other tax credit deposit	446	446		597	597	
<b>Gross value</b>	<b>8,781</b>	<b>785</b>	<b>7,996</b>	<b>8,335</b>	<b>957</b>	<b>7,378</b>
Provisions at opening date	-1,574		-1,574	-1,343		-1,343
Allowance	-807		-807	-763		-763
Recovery	451		451	532		532
<b>Provision at closing date</b>	<b>-1,930</b>	<b>-</b>	<b>-1,930</b>	<b>-1,574</b>	<b>-</b>	<b>-1,574</b>
<b>Net value</b>	<b>6,851</b>	<b>785</b>	<b>6,066</b>	<b>6,761</b>	<b>957</b>	<b>5,804</b>

The groups expenses in 2018 for the R&D activity in compliance with the R&D tax credit criteria, generated a R&D tax claim of 2 691 K€ recorded as Assets on the balance sheet.

As a precaution, a non-deductible provision was assigned to this asset, which was not definitively earned. The provision for 2018 accounts for 30 % of the tax claim and is registered in the income statement together with the tax credit. This provision will be maintained during a period of 3 years, and deducted from the assets or as a provision for risks if repayments or allocations registered in the meantime.

CICE credit claims from 2014 to 2018 have been transferred to la Banque Postale (8,217 K€) against a prefunding amount of 7,960 K€. These transfers have been considered as deconsolidating and the related claims have been excluded from the balance sheet.

## 9) Cash flow and cash flow equivalents

	31.12.2018	31.12.2017
Cash position	27,155	18,963
Monetary unit trusts and funds (SICAV and FCP), term accounts	313	313
<b>Cash flow and Cash flow equivalents</b>	<b>27,468</b>	<b>19,276</b>

The comparison between the net cash position and equivalents exposed in the balance sheet, and the amount of net cash flow exposed in the cash flow variation chart is presented below :

	31.12.2018	31.12.2017
Cash flow and equivalents	27,468	19,276
Overdrafts	-419	-51
<b>Overdraft Cash flow less the variation chart</b>	<b>27,049</b>	<b>19,225</b>

## 10) Equity

At 31 December 2018, the capital is made of 4,426,597 shares (31.12.2017: 3 596 538) with a par value of 0.80€ each, paid in full.

	Number of shares	Nominal value	Shareholders equity
<b>Equity at 1st January 2018</b>	<b>3,959,538</b>	<b>0.80</b>	<b>3,168</b>
New shares created during the year after the exercise of 3,422,260 BSAAR.	342,226		273
New shares created during the year after the exercise of 16,076 BSA.	16,076		13
Capital increase by way of incorporation of issue premium amounts: creation of one new share for 40 existing shares on 27 July 2018.	107,946		86
Issue of Shares approved by the Co-CEO on 21 December 2018 for the employees members of the « PEG TESORUS » Group Saving plan, at the exercise price of 18€ per share.	811		1
<b>Capital at 31 December 2018</b>	<b>4,426,597</b>	<b>0.80</b>	<b>3,541</b>

The company's Articles of association give a double vote right for the fully paid shares which have been registered for at least three years, and for the shares granted to shareholders after a capital increase by capitalization of reserves, benefits or issue premiums, at the rate of former shares which gave them the same right.

The capital and voting rights are divided as follows:

	12/31/2018			
	Number of shares	in % of capital	Number of voting rights	% of voting rights
Nobel	352,781	8.0 %	352,781	7.5 %
FD5 (and family Beublain)	14,130	0.3 %	28,260	0.6 %
Didier Faugue	94,644	2.1 %	94,644	2.0 %
<b>Executive Board</b>	<b>461,555</b>	<b>10.4 %</b>	<b>475,685</b>	<b>10.1 %</b>
Laurent de Roover	29,828	0.7 %	59,656	1.3 %
Thomas Rocmans	49,581	1.1 %	99,162	2.1 %
X Chain Holding	49,581	1.1 %	99,162	2.1 %
Family of Patrick Lacarrière	42,237	1.0 %	82,456	1.8 %
Employed shareholders (GSP)	67,227	1.5 %	123,497	2.6 %
Other nominative shareholders	107,808	2.4 %	210,239	4.5 %
<b>Total nominative shareholders</b>	<b>807,817</b>	<b>18.2 %</b>	<b>1,149,857</b>	<b>24.4 %</b>
SQLI (own shares)	62,121	1.4 %	-	0.0 %
<b>Public</b>	<b>3,556,659</b>	<b>80.3 %</b>	<b>3,556,659</b>	<b>75.6 %</b>
<i>Otus Capital</i>	399,000	9.0 %	399,000	8.5 %
<i>Amar Family office</i>	382,493	8.6 %	382,493	8.1 %
<b>TOTAL</b>	<b>4,426,597</b>	<b>100.0 %</b>	<b>4,706,516</b>	<b>100.0 %</b>

## 1.1 Liquidity instruments

	Issue date	31.12.2018		31.12.2017	
		Number of warrants/options to be exercised	Number of potential shares	Number of warrants/options to be exercised	Number of potential shares
BSAAR	20/04/2011	-	-	3,574,437	357,444
BSA	16.09.2014	187,378	187,378	198,884	198,884
Stocks options	05.11.2014	7,636	7,636	12,650	12,650
Stocks options	22.02.2017	27,675	27,675	27,000	27,000
Free shares	22.02.2017	21,973	21,973	21,437	21,437
<b>Total</b>		<b>244,662</b>	<b>244,662</b>	<b>3,834,408</b>	<b>617,415</b>

## BSAAR (04/2011)

3,422,260 BSAAR have been exercised with the subscription of 342,226 new shares for a unit price of 15.00 €. 152,177 BSAAR have been cancelled following the expiration of the allocation plan on 20 April 2018.

## BSA (09/2014)

On 16 September 2014, the Executive Board granted 215,784 BSA to Didier Fauque, CEO (143,856 BSA) and Thierry Chemla, DEO (71,928 BSA).

The conditions of this allocation are the following:

- + Each BSA gives a right to subscribe one new share at the exercise price of 19.90 €;
- + BSA can be exercised for a period of three years following the second anniversary of the date of issue by the Board.
- + They are divided in 3 categories of 71,928 BSA, submitted to performance conditions regarding SQLI share price which must be higher than 25, 30 and 35 €;
- + 16,076 BSA have been exercised during the year.

The number of BSA not yet exercised has been adjusted at 187,378 at 31 December 2018. Their exercise price is 19.41 € following the allocation of 1 new share for 40 existing shares in July 2018.

## Stock options (11/2014)

On 5 November 2014, the Executive Board granted 48,000 stock options to employees and executive managers.

The options will have to be exercised before the 6 November 2019 and the share purchase price is 16 €.

In 2018, 1,700 stocks options have been exercised with the allocation of 1,700 new SQLI shares.

The number of stock options not yet exercised has been adjusted at 7,636 at 31 December 2018, with an exercise price of 15.61 €.

## Stock options and free shares (02/2017)

On 22 February 2017, the Executive Board granted 28,000 stock options to employees and 22 437 free shares to employees and executive managers.

The conditions of this allocation are the following:

- + the options will have to be exercised before the 22 February 2024 at the latest (7 years);
- + The 10,000 options allocated to Didier Fauque can not be exercised before 23 February 2019 and the remaining 18,000 options can not be exercised before 21 December 2020.
- + Anybody leaving the company before the 23 February 2019 (for the 10,000 options allocated to Didier Fauque) and the 31 December 2020 (other options) will lose his exercise right.
- + The share purchase price is set to 32.84 €.

Anybody leaving the company before the 31 December 2020 will lose his allocation right.

The number of stock options not yet exercised has been adjusted at 27,675 at 31 December 2018, with an exercise price of 32,04 €. The number of free shares has been adjusted at 21,973.

The fair value of allocated stock options and free shares has been set to 506 K€. This value represents a charge registered in the Group non current result and is distributed on all the acquisition period of allocated right, until 31 December 2020. This charge amounts to 211 K€ in 2018.

## 12)SQLI Treasury shares

After the resolutions taken by the Combined General Meeting of 22 June 2018, SQLI started a program for buying back its own shares, with the following objectives (by decreasing priority): i) Market animation or share liquidity, ii) Purchase for keeping and using for exchange or retribution of possible external growth operations, iii) Allocation of shares to the employees, iv) Possible Cancellation of these shares.

This program expired during the General Meeting of 31 December 2018 called to assess the financial statements for the year. It includes a maximum unit purchase price of 70 € and a minimum unit selling price of 10 €. It was organised within a liquidity contract signed with la Financière d'Uzès and one with CACEIS.

	31.12.2018			31.12.2017		
	Number of shares	Unit price	Value	Number of shares	Unit price	Value
Self-owned shares at 1st January	56,085	27.346	1,534	78,617	20.999	1,651
Acquisitions of the year	8,405	26.545	223	12,727	40.488	515
Transfers at sale value	-2,450	21.742	-53	-35,259	18.940	-667
Transferred capital gain and loss			-1			35
<b>Self-owned shares at 31 December</b>	<b>62,040</b>	<b>€ 27.453</b>	<b>1,703</b>	<b>56,085</b>	<b>€ 27.346</b>	<b>1,534</b>

### 1.3) Financial debt


	31.12.2018	31.12.2017
Loans toward credit institutions	33,750	42,050
Restatement of lease contracts	-	226
Valuation of rate hedging instruments	224	-
<b>Other non current liabilities</b>	<b>33,974</b>	<b>42,276</b>
Loans toward credit institutions	5,582	1,895
Restatement of lease contracts	-	173
Received security deposits	21	21
Current bank lendings	419	51
Accrued interest not due	243	308
Valuation of rate hedging instruments	33	112
<b>Current liabilities</b>	<b>6,298</b>	<b>2,560</b>
<b>Total of gross financial debt</b>	<b>40,272</b>	<b>44,836</b>
Less:		
Cash flow and equivalents	-27,468	-19,276
<b>Net financial debt (cash position net of debt)</b>	<b>12,804</b>	<b>25,560</b>

The loans and financial debts contracted with credit institutions have been exclusively made in euros:

#### Loans toward credit institutions

SQLI contracted 3 new loans for its investment program, including a credit agreement of 33 M€ with BNP Paribas and a bank pool.

Bank	Nominal value	Available from	Duration	Period rate	31.12.2017	Repayment	31.12.2018
BPI France	2.5 M€	11/2014	7 years	2.84 %	2,000	-500	1,500
BPI France	2.5 M€	11/2014	10 years	4.43 %	2,500	-357	2,143
BPI France	5 M€	03/2017	7 years	1.57 %	5,000		5,000
BPI France	2 M€	03/2017	7 years	1.57 %	2,000		2,000
BNP	33 M€	03/2017	7 years	EUR 12 +3.15 %	7,864		(1) 7,864
BNP	33 M€	05/2017	6 years	EUR 3 +2.30% (4)	6,881	-1,050	(2) 5,831
BNP	33 M€	09/2017	6 years	EUR 3 +2.30% (4)	17,694	-2,700	(3) 14,994
					<b>43,939</b>	<b>-4,607</b>	<b>39,332</b>

- 
- (1) 8 000 K€ with deduction of 136 K€ borrowing costs. Repayment in fine March 2024
  - (2) 5,950 K€ with deduction of 119 K€ borrowing costs. Annual repayment of 1.1 M€ until 2022 and 1.8 M€ in March 2023.
  - (3) 15,300 K€ with deduction of 306 K€ borrowing costs. Annual repayment of 2.7 M€ until 2022 and 4.5 M€ in March 2023.
  - (4) Applied margin from 2.30% to 1.25% according to the Net financial debt/consolidated EBITDA ratio.

The 33 M€ credit agreement includes several cases of anticipated collectability, regarding, among others, failure to comply with the following financial ratios:

R2 = Net financial debt/consolidated EBITDA ratio :

	31.12.2018	31.12.2019	31.12.2020	31.12.2021
R2 <	3.00 x	2.75 x	2.50 x	2.25 x

R4 = Net financial debt / Own equity ratio < 1 for each of the years 2018 to 2021.

These ratios have been respected at 31 December 2018.

As a guarantee for the repayment of the 33 M€ debt, SQLI as given to BNP a pledge of all the securities of STAR REPUBLIC and OSUDIO HOLDING BV.

#### 1.4) Gross financial debt per maturity

	31.12.2018	31.12.2017
Due within one year	6,298	2,560
Due between 1 and 5 years	33,974	26,105
Due in more than 5 years	-	16,714
<b>Total</b>	<b>40,272</b>	<b>44,836</b>

#### 1.5) Rental contracts

Review of rights of use per category of underlying goods

	31.12.2017	First application	Impact of exchange rate fluctuations	New assets	Repayments	Interest charges	Cancellations	31.12.2018
Real estate		29,902	21	7,854	-2,505	-841		35,272
IT equipment		1,418	9	854	-910	-60		1,371
Vehicles		2,857	4	1,357	-1,434	-73		2,784
<b>Net Value</b>	-	<b>34,177</b>	<b>34</b>	<b>10,065</b>	<b>-4,849</b>	<b>-974</b>	-	<b>39,427</b>

#### 1.6) Derivative instruments related to the interest rate risk control

##### a- Hedging rules for rate risks

SQLI contracted three rate hedges in order to cover the fluctuations of variable rates within the repayment duration of the 33 M€ loan. The company chose a fixed rate for each of them.

## b- Hedging derivative instruments

The conditions of derivative instruments related to the rate risk control at 31 December 2018 are exposed as follows:

	Bank loan of 33 M€		
Starting date	6/30/2017	6/30/2017	12/20/2017
Floating rates payer	BNP	BNP	PALATINE
Floating rate	12 months EURIBOR	3 months EURIBOR	3 months EURIBOR
SQLI Fixed / floating rate	0.68 %	0.44 %	0.32 %
<b>Notional amounts covered at 31 December:</b>			
2018	8,000	10,200	11,050
2019	8,000	8,400	9,100
2020	8,000	6,600	7,150
2021	8,000	4,800	5,200
2022	8,000	3,000	3,250
2023	8,000	-	-
2024	-	-	-
<b>Instruments fair value at 31/12/2018</b>	<b>-143</b>	<b>-70</b>	<b>-43</b>

In 2018, the variation of instruments fair value generated a charge of 144 K€ (2017: 75 K€).

## 17) Provisions

	2017	Integration into SQLI scope	Impact of exchange rate fluctuations	Impact of actuarial differences	Allowance	Used recoveries	Non used recoveries	2018
R&D tax credit	344							344
Retirement compensation	1,307			304	162			1,773
Swiss guarantee contracts	744		27	-147	75			699
Litigation in front of French Labor Court and with URSSAF	183				91	-13		261
Trade conflicts	150				70		-50	170
Other	700					-500		200
<b>Long term provisions</b>	<b>3,428</b>		<b>27</b>	<b>157</b>	<b>398</b>	<b>-513</b>	<b>-50</b>	<b>3,447</b>
Loss upon completion	52				14	-52		14
Other			3		271			274
<b>Long term provisions</b>	<b>52</b>		<b>3</b>		<b>285</b>	<b>-52</b>		<b>288</b>
<b>Total</b>	<b>3,480</b>		<b>30</b>	<b>157</b>	<b>683</b>	<b>-565</b>	<b>-50</b>	<b>3,735</b>

The other provisions for risks and charges correspond to the estimation of the risks effect on the assets and liabilities, and to the possible conflicts resulting from the groups activity. The most significant are exposed thereafter:

The provisions for retirement indemnities are exposed in note 17).

The commitment related to the Swiss provision contracts, considered as defined services contracts under IAS 19 standard, has been provisioned for 699 K€. This commitment has been valued with the credit units method by referring to the following hypothesis:

- + Mortality rate: BVG 2015 (same in 2017) ;
- + Turnover rate: 20% (same as in 2017);
- + Wages upgrading rate : 3 % (same as in 2017);
- + Discount rate: 0,35 % (0,30 % in 2017) ;
- + Interest rate for beneficiaries : 1 % (same as in 2017);

The only conflict with employees at 31 December 2018 relates to the assignment of SQLI in front of the French Labour Court by 3 employees. The risk was provisioned according to the company's lawyers estimates (183 K€).

In December 2017, SQLI Belgium was submitted to a tax adjustment regarding corporate tax for years 2011 to 2016. SQLI Morocco received a tax adjustment notice in January 2019 regarding income tax, corporate tax and VAT for years 2014 to 2017. The two companies are denying these tax assessments. The related risks were provisioned at 200 K€ (same amount in 2017) and 275 K€, based on the estimate of the Group lawyers.

The costs related to the transfer of the Group Parisian teams into the new premises located in Levallois-Perret in February 2018 have been partly compensated by the provision release of 500 K€.

### 18) Benefits after employment

The advantages after employment covered by provisions are related to the retirement indemnities for the staff employed in France, which are fixed allowances calculated according to the number of years of service and the annual wages at the date of retirement.

These indemnities are calculated according to the number of worked years and the annual wages of the employee when he retires.

- + The calculation is based on a voluntary retirement decision from the employer;
- + the retirement age is set at 65 years;
- + The life table is the one of 2014-2016;
- + The annual salary revaluation rate is calculated according to the age. For each age group, the given rate is the average of rates registered by the group in the last three years: from 4.3 % (from 20 to 30 years old), to 3.2 % (from 31 to 40 years old), 2.4 % (from 41 to 50 years old), 1.2 % (from 51 to 60 years old) then constant;
- + The discounting rate is 1.30 %; (OAT rate 20 years);
- + From 2018, the turnover rate includes only voluntary departures. Departures decided by the company are not included in the turnover rate. For each age group, the given rate is the average of rates registered by the group in the last three years: 13,2 % (20-24 years old), 25,1 % (25-29 years old), 30,9 % (30-34 years old), 24,9 % (35-39 years old), 22,9 % (40-44 years old) ; then : 17,6 % (45-49 years old), 11,1 % (50-54 years old), 3 % (55 years old), 2 % (56-58 years old), 1 % (59-60 years old), 0 % (61 years old and more);
- + The group's commitment to its employees is increased by 42 % of social costs (46% in 2017).

The provisions for the retirement indemnities are registered as follows:

Amounts recorded in the balance sheet

	31.12.2018	31.12.2017
Due charges (net liabilities in the balance sheet)	-1,773	-1,307
Deferred charges (net assets in the balance sheet)	-	-
<b>Net amount in balance sheet</b>	<b>-1,773</b>	<b>-1,307</b>

Evolution of commitments during the year (liabilities)

	31.12.2018	31.12.2017
Commitments at 1st January	1,307	1,343
Scope variation	-	-
Variation due to estimates changes generating actuarial differences	304	-180
Fluctuation of items booked in the income statement	162	144
<b>Commitment at 31 December</b>	<b>1,773</b>	<b>1,307</b>

## 19) Deferred taxes

	31.12.2018		31.12.2017	
	Basis	Deferred taxes	Basis	Deferred taxes
Employees benefits	2,472	656	2,050	501
Tax deficit	9,984	2,791	6,931	1,941
Hedging instruments	256	72	112	28
Overriding depreciation	-1,319	-362	-839	-216
Loan issue cost	-398	-111	-516	-129
Distribution of rentfree periods	-	-	537	134
Depreciation of client portfolios	-2,366	-584	-2,095	-515
Allowance to provisions for tax-free withdrawals	-327	-74	-257	-58
Cancellation of provision for depreciation of own shares	-681	-191	-	-
Provision for depreciation of receivables (IFRS 9)	1,551	434	-	-
Restatement of lease contracts (IFRS 16)	2,743	768	-	-
Other	-524	-139	-117	-39
<b>Net deferred taxes Assets (liabilities)</b>		<b>3,260</b>		<b>1,647</b>
Deferred taxes - assets		3,824		2,115
Deferred taxes - liabilities		-564		-468

The Group activated 2,791 K€ of Deferred tax assets out of loss carryforwards, including 2,777 K€ in France.

At 31 December 2018, the French tax integrated Group is carrying forward a tax deficit of 9,916 K€ which should be used in the next 3 fiscal years, following the following assumptions:

- Growth of the turnover in France: 4.1 % in 2019 and 5,1 % in 2020 and 2021 ;
- Average EBIT rate of 4.0% on the year.

Sensitivity tests have been made in the following cases:

- 1 point decrease of turnover growth estimates for 2020-2021 ;
- 1 point decrease of EBIT assumptions;
- 1 point combined decrease of turnover growth estimates for 2020-2021 and EBIT assumptions.

The consumption time of the French tax integrated Group does not exceed 3 years for any of these assumptions.

## 20) Other non current liabilities

	31.12.2018	31.12.2017
Portion due in more than one year of INVENTCOMMERCE earn-out	-	615
Part at more than 1 year of STAR REPUBLIC earn-out	244	1,968
Portion due in more than one year of OSUDIO earn-out	1,355	1,854
Valuation of STAR REPUBLIC stock options	1,033	582
Valuation of OSUDIO stock options	7,803	10,865
Valuation of CODELUX stock options	1,019	-
<b>Other non current liabilities</b>	<b>11,454</b>	<b>15,884</b>

Call options on OSUDIO HOLDING BV securities can be exercised in 2020 and 2021. Call options on STAR REPUBLIC securities can be exercised in 2021 and 2022.

## 21) Other payables

	31.12.2018	31.12.2017
Paid advances and accruals	957	1,007
Staff and social institutions	21,714	29,383

Tax claims excluding corporate tax	29,173	24,057
Other various payables	4,544	1,864
Contract liabilities	11,592	11,980
<b>Other payables and regularisation accounts</b>	<b>67,980</b>	<b>68,291</b>

As mentioned in note 15), Contract liabilities account for services invoiced but not yet performed which are valued according to their progress.

The other various debts are related to :

	<b>31.12.2018</b>	<b>31.12.2017</b>
<b>Portion due in more than one year of INVENTCOMMERCE earn-out</b>	<b>186</b>	<b>485</b>
<b>Portion due in more than one year of OSUDIO earn-out</b>	<b>498</b>	<b>925</b>
<b>Valuation of OSUDIO stock options</b>	<b>3,638</b>	<b>-</b>
<b>Damages due to the staff</b>	<b>88</b>	<b>193</b>
<b>Damages related to other legal disputes</b>	<b>-</b>	<b>165</b>
<b>Attendance fees</b>	<b>57</b>	<b>45</b>
<b>Various other debts</b>	<b>77</b>	<b>51</b>
<b>Total Other various payables</b>	<b>4,544</b>	<b>1,864</b>

The market value of the other payables does not differ from their accounting value.

The first part of call options on OSUDIO HOLDING BV securities must be exercised before June 2019.

## 22) Tax outstanding assets and liabilities

The group situation regarding taxes is as follows:

In the assets, the group has a total of 785 K€ of claims, coming from tax advances paid by the companies. In the liabilities, the taxes due amount to 1,460 K€.

## 23) Currency rate and exposure to exchange risk

The currencies and rates used for the conversion of financial statements of consolidated subsidiaries are exposed below:

Currencies	Used medium rate in 2018	Rate at 31.12.2018	Used medium rate in 2017	Rate at 31.12.2017
CHF	1.1548	1.1269	1.1115	1.1702
MAD	11.0853	10.9579	10.9699	11.2218
GBP	0.8847	0.8945	0.8761	0.8872
ZAR	15.6138	16.4594	15.0434	14.8054
SEK	10.2569	10.2548	9.6917	9.8438

For the group activity abroad, the exchange risks are the following:

Data in thousands of euros	CHF	MAD	GBP	ZAR	SEK	31.12.2018	
Goodwill	-	-	2,105	-	6,030	8,135	
Intangible fixed assets	1,682	3,371	122	20	1,481	6,676	
Tangible fixed assets	432	2,783	5	18	129	3,367	
Financial assets	376	207	-	2	13	598	
Deferred taxes - assets	85	20	-	-	-	105	
<b>Non current assets</b>	<b>A</b>	<b>2,575</b>	<b>6,381</b>	<b>2,232</b>	<b>40</b>	<b>7,653</b>	<b>18,881</b>
Customer receivables	7,787	1,912	195	213	1,629	11,736	
Other receivables	143	3,278	27	-	156	3,604	
Tax outstanding assets	-	179	2	3	150	334	
Cash flow and cash flow equivalents	4,598	202	163	932	1,440	7,335	
<b>Current assets</b>	<b>B</b>	<b>12,528</b>	<b>5,571</b>	<b>387</b>	<b>1,148</b>	<b>3,375</b>	<b>23,009</b>
Long term financial debt	1,229	2,781	3	-	735	4,748	
Long term provisions	699	-	-	-	-	699	
Deferred taxes - liabilities	-	-	42	-	122	164	
<b>Other non current liabilities</b>	<b>C</b>	<b>1,928</b>	<b>2,781</b>	<b>45</b>	<b>-</b>	<b>857</b>	<b>5,611</b>
Short term financial debt	465	732	48	21	344	1,610	
Long term provisions	-	274	-	-	-	274	
Debts with suppliers	438	1,429	13	-9	319	2,190	
Other payables	3,659	2,999	66	120	897	7,741	
Tax outstanding liabilities	392	-	2	48	-	442	
<b>Current liabilities</b>	<b>D</b>	<b>4,954</b>	<b>5,434</b>	<b>129</b>	<b>180</b>	<b>1,560</b>	<b>12,257</b>
<b>Net position</b>	<b>A+B-C-D</b>	<b>8,221</b>	<b>3,737</b>	<b>2,445</b>	<b>1,008</b>	<b>8,611</b>	<b>24,022</b>

The group does not have any exchange risk control policy.

#### 24) Other income

	31.12.2018	31.12.2017
R&D tax credit	2,336	1,805
CICE	1,232	1,996
Operating subsidies	77	377
Rebilling of fees and other income	454	826
Transfer of costs	961	954
<b>Total Other products</b>	<b>5,060</b>	<b>5,958</b>

Tax credits for competitiveness and employment (CICE) have been booked in the income statement with R&D tax credits on line "Other earnings".

The total of R&D tax credits includes the amount of the current period, less depreciation (1,884 K€).

## 25) Staff costs and headcount

	2018	2017
Wages and allowance	101,816	96,799
Social costs	37,385	36,934
<b>Staff costs</b>	<b>139,201</b>	<b>133,733</b>
Provision for retirement compensations and other benefits	237	120
<b>Total</b>	<b>139,438</b>	<b>133,853</b>
<b>Average workforce (trainees ex.)</b>	<b>2,218</b>	<b>2,167</b>
Workforce recorded at 1st January (trainees excluded)	2,272	2,020
Scope variations	12	228
Increase (decrease)	-46	24
<b>Staff registered at 31 December (trainees excluded)</b>	<b>2,238</b>	<b>2,272</b>

## 26) Wages allocated to the Executive and Governing Boards members

The remuneration conditions for the group executive officers are set by the Executive Board. All the wages and advantages granted to the Boards members and head managers are divided as follows:

	Gross remuneration	Social costs	2018	Gross remuneration	Social costs	2017
ShortTerm benefits <sup>69</sup>	1,015	395	1,410	1,102	420	1,522
Benefits after employment	65	28	93	48	22	70
Attendance fees	70	20	90	70	18	88
<b>Total</b>	<b>1,150</b>	<b>443</b>	<b>1,593</b>	<b>1,220</b>	<b>460</b>	<b>1,680</b>

## 27) Other transactions with related parties

The other transactions with related parties concluded at the market conditions are the following :

	31.12.2018			31.12.2017		
	Expenses	Income	Receivables (Debts)	Expenses	Income	Receivables (Debts)
LVCT	-	-	-	44	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>-</b>	<b>-</b>

The company doesn't conclude any transaction with related parties which wouldn't respect standard market conditions.

<sup>69</sup> "Short-term benefit" must be intended as wages itself, which includes paid vacations, premiums, interest and in kind benefits.

## 28) External expenses

	2018	2017
Global outsourcing	53,681	42,978
Leasing and related costs	2,194	8,128
Maintenance and repairs	1,519	1,293
Insurance premiums	769	581
Various materials	520	604
Fees and staff outside the company	4,054	4,918
Advertising and external relationship	1,211	890
Goods transportation	40	68
Business trips, missions and receptions	4,445	4,565
Mailing and telecommunication costs	1,242	1,111
Bank services	210	240
Other external services	1,027	320
<b>Total</b>	<b>70,912</b>	<b>65,696</b>

## 29) Other non current operating incomes and expenses

	2018	2017
Restructuration costs	-1,568	-2,324
Relocation costs	-866	-1,109
Acquisition costs related to companies mergers	-423	-1,460
Other transactions related to agreements and conflicts	-1,105	-1,396
Stocks options and free shares	-211	-122
<b>Total</b>	<b>-4,173</b>	<b>-6,411</b>

Restructuring costs are mainly related to the departure of a few managers.

Additional costs related to the acquisition of Sqli UK, STAR REPUBLIC and OSUDIO amount to 423 K€.

Loss related to conflict and litigation are mainly related to trade litigation (529 K€) and tax assessment risks (461 K€).

## 30) Total of net financial debt

	2018	2017
Revenues from loans and receivables	70	30
Net earnings from VMP sales	-1	45
<b>Cash and cash equivalent income</b>	<b>69</b>	<b>75</b>
Interest charges	-1,327	-1,163
Interest charges on lease obligations	-974	-23
Factoring financing commission	-135	-99
Hedging instruments for loans rates	-287	-163
<b>Total of gross financial debt</b>	<b>-2,723</b>	<b>-1,448</b>
<b>Total of net financial debt</b>	<b>-2,654</b>	<b>-1,373</b>

The other financial income and expenses are the following:

	2018	2017
Exchange rate differences	-290	76
Discounting of long term loans and debts	13	-16
<b>Other financial revenues and expenses</b>	<b>-277</b>	<b>60</b>

## 31) Tax liability

The tax cost or credit is analyzed as follows:

	2018	2017
Deferred taxes	-1,301	-1,701
Due taxes	3,319	2,882
Inc. CVAE	1,450	1,486
<b>Tax (credit) charge</b>	<b>2,018</b>	<b>1,181</b>

## a- Tax integration

SQLI is the controlling company of a tax integrated group including the following subsidiaries as of 31 December 2018: ABCIAL, CLEAR VALUE, EOZEN France, ASTON INSTITUT, WAX INTERACTIVE, WAX INTERACTIVE LILLE and ECOMMERCE4U

## b- Tax evidence

	2018	2017
<b>Consolidated Result (bef. taxes)</b>	<b>5,080</b>	<b>3,155</b>
Notional taxation rate	28 %	33.1/3 %
<b>Notional tax expense</b>	<b>1,422</b>	<b>1,052</b>
Effect of permanent differences	-181	-188
Effect of consolidation adjustments without effect on taxes	164	811
Effect of differences in mother-daughter rates and variable report	7	-607
Effect of deferred deficits	58	-144
Effect of taxes without base and tax credits	-495	-734
Effect of CVAE integration in taxes	1,043	991
<b>Effective tax expense</b>	<b>2,018</b>	<b>1,181</b>
Effective taxation rate	39.73 %	37.43 %

## 32) Result per share

The numerator used to calculate the basis result and the result diluted per share is the year net result part of the group: 3,062 K€.

The weighted average number used as denominator is 4,200,579 shares for the result per share and 4,290,173 for the diluted result per share.

	31.12.2017	Variation during the year	31.12.2018
Number of issued shares	3,959 538	467,059	4,426 597
Number of treasury shares	-56,085	-5,955	-62,040
<b>Number of shares issued (treasury shares excluded)</b>	<b>3,903 453</b>	<b>461,104</b>	<b>4,364 557</b>
<b>Number of shares issued (treasury shares excluded)</b>	<b>3,846 859</b>	<b>353,719</b>	<b>4,200 579</b>
Dilutive effects:			
BSAAR	251,912	-251,912	-
Stocks options	20,319	-16,620	3,699
BSA	108,569	-44,342	64,227
Free shares	19,133	2,535	21,668
<b>Average number of outstanding shares</b>	<b>4,246 793</b>	<b>43,380</b>	<b>4,290 173</b>

VI. Segment information

Operating segment determination principles are exposed before.

Financial information related to operating segments is established with the same rules and accounting methods used for the consolidated accounts.

	31.12.2018		31.12.2017	
	Turnover	Recurring operating income	Turnover	Recurring operating income
France	151,186	5,060	149,586	8,026
Switzerland	32,078	2,440	31,600	702
Northern Europe	45,593	3,700	26,470	1,381
Other	3,124	984	4,304	770
<b>Total</b>	<b>231,981</b>	<b>12,184</b>	<b>211,960</b>	<b>10,879</b>

## VII. Off-Balance sheet commitments

The group has to take a certain number of commitments due to its activity. Some of these commitments generate provisions (like the commitments related to retirement and other advantages granted to the staff, legal disputes...) The other commitments not included in the balance sheet are listed below.

### 1) Backlog

At 31 December 2018, income yet to be recognised after execution of performance obligations amounts to 27 M€, +20% year on year.

This income includes only fixed price commitments or fixed-rate packages, defined with a specific execution scope and a contract budget. All "Time and materials" contracts and "time-based" contracts are excluded from this scope.

### 2) Received Commitments

The sellers of INVENTCOMMERCE (SQLI LTD and SQLI PROPRIETARY LTD) granted to SQLI a guarantee on its assets and liabilities limited to 450 K£ and 600 K€ on 7 years (in tax matters), until 2023. 50 K£ have been transferred to a escrow account as a guarantee for the guarantee.

The sellers of STAR REPUBLIC have granted SQLI a guarantee on its assets and liabilities for all damages exceeding individually 90 KSEK, and cumuatively 700 KSEK. This guarantee is limited to 15 000 KSEK. The guarantee is valid until the expiration of statutory limitation periods, regarding tax procedure.

The sellers of OSUDIO HOLDING BV granted SQLI a guarantee on its assets and liabilities for all damages exceeding individually 20 K€, and cumuatively 140 K€. This guarantee is limited to 3,800 K€.

The guarantee is valid until November 2019 and until the expiration of statutory limitation periods, regarding tax procedure.

The sellers of CODELUX granted OSUDIO DEUTSCHLAND GMBH a guarantee on its assets and liabilities for all damages exceeding individually 5 K€, and cumuatively 20 K€. This guarantee is limited to 100% of CDLX securities purchase price.

The guarantee is valid until December 2019 and until June 2023 for tax matters.

### 3) Debts guaranteed by real securities

As a guarantee for the repayment of the 33 M€ debt, SQLI as given to BNP a pledge of all the securities of STAR REPUBLIC and OSUDIO HOLDING BV.

### 4) Credit lines accepted and still intact

The Group has three credit lines of 1 M€ each, with BNP Paribas, Caisse d'Epargne and the Banque Palatine, plus a 16.0 M€ factoring capacity untouched at 31 December 2018.

### 5) Current conflicts

Various legal actions have been made against the group companies from former employees or customers, or as parts or tax controls. SQLI made reserves according to the level of risk calculated by the management team and based on the recommendations of legal counseling.

SQLI Belgium has been notified in December 2017 of a VAT recovery payment of 1.2 M€ with 2.5 M€ of fine and default interests for years 2011 to 2016. The company is denying this recovery and filled a contradictory application in front of the first instance court. The hearing will take place in April 2019.

SQLI Morocco received a tax adjustment notice in January 2019 regarding income tax, corporate tax and VAT for years 2014 to 2017, totalizing a principal amount of 22,510 KDH. The company is objecting this tax adjustment and started negotiating with the Moroccan tax authorities.

VIII. Events recorded after the accounts closing

SQLI partnered with Alpenite GmbH, an Austrian company, to create InventCommerce. This new company based in France relies on the French market multi-could Salesforce offer to accelerate design and marketing of experience platforms and omnichannel commerce.

SQLI owns 51% of InventCommerce.

IX. Statutory auditors fees

	2018				2017			
	EXCO ACE		EY		EXCO ACE		EY	
	K€	%	K€	%	K€	%	K€	%
<b>Auditing</b>	79	35 %	149	65 %	82	17 %	387	83 %
Including Statutory Auditors, certification, assessment of individual accounts	79	100 %	149	100 %	82	100 %	245	62 %
Issuer	68	86 %	128	86 %	71	86 %	130	51 %
Fiscally integrated subsidiaries	11	14 %	21	14 %	11	14 %	115	49 %
Inc. services other than accounts certification	0	0 %	0	0 %	0	0 %	142	38 %
Other services performed by the networks for globally integrated subsidiaries	0	0 %	0	0 %	0	0 %	0	0 %

## 4.2. REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2018

**EXCO PARIS ACE**  
5, avenue Franklin Roosevelt  
75008 Paris  
S.A. au capital de € 2.250.400  
380 623 868 R.C.S. Paris

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Paris

**ERNST & YOUNG et Autres**  
Tour First  
TSA 14444  
92037 Paris-La Défense cedex  
S.A.S. à capital variable  
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

### SQLI

**Financial year closed on 31 December 2018**

**Report of the statutory auditors on the consolidated accounts**

To SQLI General Meeting,

### Opinion

As part of the mission that was given to us by your General Meeting, you will find hereafter the audit report regarding SQLI annual accounts for year ended on 31 December 2018, enclosed to the present report.

We certify that the consolidated accounts, which have been established according to the IFRS reference document as adopted in the European Union, are in order and give a true picture of the year operating result, the asset base, the financial situation of the group composed of the persons and the entities included in the consolidation.

The opinion presented above is consistent with the content of the report.

### Basis of audit opinion

#### ■ Auditing Standard

We conducted our audit in accordance with the professional standards applied in France. We believe that our audit provides a reasonable basis for the opinion expressed hereafter.

Our obligations pursuant to these standards are presented in section "Obligations of statutory auditors regarding their annual accounts auditing job" of the present report.

### ■ Independence\*

We performed our auditing in compliance with independence rules applicables to statutory auditors, for the period starting on 1st January 2018, to the date of publication of the report. We didn't perform any service prohibited by article 5, paragraph 1 of Regulation n° 537/2014 (EU) or by the French Code of Ethics for auditors.

### Comments

Without prejudice to our previous opinion, we would like to draw your attention on note 2 "Changes in accounting standards in 2018" of the Appendix presenting the new implementation of IFRS 15 "Revenue from contracts with customers", IFRS 9 "Financial Instruments" and IFRS 16 "Leases" and their impact on consolidated accounts.

### Justification of our assessments - key points of the audit report

In application of articles L.823-9 and R. 823-7 of the Commercial Code related to the assessment justification, we wish to inform you of the following key facts, regarding the risks of material misstatements which were, in our view, the most significant for the auditing of the consolidated accounts, along with the answers we gave to these risks.

The judgements made in this way fall within the framework of our auditing approach to the consolidated accounts, taken as a whole, and hence contributed to the development of our opinion expressed before. We don't make any judgment on each part of the annual accounts, taken separately.

### ■ Recognition of revenues resulting from package contracts

Identified risk	Our answer
At 31 December 2018, the turnover amounts to 232 M€.	We are aware of the internal control processes related to the pre-sales process, invoicing and accounting of package projects revenues.
Note II.14 of the Appendix to the consolidated accounts details the Recognition principle of the turnover. The revenues resulting from package contracts are recognized according to the project advancement, based on costs incurred and remaining costs.	We performed tests on key assessments, especially those related to costs incurred and remaining costs per project.
A provision for loss at termination is recorded once the expected provisional margin for a fixed-rate package becomes negative.	We carried out the following diligences for some contracts based on quantitative (production in progress) and qualitative (contracts with technical operational issues or unexpected profitability level) criterias:
We considered the recognition of revenues resulting from package contracts as a key point of the audit because the the cost calculation is based on assumptions and forecasts having a direct impact on the turnover and consolidated accounts operating result.	<ul style="list-style-type: none"> <li>we analysed the contractual provisions and reconciled management data with accounting data;</li> <li>we assessed the remaining costs and the progress of selected contracts;</li> <li>we compared the margin on date and margin at termination and compared it with the information given by the financial controller;</li> <li>When necessary, we compared 2018 margins with the margin expectations of the previous year.</li> </ul>

- we assessed the assumptions made by the managers in order to calculate losses at termination related to loss-making contracts.

## ■ Goodwill assessment

Identified risk	Our answer
<p>At 31 December 2018, the financial fixed assets are recorded in the balance sheet with an carrying net value of 86 M€ (32 % of total assets). These assets are submitted to impairment tests at least once a year and as soon as they show signs of value loss.</p> <p>When needed, an impairment is recorded if the recoverable value is lower than the carrying amount. As explained in note V.I, the recoverable value is the highest value between the net fair value of transfer costs and the value in use.</p> <p>The impairment tests are based on the value in use of each cash-generating unit, which depends on discounted future cash flows, following estimates and forecasts.</p> <p>CGU consist in geographical sectors identified by the management.</p> <p>We saw the assessment of goodwill as a key point of the audit work, considering (i) the weight of these assets within the consolidated balance sheet, (ii) the importance of the management assumptions about cash flows, discount rates and long-term growth projections.</p>	<p>As part of our audit work, we assessed the processes used for impairment tests performed by SQLI.</p> <p>We performed the following verifications on impairment tests for each of the CGU:</p> <ul style="list-style-type: none"> <li>• We reconciled 2019 forecasts with the budget defined by the Executive Board;</li> <li>• We checked the consistency of key assumptions related to the identification of discounted cash flows and long-term growth rates with market references and historical data;</li> <li>• we assessed, with the help of valuation experts, the discount rates and infinite growth rates used in comparison with market benchmarks;</li> <li>• we studied the sensitiveness tests performed by the management;</li> <li>• we compared the year achievements with the budget set during the previous year.</li> </ul>

## Specific assessments

We also carried out the specific assessments stipulated by law regarding information given in the Group management report, in accordance with the professional standards applicable in France.

We have no remarks to make concerning their accuracy and their concordance with the consolidated accounts.

We confirm that the extra-financial performance statement pursuant to Article L. 225-102-1 of the Commercial Code is included in the Company report, and specify that, in compliance with Article L. 823-10 of the Code, we did not check the accuracy and concordance of information included in this statement with the consolidated accounts, a mission which must be given to an independent third-party organization.

## Information related to other legal and regulatory obligations

### ■ Appointment of Statutory auditors

We have been appointed Statutory auditors for SQLI by the Group General Meeting on 26 June 2013 for Exco Paris Ace firm and on 20 June 2012 for ERNST & YOUNG et Autres.

In 2018, Exco Paris Ace firm was SQLI statutory auditor for the sixth year and ERNST & YOUNG et Autres for the seventh year.

### Obligations of the Group management and members of corporate government regarding consolidated accounts.

The Group management team has to submit consolidated accounts presenting a fair view of the company situation, in compliance with the IFRS reference document as adopted in the European Union. It must perform the internal assessments needed to prepare the annual accounts and avoid any significant misstatements resulting from fraud or mistakes.

When preparing the consolidated accounts, the Group management shall assess the company ability to pursue its activities and shall include in the accounts the information related to business continuity and apply the standard accounting policy for business continuity, except in case of liquidation or winding-up.

The Audit committee shall follow the preparation of financial information and check the performance of internal control and risk management processes, including internal audit, regarding the preparation and processing of accounting and financial information.

The consolidated accounts have been closed by the Executive Board.

### Obligations of the statutory auditors regarding the audit of annual accounts

#### ■ Purpose and Auditing approach

We are in charge of preparing a report on consolidated accounts. The purpose is to obtain the reasonable assurance about whether the consolidated accounts taken together are free of any significant misstatement. "Reasonable assurance" refers to a high level of certainty, but any audit performed in compliance with the applicable professional standards can still miss some significant misstatements. Misstatements can be related to fraud or mistakes and are considered as significant when it is reasonable to expect that their individual or cumulated effect might affect economic decisions of the people using these accounts to elaborate their decisions.

According to article L. 823-10-1 of the Commercial Code, our audit mission is not meant to guarantee the sustainability or quality of the company management.

The statutory auditor uses his professional judgment when performing an audit work pursuant to the applicable professional standards. This includes:

- ▶ identifying and valuing the risks of significant misstatement within the annual accounts, due to fraud or mistakes; defining and implementing audit processes to control these risks and collecting information sufficient and relevant to confirm his opinion. the risk of not detecting a significant misstatement coming from a fraud is higher than for a misstatement due to a mistake, because fraudulent actions can include forgery, collusion, false representation and override of internal control;
- ▶ acknowledging internal controls relevant for the audit in order to define suitable auditing processes without expressing an opinion on internal control performance.
- ▶ assessing the suitability of accounting methods and reasonableness of the management accounting estimates, along with related information included in the consolidated accounts;

- ▶ assessing the suitability of the application of standard accounting policy for business continuity by the management and, based on the information provided, the potential significant doubts regarding events or circumstances likely to compromise the company ability to carry on its activities. This assessment is based on data collected until the date of the report, considering however that subsequent events or circumstances might affect business continuity. In case of material doubt or loophole, the statutory auditor calls the attention of the readers on information provided in the consolidated accounts regarding this doubt or, if such information has not been provided or is not adequate, the statutory auditor expresses a certification with reservation or a refusal of certification;
- ▶ assessing the general presentation of consolidated accounts and controlling that the consolidated accounts are in line with underlying events and operations in order to guarantee a fair view of the company situation;
- ▶ regarding financial information on people or entities included in the consolidation scope, collecting data considered as relevant and sufficient to express a judgment on the consolidated accounts. The statutory auditor is in charge of managing, monitoring and performing the auditing of consolidated accounts and the judgment made on these accounts.

#### ■ Report to the Audit Committee

We submit to the Audit Committee a report presenting our audit work and actions implemented, as well as the conclusions of our work. We also submit to the Committee the potential significant flaws identified within internal controls, regarding the preparation and processing of accounting and financial information.

The report submitted to the Audit Committee includes the risks of significant misstatements which were considered as potentially affecting the consolidated accounts auditing and have been qualified as "auditing key points" and described in the present report.

We also submit to the Audit Committee the Statement pursuant to Article 6 or Regulation n° 537-2014 (EU) confirming the auditors independence, following the rules applicable in France, such as articles L. 822-10 to L. 822-14 of the French Commercial Code and the French Code of Ethics for statutory auditors. If needed, we discuss of the risks related to our independent statute and the safety measures to be applied with the Audit Committee.

Paris and Paris-La Défense, 17 April 2018

The Statutory Auditors

EXCO PARIS ACE

ERNST & YOUNG et Autres

Alain Auvray

Jean-Christophe Pernet

## 4.3. CONSOLIDATED ANNUAL ACCOUNTS AT 31 DECEMBER 2018

### I. Balance sheet

In euros	Net at 31.12.2018	Notes	Net at 31.12.2017
<b>ASSETS</b>			
Intangible fixed assets	24,751 088	1	24,547 144
Tangible fixed assets	4,609 893	2	3,128 878
Financial assets	72,933 800	3	75,243 792
	<b>CAPITAL ASSETS</b>		<b>102,919 814</b>
Advances and deposits paid on order	0		0
Customers and related accounts	44,297 273	4	46,434 529
Other receivables	35,132 136	5	39,243 237
Cash position	9,532 342	7	5,446 996
Deferred charges	2,352 959	8	2,055 146
	<b>CURRENT ASSETS</b>		<b>93,179 908</b>
Translation differences - Assets	14,879		5,827
	<b>193,624 370</b>		<b>196,105 549</b>
<b>TOTAL OF ASSETS</b>			
<b>LIABILITIES</b>			
Equity	3,541 278		3,167 630
Issue, merger and transfer related premium	43,493 640		38,430 097
Legal provision	316,763		308,554
Regulated reserve	272,850		272,850
Retained earnings	18,159 908		22,627 506
<b>Profit (loss) of the year</b>	<b>384,315</b>		<b>(4,459,389)</b>
Regulated provisions	1,083 905	10	775,132
	<b>SHAREHOLDERS EQUITY</b>	9	<b>61,122 380</b>
Advances with conditions	0		0
	<b>OTHER OWN FUNDS</b>		<b>0</b>
Provisions for risks	724,075		626,228
Provisions for charges	28,815		557,876
	<b>PROVISIONS FOR RISKS AND CHARGES</b>	11	<b>1,184 104</b>
Loans and debts with credit institutions	39,995 932	12	44,815 232
Other payables and financial loans	15,253 502	13	14,766 709
Debts with suppliers and related accounts	27,486 587		25,983 447
Tax and social debts	31,497 350	14	33,277 952
Debts on fixed assets	3,347	15	3,347
Other payables	3,916 617	16	8,257 460
Deferred income	7,465 487	18	6,535 754
	<b>DEBTS</b>		<b>133,639 901</b>
Translation differences - liabilities	0		159,164
	<b>193,624 370</b>		<b>196,105 549</b>
<b>TOTAL OF LIABILITIES</b>			

The appendix attached is included in the financial statements.

## II. Income statement

In euros	Net at 31.12.2018	Notes	Net at 31.12.2017
Turnover	148,373 980	19	148,288,424
Capitalised production	291,785	20	689,084
Operating subsidies	19,624		256,482
Recovery on depreciation and provisions	1,098 821	28	208,955
Transfer of costs	723,201	31	720,330
Other income	4,903 044	21	4,948,638
<b>OPERATING INCOME</b>	<b>155,410 415</b>		<b>155,111,913</b>
Other external purchases and costs	62,302 141	22	57,846 277
Taxes and dues	4,021 262	23	4,137,650
Wages and allowance	60,726 284		66,558,221
Social costs	26,965 179		28,585,950
Allowance for depreciation and provisions:			
on fixed assets : allowance for depreciation	1,177 283	1 and 2	1,154,906
on outstanding assets: Allowance to provisions	0	28	768,956
For risks and charges: Allowance to provisions	185,393	28	702,049
Other charges	1,417 383		124,555
<b>OPERATING CHARGES</b>	<b>156,794 925</b>		<b>159,878,564</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>(1,384,470)</b>		<b>(4 766 651)</b>
Financial income	1,747 730		182,695
Financial charges	2,158 789		1,209,951
<b>FINANCIAL PROFIT (LOSS)</b>	<b>(411,059)</b>	24	<b>(1,027,256)</b>
<b>CURRENT PROFIT (LOSS) BEFORE TAXES</b>	<b>(1,795,529)</b>		<b>(5,793,907)</b>
Extraordinary income	440,135		1,400,136
Extraordinary expenses	1,148 600		2,246,532
<b>EXTRAORDINARY PROFIT (LOSS)</b>	<b>(708,465)</b>	27	<b>(846,396)</b>
<b>CORPORATE TAX</b>	<b>(2,888,309)</b>	29	<b>(2,180,914)</b>
<b>NET PROFIT (LOSS)</b>	<b>384,315</b>		<b>(4,459,389)</b>

## III. Appendices

### **A. ACTIVITY**

Created in 1990, SQLI is the reference partner for companies operating a digital transition of their customer processes and all the internal services related. With a unique positioning covering marketing and technology, SQLI uses a global approach to meet the needs of developing sales and reputation (digital and social marketing, customer experience, e-Commerce, data intelligence), and productivity and internal efficiency goals (digitalization of operations, collaborative activity, mobility and connected devices, CRM...)

SQLI is listed on NYSE Euronext Paris, compartment C (ISIN FR0011289040).

## **B. B. IMPORTANT EVENTS DURING THE YEAR**

In 2018, SQLI reported turnover of 148.4 M€, stable compared to 2017.

Operating costs increased to 156.8 M€ (vs 159.9 M€ in 2017, down 1.93%). Operating income records a loss of 1.4 M€ (against a loss of 4.8 M€ in 2017).

The improvement of operating income is explained by 3 key factors: the 0.6 employment rate increase, the implementation of a cost reduction program (which started to be effective in the second half of the year) and the improvement of Parisian teams performance.

The staff turnover remains significant (from 1,419 employees in 2017 to 1,284 in 2018). However, the Group workforce started to grow again in the second half of the year.

After integration of financial performance (-0,4 M€), exceptional loss of 0.7 M€ and tax income (2.9 M€), the net income for 2018 shows a profit of 0.4 M€ (vs loss of 4.5 M€ in 2017).

The most significant events of the year included the reunion of all Parisian sites in the new company headquarters located on 166 rue Jules Guesde 92300 Levallois-Perret, in February 2018. The cost of this relocation had been partly anticipated in 2017.

At 31 December 2018, SQLI has a strong balance sheet with 67.3 M€ of shareholder's equity and 30.5 M€ of financial debt. Shareholder's equity increased by more than 6 M€ year on year, mainly through the exercise of BSAAR warrants which expired on 20 April 2018 (5.1 M€).





## **C. C. EVENTS RECORDED AFTER THE ACCOUNTS CLOSING**

SQLI partnered with Alpenite GmbH, an Austrian company, to create InventCommerce. This new company based in France relies on the French market multi-could Salesforce offer to accelerate design and marketing of experience platforms and omnichannel commerce. SQLI owns 51% of InventCommerce.

## **D. ACCOUNTING RULES AND PROCEDURES**

The annual accounts have been drawn up in euro and presented in accordance with the currently accepted accounting rules and principles, applicable on 22 March 2019, date of closure by the Executive Board.

The general accounting agreements were applied respecting with caution and in accordance with the basic assumptions:

-  Continuity of operation,
-  Consistent accounting methods,
-  Independence of each financial year,
-  and respect of global rules for the elaboration and presentation of annual accounts.

The basic method retained to assess accounting records is the historical costs method.

Changes in the accounting procedures

There hasn't been any change in the accounting procedures during the year.

Changes in accounting estimates

There hasn't been any change in the accounting procedures during the year.

The main procedures are the following:

a- Intangible fixed assets

The intangible fixed assets are registered at their acquisition cost.

The businesses are recorded at their acquisition cost (excluding incidental expenses who are recorded as charges for the year).

The technical excess coming from the universal transfer of assets of a subsidiary is registered in intangible assets. It is booked in the underlying assets related to the underlying gains registered during the UTA operations which generated this technical excess. If need be, the excess representing the loss or "real mali" is registered in financial costs.

The technical excess is depreciated following the same rules and conditions as those regarding the related underlying assets.

Businesses and technical excess are submitted to a test of loss of value at least once a year or more frequently if there are existing losses of value.





Research costs are reported as expenses and Development costs as income if they respect the activation conditions required by the statutes. They consist in staff costs of researchers and functioning costs.

## b- Tangible fixed assets

Tangible assets are registered at their acquisition cost. In application of the CRC regulation N° 2004-06, the management chooses not to incorporate the costs of loans into the value of the fixed assets.

According to the rules defined by the CRC regulation N° 2002-10, the fixed assets must be broke down into individualized elements with a different duration of use. We did not identify in our capital assets liable to be the object of a breakdown by component.

Thus the depreciation is calculated using the straight-line method (L) in accordance with the expected life cycle of the asset, as follows:

-  General premises: L on 8 years
-  IT equipment: L on 2 years
-  Office equipment: L on 5 years
-  Transport equipment: L on 4 years

## c- Securities

The securities are registered at their acquisition price. Price supplements of acquisition prices are estimated and represent a part of this acquisition price.

Securities acquisition cost are spread on 5 years by means of an accelerated depreciation which starts with the securities acquisition date.

At the end of each financial year, the historical value of the equity shares is compared to the going value. The going value of a security is proportionally related to net assets increased (adjusted with gains and losses), to the expected trend of results and to the participation economic interest for the group.

The unfavorable variations are the object of provisions for depreciation of securities.

#### d- Other financial assets

The 20 years loans granted by the company on its obligation to participate to the construction are capitalized according to the OAT 10 year-rate.

The company concludes a liquidity contract in accordance with the AFEI charter in order to promote the liquidity of transactions and the regularity of its securities payments. The transactions carried out in its name by the securities dealer who signed the contract are recorded in the long-term investments. When not available, the funds kept by the financial intermediate represent fixed receivables.

The own shares are evaluated on the basis of their last stock price known at the financial year closing date.

#### e- Receivables

Receivables are valued at face value. A provision for depreciation is made if there is a risk of non-recovery.

The group outsources the management of its customer claims covering credit-insurance, as well as recovery and refinancing management. The company assigned these claims within the framework of factoring agreements. With the exception of claims for foreign customers or customers living in the DOM TOM, 100 % of customers claims are transferred to the factor and registered in the category "Other claims". This heading is totally payable.

The groups expenses for the R&D activity, meeting the criteria requested for eligibility to tax credit, generated a R&D tax credit whose corresponding claim is registered in the Assets of the balance sheet, unless it is partly or totally booked as taxes due for the financial year.

As a precaution, a non-deductible provision was assigned to this asset, which was not definitively earned. This provision will be maintained during a period of 3 years, notwithstanding the repayments registered in the meantime.

In case of assignment to the corporate tax or in case of early repayment of the loan, the provision for depreciation is taken back and a similar provision is booked in liabilities.

Besides, a convention on current accounts has been signed within the group between SQLI and the related companies, which controls the cash flow resulting from the economic and financial relationship between themselves.

In this context, SQLI established a statement of current accounts and calculated the interests due on the basis of the average credit balance during last semesters. Interest scales calculated are capitalized on the last day of the related semester.

The remuneration rate of current accounts is equal to the average of EURIBOR 12 months rate.

#### f- Short-term investment securities

The short-term investment securities are booked at the purchase price or at the market price for the latest month, if the latter is lower. For the unlisted securities, if the balance sheet value is less than the likely trading value, a provision is set aside for depreciation. The company transfers and sells its portfolio investment tangible securities in the end of the financial year.

#### g- Cash Flow

A convention of centralization of the group cash flow has been signed with la Société Générale on 23 May 2006. It provides a centralization of the cash flow of companies which participate in the convention, on SQLI, the controlling company.

In this way, the net day positions of the participating companies accounts, (debt or credit) are leveled on the controlling company accounts. The interest paid and owned are calculated day by day according to the centralized position of the group cash position.

#### h- Administration of the turnover

**Cost plus contracts** – the product of cost plus contracts is recognized according to the project advancement. The services already performed but not yet invoiced as booked as pending invoices.

**Package contracts** – Turnover resulting from package services is entered in the accounting in accordance with the progress method. The current services are valued at the sale price. . If the amount of services performed is greater than the amount invoiced for, the difference appears in invoices to be established. Otherwise, it is recorded as prepaid income.

A provision for losses at termination is recorded once the expected provisional margin for the project becomes negative.

## i- Regulated provisions

These provisions do not correspond to normal provisions but are recorded in application of legal measures. They are created following a mechanism similar to the one for other provisions, but their tax system is submitted to this accounting system.

The amortization of securities acquisition cost last five years from the date of acquisition.

## j- Note 13 :Provisions for risks and charges

The provisions for risks and charges are recorded when the object of the risks and charges is clearly defined but the execution is uncertain but likely to occur because of current events.

## k- Transactions in foreign currencies

The charges and income in foreign currencies are entered at their equivalent value on the date of the transaction. The payables, receivables and liquid assets in foreign currencies appear in the balance sheet at their equivalent value as determined by the rate at the end of the financial year. The difference resulting from this valuation of debts and receivables in foreign currencies at this rate is entered in the balance sheet under the heading "translation differences". The differences resulting from the conversion of liquid assets in foreign currencies are registered in the category "exchange loss" of the income statement.

## l- Tax situation of the group concerning corporate tax

SQII is the controlling company of an integrated group for taxation purposes including the following companies in 2018: ABCIAL, CLEAR VALUE SAS, EOZEN France, WAX INTERACTIVE Lille, ECOMMERCE4U, WAX INTERACTIVE and ASTON INSTITUT.

The tax charges are borne by the integrated companies (subsidiaries and parent), as in the absence of taxation integration. The tax savings made by the group are retained by the parent company.

The company records the payable tax charge. The R&D, family and training tax credit are retreated from the tax charge.

## m- Benefits after employment

The advantages after employment covered by provisions are related to commitments for retirement compensations, which are fixed allowances calculated according to the number of years of service and the annual wages at the date of retirement. They don't generate any provision in the accounts.

**E. OTHER INFORMATION**

The information is given in euros

## 1) Intangible fixed assets

	31.12.2017	Acquisitions Allowance	Transfers Write-backs	31.12.2018
Software	2,757 970	414,550	31,268	3,141 252

Purchased goodwill	23,471 498			23,471 498
<b>Gross value</b>	<b>26,229 468</b>	<b>414,550</b>	<b>31,268</b>	<b>26,612 750</b>
Less depreciation	1,682 324	210,606	31,268	1,861 660
<b>Net value</b>	<b>24,547,144</b>	<b>203,944</b>	<b>0</b>	<b>24,751 088</b>

Purchased companies business is recorded as follows:

	31.12.2017	Acquisitions Allowance	Transfers Write-backs	31.12.2018
ASTON	8,956,600			8,956,600
ASTON EDUCATION	2,150 492			2,150 492
PROCEA	1,438,183			1,438,183
SYSDEO	5,199,597			5,199,597
<i>Including:</i>				
NAGORA TECHNOLOGIE business	323,844			323,844
OBJECTIVA business	593,340			593,340
SHAFT	198,200			198,200
AMPHAZ	2,122,553			2,122,553
ICONEWEB	1,407 845			1,407 845
URBANYS	1,524,570			1,524,570
ECLAPS	35,268			35,268
NAGA CONSEIL	437,925			437,925
Other	265			265
<b>Net value of businesses</b>	<b>23,471 498</b>	<b>0</b>	<b>0</b>	<b>23,471 498</b>

In the last years, SQLI took over SYSDEO, ASTON, PROCEA, SUDISIM, ICONEWEB, URBANYS, ALCYONIX NAGA CONSEIL and ASTON EDUCATION. These companies businesses are from then totally integrated to SQLI's and it is nearly impossible to identify the turnover or margin related to each of these businesses. The two main companies (ASTON and SYSDEO) allowed SQLI to grow to a consistent size (from 44 m€ in 2005 to 74 m€ in 2006) and to keep its referencing contracts with the major accounts despite the decrease of ICT services firms. The justification for the goodwill value of these six companies has been tested with discounted cash - flow procedure applied to SQLI.

In order to certify the main elements of SQLI goodwill global valuation approach, the recoverable values are set from the updated net cash flows, with consideration of the terminal value, based on an infinite growth rate for the income of the valued assets. The rate used for the updating of the future cash flows is the weighted average cost of capital before taxes. The considered hypothesis in terms of activity growth and terminal values are reasonable and in compliance with the available market facts. The main factors used for the establishment of this estimated flows are the following:

- + Duration of estimates: 4 years (same at 31 December 2017)
- + Capitalization rate (aft. Tax) 9.5% (same at 31 December 2017)
- + Ad infinitum growth rate: 1.5 % (same at 31 December 2017)

These tests did not identify any new depreciation recorded at 31 December 2018.

## 2) TANGIBLE FIXED ASSETS

	31.12.2017	Acquisitions Allowance	Transfers Write-backs	31.12.2018
General facilities and fittings	4,885 179	1,562 373	1,457 565	4,989 987
Transport equipment	3,000	0	3,000	0
Office & IT equipment	2,669 669	252,819	213,124	2,709 364
Furniture	1,165 163	663,329	395,152	1,433 340
Works of art	10,790			10,790

Total Gross Value	8,733 802	2,478 521	2,068 841	9,143 481
less depreciation	5,604 924	966,677	2,038 013	4,533 588
<b>Net value</b>	<b>3,128 878</b>	<b>1,511 844</b>	<b>30,828</b>	<b>4,609 893</b>

The relocation of Parisian sites induced significant investment amounting to 2.2 M€ in 2018 (equipment, furniture and arrangement costs).

### 3) FINANCIAL ASSETS

	31.12.2017	Increases Allowance	Decreases Write-backs	31.12.2018	At most 1 year	At least 1 year
Securities	67,404 343	240,088	2,473 818	65,170 613		65,170 613
Claims related to participations	5,546 179	81,529		5,627 708		5,627 708
<b>Total Gross Value</b>	<b>72,950 522</b>	<b>321,617</b>	<b>2,473 818</b>	<b>70,798 321</b>	<b>0</b>	<b>70,798 321</b>
less provisions	3,425 788	4,352	0	3,430 140	0	3,430 140
<b>Net value</b>	<b>69,524 734</b>	<b>317,265</b>	<b>2,473 818</b>	<b>67,368,181</b>	<b>0</b>	<b>67,368,181</b>
Loans	3,305 704	293,186		3,598 890		3,598 890
Deposits and sureties	1,112,505	37,078	81,507	1,068 076	11,382	1,056 694
Selfowned shares	1,533 633	223,112	53,598	1,703 147	1,703 147	
Fixed claims <sup>1</sup>	53,137	96,092	0	149,229	149,229	
Other fixed securities	16		0	16		16
<b>Total Gross Value</b>	<b>6,004 995</b>	<b>649,469</b>	<b>135,105</b>	<b>6,519 358</b>	<b>1,863 758</b>	<b>4,655 600</b>
less provisions	285,936	680,857	13,054	953,739		953,739
<b>Net value</b>	<b>5,719 059</b>	<b>(31,388)</b>	<b>122,051</b>	<b>5,565 619</b>	<b>1,863 758</b>	<b>3,701 861</b>
<b>Total Gross Value</b>	<b>78,955 517</b>	<b>971,086</b>	<b>2,608 924</b>	<b>77,317 679</b>	<b>1,863 758</b>	<b>75,453 921</b>
less provisions	3,711 725	685,209	13,054	4,383 879	0	4,383 879
<b>Net value</b>	<b>75,243 792</b>	<b>285,877</b>	<b>2,595 870</b>	<b>72,933 800</b>	<b>1,863 758</b>	<b>71,070 042</b>

The main variations in securities are as follows:

#### STAR REPUBLIC

Due to an underperformance of Star Republic in 2018, SQLI adjusted downwards the earn-out forecast (-1.8 M€). The Group purchased 17 shares to one of the company managers (123 K€), reaching a total participation of 91.70% in Star Republic.

#### SQLI Ltd (Great Britain)

SQLI paid in 2018 the second part of the earn-out amounting to 263 K£ (300 K€). The third and last earn-out instalment due in 2019 has been adjusted downwards at 166 K£ (185 K€) instead of 456 K£ (677 K€) at the time of acquisition.

The following depreciations are registered in financial fixed assets:

<sup>1</sup> Unavailable cash of the liquidity contract

Securities	31.12.2017	Allowance	Write-backs	31.12.2018
ABCIAL	3,082 820	4,352		3,087 172
ICONEWEB Maroc	17,968			17,968
EOZEN SA (Luxembourg)	325,000			325,000
<b>Total</b>	<b>3,425 788</b>	<b>4,352</b>	<b>0</b>	<b>3,430 140</b>
Loans <sup>1</sup>	285,936	0	13,054	272,882
Self-owned shares	0	680,857	0	680,857
<b>Total</b>	<b>3,711 725</b>	<b>685,209</b>	<b>13,054</b>	<b>4,383 879</b>

<sup>1</sup> Rate used for loans impairment : ten years OAT rate at closing date, 0.70 % (31/12/2017: 0.68%).

Each year, SQLI proceeds to the evaluation of the subsidiaries with the Discounted - Cash Flow (DCF) approach. In 2018, SQLI had a 1.5% ad infinitum growth rate and a weighted average cost of capital bef. taxes of 9.5%.

ABCIAL has been valued according to its net situation at 31 December 2018 with a provision of 4,352 €.

#### Claims related to participations

On 30 October 2014, SQLI allocated 5,209,970 € to WAX INTERACTIVE for the acquisition of LSF INTERACTIVE business and the acquisition of the whole share capital of LSF LOYALTY.

This allocation bears interest at the annual rate mentioned in article 39-1-3° of the Code Général des Impôts, corresponding to the annual average of the average effective rates applied by credit institutions in respect of variable-rate business loans with a duration longer than two year. The interests calculated in 2018 amounted to 81,529 € (90,966 € in 2017).

This amount will be reimbursed in one payment (principal and interests) on 31 December 2019. This reimbursement is guaranteed by a pledge on WAX INTERACTIVE business.

#### Self-owned shares

After the resolutions taken by the Combined General Meeting of 22 June 2018, SQLI started a program for buying back its own shares, with the following objectives (by decreasing priority): i) Market animation or share liquidity, ii) Purchase for keeping and using for exchange or retribution of possible external growth operations, iii) Allocation of shares to the employees, iv) Possible Cancellation of these shares.

This program expired during the General Meeting of 31 December 2018 called to assess the financial statements for the year. It includes a maximum unit purchase price of 70 € and a minimum unit selling price of 10 €. It was organised within a liquidity contract signed with la Financière d'Uzès and one with CACEIS.

	31.12.2018			31.12.2017		
	Number of shares	Unit price	Value (in €)	Number of shares	Unit price	Value (in €)
New Self-owned shares at 1st January	56,085	€ 27.35	1,533 677	78,617	€ 21.00	1,650 855
Acquisitions of the year	8,405	€ 26.54	223,112	12,727	€ 40.49	515,294
Transfers at sale value	(2,450)	€ 21.70	(53,180)	(35,259)	€ 18.94	(667,810)

Transferred capital gain and loss			463			35,338
Former Self-owned shares at 31 December	62,040	€ 27.45	1,703 146	56,085	€ 27.35	1,533 677

#### 4) CUSTOMERS AND RELATED ACCOUNTS

At 31 December 2018, Customer claims amount to 33,572,677 € and pending invoices to 12,763,618 €. Depreciations are registered on doubtful customer receivable (2,443,391 €) for 2,039,023 €. The deadline for customer receivable is less one year.

The maturity breakdown of outstanding customer debt (excluding doubtful accounts) is as follows:

(in K€)	31.12.2018	Unmatured	Matured	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more
Non-Group Customer debt (ex. doubtful accounts)	15,718	14,071	1,647	115	24		1,508
Group Customer receivable	15,412	4,377	11,035	0	0	225	10,810
<b>Total receivable (ex. doubtful accounts)</b>	<b>31,130</b>	<b>18,448</b>	<b>12,682</b>	<b>115</b>	<b>24</b>	<b>225</b>	<b>12,318</b>

SQI uses the services of a factoring company. The business costs of customer claims and their capitalization are as the following:

	2018	2017
Credit insurance and customer management	221,161	219,545
Financial cost of receivables capitalization	134,421	95,873
<b>Total</b>	<b>355,582</b>	<b>315,418</b>

#### 5) Other receivables

	Gross amount	Depreciation	Net amount	At most 1 year	At least 1 year
Customers and related accounts	9,020		9,020	9,020	
Welfare system and other social institutions	391,058		391,058	391,058	
State, public institutions					
R&D tax credit	8,277 712	(1 929 825)	6,347 887		6,347,887
CICE	57,883		57,883		57,883
Recovered VAT	3,255 615		3,255,615	3,255,615	
IS	3,000		3,000	3,000	
Group and partners	8,002 133	(131,575)	7,870 558	7,870 558	
Various debtors					
Net customer receivables	17,024 303		17,024,303	17,024,303	
Various	172,811		172,811	172,811	
<b>Total</b>	<b>37,193 536</b>	<b>2,061 400</b>	<b>35,132 136</b>	<b>28,726 366</b>	<b>6,405 770</b>

R&D tax credit amounts to 2,691,255 € in 2018 and the cumulative claims for all companies of the tax group amount to 8,277,712 € at 31 December 2018.

As a precaution, a non-deductible provision was assigned to this asset, which was not definitively earned. The provision for 2018 accounts for 30 % of the tax claim. This provision will be maintained during a period of 3 years, notwithstanding the repayments registered in the meantime.

CICE credit claims from 2014 to 2018 have been transferred to la Banque Postale (8,216,876 €) against a prefunding amount of 7,549,619 €.

The current account of ICONEWEB Maroc has been totally depreciated according to the net situation at 31 December 2018; this company is not operating anymore.

#### 6) VARIATION OF THE PROVISIONS FOR DEPRECIATIONS

	31.12.2017	Allowance	Write-backs	31.12.2018
Securities	3,425 788	4,352		3,430 140
Loans for building effort	285,936	0	13,054	272,882
Self-owned shares		680,857		680,857
Customers	2,516 615	0	477,592	2,039 023
R&D tax credit	1,562 584	807,376	440,135	1,929 825
Other receivables	123,111	8,464		131,575
<b>Total</b>	<b>7,914 034</b>	<b>1,501 050</b>	<b>930,781</b>	<b>8,484 303</b>

At 31 December 2018, SQLI share price was inferior to the self-owned shares average acquisition price, which lead to a 681 K€ depreciation of owned SQLI shares.

## 7) CASH FLOW AND EQUIVALENT

	31.12.2018	31.12.2017
Cash position	9,484 850	5,399,504
Monetary unit trusts and funds (SICAV and FCP)	47,492	47,492
<b>Cash flow and Cash flow equivalents</b>	<b>9,532 342</b>	<b>5,446 996</b>

The market value of Monetary unit trusts and funds (SICAV and FCP) amounts to 63,101 € at 31 December 2018.

## 8) DEFERRED EXPENSES

The deferred expenses related to subcontracting amount to 829,305 € ; those related to leasing and other regular external costs amount to 1,523,653 €.

## 9) SHAREHOLDERS EQUITY

At 31 December 2018, the capital is made of 4,426,597 shares (31.12.2017: 3 596 538) with a par value of 0.80€ each, paid in full.

	Number of shares	Nominal value	Shareholders equity
<i>Equity at 1st January 2018</i>	<i>3,959 538</i>	<i>0.8</i>	<i>3,167 630</i>
<i>342,226 new shares have been subscribed during the year for 15 € per share, following the exercise of 3,422,260 BSAAR.</i>	<i>342,226</i>		<i>273,780</i>
<i>16,076 new shares have been subscribed during the year for 19.90 € per share, following the exercise of BSA.</i>	<i>16,076</i>		<i>12,861</i>
<i>107,946 free shares have been allocated by way of incorporation of issue premium amounts, for 40 existing shares at 27 July 2018.</i>	<i>107,946</i>		<i>86,357</i>
<i>811 shares issued by the Co-CEO on 21 December 2018 have been subscribed by the employees members of the "PEG TESORUS" Group Saving plan, at the exercise price of 18 € per share.</i>	<i>811</i>		<i>649</i>
<b>Capital at 31 December 2018</b>	<b>4,426,597</b>	<b>0.8</b>	<b>3,541,278</b>

The company net situation before the income appropriation is as follows:

	31.12.2017	Increases	Income appropriation	Annual income	31.12.2018
Equity	3,167 630	373,648			3,541 278
Insurance premiums	38,430 096	5,063 543			43,493 639
Legal provision	308,554		8,209		316,763
Unavailable reserve	272,850				272,850
Retained earnings	22,627 506		(4,467,598)		18,159 908
Profit (loss)	(4,459,389)		4,459 389	384,315	384,315
Regulated provisions	775,132	308,773			1,083 905
<b>Total</b>	<b>61,122 380</b>	<b>5,745 963</b>	<b>0</b>	<b>384,315</b>	<b>67,252 659</b>

The company Articles of association give a double vote right for the fully paid shares which have been registered for at least three years, and for the shares granted to shareholders after a capital increase by capitalization of reserves, benefits or issue premiums, at the rate of former shares which gave them the same right.

The capital and voting rights are divided as follows:

	31.12.2018			
	Number of shares	in % of capital	Number of voting rights	% of voting rights
Nobel	352,781	8.05 %	352,781	7.5 %
FD5 (and family Beublain)	14,130	0.3 %	28,260	0.6 %
Didier Fauque	94,644	2.1 %	94,644	2.0 %
<b>Executive Board</b>	<b>461,555</b>	<b>10.4 %</b>	<b>475,685</b>	<b>10.1 %</b>
Laurent de Roover	29,828	0.7 %	59,656	1.3 %
Thomas Rocmans	49,581	1.1 %	99,162	2.1 %
X Chain Holding	49,581	1.1 %	99,162	2.1 %
Family of Patrick Lacarrière	42,237	1.0 %	82,456	1.8 %
Employed shareholders (GSP)	67,277	1.5 %	123,497	2.6 %
Other nominative shareholders	107,808	2.4 %	210,239	4.5 %
<b>Total nominative shareholders</b>	<b>807,817</b>	<b>18.2 %</b>	<b>1,149 857</b>	<b>24.4 %</b>
SQLI (own shares)	62,121	1.4 %	-	-
<b>Public</b>	<b>3,556 659</b>	<b>80.3 %</b>	<b>3,556 659</b>	<b>75.6 %</b>
<i>Amar Family office</i>	382,493	8.6 %	382,493	8.1 %
<i>Otus Capital</i>	399,000	9.0 %	399,000	8.5 %
<b>TOTAL</b>	<b>4,426 597</b>	<b>100 %</b>	<b>4,706 516</b>	<b>100 %</b>

## Liquidity instruments

	Issue date	31.12.2018		31.12.2017	
		Number of warrants to be exercised	Number of potential shares	Number of warrants to be exercised	Number of potential shares
BSAAR	20/04/2011	0	0	3,574,437	357,444
BSA	16.09.2014	187,378	187,378	198,884	198,884
Stocks options	05.11.2014	7,636	7,636	12,650	12,650
Stocks options	22.02.2017	27,675	27,675	27,000	27,000
Free shares	22.02.2017	21,973	21,973	21,437	21,437
<b>Total</b>		<b>244,662</b>	<b>244,662</b>	<b>3,834,408</b>	<b>617,415</b>

## BSAAR (04/2011)

The BSAAR issued in April 2011 expired in April 2018. In 2018, 3,422,260 warrants have been exercised with the issue of 342,226 new shares. 152,177 warrants have been cancelled following the date of expiration.

## BSA (09/2014)

On 16 September 2014, the Executive Board granted 215,784 BSA to Didier Fauque, CEO (143,856 BSA) and Thierry Chemla, DEO (71,928,BSA). The conditions of this allocation are the following:

- + Each BSA gives a right to subscribe one new share at the exercise price of 19.90 €;
- + BSA can be exercised for a period of three years following the second anniversary of the date of issue by the Board.
- + They are divided in 3 instalments of 71,928 BSA, submitted to performance conditions regarding SQLI share price which must be higher than 25, 30 and 35 €;

16,076 BSA have been exercised during the year.

The number of BSA not yet exercised has been adjusted at 187,378 at 31 December 2018. Their exercise price is 19.41 € following the allocation of 1 new share for 40 existing shares in July 2018.

## Stock options (11/2014)

On 5 November 2014, the Executive Board granted 48,000 stock options to employees and executive managers. The options will have to be exercised before the 6 November 2019 and the share purchase price is 16 €. In 2018, 1,700 stocks options have been exercised with the allocation of 1,700 new SQLI shares.

The number of stock options not yet exercised has been adjusted at 7,636 at 31 December 2018, with an exercise price of 15.61 €.

## Stock options and free shares (02/2017)

On 22 February 2017, the Executive Board granted 28,000 stock options to employees and 22 437 free shares to employees and executive managers.

The conditions of this allocation are the following:

- + the options will have to be exercised before the 22 February 2024 at the latest (7 years);
- + The 10,000 options allocated to Didier Fauque can not be exercised before 23 February 2019 and the remaining 18,000 options can not be exercised before 21 December 2020.
- + Anybody leaving the company before the 23 February 2019 (for the 10,000 options allocated to Didier Fauque) and the 31 December 2020 (other options) will lose his exercise right.
- + The share purchase price is set to 32.84 €.

Anybody leaving the company before the 31 December 2020 will lose his allocation right.

The number of stock options not yet exercised has been adjusted at 27,675 at 31 December 2018, with an exercise price of 32,04 €. The number of free shares has been adjusted at 21,973.

## 10) REGULATED PROVISIONS

	31.12.2017	Increases Allowance	Decreases Write-backs	31.12.2018
Acquisition costs for fixed assets	1,938 788	116,824		2,055 612
Overriding depreciation	(775,131)	(308,774)		(1,083,905)
<b>Remaining costs for depreciation</b>	<b>1,163 657</b>	<b>(191,950)</b>	<b>0</b>	<b>971,707</b>

## 11) PROVISIONS FOR RISKS AND CHARGES

	31.12.2017	Allowance	Write-backs prov. used	Write-backs prov. non used	31.12.2018
Litigation before French labor Court conflicts and others <sup>1</sup>	282,623	161,200		(63,353)	380,470
R&D tax credit	343,605	0			343,605
<b>Provisions for risks</b>	<b>626,228</b>	<b>161,200</b>		<b>(63,353)</b>	<b>724,075</b>
Loss upon completion	52,049	13,936	(52,049)		13,936
Foreign exchange loss	5,827	14,879	(5,827)		14,879
Other provisions for charges	500,000		500,000		0
<b>Provisions for charges</b>	<b>557,876</b>	<b>28,815</b>	<b>(557,876)</b>	<b>0</b>	<b>28,815</b>
<b>Total</b>	<b>1,184,104</b>	<b>190,015</b>	<b>(557,876)</b>	<b>(63,353)</b>	<b>752,890</b>

SQI head managers decided to reorganise the parisian sites and relocate all of them into new premises located in Levallois-Perret. The relocation was completed in February 2018. The related costs have been partly covered by a 500 K€ provision release.

## 12) LOANS AND DEBTS WITH CREDIT INSTITUTIONS

	31.12.2018	31.12.2017
Loan with Bpifrance Financement	10,642 857	11,500 000
BNP loan, external growth investment	29,250 000	33,000 000
Current bank lendings	22,685	17,251
Accrued interests to be paid	80,390	297,981
<b>Total of loans and debts with credit institutions</b>	<b>39,995 932</b>	<b>44,815 232</b>

The company managers consider the liquidity risk as relatively limited.

<sup>1</sup> SQI has been summoned to appear in front of the Labour Court by three of its employees. The company provisioned the risk according to its lawyers' estimations.

## Loans toward credit institutions

SQII contracted 3 new loans for its investment program, including a credit agreement of 33 M€ with BNP Paribas and a bank pool (in K€).

Bank	Nominal value	Available from	Duration	Period rate	31.12.2017	Repayment	31.12.2018
BPI France	2.5 M€	11/2014	7 years	2.84 %	2,000	- 500	1,500
BPI France	2.5 M€	11/2014	10 years	4.43 %	2,500	- 357	2,143
BPI France	5 M€	03/2017	7 years	1.57 %	5,000		5,000
BPI France	2 M€	03/2017	7 years	1.57 %	2,000		2,000
BNP	33 M€	03/2017	7 years	EUR 12 +3.15 %	8,000	(1)	8,000
BNP	33 M€	05/2017	6 years	EUR 3 +2.30 % (4)	7,000	(2) - 1,050	5,950
BNP	33 M€	09/2017	6 years	EUR 3 +2.30 % (4)	18,000	(3) - 2,700	15,300
					<b>44,500</b>	<b>-4,607</b>	<b>39,893</b>

(1) Repayment in fine March 2024

(2) Annual repayment of 1.1 M€ until 2022 and 1.8 M€ in March 2023.

(3) Annual repayment of 2.7 M€ until 2022 and 4.5 M€ in March 2023.

(4) Applied margin from 2.30% to 1.25% according to the Net financial debt/consolidated EBITDA ratio.

The 33 M€ credit agreement includes several cases of anticipated collectability, regarding, among others, failure to comply with the following financial ratios:

R2 = Net financial debt/consolidated EBITDA ratio :

	31.12.2018	31.12.2019	31.12.2020	31.12.2021
R2 <	3.00 x	2.75 x	2.50 x	2.25 x

R4 = Net financial debt / Own equity ratio < 1 for each of the years 2018 to 2021.

These ratios have been respected at 31 December 2018.

As a guarantee for the repayment of the 33 M€ debt, SQII has given to BNP a pledge of all the securities of STAR REPUBLIC and OSUDIO HOLDING BV.

### 13) OTHER CLAIMS AND FINANCIAL LOANS

They include the currant accounts within the group.

## 14) TAX AND SOCIAL DEBTS

	Gross amount	At most 1 year	Between 1 and 5 years	More than 5 years
Customers and related accounts	8,764 954	8,764 954		
Welfare system and other social institutions	7,486 428	7,486 428		
State: IS and TVA	14,555 477	14,555 477		
State: Other dues, taxes and similar	690,491	690,491		
<b>Total</b>	<b>31,497 350</b>	<b>31,497 350</b>		

## 15) DEBTS ON FIXED ASSETS

	31.12.2018	31.12.2017
Fixed assets suppliers	3,347	3,347
<b>Total</b>	<b>3,347</b>	<b>3,347</b>

## 16) OTHER DEBTS

	31.12.2018	31.12.2017
INVENTCOMMERCE price supplement	185,572	1,100 053
STAR REPUBLIC earn-out	243,788	1,967 736
OSUDIO earn-out	1,853 850	2,778 850
Remittance of customers and credit notes to be issued	1,472 426	2,193 308
Severance pays	0	162,845
Additional payments, Final settlement of all accounts and other individual balances	88,524	158
ADESATT contribution	15,207	9,860
Attendance fees	57,250	44,650
<b>Total</b>	<b>3,916 617</b>	<b>8,257 460</b>

Remittance of customers and credit notes to be issued regard mainly credit notes for GEIE ICE (1,037,566 €), Sqli being a member of this entity.

## 17) CHARGES INCLUDED IN DEBTS

	31.12.2017	Variations	31.12.2018
Accrued interest not due	35,645	(12,960)	22,685
Customers and related accounts	4,213 871	(51,732)	4,162 139
Social debt:			
Provision for paid vacation <sup>1</sup>	6,211 662	(625,671)	5,585 991
Reduction for working time and vacation bonus <sup>1</sup>	337,320	(28,161)	309,159
Premium and various commissions <sup>1</sup>	2,580 122	(691,575)	1,888 547
Other Staff costs	134,136	(34,165)	99,971
Handicapped person contribution	231,209	(3,233)	227,976
FPC, TA	1,276 308	(88,718)	1,187 590
Tax debt:			
TVTS	94,326	(18,671)	75,655
Solidarity contribution	201,303	18,164	219,467
BOT	(30,234)	(57,885)	(88,119)
Default Interest VAT	1,666	(1,666)	0
Property tax		144,800	144,800
Attendance fees	44,650	12,600	57,250
<b>Total</b>	<b>15,331 984</b>	<b>(1,438,873)</b>	<b>13,893,111</b>

<sup>1</sup> Social charges included

## 18) UNEARNED REVENUES

It includes the services invoiced in advance, from which 7,465,487 € are related to fixed-rate packages.

## 19) TURNOVER

	France	European Union	Out of European Union	31.12.2018	31.12.2017
Sale of goods	133,688	0	0	133,688	438,241
Engineering	128,698 389	1,935 140	683,750	131,317 279	132,398 591
Training	6,248 923			6,248 923	5,105 434
Consulting	10,674 090			10,674 090	10,346 158
<b>Total</b>	<b>145,755 090</b>	<b>1,935 140</b>	<b>683,750</b>	<b>148,373 980</b>	<b>148,288 424</b>

## 20) CAPITALIZED PRODUCTION

Cost of employees assigned to the transformation SQLI Information system launched in 2015.

## 21) OTHER INCOME

It includes the re-invoicing for the subsidiaries in application of the group conventions: transfer price, invoicing of central services, contracts of technology license and brands signed with SQLI Suisse and SQLI Maroc.

## 22) OTHER EXTERNAL PURCHASES AND COSTS

	31.12.2018	31.12.2017
Stored materials	0	92,424
Non-stored materials	296,635	360,734
Outsourcing	47,743 846	40,209,194
Leasing	216,338	0
Leasing and related costs	4,290 760	5,654 095
Leasing management	738,895	724,949
Maintenance and repairs	1,106 940	1,045,121
Insurance premiums	585,090	465,698
Staff outside the company	145,046	238,536
Fees	2,593 011	3,732 206
Advertising and external relationship	645,108	444,066
Business trips, missions and receptions	2,596 104	2,810 901
Mailing and telecommunication costs	542,814	586,963
Bank services	161,382	789,270
Seminars and corporate events	344,343	399,873
Other	295,830	292,309
<b>Total</b>	<b>62,302 141</b>	<b>57,846 277</b>

## 23) TAXES AND DUES

	31.12.2018	31.12.2017
Training tax	430,060	465,336
Continuous vocational training	948,177	1,044 986
BOT	1,565 821	1,675 030
Property tax	421,597	377,875
Taxes on private vehicles	75,655	74,375
Solidarity contribution	219,467	201,303
Contribution for disability	227,976	231,209
Other	132,509	67,536
<b>Total</b>	<b>4,021 262</b>	<b>4,137 650</b>

## 24) FINANCIAL RESULT

	31.12.2018	31.12.2017
<b>Financial income</b>		
Interest on current accounts	81,529	90,966
VMP transfer gain	1,377	45,486
Foreign Exchange gain	25,745	39,154
Provision recovery <sup>ii</sup>	13,054	6,738
Income on securities	1,622 956	0
Other income	3,068	351
<b>Total</b>	<b>1,747 730</b>	<b>182,695</b>
<b>Financial charges</b>		
Loan interest	1,001 875	778,725
Rate swap	142,502	85,064
CICE credit claims	116,075	140,338
Interest on factor financing	134,421	95,873
Foreign exchange loss	0	20,279
VMP loss of transfer	1668	0
Various	63,952	60,381
Allowance for depreciation <sup>i</sup>	698,296	29,291
<b>Total</b>	<b>2,158 789</b>	<b>1,209,951</b>
<b>Financial result</b>	<b>(411,059)</b>	<b>1,027 2556</b>

<sup>i</sup> Including 4,352 € of provision recovery for ABCIAL securities and 680,857 € of provision for depreciation related to self-owned securities valuation.

<sup>ii</sup> Including 13,054 € of provision recovery linked to the updating of loans for building investment.

SQLI dividends in 2018 have been paid by SQLI Suisse (1 294 K€) and OSUDIO (329 K€).

## 25) EXPOSURE TO CURRENCY RISK

SQLI is almost not exposed to exchange risk since its activity is mainly in France and the invoicing is made in euros. Its currency position at the closing date is the following:

	CHF
Assets	-
Liabilities	(145,729)
<b>Net position before administration</b>	<b>(145,729)</b>
Off-Balance sheet commitments	-
<b>Net position after administration</b>	<b>(145,729)</b>

## 26) EXPOSURE TO CURRENCY RISK

Hedging derivative instruments

In 2017, the group contracted three rate hedges in order to cover the fluctuations of variable rates within the repayment duration of the 33 M€ loan. The company chose a fixed rate for each of them.

The conditions of derivative instruments related to the rate risk control at 31 December 2018 are exposed as follows:

	Bank loan of 33 M€		
Starting date	6/30/2017	6/30/2017	12/20/2017
Floating rates payer	BNP	BNP	PALATINE
Floating rate	12 months EURIBOR	3 months EURIBOR	3 months EURIBOR
SQLI Fixed / floating rate	0.68 %	0.44 %	0.32 %
<b>Notional amounts covered at 31 December:</b>			
2018	8,000 000	10,200 000	11,050 000
2019	8,000 000	8,400 000	9,100 000
2020	8,000 000	6,600 000	7,150 000
2021	8,000 000	4,800 000	5,200 000
2022	8,000 000	3,000 000	3,250 000
2023	8,000 000	-	-
2024	-	-	-

## 27) EXTRAORDINARY INCOME

	31.12.2018	31.12.2017
Recovery of provision for depreciation <sup>ii</sup>	440,135	640,205
Transfer of intangible, tangible and financial fixed assets <sup>iii</sup>	0	759,931
<b>Total Extraordinary income</b>	<b>440,135</b>	<b>1,400 136</b>
NCV of transferred fixed assets <sup>iii</sup>	30,828	977,229
Allowance for overriding depreciation <sup>i</sup>	308,773	160,412
Allowance to provisions for risks <sup>ii</sup>	807,376	1,107,419
Various	1,622	1,472
<b>Total Extraordinary costs</b>	<b>1,148 600</b>	<b>2,246 532</b>
<b>Extraordinary income</b>	<b>(708,465)</b>	<b>(846,396)</b>

<sup>i</sup> Depreciation of securities fixed acquisition costs

<sup>ii</sup> Including provision related to R&D tax credit : 807,376 € of allowance and 440,135 € of recovery

<sup>iii</sup> Including a transfer loss related to the disposal of the Bordeaux site layout.

## 28) BREAKDOWN OF ALLOCATIONS AND PROVISIONS WRITTEN BACK

	Allowance	Write-backs
Litigation in front of French Labor Court and with URSSAF	161,200	63,353
Depreciation of customer claims	0	477,592
Relocation: rental payment and renovation of vacant premises	0	500,000
Foreign exchange loss	10,256	5,827
Loss upon completion	13,936	52,049
<b>Operation</b>	<b>185,392</b>	<b>1,098 821</b>
Depreciation of securities	4,352	-
Depreciation of current accounts	8,464	-
Loans for building effort	0	13,054
Self-owned shares	680,857	-
Foreign exchange loss	4,622	-
<b>Financial</b>	<b>698,296</b>	<b>13,054</b>
Overriding depreciation	308,773	-
R&D tax credit	807,377	440,135
	<b>Extraordinary</b>	<b>1,116 150</b>
	<b>Total</b>	<b>1,999 838</b>
		<b>440,135</b>

## 29) CORPORATE TAX

The tax situation of the companies integrated in the group in 2018 is the following:

	Tax result	R&D tax credit	Other tax credits
SQI (controlling company)	4,797 051	2,691 255	0
ABCIAL	(4,487)		
CLEAR VALUE SAS	(5,124)		
WAX INTERACTIVE	395,351		
EOZEN France	214,701		
WAX INTERACTIVE Lille	45,099		
ECOMMERCE4U	(6,372)		
ASTON INSTITUT	716,765		
<b>Total tax group</b>	<b>(3 441 118)</b>	<b>2,691 255</b>	<b>0</b>

Breakdown of tax between recurring income and extraordinary income is the following:

	Result (bef. taxes)	Taxes due	Net result (aft. taxes)
Recurring income	1,795 529	1,187 769	(607,760)
Extraordinary income	(708,465)	95,206	(613,259)
Effect of carry-forward of losses		1,282 974	1,282 974
Impact of tax integration		212,255	212,255
Tax credit for the year		2,691,255	2,691,255
Other taxes		(15,201)	(15,201)
<b>Accounting Result</b>	<b>2,503 994</b>	<b>2,888 309</b>	<b>384,315</b>

## 30) VARIATION OF FUTURE TAX POSITION

	31.12.2017		Variations		31.12.2018	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Existing or possible differences						
Overriding depreciation		1,938,788		116,824		2,055,612
Temporary non deductible expenses						
To be deducted the following year:						
Payable costs N	201,303		18,164		219,467	
Fees	176,960			2,351	174,609	
Translation differences - Assets	5,827		9,052		14,879	
<b>Total</b>	<b>384,090</b>	<b>1,938,788</b>	<b>27,216</b>	<b>119,175</b>	<b>408,955</b>	<b>2,055,612</b>
Items to be allocated						
Fiscally carried over deficit (1)	6,474,734		3,441,119		9,915,853	
<b>Total</b>	<b>6,474,734</b>	<b>0</b>	<b>3,441,119</b>	<b>0</b>	<b>9,915,853</b>	<b>0</b>

Deferred deficits of Tax integrated group

## 31) TRANSFER OF EXPENSES

Nature of transfers	31.12.2018	31.12.2017
In-kind compensations	477,576	489,859
Insurance premium	762	12,177
Discount suppliers	6,872	4,525
Foresight indemnities	230,491	211,768
Various	7,500	2,000
<b>Total</b>	<b>723,201</b>	<b>720,330</b>

## 32) AFFILIATED COMPANIES AND HOLDINGS

ITEMS	AMOUNT OF COMPANIES	
	Affiliated	Joint Venture
Holdings	65,170,613	
Customers	15,411,679	
Credit notes to be issued	1,037,566	
Customers current account advance	13,629,841	
Suppliers	9,552,923	
Depreciation of current accounts	15,232,302	
Financial income from investments	1,704,485	

## 33) REMUNERATION OF HEAD MANAGERS AND RELATED PARTIES

	Gross remuneration	Social costs	2018	Gross remuneration	Social costs	2017
Short-term benefits (1)	1,014,840	395,397	1,410,236	1,101,514	420,027	1,521,541
Benefits after employment	65,533	27,524	93,057	47,940	22,052	69,992
Attendance fees	70,000	19,894	89,894	70,000	18,187	88,187
<b>Total</b>	<b>1,150,373</b>	<b>442,815</b>	<b>1,593,187</b>	<b>1,219,454</b>	<b>460,266</b>	<b>1,679,721</b>

(1) "Short-term benefit" must be intended as wages itself, which includes paid vacations, premiums, interest and in kind benefits.

### 34) OFF-BALANCE SHEET COMMITMENTS

The group has to take a certain number of commitments due to its activity. Some of these commitments generate provisions (like the commitments related to retirement and other advantages granted to the staff, legal disputes...)

The other commitments not included in the balance sheet are listed below.

Remaining commitments coming from contract obligations

	Less than 1 year	From 1 to 5 years	More than 5 years	31.12.2018
Premises	4,194,463	14,078,784	265,843	18,539,089
IT equipment	533,748	314,878	0	848,626
Vehicles	606,032	357,223	0	963,255
<b>Operating Leasing contract rents</b>	<b>5,334,243</b>	<b>14,750,885</b>	<b>265,843</b>	<b>20,350,971</b>

#### a- Received Commitments

The sellers of INVENTCOMMERCE (SQLI LTD and SQLI PROPRIETARY LTD) granted to SQLI a guarantee on its assets and liabilities limited to 450 K£ and 600 K€ on 7 years (in tax matters), until 2023. 50 K£ have been transferred to an escrow account as a guarantee for the guarantee.

The sellers of STAR REPUBLIC have granted SQLI a guarantee on its assets and liabilities for all damages exceeding individually 90 KSEK, and cumulatively 700 KSEK. This guarantee is limited to 15 000 KSEK.

The guarantee is valid until the expiration of statutory limitation periods, regarding tax procedure.

The sellers of OSUDIO HOLDING BV granted SQLI a guarantee on its assets and liabilities for all damages exceeding individually 20 K€, and cumulatively 140 K€. This guarantee is limited to 3,800 K€.

The guarantee is valid until November 2019 and until the expiration of statutory limitation periods, regarding tax procedure.

#### b- Debts guaranteed by real securities

As a guarantee for the repayment of the 33 M€ debt, SQLI has given to BNP a pledge of all the securities of STAR REPUBLIC and OSUDIO HOLDING BV.

#### c- Credit lines accepted and still intact

The Group has three credit lines of 1 M€ each, with BNP Paribas, Caisse d'Épargne and the Banque Palatine, plus a 16.0 M€ factoring capacity untouched at 31 December 2018.

## 35) AVERAGE HEADCOUNT

Categories	31.12.2018	31.12.2017
Executives	1,164	1,263
Managing agents, technicians	61	133
Interns	10	18
Trainees	49	5
<b>Total</b>	<b>1,284</b>	<b>1,419</b>

## 36) CICE

The CICE is equal to 6 % of remunerations lower or equal to 2.5 x SMIC (minimum wages) paid in 2018. As soon as an employee annual wages exceed this limit, this remuneration is entirely excluded from the basis for tax credit. This basis for tax credit contains all gross remunerations, including social contributions, paid during the civil year on the basis of legal working hours.






In 2018, SQLI CICE amounts to 1,219,711 €. The credits related for years 2014 to 2018 have been subscribed with la Banque Postale.



CICE is mainly used to finance new market prospection projects.

## 37) BENEFITS AFTER EMPLOYMENT

The benefits post-retirement are related to the retirement indemnities for the staff employed in France and are fixed allowances calculated according to the number of years of service and the annual wages at the date of retirement.

This commitment is calculated as follows:

-  The calculation is based on a voluntary retirement decision from the employer;
-  the retirement age is set at 65 years;
-  The life table is the one of 2014-2016;
-  The annual salary revaluation rate is calculated according to the age. For each age grouping, the given rate is the average of rates registered by the group in the last three years: from 4.3% (from 20 to 30 years old), to 3.2% (from 31 to 40 years old), 2.4% (from 41 to 50 years old), 1.2% (from 51 to 60 years old) then constant;
-  The discounting rate is 1.30%; (OAT rate 20 years);

-  From 2018, the turnover rate includes only voluntary departures. For each age grouping, the given rate is the average of rates registered by the group in the last three years: 13,2% (20-24 years old), 25,1% (25-29 years old), 30,9% (30-34 years old), 24,9% (35-39 years old), 22,9% (40-44 years old) ; then : 17,6% (45-49 years old), 11,1% (50-54 years old), 3% (55 years old), 2% (56-58 years old), 1% (59-60 years old), 0% (61 years old and more);
-  The group's commitment to its employees is increased in 42% by the social charges.

The commitments amount to 1,747 K€ (social costs included) at the closing date.

## 38) TABLE OF SUBSIDIARIES AND AFFILIATES

Companies	%	Equity	Own equity other than share equity	Accounting value of held securities		Granted loans and advances	Granted sureties and guarantees	Cashed dividends	Result of the previous year	Notes
				Gross	Net					
ABCIAL	99.63	37,000	4,113,778	7,237,949	4,150,778				-4,352	
ASTON INSTITUT	100	30,000	5,130,974	30,000	30,000				528,044	
EOZEN FRANCE SAS	100	38,120	2,443,737						217,041	Owned by Sqli Luxembourg
CLEAR VALUE SAS	100	85,928	3,650,546	7,405,608	7,405,608	263,412			-5,210	
WAX INTERACTIVE	100	50,000	-2,438,029	50,000	50,000	2,878,513			606,704	
WAX INTERACTIVE Lille	100	30,000	-140,010	2,388,287	2,388,287	0			42,433	
ECOMMERCE4U	100	6,000	-249,873	234,712	234,712	299,312			-6,372	
<b>Total FRANCE</b>		<b>277,048</b>	<b>12,511,123</b>	<b>17,346,555</b>	<b>14,259,383</b>	<b>3,441,237</b>	<b>0</b>	<b>0</b>	<b>1,378,288</b>	
Sqli SUISSE (CHF)	100	88,739	5,079,384	62,871	62,871				1,964,959	
Sqli MAROC (DH)	99.87	45,555	3,233,578	70,576	70,576	3,359,630			-262,033	
Sqli Luxembourg (€)	100	93,000	558,579						-10,112	Owned by CV SAS
ICONEWEB MOROCCO (DH)	100	18,222	-113,138	17,968		368,018			-1,754	
Sqli BELGIUM (€)	100	62,500	5,118,282	8,464,226	8,464,226				147,109	
Sqli SA (Luxembourg) (€)	100	124,000	2,850,791	9,169,578	8,844,578				-21,478	
WAX DESIGN (€)	100	20,000	1,413,318	771,062	771,062				121,068	
INVENTCOMMERCE LTD (£)	100	4	105,854	1,813,851	1,813,851	279,476			-99,353	
INVENTCOMMERCE PTY (ZAR)	100	6	608,057						156,656	Owned by INVENTCOMMERCE LTD
STAR REPUBLIC AB (SEK)	91.7	9,752	1,989,962	7,143,226	7,143,226				293,841	
OSUDIO HOLDING BV	71.88	30,661	2,691,577	20,310,700	20,310,700				206,765	
SOFTLUTION NEDERLAND BV (€)	100	18,000	1,219,995						147,767	
OSUDIO SOFTLUTION SPAIN SL (€)	100	3,000	535,700			300,000			258,699	
OSUDIO NORDICS APS (€)	100	6,653	601,708						316,431	
OSUDIO BELGIUM NV (€)	100	107,000	-18,334						17,314	Owned by OSUDIO HOLDING BV
OSUDIO NEDERLAND BV (€)	100	22,885	1,342,182						414,848	
OSUDIO DEUTSCHLAND GMBH (€)	100	27,000	2,245,035						689,207	
CODELUX (€)	51	25,200	36,518						-65,234	Owned by OSUDIO DEUTSCHLAND
<b>Total ABROAD</b>		<b>702,175</b>	<b>29,499,049</b>	<b>47,824,058</b>	<b>47,481,090</b>	<b>4,307,124</b>	<b>0</b>	<b>0</b>	<b>4,274,699</b>	
<b>Total FRANCE and ABROAD</b>		<b>979,223</b>	<b>42,010,172</b>	<b>65,170,613</b>	<b>61,740,473</b>	<b>7,748,361</b>	<b>0</b>	<b>0</b>	<b>5,652,987</b>	



## 4.4. SQLI INCOME OVER THE LAST FIVE YEARS

	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
<b>Duration of financial year (month)</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
<b>EQUITY END OF YEAR</b>					
<b>Shareholders equity</b>	<b>3,541,278</b>	<b>3,167 630</b>	<b>3,085,538</b>	<b>2,948,732</b>	<b>2,877 598</b>
<b>Number of shares</b>					
<b>Ordinary</b>	<b>4,426 597</b>	<b>3,959 538</b>	<b>3,856,923</b>	<b>3,685,916</b>	<b>3,596 998</b>
<b>Preferred dividend</b>					
<b>Maximum number of shares to be issued</b>					
<b>- Per bond conversion</b>					
<b>- Per subscription right</b>	<b>250,394</b>	<b>556,328</b>	<b>697,760</b>	<b>863,111</b>	<b>667,710</b>
<b>OPERATIONS AND INCOME</b>					
<b>Turnover (tax. ex.)</b>	<b>148,373 980</b>	<b>148,288 424</b>	<b>140,472,302</b>	<b>131,906,429</b>	<b>123,543 799</b>
<b>Result bef. taxes, holdings, Depreciations and provisions</b>	<b>-846,433</b>	<b>-3,573 168</b>	<b>6,011,322</b>	<b>8,206,170</b>	<b>1,062 157</b>
<b>Taxes on profit</b>	<b>2,888 309</b>	<b>-2,180,914</b>	<b>-863,112</b>	<b>607,067</b>	<b>-708,089</b>
<b>Participation of employees</b>					
<b>All. Depreciations and provisions</b>	<b>1,625 110</b>	<b>3,067 135</b>	<b>1,409,591</b>	<b>85,059</b>	<b>350,622</b>
<b>Net income</b>	<b>384,315</b>	<b>-4,459 389</b>	<b>5,464,843</b>	<b>8,728,178</b>	<b>1,149 624</b>
<b>Distributed income</b>		<b>3,417 734</b>	<b>2,229,284</b>	<b>1,605,629</b>	<b>1,982 247</b>
<b>INCOME PER SHARE</b>					
<b>Result after taxes, participation, before depreciations &amp; provisions</b>	<b>0.46</b>	<b>-0.35</b>	<b>1.78</b>	<b>2.39</b>	<b>0.49</b>
<b>Result after taxes, participation, all. depreciations &amp; provisions</b>	<b>0.09</b>	<b>-1.13</b>	<b>1.42</b>	<b>2.36</b>	<b>0.39</b>
<b>Allocated dividends</b>		<b>0.8</b>	<b>0.6</b>	<b>0.45</b>	<b>0.55</b>
<b>WORKFORCE</b>					
<b>Average headcount</b>	<b>1,284</b>	<b>1,419</b>	<b>1,372</b>	<b>1,328</b>	<b>1,265</b>
<b>Wage bill</b>	<b>60,726 284</b>	<b>66,258 221</b>	<b>61,834,383</b>	<b>61,419,565</b>	<b>56,733 320</b>
<b>Amounts of social benefits (social insurance,</b>	<b>26,965 179</b>	<b>28,585 950</b>	<b>27,040,624</b>	<b>27,139,701</b>	<b>25,387 179</b>



<b>community social projects...)</b>					
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## 4.5. REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED ACCOUNTS AT 31 DECEMBER 2018

**EXCO PARIS ACE**  
5, avenue Franklin Roosevelt  
75008 Paris  
S.A. au capital de € 2.250.400  
380 623 868 R.C.S. Paris

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Paris

**ERNST & YOUNG et Autres**  
Tour First  
TSA 14444  
92037 Paris-La Défense cedex  
S.A.S. à capital variable  
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

### SQLI

Financial year closed on 31 December 2018

#### Report of the statutory auditors on the annual accounts

To SQLI General Meeting,

#### Opinion

As part of the mission that was given to us by your General Meeting, you will find hereafter the audit report regarding the annual accounts of year ended on 31 December 2018, enclosed to the present report.

We certify that the consolidated accounts of the financial year, which have been established according to the IFRS reference document as adopted in the European Union, are in order and give a true picture of the asset base, the financial situation, as well as the result of the group composed of the persons and the entities included in the consolidation.

The opinion presented above is consistent with the content of the Audit Committee report.

#### Basis of audit opinion

##### ■ Auditing Standard

We conducted our audit in accordance with the professional standards applied in France. We believe that our audit provides a reasonable basis for the opinion expressed hereafter.

Our obligations pursuant to these standards are presented in section "Obligations of statutory auditors regarding their annual accounts auditing job" of the present report.

## ■ Independence\*

We performed our auditing in compliance with independence rules applicables to statutory auditors, for the period starting on 1st January 2018 to the date of publication of the report. We didn't perform any service prohibited by article 5, paragraph 1 of Regulation n° 537/2014 (EU) or by the French Code of Ethics for auditors.

### Justification of our assessments - key points of the audit report

In application of articles L.823-9 and R. 823-7 of the Commercial Code related to the assessment justification, we wish to inform you of the following key facts, regarding the risks of material misstatements which were, in our view, the most significant for the auditing of the period annual accounts, along with the answers we gave to these risks.

Present assessments are part of our auditing approach to the consolidated accounts, taken as a whole, and hence contributed to the development of our opinion expressed- before. We don't make any judgment on each part of the annual accounts, taken separately.

## ■ Recognition of revenues resulting from package contracts

Identified risk	Our answer
<p>At 31 December 2018, the turnover amounts to 148 M€.</p> <p>Note D.h of the annual accounts appendix details the Turnover Recognition principle. The turnover generated by fixed-rate packages is recorded as the work progresses.</p> <p>A provision for loss at termination is recorded once the expected provisional margin for a fixed-rate package becomes negative.</p> <p>The recognition of revenues resulting from fixed-rate packages represents a critical part of our audit because the the cost calculation is based on assumptions and forecasts having a direct impact on the turnover and social accounts operating income.</p>	<p>We are aware of the internal control processes related to the pre-sales process, invoicing and accounting of fixed-rate packages.</p> <p>We performed tests on key assessments, especially those related to costs incurred and remaining costs per project.</p> <p>We carried out the following diligences for some contracts based on quantitative (production in progress) and qualitative (contracts with technical operational issues or unexected profitability level) criterias:</p> <ul style="list-style-type: none"> <li>• We analysed the contractual provisions and reconciled management data with accounting data;</li> <li>• We recalculated the remaining costs and the progress of selected contracts;</li> <li>• We compared the margin on date and margin at termination and studied it with the financial auditor;</li> <li>• When necessary, we compared 2018 margins with the margin expectations of the previous year.</li> <li>• we assessed the assumptions made by the managers in order to calculate losses at termination related to loss-making contracts.</li> </ul>

## ■ Depreciation of securities

Identified risk	Our answer
-----------------	------------

At 31 December 2018, financial fixed assets are recorded in the balance sheet with a carrying net value of 68 M€. These assets are submitted to impairment tests at the end of financial year.

An impairment is recorded if the recoverable value is lower than the carrying amount. As mentioned in note D.c of the appendix to annual accounts, the value of use depends on net assets (adjusted with gains and losses), expected trend of results and economic interest of the group participation.

We saw the valuation of securities as a critical part of our audit, considering the importance of the management assumptions about cash flows, discount rates and long-term growth projections.

As part of our audit work, we assessed the processes used for impairment tests performed by SQLI.

We performed the following controls on impairment tests:

- analyzing the consistency of key assumptions related to goodwill impairment tests and securities valuation;
- checking the consistency of key assumptions related to the identification of discounted cash flows;
- assessing, with the help of valuation experts, discount rates and infinite growth rates used in comparison to market benchmarks.

## Specific assessments

We also carried out the specific controls stipulated by law, in accordance with the professional standards applicable in France.

### ■ Information given in the Management report and the other materials sent to the Shareholders about the financial situation and the annual accounts.

We don't have any remark regarding the accuracy and the concordance with the annual accounts of the information provided in the Executive Board's management report and other materials sent to the shareholders regarding the financial situation and annual accounts.

We confirm the accuracy and concordance of information related to payment terms as mentioned in Article D. 441-4 of the Commercial Code.

### ■ Report on corporate governance

We confirm the presence of information required by articles L. 225-37-3 et L. 225-37-4 of the Commercial Code in the report on Corporate governance.

We checked the consistency of information given in compliance with article L.225-37-3 of the French commercial code about the remunerations and advantages paid to executive officers as well as the commitments made in their benefit with the accounts or with the data used for the preparation of these accounts and, when necessary, with the information given by your company, subsidiaries or controlling companies of your group. On the basis of this work, we confirm the accuracy and relevance of this information.

Regarding Information related to the factors which could have an impact in case of takeover bid or public exchange offer (pursuant to Article L.225-37-5 of the Commercial Code), we checked the compliance of this information with the materials submitted to us. On the basis of this work, we confirm the accuracy and relevance of this information.

## ■ Other information

In pursuance of the law, we made sure that the various information relating to the affiliates and controlling interests and to the capital holders' identity have been passed on to you in the management report.

## Information related to other legal and regulatory obligations

### ■ Appointment of Statutory auditors

We have been appointed Statutory auditors for SQLI by the Group General Meeting on 26 June 2013 for Exco Paris Ace firm and on 20 June 2012 for ERNST & YOUNG et Autres.

In 2018, Exco Paris Ace firm was SQLI statutory auditor for the sixth year and ERNST & YOUNG et Autres for the seventh year.

## Obligations of the Group management and members of corporate government regarding annual accounts.

The Group management team has to submit annual accounts presenting a fair view of the company situation, in compliance with French accounting rules and principles. It must perform the internal assessments needed to prepare the annual accounts and avoid any significant misstatements resulting from fraud or mistakes.

When preparing the annual accounts, the Group management shall assess the company ability to pursue its activities and shall include in the accounts the information related to business continuity and apply the standard accounting policy for business continuity, except in case of liquidation or winding-up.

The Audit committee shall follow the preparation of financial information and check the performance of internal control and risk management processes, including internal audit, regarding the preparation and processing of accounting and financial information.

The consolidated accounts have been closed by the Executive Board.

## Obligations of the statutory auditors regarding the audit of annual accounts

### ■ Purpose and Auditing approach

We are in charge of preparing a report on annual accounts. The purpose is to obtain the reasonable assurance about whether the annual accounts taken together are free of any significant misstatement. "Reasonable assurance" refers to a high level of certainty, but any audit performed in compliance with the applicable professional standards can still miss some significant misstatements. Misstatements can be related to fraud or mistakes and are considered as significant when it is reasonable to expect that their individual or cumulated effect might affect economic decisions of the people using these accounts to elaborate their decisions.

According to article L. 823-10-1 of the Commercial Code, our audit mission is not meant to guarantee the sustainability or quality of the company management.

The statutory auditor uses his professional judgment when performing an audit work pursuant to the applicable professional standards. This includes:

- ▶ identifying and valuing the risks of significant misstatement within the annual accounts, due to fraud or mistakes; defining and implementing audit processes to control these risks and collecting information sufficient and relevant to confirm his opinion. the risk of not detecting a significant misstatement coming from a fraud is higher than for a misstatement due to a mistake, because fraudulent actions can include forgery, collusion, false representation and override of internal control;
- ▶ acknowledging internal controls relevant for the audit in order to define suitable auditing processes without expressing an opinion on internal control performance.
- ▶ assessing the suitability of accounting methods and reasonableness of the management accounting estimates, along with related information included in the consolidated accounts;
- ▶ assessing the suitability of the application of standard accounting policy for business continuity by the management and, based on the information provided, the potential significant doubts regarding events or circumstances likely to compromise the company ability to carry on its activities. This assessment is based on data collected until the date of the report, considering however that subsequent events or circumstances might affect business continuity. If a significant doubt is raised by the report, the statutory auditor calls the attention of the readers on the information provided in the consolidated accounts regarding this doubt or, if such information have not been provided or are not adequate, the statutory auditor expresses a certification with reservation or a refusal to certify;
- ▶ assessing the general presentation of annual accounts and controlling that they are in line with underlying events and operations in order to guarantee a true review of the company situation;

#### ■ Report to the Audit Committee

We submit to the Audit Committee a report presenting our audit work and actions implemented, as well as the conclusions of our work. We also submit to the Committee the potential significant flaws identified within internal controls, regarding the preparation and processing of accounting and financial information.

The report submitted to the Audit Committee includes the risks of significant misstatements which were considered as potentially affecting the annual accounts auditing and have been qualified as "auditing key points" and described in the present report.

We also submit to the Audit Committee the Statement pursuant to Article 6 or Regulation n° 537-2014 (EU) confirming the auditors independence, following the rules applicable in France, such as articles L. 822-10 to L. 822-14 of the French Commercial Code and the French Code of Ethics for statutory auditors. If needed, we discuss of the risks related to our independent statute and the safety measures to be applied with the Audit Committee.

Paris and Paris-La Défense, 17 April 2018

The Statutory Auditors

EXCO PARIS ACE

ERNST & YOUNG et Autres

Alain Auvray

Jean-Christophe Pernet

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# CHAPTER 5. INFORMATION ON CAPITAL STRUCTURE

## 5.1. SHAREHOLDERS EQUITY

### 5.1.1. EVOLUTION OF SHARE CAPITAL DURING THE YEAR

At the beginning of year 2018, the company's share capital reached 3,167,630.40 € divided in 3,959,538 shares of 0.80 € each. Transactions executed in 2018 which had an impact on SQLI share capital are the following:

- ⊕ Issue of 342,226 shares with a par value of 0.80€, as part of a 273,780.80 € capital increase due to the exercise of BSAAR reported by the Executive Board on 28 April 2018;
- ⊕ Issue of 6,350 shares with a par value of 0.80€, as part of a 5,080.80 € capital increase due to the exercise of BSA reported by the Executive Board on 28 April 2018;
- ⊕ Issue of 9,726 shares with a par value of 0.80€, as part of a 7,780.80 € capital increase due to the exercise of BSA reported by the Executive Board on 18 July 2018;
- ⊕ Issue of 107,946 shares with a par value of 0.80€, as part of a 86,356.80€ capital increase through the incorporation of premiums, provisions, profits or other and free shares allocations, reported by the Co-CEO on 27 July 2018;
- ⊕ Issue of 811 shares with a par value of 0.80€, as part of a 648.80 € capital increase exclusively for employees members of the Group Saving plan, reported by the Co-CEO on 21 December 2018;

After these operations, the capital amounts to 3,541,277.60 €, divided in 4,426,597 shares of 0.80 € each. All the shares belong to the same category and are entirely paid in.

There are not any existing securities not representing capital.

### 5.1.2. CAPITAL SUBJECTED TO OPTIONS, OR CONDITIONAL OR UNCONDITIONAL AGREEMENTS PREPARING FOR OPTIONS

The capital structure of SQLI companies is detailed in Paragraph 1.2.2. "Organization chart" is not subject to any option, or conditional and unconditional agreements preparing for options.

## 5.2. MAIN SHAREHOLDERS

### 5.2.1. STATEMENTS OF THRESHOLD CROSSINGS

The company reported the following crossings of thresholds in 2018:

Reference	Date of statement	Date of application	Statement of intention	Type	Threshold	Transaction	Related companies or persons	Number of shares	% of capital	% of voting rights
219C0385	3/4/2019	3/1/2019	No	Decrease	5 %	Transfer on the market	Financière Arbevel	0	0.0 %	0.0 %
218C1867	11/21/2018	10/31/2018	No	Decrease	15 %, 10 % and 5 %	NA	Roland Fitoussi	43,000	0.97 %	0.84 %
SQLI mailing	1/3/2019	11/6/2018	No	Decrease	2.5 %	Transfer on the market	Financière de l'Echiquier	92,778	2.0963%	1.81 %
SQLI mailing	12/4/2018	11/6/2018	No	Decrease	2.5 %	Transfer on the market	Financière de l'Echiquier	127,844	3.228 %	2.49 %
218C1810	11/8/2018	11/6/2018	No	Increase	5 %	NA	Amar Family office	269,630	6.09 %	5.26 %
218C1801	11/8/2018	11/7/2018	No	Decrease	5 %	Transfer on the market	Amundi AM Etoile Gestion BFT IM	221,226	4.99 %	4.31 %
218C1801	10/25/2018	10/23/2018	No	Decrease	5 %	Transfer on the market	Amundi AM Etoile Gestion BFT IM	251,226	5.68 %	4.90 %
218C1613	10/2/2018	10/1/2018	No	Increase	5 %	Acquisition on the market	Weinberg Capital Partners in the name of NOBEL fund	352,781	7.97 %	6.88 %

The company shareholding, such as presented below, is divided between many shareholders ; None of them owns more than 10% of the capital or voting rights. Therefore, no shareholder can control the decisions related to the company during the General Meetings.

The transactions initiated by head managers in 2018 and related to the company securities are listed below:

Name of manager	Transaction type	Amount and category of securities	Average price	Value (€)
Thierry CHEMLA	Subscription via the exercise of preferential rights	16,076 BSA	€ 19.90	319,912
Thierry CHEMLA	Sale of securities	14 685 SQLI shares	€ 34.08	500,523
Didier Fauque	Subscription via the exercise of preferential rights	821,170 SQLI BSAAR	€ 1.50	1,231,755

## 5.2.2. DISTRIBUTION OF CAPITAL AND VOTING RIGHTS

	2018				2017				2016		
	Shares	% of capital	Voting rights	% of voting rights	Shares	% of capital	Voting rights	% of voting rights	Shares	% of capital	Voting rights
<b>Nominative shareholders</b>	<b>807,817</b>	<b>18.2 %</b>	<b>1,149,857</b>	<b>24.4 %</b>	<b>828,212</b>	<b>20.9 %</b>	<b>1,510,985</b>	<b>32.9 %</b>	<b>1,000,020</b>	<b>27.1 %</b>	<b>1,695,898</b>
<b>Roland Fitoussi (Sethi, HIP)</b>	No longer member of the EB at 31/12				<b>453,462</b>	<b>11.5 %</b>	<b>795,598</b>	<b>17.3 %</b>	<b>448,957</b>	<b>11.6 %</b>	<b>791,093</b>
<b>Didier Fauque</b>	<b>94,644</b>	<b>2.1 %</b>	<b>94,644</b>	<b>2.0 %</b>	<b>10,220</b>	<b>0.3 %</b>	<b>10,220</b>	<b>0.2 %</b>	<b>9,385</b>	<b>0.3 %</b>	<b>9,385</b>
<b>Bernard Jacon</b>	No longer member of the EB at 31/12				<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>1,753</b>	<b>0.0 %</b>	<b>3,420</b>
<b>FD5 (and family de Beublain)</b>	<b>14,130</b>	<b>0.3 %</b>	<b>28,260</b>	<b>0.6 %</b>	<b>25,664</b>	<b>0.6 %</b>	<b>50,527</b>	<b>1.1 %</b>	<b>46,789</b>	<b>1.6 %</b>	<b>92,652</b>
<b>Fonds Nobel</b>	<b>352,781</b>	<b>8.0 %</b>	<b>352,781</b>	<b>7.5 %</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Total Executive Board</b>	<b>461,555</b>	<b>10.4 %</b>	<b>475,685</b>	<b>10.1 %</b>	<b>489,346</b>	<b>12.4 %</b>	<b>856,345</b>	<b>18.7 %</b>	<b>506,884</b>	<b>13.1 %</b>	<b>896,550</b>
<b>Laurent de Roover</b>	<b>29,828</b>	<b>0.7 %</b>	<b>59,656</b>	<b>1.3 %</b>	<b>29,101</b>	<b>0.7 %</b>	<b>58,202</b>	<b>1.3 %</b>	<b>48,372</b>	<b>1.3 %</b>	<b>96,744</b>
<b>Thomas Rocmans</b>	<b>49,581</b>	<b>1.1 %</b>	<b>99,162</b>	<b>2.1 %</b>	<b>48,372</b>	<b>1.2 %</b>	<b>96,744</b>	<b>2.1 %</b>	<b>48,372</b>	<b>1.3 %</b>	<b>96,744</b>
<b>X-Chain Holding</b>	<b>49,581</b>	<b>1.1 %</b>	<b>99,162</b>	<b>2.1 %</b>	<b>48,372</b>	<b>1.2 %</b>	<b>96,744</b>	<b>2.1 %</b>	<b>48,372</b>	<b>1.3 %</b>	<b>96,744</b>
<b>Patrick Lacarrière</b>	<b>42,237</b>	<b>1.0 %</b>	<b>82,456</b>	<b>1.8 %</b>	<b>39,240</b>	<b>1.0 %</b>	<b>78,480</b>	<b>1.7 %</b>	<b>39,240</b>	<b>1.1 %</b>	<b>78,480</b>
<b>Family Employed shareholders (PEG)</b>	<b>67,227</b>	<b>1.5 %</b>	<b>123,497</b>	<b>2.6 %</b>	<b>68,034</b>	<b>1.7 %</b>	<b>115,090</b>	<b>2.5 %</b>	<b>78,485</b>	<b>2.0 %</b>	<b>132,539</b>

<b>Other nominative shareholders</b>	<b>107,808</b>	<b>2.4 %</b>	<b>210,239</b>	<b>4.5 %</b>	<b>105,747</b>	<b>2.7 %</b>	<b>209,380</b>	<b>4.6 %</b>	<b>76,423</b>	<b>2.0 %</b>	<b>152,068</b>
<b>Self-control</b>	<b>62,121</b>	<b>1.4 %</b>	<b>-</b>	<b>-</b>	<b>56,085</b>	<b>1.4 %</b>	<b>-</b>	<b>-</b>	<b>78,617</b>	<b>2.0 %</b>	<b>-</b>
<b>Public</b>	<b>3,556,659</b>	<b>80.3 %</b>	<b>3,556,659</b>	<b>75.6 %</b>	<b>3,075,241</b>	<b>77.7 %</b>	<b>3,075,241</b>	<b>67.1 %</b>	<b>2,932,102</b>	<b>76.0 %</b>	<b>2,932,102</b>
<b>Otus Capital</b>	<b>399,000</b>	<b>9.0 %</b>	<b>399,000</b>	<b>8.5 %</b>	<b>253,528</b>	<b>6.4 %</b>	<b>253,528</b>	<b>5.5 %</b>	<b>237,118</b>	<b>6.1 %</b>	<b>237,118</b>
<b>Amar Family office</b>	<b>382,493</b>	<b>8.6 %</b>	<b>382,493</b>	<b>8.1 %</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Amundi</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>232,551</b>	<b>5.9 %</b>	<b>232,551</b>	<b>5.1 %</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Total</b>	<b>4,426,597</b>	<b>100 %</b>	<b>4,706,516</b>	<b>100 %</b>	<b>3,959,538</b>	<b>100 %</b>	<b>4,586,226</b>	<b>100 %</b>	<b>3,856,923</b>	<b>100.0 %</b>	<b>4,548,287</b>

### 5.2.2.1. Participation of employees in the company's capital

In compliance with Article L.225-102 of the Commercial Code, we present the participation of employees to the share capital at 31 December 2018, end of financial year: 67 227 shares accounting for 1.5% of capital.

### 5.2.3. AGREEMENT WITH A POTENTIAL IMPACT ON THE CONTROL OF THE COMPANY

There is not any existing agreement between shareholders or other related to SQLI share capital and likely to lead to changes in the company management.

According to article L. 225-100-3 of the Commercial Code. Following this article, the company guarantees that:

- ⊕ There is no existing restriction on the exercise of voting rights and share transfer, nor is there any clause in the conventions registered by the company in application of Article L.233-11 ;
- ⊕ There is no existing holder of any securities having special control rights
- ⊕ There is no existing control measure in the employees share system when the control rights are not exercised by the employees
- ⊕ There is no existing agreement between shareholders known by the company which could generate restrictions to the shares transfer and the exercise of voting rights.
- ⊕ The rules applied to the nomination and substitution of the Executive Board members, and to the modification of the company statutes are those requested by the law.
- ⊕ The Executive Board has been authorized by the General meeting to make some issues or repurchase of shares. A table presenting the current delegations authorized by the General Meeting to the Executive Board members regarding the capital increases is included in the present report. For more information, see Chapter 5.3. "Liquidity instruments and Currently valid delegations during the year".
- ⊕ There is no existing agreement contracted by the company which would be modified or would end in case of change in the company management.

## 5.2.4. SELF OWNED SHARES AND BUYBACK PROGRAMS

After the resolutions taken by the Combined General Meeting of 22 June 2018, SQLI started a program for buying back its own shares, with the following objectives (by decreasing priority): i) Market animation or share liquidity, ii) Purchase for keeping and using for exchange or retribution of possible external growth operations, iii) Allocation of shares to the employees, iv) Possible Cancellation of these shares.

This program expired during the General Meeting of 31 December 2018 called to assess the financial statements for the year. It includes a maximum unit purchase price of 70 € and a minimum unit selling price of 10 €. It was organised within a liquidity contract signed with la Financière d'Uzès and one with CACEIS.

**Table 56. Variation of SQLI treasury shares**

Shares	12/31/2018			12/31/2017		
	Number of shares	Unit price (€)	Value K€	Number of shares	Unit price (€)	Value K€
Self-owned shares at 1st January	56,085	27.346	1,534	78,617	20.999	1,651
Acquisitions of the year	8,405	26.545	223	12,727	40.488	515
Transfers at sale value	-2,450	21.742	-53	-35,259	18.940	-667
Transferred capital gain and loss			-1			35
Self-owned shares at 31 December	62,040	27.453	1,703	56,085	27.346	1,534

### 5.2.4.1. Distribution and use of the self-owned shares according to the various objectives set by the General Meeting

A liquidity contract was signed with la Financière d'Uzès on 26 June 2015 for a duration of one year renewable by tacit consent. This liquidity contract is replacing a previous contract signed on 16 June 2006 between SQLI and la Financière d'Uzès.

The distribution and the use of self-owned shares in 2018, according to various objectives set by the General Meeting, are the following :

**Table 57. Market-making actions or SQLI share liquidity by a supplier of investment services**

Shares held at 1st January 2018	Shares bought between 1st January and 31 December 2018	Shares sold between 1st January and 31 December 2018	Shares reallocated to other objectives between 1st	Shares held at 31 December 2018

				January and 31 December 2018	
Number of shares	43,435	8,405	750	-	51,090
Total cost	1,331,926	223,112	26,485	-	1,528,553
Weight average price per share (€ / action)	€ 30.66	€ 26.55	€ 35.31	-	€ 29.92

**Table 58. Holding and delivery as exchange or as payment of SQLI shares following external growth operations**

	Retained at 1st January 2018	Number of redeemed shares between 1st January and 31 December 2018	Number of sold shares between 1st January and 31 December 2018	Number of shares reallocated to other objectives between 1st January and 31 December 2018	Balance or Number of held shares at 31 December 2018
Number of shares					
Total cost (€)					
Weight average price per share (€)					

**Table 59. Allocation to employees and head managers of SQLI and affiliated companies**

	Retained at 1st January 2018	Number of redeemed shares between 1st January and 31 December 2018	Number of sold shares between 1st January and 31 December 2018	Number of shares reallocated to other objectives between 1st January and 31 December 2018	Balance or Number of held shares at 31 December 2018
Number of shares	12,650		1,700		10,950
Total cost (€)	201,751		27,113		174,638
Weight average price per share (€)	€ 15.95		€ 15.95		€ 15.95

**Table 60. Cancellation of shares**

	Retained at 1st January 2018	Number of redeemed shares between 1st January and 31 December 2018	Number of sold shares between 1st January and 31 December 2018	Number of shares reallocated to other objectives between 1st January and 31 December 2018	Balance or Number of held shares at 31 December 2018
Number of shares					
Total cost (€)					
Weight average price per share (€)					

### 5.2.5. INTRODUCTION OF OWN SHARES REPURCHASE PROGRAM SUBMITTED BY THE EXECUTIVE BOARD TO THE APPROVAL OF THE NEXT COMBINED GENERAL MEETING

Eligible securities : SQLI shares listed in compartment "C" of Euronext Paris, – ISIN Code: "FR0004045540-SQI"

Maximum percentage of capital repurchase authorised by the General Meeting: 10% of the share capital, with the understanding that this limit is set on the date of repurchases to take account of any increase or reduction of the capital which might happen during the program.

Maximum unit purchase price: 50 €. However, in the event of a capital transaction, in particular through incorporation of reserves and allocation of free shares, the price indicated above will be consequently adjusted.

Minimum unit purchase price: 10 €.

### 5.3. LIQUIDITY INSTRUMENTS

At 31 December 2018, total potential dilution is related to the potential issue of 244,662 new shares, or 5.2% of post-issue capital.

A shareholder owning 1.0% of SQLI capital would own 0.95 % of the capital after issue of the shares coming from dilutive instruments, if he doesn't hold any such share.

**Table 61. Summary of dilutive instruments**

	Issue date	12/31/2018		12/31/2017	
		Number of warrants/options to be exercised	Number of potential shares	Number of warrants/options to be exercised	Number of potential shares
BSAAR	4/20/2011	0	0	3,574,437	357,444
BSA	9/16/2014	187,378	187,378	198,884	198,884
Stock options	11/5/2014	7,636	7,636	12,650	12,650
Stock options	2/22/2017	27,675	27,675	27,000	27,000
Free shares	2/22/2017	21,973	21,973	21,437	21,437
Total		244,662	244,662	3,834,408	617,415

#### **A. BSAAR**

3,422,260 BSAAR have been exercised with the subscription of 342,226 new shares for a unit price of 15.00 €. 152,177 BSAAR have been cancelled following the expiration of the allocation plan on 20 April 2018.

#### **B. BSA**

On 16 September 2014, the Executive Board granted 215,784 BSA to Didier Fauque, CEO (143,856 BSA) and Thierry Chemla, DEO (71,928,BSA).

The conditions of this allocation are the following:

- + Each BSA gives a right to subscribe one new share at the exercise price of 19.90 €;
  - + BSA can be exercised for a period of three years following the second anniversary of the date of issue by the Board.
  - + They are divided in 3 categories of 71 928 BSA, submitted to performance conditions regarding SQLI share price which must be higher than 25, 30 and 35 €;
- 16,076 BSA have been exercised during the year.

The number of BSA not yet exercised has been adjusted at 187,378 at 31 December 2018. Their exercise price is 19.41 € following the allocation of 1 new share for 40 existing shares in July 2018.

### **C. STOCK OPTIONS (11/2014)**

On 5 November 2014, the Executive Board granted 48,000 stock options to employees and executive managers. The options will have to be exercised before the 6 November 2019 and the share purchase price is 16 €.

In 2018, 1,700 stocks options have been exercised with the allocation of 1,700 new SQLI shares. The number of stock options not yet exercised has been adjusted at 7,636 at 31 December 2018, with an exercise price of 15.61 €.

### **D. STOCK OPTIONS AND FREE SHARES (02/2017)**

On 22 February 2017, the Executive Board granted 28,000 stock options to employees and 22 437 free shares to employees and executive managers.

The conditions of this allocation are the following:

- + the options will have to be exercised before the 22 February 2024 at the latest (7 years);
- + The 10,000 options allocated to Didier Fauque can not be exercised before 23 February 2019 and the remaining 18,000 options can not be exercised before 21 December 2020.
- + Anybody leaving the company before the 23 February 2019 (for the 10,000 options allocated to Didier Fauque) and the 31 December 2020 (other options) will lose his exercise right.
- + The share purchase price is set to 32.84 €.

Anybody leaving the company before the 31 December 2020 will lose his allocation right. The number of stock options not yet exercised has been adjusted at 27,675 at 31 December 2018, with an exercise price of 32,04 €. The number of free shares has been adjusted at 21,973.

The fair value of allocated stock options and free shares has been set to 506 K€. This value represents a charge registered in the Group non current result and is distributed on all the



acquisition period of allocated right, until 31 December 2020. This charge amounts to 211 K€ in 2018.

## 5.4. REGULATED AGREEMENTS

### 5.4.1. STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS IN 2017

**Exco Paris Ace**  
5, avenue Franklin Roosevelt  
75008 Paris  
S.A. au capital de € 2.250.400  
380 623 868 R.C.S. Paris

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Paris

**ERNST & YOUNG et Autres**  
Tour First  
TSA 14444  
92037 Paris-La Défense Cedex  
S.A.S. à capital variable  
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes  
Membre de la compagnie  
régionale de Versailles

SQLI

General Meeting presiding on year closed on 31 December 2017

Statutory auditors' report on regulated agreements and commitments

To SQLI General Meeting,

Being the statutory auditors appointed by your company, we present thereafter our report about authorized agreements.

Our mission is to inform you, on the basis of the information provided to us, of the terms, conditions, specificities, and main characteristics, as well as the reasons for the company's interest, of the conventions and regulated commitments indicated to us or discovered during our mission achievement. It is not our role to comment as to whether they are beneficial or appropriate. It is your responsibility, following Article R. 225-31 of the Commercial Code, to assess the benefits resulting from these agreements prior to their approval.

Furthermore, it is our mission, when applicable, to give you the information, mentioned in Article R. 225-31 of the Commercial Code, related to the execution during the past year of conventions and commitments already approved by the General Meeting.

We conducted our work in accordance with the rules of the Compagnie Nationale des Commissaires aux Comptes in France. These standards require us to perform the necessary procedures to verify that information provided to us is consistent with the documentation from which it has been extracted.

#### Agreements and commitments submitted to the General Meeting

In application of article L. 225-40 of the French Commercial Code we have been advised of the following agreements and commitments concluded in 2018 and authorised by your Executive Board.

**With LVCT*****Accountable person:***

Bernard Jacon, Executive Board member of your company and Head manager of LVCT.

***Nature and object:***

The Executive Board met on 26 April 2016 concluded a assistance service agreement between SQLI and LVCT.

***Conditions:***

LVCT commits to provide SQLI services of identification of potential targets and assistance with contacting the potential sellers and conducting negotiations with the potential seller(s) of the potential offered company(ies).

In remuneration for these services, LVCT will receive an annual fixed compensation of 50,000 euros (before tax) paid every three months starting from 1st June 2017 and a proportional compensation equal to 0.5% of the transaction amount (paid by SQLI for the acquisition).

This agreement came into force on 1st June 2017 for a duration of twelve months.

The agreement resulted in a payment of 32,500 € (bef. tax) for year 2017.

***Explanations of the interest of the agreement for the Company***

The Executive Board explained this agreement as follows:

The conclusion of this agreement is a great opportunity in line with the social interests of the company which can benefit from the skills, proven experience and network of Bernard Jacon, CEO of LVCT, in the fields of NGE and IT, in order to promote the development of execution strategy for external growth operations.

***b) Nature and object:***

The Executive Board held on 26 April 2017 concluded a service agreement between SQLI and LVCT.

***Conditions:***

This agreement relates to Bernard Jacon participation in SQLI Strategy Committee as an external advisor. In remuneration for these services, LVCT will receive an annual fixed compensation of 15,000 € (bef.tax) paid every three months.

This agreement came into force on 1st July 2017 for a duration of twelve months.

The agreement resulted in a payment of 11,250 € (bef. tax) for year 2017.

***Explanations of the interest of the agreement for the Company***

The Executive Board explained this agreement as follows:

The conclusion of this agreement is a great opportunity in line with the social interests of the company which can benefit from the skills, proven experience and network of Bernard Jacon, CEO of LVCT, in the fields of NGE and IT, in order to promote the development of execution strategy for external growth operations.

### Agreements and commitments previously approved by the General Meeting

In compliance with Article R. 225-30 of the Commercial Code, we have been informed that the agreements and commitments approved by the General Meeting during previous financial years have been pursued in 2018.

**1. 2) With M. Didier Fauque, CEO of your company:**

***Nature and object:***

Agreement regarding pension, health and social security schemes, allocation of free shares and non-competition clause, following the renewal of his Board member mandate by the Executive Board on 28 April 2016.

***Conditions:***

The company agreed to take the following commitments towards M. Didier Fauque, for his CEO mandate:

***a) Commitment in terms of pension and social security benefits***

- Commitment in terms of pension, health and social security benefits contracted by the Company for the Executive managers;
- Social guarantee for company managers and executives (GSC); "formule 70" , for a maximal period of twenty-four months.

***b) Allocation of free shares***

- Allocation every year of a number of free shares amounting to 20,00 €/C, C being the stock market price of your company at 31 December of the reporting year.
- The Executive Board meeting on 26 March 2018 allocated 565 shares to Didier Fauque for year 2017.

**c) Non-competition clause**

- In case of termination of Didier Fauque CEO mandate, for any reason, the company will be allowed to forbid him to take the function of CEO, consultant or employee in any company in the same business field in France, for a period of twenty-four months.
- This non-competition clause, if activated by the company, will give right to a compensation of 60% of:
  - (i) (i) his annual fixed wages
  - (ii) (ii) the variable remuneration for the financial year preceding Didier Fauque departure, to be paid every month during the period of application of the non-competition clause. The variable amount is 120,000 €/ year.

**2. With Thierry Chemla, Co-CEO of your company:*****Nature and object:***

On 21 July 2016, the Executive Board approved the amendment of Thierry Chemla work contract in order to extend his extra bonus.

***Conditions:***

Thierry Chemla will receive until 31 December 2020, an extra bonus consistign in a specific target premium related to SQLI performance, for an annual amount of 120,000 €.

The 60,000 payment for year 2017 was made in January 2018.

Paris and Paris la Défense, 17th April 2018

The Statutory Auditors

Exco Paris Ace

ERNST & YOUNG et Autres

Alain Auvray

Jean-Christophe Pernet

## 5.4.2. STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS IN 2018

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Statutory Auditor  
Member of the compagnie  
régionale de Paris

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438 476 913 R.C.S. Nanterre

Statutory Auditor  
Member of the compagnie  
régionale de Versailles

### SQLI

General Meeting presiding on year ended on 31 December 2018

#### Statutory auditors' report on regulated agreements and commitments

To SQLI General Meeting,

Being the statutory auditors appointed by your company, we present thereafter our report about authorized agreements.

Our mission is to inform you, on the basis of the information provided to us, of the terms, conditions, specificities, and main characteristics, as well as the reasons for the company's interest, of the conventions and regulated commitments indicated to us or discovered during our mission achievement. It is not our role to comment as to whether they are beneficial or appropriate. It is your responsibility, under the terms of article R.225-31 of the Commercial Code, to assess the benefits resulting from these agreements and commitments prior to their approval.

In exchange, we commit, when applicable, to give you relevant information, as mentioned in Article R.225-31 of the French Commercial Code, related to the execution in the previous financial year of agreements and commitments already approved by the General Meeting.

We conducted our work in accordance with the rules of the Compagnie Nationale des Commissaires aux Comptes in France. These standards require us to perform the necessary procedures to verify that information provided to us is consistent with the documentation from which it has been extracted. These standards require us to perform the necessary procedures to check that information provided to us is consistent with the documentation from which it has been extracted.

## Agreements and commitments submitted to the General Meeting

We haven't been informed of any new agreement or commitment to be submitted to the General Meeting's approval in compliance with Article L. 225-38 of the Commercial Code.

## Agreements and commitments previously approved by the General Meeting

*Conventions and commitments approved in the past years*

### *a) and still in effect in 2018*

In compliance with article R.225-30 of the Commercial Code, we have been informed that the following agreements and commitments approved during the previous financial years have been ongoing in 2018.

#### ▶ 2) **With M. Didier Fauque, CEO of your company:**

##### *Nature and object:*

Agreement regarding pension, health and social security schemes, allocation of free shares and non-competition clause following the renewal of his Board member mandate by the Executive Board on 28 April 2016.

##### *Conditions:*

The company agreed to take the following commitments towards M. Didier Fauque, for his CEO mandate:

#### **a) Commitment in terms of pension and social security benefits**

- ▶ Commitment in terms of pension, health and social security benefits contracted by the Company for the Executive managers.
- ▶ Social guarantee for company managers and executives (GSC); "formule 70" , for a maximal period of twenty-four months.

#### **b) Allocation of free shares**

- ▶ Allocation every year of a number of free shares amounting to 20,000 €/SP free shares, SP being the stock market price of your company at 31 December of the reporting year.
- ▶ The Executive Board has not allocated free shares to Didier Fauque for year 2018 yet.

#### **c) Non-competition clause**

- ▶ In case of termination of Didier Fauque CEO mandate, for any reason, the company will be allowed to forbid him to take the function of CEO, consultant or employee in any company in the same business field in France, for a period of twenty-four months.
- ▶ This non-competition clause, if activated by the company, will give right to a compensation of 60 % of:
  - ▶ (i) his annual fixed wages
  - ▶ (ii) the variable remuneration for the financial year preceding Didier Fauque departure, to be paid every month during the period of application of the non-competition clause. The variable amount is 120,000 €/year.

► **With Thierry Chemla, Co-CEO of your company:**

*Nature and object:*

On 21 July 2016, the Executive Board approved the amendment of Thierry Chemla work contract in order to extend his extra bonus.

*Conditions:*

Thierry Chemla will receive until 31 December 2020, an extra bonus consistign in a specific target premium related to SQLI performance, for an annual amount of 120,000 €.

The 60,000 payment for year 2018 was made in January 2019.

► **With LVCT**

*Accountable person:*

Bernard Jacon, Executive Board member of your company and Head manager of LVCT.

**Service agreement**

*Nature and object:*

The Executive Board held on 26 April 2017 concluded a service agreement between SQLI and LVCT.

*Conditions:*

This agreement relates to Bernard Jacon participation in SQLI Strategy Committee as an external advisor.

In remuneration for these services, LVCT will receive an annual fixed compensation of 15,000 € (bef.tax) paid every three months.

This agreement was terminated early 2018 and LVCT invoiced a balance of 416 € (bef. tax) for services provided in 2018.

**b) Conventions and commitments not executed in 2018**

We have been informed that the following agreements and commitments, previously approved by the General Meeting in previous years, have not been executed in 2018.

► **With LVCT**

*Accountable person:*

Bernard Jacon, Executive Board member of your company and Head manager of LVCT.

**Research of potential acquisition targets**

*Nature and object:*

The Executive Board met on 26 April 2016 concluded a assistance service agreement between SQLI and LVCT.

**Conditions:**

LVCT commits to provide SQLI services of identification of potential targets and assistance with contacting the potential sellers and conducting negotiations with the potential seller(s) of the potential offered company(ies).

In remuneration for these services, LVCT will receive an annual fixed compensation of 50,000 euros (before tax) paid every three months starting from 1st June 2017 and a proportional compensation equal to 0.50 % of the transaction amount (paid by SQLI for the acquisition).

This agreement came into force on 1st June 2017 for a duration of twelve months.

The agreement did not produce any billable amount for year 2018.

Paris and Paris-La Défense, 29 April 2019 The Statutory Auditors

EXCO PARIS ACE

ERNST & YOUNG et Autres

Alain Auvray

Jean-Christophe Pernet

## 5.5. DEED OF FOUNDATION AND ARTICLES OF ASSOCIATION

### 5.5.1. SQLI SOCIAL PURPOSE - (ARTICLE 3 OF ARTICLES OF ASSOCIATION)

"The Company's purpose, both directly and indirectly, in France and in all other countries is as follows:

- + Communications and web marketing consulting,
- + Design and ergonomics of websites,
- + Consulting regarding the choice of IT systems architecture and IT systems,
- + Integration and implementation of information technology systems
- + Design and development of IT software,
- + Distribution of IT software,
- + IT training, and
- + All industrial and commercial operations pertaining to:
  - + - Creation, purchasing, hiring, and management leases of any businesses, taking of leases, installation and exploitation of any establishments, businesses, factories, workshops, pertaining to one or other of the Company activities;
  - + - Acquisition, purchasing, exploitation or disposal of any procedure or patent concerning the Company activities;
  - + - The direct or indirect participation of the Company in any finance, property or asset operations or industrial or commercial companies which are associated with the Company purpose or a similar or connected purpose;
  - + - All operations that contribute to the achievement of the Company purpose. "

### 5.5.2. MEASURES RELATED TO THE GOVERNING, EXECUTIVE AND SUPERVISORY BOARDS

#### 5.5.2.1. Statutory procedures

The articles below, related to the members of the Executive Board and Head managers, are part of the Company statutes.

**A. ARTICLE 14 - EXECUTIVE BOARD****"1 – Appointment**

The company is run by an Executive Board, made up of three to eighteen members.

The Executive Board can include one or more members elected by the company employees, or by the subsidiaries employees in compliance with articles L.225-27 and L.225-28 of the Commercial Code and with paragraph 4 exposed below. These members elected by the employees are not included in the minimum and maximum amount of members set by the present Statutes.

The members can be natural persons or corporate bodies.

When appointed, the members being legal persons have to choose a permanent representative who is submitted to the same conditions and obligations and who has the same civil and criminal liabilities as a natural person, without prejudice of the joint and several responsibility of the legal person represented.

The members are appointed by the Ordinary General Meeting.

In case of vacancy for death or resignation of one or more members, the Executive Board can provisionally appoint new members in order to reach the required number of Board members, up to the next General Meeting meeting. These appointments must be done within three months following the vacancy, when the number of members is below the required minimum number, without being below the legal number. The appointments made by the Board must be confirmed in the next Ordinary General Meeting.

When the number of members is below the legal number, the remaining members must immediately call for an Ordinary General Meeting in order to complete the Executive Board. The members appointed to replace a former member hold the position during the remaining time of the former member mandate.

The number of members working within the company can not exceed one third of the Board members, except in a few cases defined by law, regarding for instance the case of members elected by shareholders employees.

**2 – Duration of the mandates**

The Executive Board members are appointed for six years.

The mandates end at the end of the Ordinary General Meeting presiding over the past year accounts and held within the same year of the member mandate expiry date.

Any member of the Executive Board can be re-elected

### 3 – Age limit

The age limit for Board members is 75 years old.

A new member can not be appointed if he's older than 75 years old.

If the age limit is reached by an appointed Board member, he will automatically be considered as a resigning member at the end of the next General Meeting.

### 4 –Members appointed by employees

If the report presented by the Executive Board during the General Meeting stipulates, in compliance with article L.225-102 of the French Commercial Code, than the shares held by the employees of the Company and its affiliates, according to Article L.225-180, account for more than 3% of the share capital, one or more Executive managers have to be elected by the General Meeting after the suggestion of shareholder workers.

At least two months before the General Meeting, the Executive Board asks the employees to choose candidates. The Executive Board chairman receives the written suggestions of the staff in order to choose a candidate. To be receivable, the candidates have to represent at least 5% of shareholder workers. This procedure is recorded in a minute containing the number of votes for each candidate. The list of all chosen candidates is prepares and communicated to the Executive Board.

### 5 – Dismissal

Every member of the Executive board is revocable by the General Meeting without notice. The revocation of a member of the Executive board does not bring about the dismissal of this one, if (s)he is also employee of the company.

### 6 – Resignation

The Executive Board members can resign freely, provided that this resignation is not made at the wrong moment or with the intention to prejudice the company. "

## **B. ARTICLE 15 - ORGANIZATION OF THE EXECUTIVE BOARD**

### "1 – The Executive Board Chairman

The Executive Board elects by simple majority within its members a Chairman, who has to be a natural person.

The Executive Board decides of the Chairman remuneration and of the duration of his mandate, which can not exceed the duration of his Board member mandate. The Chairman can be reelected.

The Chairman must be less than 75 years old. If the current chairman exceeds this age, he is automatically considered as outgoing.

In case of temporary vacancy or death, the Executive Board can provisionally give the function of chairman to a member.

The Chairman represents the Executive Board. He organizes and runs its missions, which he presents to the General Meeting. He checks the good functioning of the company organs and the ability of the members to fulfill their mission.

The Executive Board appoints a secretary who assists the Chairman in preparing and recording the Board meetings. He can be appointed among the members or outside the Board. He is dismissed by decision of the Board.

The Chairman can resign freely.

He can, at any moment, be dismissed by the Executive Board. In this case, he remains a member of the Board.

## 2 – Meetings and deliberations of the Executive Board

The Executive Board meets as often as needed, when the Chairman requests it, in the headquarters or in any other place chosen by the Chairman.

If the Executive Board has not met in more than two months, a third of the Board members can ask the Chairman to call for a meeting.

The CEO can also ask the Chairman to call for an Executive Board meeting. If the meeting has not been called by the Chairman within 20 days, the CEO can call the meeting.

The convening must be called at least 3 days before the meeting date. They must give the agenda of the meeting. The convening can be verbal and immediate, if the members agree.

The convening must contain all the projects and documents needed to inform the members.

An attendance record is kept and signed by the members who participate to the meeting. This record includes the names of members who are present, deemed to be present or represented, pursuant to article L 225-37 of the Commercial Code. It must include the names of members who attended through videoconference and telecommunication.

The Board meetings can be organized through videoconference in the conditions given by the law, and the company statutes. They can be organized through telecommunication allowing the identification of the members and their effective participation, in the conditions given by the law, and the company Articles of association.

The Executive Board can make decisions only if at least half of the members are present.

The decisions are made by majority of the present of represented members. A member can represent only one other member, with a justification of his agreement.

The participation of members through videoconference and telecommunication is included for the calculation of the quorum and the majority, except for the participation related to the following decisions :

- + Drafting of the annual accounts and of the management report
- + Drafting of the consolidated accounts and of the group management report if not included in the annual report.

The vote of the presiding officer is predominant.

The Executive Board decisions are recorded in minutes drafted on a specific quoted register, in compliance with the regulatory procedures.

The minute of every meeting must include the name of the present, represented, exempted, and absent members. The presence or absence of the people summoned are recorded in compliance with the law. Every technical incident related to videoconference is recorded, if it disturbed the meeting.

The minutes are signed by the presiding officer and by one or two members.

+Copies and extracts of the minutes are certified by the Chairman, the CEO, the Co-CEOs, the delegated chairman, and the persons appointed by the members listed above. " "

### **C. ARTICLE 16 - POWERS OF THE EXECUTIVE BOARD**

#### 1 - Powers

The Executive Board defines the orientations of the company activity and looks after their implementation.

In compliance with the powers given by law to the shareholders meetings, and in the limit of the social purpose of the company, the Board deals with any issue regarding the good functioning of the company.

Every member must receive all the information needed to the achievement of his mission and can request from the Board Chairman or the Governing Board all the documents he needs.

The Executive Board can decide to create study committees in charge of dealing with the subjects submitted by the Board.

## 2 – Choice of Governance system

The General management of the company is run by the Executive Board Chairman, or by another person, called the CEO and appointed by the Executive Board.

The conditions of exercise of the Head management are defined by the Executive Board in the meeting during which the Chairman is appointed. This decision is taken by majority of the present or represented members.

The shareholders and third parties are informed in compliance with the regulatory conditions.

The conditions of exercise of the Head management can be changed at any time.

### Head Managers

In compliance with the function defined by the Executive Board, the Chairman or CEO is responsible of the company head management.

The CEO is appointed by the Executive Board which set the duration of his mandate, his remuneration and limits his powers.

The CEO must be younger than 65 years old. If the current CEO is older, he is automatically considered as outgoing and a new CEO must be appointed.

The CEO can be dismissed by the Executive Board at any moment. The revocation can lead to damage compensations if it is decided for unfair reasons.

### Powers of the CEO

The CEO has the power to take action in the name of the company. His powers are limited by the social purpose and in compliance with the powers given by law to the General Assemblies and the Executive Board.

He represents the company in its relationship with third parties. The company is bound by the CEO actions, even those which are not related to the social purpose, unless it can prove that the third party was aware that the act was not part of the company social purpose and that he could not ignore it given the circumstances. The publication of statutes can not be the only proof.

## Delegated Executive Officers

After recommendation of the CEO, the Executive Board can appoint one or more natural persons, members or not, to be Co-CEOs.

The company can have five Co-CEOs at the most.

The Co-CEO must be younger than 65 years old. If the current Co-CEO is older, he is automatically considered as outgoing and a new Co-CEO must be appointed.

The Executive Board defines the duration and the object of the powers granted to the CEO with the CEO. The Board also decides of his remuneration.

The Co-CEO has the same powers as the CEO regarding the relationship with third parties.

In case of termination of function or vacancy of the CEO, the Co-CEOs keep their function and attributions until the appointment of a new CEO, except if the Executive Board disagrees.

The Co-CEOs can be dismissed after request of the CEO at any moment. The revocation can lead to the payment of damage when decided without sufficient grounds."

#### **D. ARTICLE 18 - REMUNERATION OF THE EXECUTIVE BOARD MEMBERS**

"The Executive Board members are remunerated with Attendance fees whose amount is set by the Ordinary General Meeting meetings.

Extraordinary compensations can be allocated to the Executive Board members in compliance with the law. "

#### **E. ARTICLE 19 - REGULATED CONVENTIONS**

"1 – The Executive Board members other than legal persons, the CEO and the DEOs are not allowed to subscribe loans with the company, to have an overdraft on a current account or other within the company and to ask for the company guarantee above commitments with third parties. This measure applies also to representatives of legal persons members of the Board, and to the relatives of the persons mentioned above.

2 – Any direct or indirect convention between the company, its CEO or DEO, one of his Board members, one of the shareholders with voting rights exceeding 10%, or one of the participating companies, must be submitted to the agreement of the Executive Board, in compliance with article L 233-3 of the Commercial Code. It is also the case for conventions in which one of the persons described above is indirectly interested.

Agreements between Sqli and another company are also submitted to the Board agreement, if the CEO, DEO or one of the Board members is the owner, a partner, a Board member, a head manager or a member of the Executive Board of this other company.

These conventions must be authorized and approved in compliance with article L 225-40 of the Commercial Code.

The prior approval of the Executive Board has been granted considering the interest of the Convention for the Company, with a specification of the financial conditions attached.

3 - Agreements related to current deals concluded in normal business conditions, as well as agreements concluded between two companies with one directly or indirectly controlling the other, with deduction of the minimum number of shares required in compliance with Article 1832 of the Civil Code or articles L.225-1 and L.226-1 of the Commercial Code, are not submitted to the authorization and approval required in articles L 225-38 and followings of the Commercial Code.

The conventions concluded and approved during previous financial years which are still exercised in the current year are being revised every year by the Executive Board and communicated to the Statutory Auditors as part of the special report of Statutory Auditors regarding regulated conventions. "

#### **5.5.2.2.Measures related to the Executive Board members and Head Managers included in the Executive Board rules of procedure**

The new rules of procedure of the Executive Board voted on 22 September 2011 are exposed below.

The Executive Board of SQLI « the *company* » decided to establish the following measures, which represent its rules of procedure « *Work regulations* ».

The rules of procedure function is the following:

- + Identifying the formation, the organization, the role and powers of the Executive Board towards the General Meeting by completing the existing legal procedures and statutes;
- + Improving the efficiency of meetings, debates, and being a reference for the periodic valuation of the Executive Board functioning;
- + Integrating the management of the Company in the rules guaranteeing the respect of corporate governance principles.

Every member of the Executive Board is personally responsible of the Rules of Procedure application.

The Executive Board met on 13 November 2008, decided to refer to the AFEP/MEDEF corporate rules in its consolidated version of December 2008.

As decided by the Executive Board on 21 March 2013, the Company chose to comply with MiddleNext Corporate rules for listed companies in replacement of the AFEP-MEDEF from 1st July 2013.

The Rules of Procedure are for internal use. They do not replace the company statutes but put them into application. They cant be challenged by a third party. Their existence will be presented to the shareholders in the annual report.

## ROLE AND POWER OF THE EXECUTIVE BOARD

### *Missions and powers*

The Executive Board defines the orientations of the company activity and looks after their implementation.

In compliance with the powers given by law to the shareholders assemblies, and in the limit of the social purpose of the company, the Board deals with any issue regarding the good functioning of the company.

Every member must receive all the information needed to the achievement of his mission and can request from the Board Chairman or the Governing Board all the documents he needs.

The Executive Board can decide to create study committees in charge of dealing with the subjects submitted by the Board.

#### *Choice of the governance system*

The Executive Board decides of the governance system for the company. The General management of the company is run by the Executive Board Chairman, or by another person, member or not of the EB, called the CEO and appointed by the Executive Board.

The conditions of exercise of the Head management are defined by the Executive Board in the meeting during which the Chairman is appointed. This decision is taken by majority of the present or represented members.

The shareholders and third parties are informed in compliance with the regulatory conditions.

The conditions of exercise of the Head management can be changed at any time.

#### Co-CEOs

##### *Appointment*

After recommendation of the CEO, the Executive Board can appoint one or more natural persons, Board members or not, to be Co-CEOs and assist the CEO.

The company can have five Co-CEOs at the most.

The Delegated Executive Officer must be younger than 65 years old. If the current Co-CEO exceeds this age, he is automatically considered as outgoing and a new Co-CEO must be appointed.

### *Powers*

The Executive Board, after agreement with the CEO, defines the duration and the object of the powers granted to the DEO with the CEO. The Board also decides of his remuneration.

The DEO has the same powers as the CEO regarding the relationship with third parties.

In case of termination of function or vacancy of the CEO, the DEOs keep their function and attributions until the appointment of a new CEO, except if the Executive Board disagrees.

### INFORMATION AND COMMUNICATION TO THE EXECUTIVE BOARD

At any time of the year, the Executive Board makes the assessments and controls considered as necessary. The Chairman or CEO has to communicate to any member all the documents and information requested.

The Executive Board members receive before the meeting of the Board the documents needed to examine the items which will be debated during the meeting.

### DECISIONS AND COMMITMENTS TO BE SUBMITTED TO THE BOARD

The following actions and decisions must be submitted to the Board:

- + External growth operations;
- + Approval and modification of annual budget;
- + Any investment not included in the annual budget (\*) which exceeds a global amount of 500,000 euros and any expense not included in the annual budget which exceeds a global amount of 500,000 euros (excluding recruitment operations);
- + Any subsidiary creation or joint venture agreement;
- + Any agreement or disposal or transfer act, with or without charge, of assets which are essential to the Company and/or its subsidiaries;
- + Contracting a loan or any bond issue which would not be included in the annual budget and concluding an off-balance sheet commitment whose amount would exceed 1,000,000 euros (including liability guarantees);
- + The grant of any security affecting the company and/or subsidiaries assets outside of their normal business and exceeding the annual allocation;
- + Any decision leading to a modification of the Company statutes including but not limited to a change in the social form, the governance procedures, the social purpose and the nature of business;

- + Any capital increase or decrease, securities issue in any category, merger, separation or partial contribution of assets regarding a company in the group;
- + Any decision affecting SQLI brand by extension or restriction of its use;
- + The implementation or modification of any participation, interest, stock option plan, of free shares allocation plan or of carry BSAAR.
- + Any decision related to a change in the place of quotation for the company securities, including the withdrawal.
- + Any change in accounting procedures;

The following items will have to be regularly reported to the Board:

- + Cash position
- + Any change in high management positions (agency managers) and any change in the terms of agreement with one of these members (including in the work contract).
- + For subsidiaries managers, any change regarding:
  - > Their appointment and dismissal;
  - > The appointment of the directors of the subsidiaries;
  - > The powers of the Executive Boards of SQLI subsidiaries.
- Any decision leading to a modification of a subsidiary statutes including but not limited to a change in the social form, the governance procedures, the social purpose and the nature of business;

(\*): "the budget will include an "investments" section from 2012".

## PARTICIPATION TO THE MEETINGS VIA VISIOCONFERENCE AND TELECOMMUNICATION

For the calculation of the quorum and the majority, the presence of the Supervisory Board members is requested who can participate to the meeting by videoconference or telecommunications in compliance with the legal conditions. The voice of the participants must be transmitted and the technical tools must allow the continuous retransmission of the debates. Consequently, in compliance with article R 225-21 of the Commercial Code, the members can participate in the meetings through videoconference and phone calls.

However the participation to the Executive Board meetings by telepresence or telecommunication is not accepted for the deals defined by articles L.232-1 et L.233-16 of the French Commercial Code, that is for the annual accounts and Management report drafting as well as for the consolidated accounts and group management report drafting.

### 5.5.3. RIGHTS, PRIVILEGES AND RESTRICTIONS TIED TO THE COMPANY SHARES

The articles below, related to the rights, privileges and restrictions for each category of shares, are extracted from the company statutes.

#### **A. ARTICLE 10 – FORM OF SHARES – IDENTIFICATION OF SHAREHOLDERS**

1. The shares can be nominal or bearer, according to the shareholders choice, in compliance with the legal statutes related to the form of shares held by some people. They must be recorded in the accounts according to the conditions and procedures given by the law.

The ownership of nominal shares depends on their recording in the nominative account. The ownership of bearer shares depends on their recording by an authorized financial intermediate.

2. The company has the right, in compliance with the legal rules and regulations, at any moment and in exchange of a compensation whose amount is set by the Ministry of Economics, to ask the institutions in charge of the securities compensation the name or for a corporate body the corporate name, the nationality, the birth date and the constitution date and the mailing address of the securities holders who have voting rights in the company assemblies along with the number of securities held by each of them and the restrictions on the securities. "

#### **B. ARTICLE 11 – INDIVISIBILITY OF SHARES**

« As regards the Company, shares are indivisible. Shares that are co-owned are represented at Shareholders meetings by one of the owners or by a mutually agreed proxy. Failing agreement between them on the choice of a proxy, a proxy is designated by the order of the

Chairman of the Commercial Court ruling in summary procedure at the request of the most diligent co-owner.

The voting right that is tied to the share belongs to the usufructuary in the Ordinary General meetings and to the bare owner in the Extraordinary General meetings. However, shareholders can agree amongst themselves on any other sharing out of the use of votes in General Assemblies. In this case they will have to let the Company know about what they have agreed by a registered letter sent to the Company headquarters. The Company is under the obligation to respect this agreement for all General Assemblies that meet following a time frame of one month pursuant to the sending off of the registered letter; the post mark on the letter will act as the proof of the sending date. Each of the co-owner of indivisible shares, the usufructuary and the bare owner of shares also have the right to consult the social reports." "

### **C. ARTICLE 12 – SALE AND TRANSFER OF SHARES**

1. The shares registered in the account are transmitted through bank transfer.
2. Apart from respecting the applicable legal and regulatory obligations concerning the crossing of thresholds, every corporate body or natural person, acting alone or in concert, who has come to own, directly or indirectly, by the means of one or several corporate bodies, controlled according to the meaning of article L. 233-3 of the French Commercial Law, a number of shares or voting rights representing five percent of the capital or of the voting rights in the Company or any multiple of this same percentage, and this even if this multiple exceeds the legal threshold of five percent, must notify the Company the total number of shares or rights s/he/it owns, by the means of a registered letter with a acknowledgment of receipt sent to the Company headquarters within fifteen days as from the crossing one of these thresholds.

This obligation to inform the Company applies, in conformance with the same aforementioned conditions, every time that the fraction of the capital or held voting rights falls below one of the thresholds mentioned in the preceding paragraph.

If any of these provisions are not respected, the shares exceeding the threshold will be deprived of their voting rights for all General Assemblies which will take place over the following two year period counting from the moment that the notification has been regularized, as long as the request to deprive these rights is made by one or several shareholders holding individually, or in concert, a fraction of capital or voting rights at least equal to the smallest fraction of capital which needs to be declared when held. This request is registered in the minutes of the Shareholders meeting. "

## **D. ARTICLE 13 - RIGHTS AND OBLIGATIONS ATTACHED TO THE SHARES**

1. 1. Every share entitle, in the profits and the corporate capital, to a proportional share in the capital quota which it represents and gives right to vote and, to the representation in the General meetings, within the legal conditions set by the law and the article of incorporation.

Any shareholder is entitled to be informed about the running of the Company and to get communication of some corporate documents in the times and in conditions planned by the law and the articles of incorporation.

2. The shareholders bear the debts only in competition of their contributions.

Subject to the legal and regulatory capacities, no majority can impose them an increase in their commitments. The rights and the obligations tied to the share follow the security everywhere it goes.

The possession of a share consists by right of memberships to the decisions of the General meeting and to the present articles of incorporation. The transfer includes all the due and not paid dividends and dividends to be fallen due, thus possibly that the share in the reserve funds, except opposing measures notified to the Company.

The heirs, the creditors, the eligible persons or other representatives of a shareholder cannot, on no account whatever it is, demand the installation of seals on the assets and on corporate documents, ask for the division or sale by auction of these assets, nor interfere in the management of the Company. To exercise their rights, they have to, rely on the corporate inventories and on the decisions of the General Meeting.

3. Every time it is necessary to own some number of shares to exercise some right, in case of exchange, of bulking, of allocation of securities, or during capital increase or reduction, during a fusion or during any other operation, the shareholders who own a number of shares lower than the required one, can exercise these rights only if they personally commit themselves to obtain the required number of shares. "

### **5.5.4. PROCEDURES NEEDED TO ALTER THE SHAREHOLDERS RIGHTS**

The articles below, related to the procedures needed to alter the shareholders rights are extracted from the company statutes.

## **A. ARTICLE 21 - NATURE OF ASSEMBLIES**

"The decisions of the shareholders are made during the General Meeting meetings.

The Ordinary General Assemblies make all the decisions which do not modify the company statutes.

The Extraordinary General Assemblies make the decisions and give the authorizations related to the statutes.

The Special Assemblies consist in a meeting between the shareholders of a particular category in order to make decisions for this category members rights.

All the shareholders, even the absent, dissident and incapable ones must respect the deliberations of the General Assemblies. "

## **B. ARTICLE 23 - AGENDA**

1. The General Meeting agenda is drawn up by the author of the convocation.
2. One or several shareholders, representing altogether the required quota of capital and acting in accordance with the times and conditions defined by the law, can request the introduction of resolution projects in the General Meeting agenda.

3. The General Meeting cannot deliberate on a question not previously included in the agenda, which cannot be modified in case of second convening. The General Meeting can however, in every circumstance, revoke and replace one or several members of the Executive Board.

### **C. ARTICLE 25 - ASSEMBLY MEETING - OFFICE - MINUTES**

1. An attendance register must be signed by all attending shareholders and proxies, kept together with all proxy forms and postal voting forms. This register accuracy must be confirmed by the General Meeting office.

2. General Meetings are presided by the Chairman of the Executive Board or in her/his absence by a member of the Executive Board who has been specially assigned this task by the Executive Board.

If the Meeting has been convened by the Statutory Auditors or by a legal proxy, the Shareholders' Meeting is chaired by the author of the convocation.

Failing that, the General Meeting elects a Chairman.

The two shareholders, present and willing, representing by themselves and by proxy the biggest amount of votes, carry out the function of tellers.

The holders of this office then appoint a secretary who cannot be a member of the General Meeting.

3. The General Meetings deliberations are written in minutes signed by the meeting members and registered in a special register in compliance with legal standards. Copies and Extracts of these minutes can be certified in compliance with legal standards. "

### **D. ARTICLE 26 - QUORUM - VOTE**

1. The quorum is calculated using all of the shares that make up the capital, except in Special Shareholders' Meetings where it is calculated using all of the shares of the particular share category concerned, all of these are calculated less those shares which hold no voting rights according to the dispositions laid out in the law.

In the case of postal voting, only those votes which are duly completed and received by the Company at least three days before the date of the general Meeting will be taken into account in the calculation of the quorum.

2. The voting rights related to capital share or bonus share is proportional to the percentage of capital represented. Each share gives one voting right.

3. Exceptionally, a voting right, accounting for twice the others that were granted according to their capital quote, can be granted:

- ⊕ To all the totally paid-in shares which will be proved to have been owned by the same shareholder for at least three (3) years;
- ⊕ To the registered shares given to a shareholder, in case of capital increase through reserves incorporation, profit or issue premium, for the old shares he benefits from.

The double voting right expires for any share that was subject to a conversion to the holder or a transfer. However the transfers due to inheritance or family donation to a relative do not lead to a termination of the voting rights nor stop the three years deadline.

The possible merger or separation of the company does not have any effect on double voting rights which can be exercised within the purchasing company if allowed by its Articles of association.

4. Voting takes place by a show of hands, or by a nominal call or by a secret ballot according to the decision of the office of the general Meeting or by the shareholders. Shareholders can also make use of postal voting. "

#### **E. ARTICLE 27 - ORDINARY GENERAL MEETING**

"The Ordinary General Meeting can take all decisions that go beyond the powers of the Board of Directors and which do not include the changing of the Company's articles of incorporation. The Ordinary General Meeting meets at least once a year within six months of the close of the financial year in order to rule on the financial statements of that year unless that period is prolonged by a legal ruling.

The Meeting can only act legally when it is first convened if the number of shareholders present or represented, or having sent postal votes, adds up to a quarter of those shares holding the right to vote. No quorum is required if the Meeting is convened for a second time.

The Assembly can rule with the majority of the votes of the shareholders present, represented or having voted by post. "

#### **F. ARTICLE 28 - EXTRAORDINARY GENERAL MEETING**

« The Extraordinary General Meeting can alter any of the Company's articles of incorporation and decide upon the transformation of the Company in another form of company, civil or commercial. This Meeting cannot, however, increase the commitments of the shareholders, subject to the operations that result from regular stock consolidation.

The Extraordinary General meeting can only legally make decisions if the number of shareholders present or represented, or having voted by post adds up to, on the first convening

of the Meeting, the third, and on the second convening of the Meeting, the quarter of shares which have voting rights. If this quorum is not reached, the second Meeting can be adjourned to a later date that must take place within the two months following the second convocation.

The Extraordinary General Meeting rules with the majority of the two-thirds of the votes that have the shareholders present, represented or having voted by post, unless there have been legal infringements with those votes.

In the Extraordinary General Meetings with a constitutive form, i.e. those called to deliberate on the approval of a contribution in kind or on the granting of a particular benefit, the contributor or the recipient is not entitled to vote either for himself or as a proxy.» "

### **G. ARTICLE 29 – SPECIAL GENERAL MEETING**

"If there are several classes of shares, no modification can be made to the rights of the shares of those classes, without a vote in conformance with an Extraordinary General Meeting that is open to all shareholders and, additionally, without a vote in conformance with a Special General Meeting just for those shareholders of the particular class of shares concerned.

Special General Meetings can only make valid decisions if the number of shareholders present or represented adds up to at least, on the first convocation of the GM, the half, and on the second convocation of the GM, the quarter of the outstanding shares of the concerned share class.

As for the rest, Special GM are convened and deliberate according to the same conditions as Extraordinary GM, subject to the particular provisions applicable to the meetings of holders of preferred dividend stock that do not have voting rights. "

### **5.5.5. CONDITIONS REGULATING CALLS OF AND ADMISSION TO A GENERAL MEETING**

The articles below, related to calls of and admission to the General Meeting meetings are extracted from the company statutes.

### **A. ARTICLE 22 – CONVENING AND MEETING OF GENERAL ASSEMBLIES**

"The general meetings are convened by the Executive Board or, failing that, by one or several Auditors. They can be also convened by a representative appointed by the President of the Commercial court ruling in summary procedure, either at the request of one or several shareholders gathering at least 5% of the capital.

The General Assemblies can also be convened by the liquidators, in case of liquidation.

General Assemblies are held at the Company's headquarters or at any other place indicated in the notice. A notice concerning the meeting containing the information required under Article

R 225-73 of the Commercial Code is published in the Bulletin of mandatory legal announcements at least thirty five (35) days before the date of the general meeting.

The convening is made at least fifteen (15) days before the date of the general meeting by a notice published in the legal announcements newspaper of the department in which the Company has its headquarters and, by a notice published in the Bulletin of mandatory legal announcements and by an ordinary letter sent to every shareholder who hold registered Company shares. (...) On request, Shareholders holding registered Company shares can be summoned by registered letter with acknowledgment of receipt.

When a General Meeting can not deliberate because the required quorum is not complete; the second General Meeting or the second adjourned General Meeting if need be, are convened in the same conditions than the former with a similar notice and a similar agenda. "

## **B. ARTICLE 24 - ACCESS TO GENERAL MEETINGS - POWERS**

1. Any shareholder is allowed to participate in General Meetings and in the deliberations either personally or by proxy, regardless the amount of shares (s)he holds, upon proof of identity as soon as her/his shares are fully paid up and registered in her/his name or in the name of its agent registered in his/her name, in compliance with Article L.228-1 of the Commercial Code, alinea 7, at least two days before the date of the Meeting, at the zero hour, Paris time, either in the securities accounts held by the company, or in the securities accounts held by the agent, as mentioned in Article L.211-3 of the Monetary and Financial Code.
2. Every shareholder is allowed to vote by using a postal vote by means of a form that s/he can obtain according to the conditions laid out in the notices of meeting and convening for the General meeting.
3. A shareholder can only be represented by his wife/her husband, his partner in a PACS union (registered domestic partnership) or by another shareholder and any other natural or legal person given proxy rights, in compliance with the laws and regulations. "

### 5.5.6. CONDITIONS THAT CAN DELAY, POSTPONE OR PREVENT A CHANGE OF CONTROL

The company statutes do not include any procedure allowing to delay, postpone or prevent a change of control.

### 5.5.7. CALCULATION OF THE MINIMUM ATTENDANCE FOR COMPULSORY ANNOUNCED PARTICIPATION

The articles below, related to the attendance threshold above which any participation must be declared are extracted from the company statutes.

## **A. ARTICLE 12 - SALE AND TRANSFER OF SHARES**

1. The shares registered in the account are transmitted through bank transfer.
2. Apart from respecting the applicable legal and regulatory obligations concerning the crossing of thresholds, every corporate body or natural person, acting alone or in concert, who has come to own, directly or indirectly, by the means of one or several corporate bodies, controlled according to the meaning of article L. 233-3 of the French Commercial Law, a number of shares or voting rights representing five percent of the capital or of the voting rights in the Company or any multiple of this same percentage, and this even if this multiple exceeds the legal threshold of five percent, must notify the Company the total number of shares or rights s/he/it owns, by the means of a registered letter with a acknowledgment of receipt sent to the Company headquarters within fifteen days as from the crossing one of these thresholds.

This obligation to inform the Company applies, in conformance with the same aforementioned conditions, every time that the fraction of the capital or held voting rights falls below one of the thresholds mentioned in the preceding paragraph.

If any of these provisions are not respected, the shares exceeding the threshold will be deprived of their voting rights for all General Assemblies which will take place over the following two year period counting from the moment that the notification has been regularized, as long as the request to deprive these rights is made by one or several shareholders holding individually, or in concert, a fraction of capital or voting rights at least equal to the smallest fraction of capital which needs to be declared when held. This request is registered in the minutes of the Shareholders meeting. "

### 5.5.8. CONDITIONS DEFINING CHANGES IN CAPITAL

The articles below, related to the conditions defining the changes in capital are extracted from the company statutes.

#### **A. ARTICLE 7 – INCREASE OF THE SHARE CAPITAL**

"The share capital is increased by any means and according to any terms set by the Law.

The Extraordinary General Meeting, on Executive boards report, is the only competent to decide the increase in capital. Its powers and its competence can be delegated to the Executive Board, according to the conditions fixed by the law.

The shareholders have, proportionally to their amount of shares, a preferential subscription right to share issued for cash issued in order to make a capital increase. The shareholders can give up individually their preferential rights.

The right to the allocation of new shares to shareholders, following the incorporation of reserves, profits or share premiums to the capital, belongs to the bare owner, subject to the usufructuary rights." "

#### **B. ARTICLE 8 – PAYMENT OF SHARES**

"The shares subscribed in cash must be paid-in for at least 25% of their nominal value at the subscription date, and for 100% of the issue premium.

The payment of the surplus must be made in one or more time after decision of the Executive Board within the five years following the capital increase date.

The calls for funds are sent to the share holders by registered letter with advice of delivery sent at least 15 days before the date set for every payment. The payments must be done at the headquarters or in any other place chosen.

Any delay in the payment of the unpaid shares leads by rights and automatically to the payment of a interest of legal rate, from the maturity date and without prejudice of the actions exercised by the company against the no show shareholder and of the measures taken by law. "

### **C. ARTICLE 9 - REDUCTION – REDEMPTION OF SHARE CAPITAL**

"The reduction of capital is authorized or decided by the Extraordinary General meeting which can delegate to the Executive board any powers to carry it out. On no account, the Meeting can undermine the equality of the shareholders.

The reduction of the share capital to an amount lower than the legal minimum can be decided only under the condition precedent of a capital increase, intended to bring this one to an amount at the least equal to this minimum amount, except transformation of the Company in a company of another form.

In these capacities are not respected, any interested person can make a legal claim to ask for the dissolution of the Company.

However, the court cannot pronounce the dissolution, if when it pronounces judgment on the merits, the regularization took place. The capital can be depreciated according to the capacities of the law. "

**D. ARTICLE 33 - ALLOCATION AND DISTRIBUTION OF EARNINGS**

"Out of the year earnings, less the previous losses, are first deducted the amounts put into the reserve, pursuant to law. 5% of the profit is kept for the legal reserve. This deduction is not compulsory anymore when the reserve amounts to 10% of the share capital, and becomes compulsory again if the reserve amount decreases to reach less than 10%.

The net earnings consist in the year earnings less the previous losses and the amounts allocated to the reserve pursuant to the law and the company statutes, and more the beneficiary report.

Out of these earnings, the General Meeting deduces the amounts allocated to other reserve funds, ordinary or extraordinary.

The balance is divided between all the shares proportionally to their paid-in and non depreciated amount.

However, except in case of capital decrease, no distribution is made when the own equity is or becomes lower than the amount of capital and reserves that the law and statutes prevent from distributing.

The General Meeting can decide to distribute the amounts deducted of the reserves, either to complete a dividend or as an extraordinary distribution. The dividends are distributed by priority on the year net earnings.

The losses, if there are, are recorded in a special account in order to be allocated to the previous years earnings before extinction. "

**E. ARTICLE 35 - OWN EQUITY ACCOUNTING FOR LES THAN HALF OF SHARE CAPITAL**

"If, following the recording of losses within the accounting reports, the company own equity decreases to reach less than half of the share capital, the Executive Board has to call a General Meeting within four month after the publication of the accounts recording the loss, in order to decide if the company must be early dissolved.

If the dissolution is not made, the capital must be, in compliance with the legal procedures and before the deadline set by the law, reduced by an amount corresponding to the losses which could not be allocated to the reserves, if in the meantime, the own equity has not been rebuilt to reach at least half of the share capital.

In any case, the General Meeting decision must be subject to advertising procedures as required by the applicable regulations.



In these capacities are not respected, any interested person can make a legal claim to ask for the dissolution of the Company. This is also applicable whenever the shareholders could not legally discuss the decision.

However the Court can not decide to dissolve the company if the regularization has been made before the judgment date. "

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# CHAPTER 6. FURTHER INFORMATION

## 6.1. PERSON ACCOUNTABLE FOR THE DOCUMENT

### 6.1.1. PERSON ACCOUNTABLE FOR INFORMATION INCLUDED IN THE REFERENCE DOCUMENT

Monsieur Didier FAUQUE, Chief Executive Officer, is the person accountable for the content of the Reference Document.

Monsieur Didier FAUQUE - CEO  
SQLI – 166, rue Jules Guesde – 92300 Levallois-Perret

### 6.1.2. STATEMENT OF THE PERSON ACCOUNTABLE FOR THE REFERENCE DOCUMENT

"After having taken all reasonable measure to this end, I attest that information presented in this reference document fairly reflect the company current situation and I certify that no information likely to have a material impact on the interpretation of this document has been omitted.

I attest that, to my knowledge, the accounts are drawn up in compliance with the applicable accounting standards and reflect faithfully the capital, financial situation and income of the company and its consolidated firms. All information included in the management report, whose table of concordance is included in Appendix 2 of this report, "*Table of concordance with the annual financial report*", contains a table showing the evolution of the activities, the results and the financial situation for both the company and its consolidated firms, as well as a description of the main risks and uncertainties they have to face.

The statutory auditors gave me a notice of completion of work that guarantees both the audit of the financial situation and the accounts presented in this reference document, and the reading of this very document.

The company consolidated financial statements included in this Reference Document were submitted to auditing reports elaborated by Statutory auditors, enclosed in Chapter 4 of the present Document. "

Levallois-Perret, 29 April 2019

Didier FAUQUE, Chief Executive Officer

## 6.2. STATUTORY AUDITORS

### 6.2.1. INCUMBENT STATUTORY AUDITORS

ERNST & YOUNG et Autres  
1-2, place des Saisons - Paris, La Défense 1 -  
92400 Courbevoie

Represented by Jean-Christophe PERNET  
First mandate: Appointed during the  
Shareholders meeting held on 20 June 2012  
Mandate expiry date: Date of the Shareholders'  
Meeting called to assess the financial statements  
for the financial year ending 31 December  
2023.

The firm is member of the Compagnie  
Régionale des Commissaires aux Comptes de  
Versailles.

Exco Paris Ace  
5, avenue Franklin Roosevelt - 75008 Paris

Represented by Alain AUVRAY  
First mandate: June 26, 2013

Mandate expiry date: Date of the Shareholders'  
Meeting called to assess the financial statements  
for the financial year ending 31 December  
2018.

The firm is member of the Compagnie  
Régionale des Commissaires aux Comptes de  
Paris..

### 6.2.2. AUXILIARY STATUTORY AUDITORS

François Fouad SHOUKRY  
5, avenue Franklin Roosevelt  
75008 Paris  
First mandate: June 26, 2013

Mandate expiry date: Date of the Shareholders'  
Meeting called to assess the financial statements  
for the financial year ending 31 December  
2018.

The firm is member of the Compagnie  
Régionale des Commissaires aux Comptes de  
Paris..

### 6.2.3. STATUTORY AUDITORS RESIGNATION, DISMISSAL OR NON-REAPPOINTMENT

The company did not register any resignation, dismissal or removal of a statutory auditor in 2016, 2017 and 2018.

## 6.3. DOCUMENTS AVAILABLE TO THE PUBLIC AND FINANCIAL AGENDA

This reference document was submitted to the Financial Markets Authority on 28 April 2019, pursuant to article 212-3 of the FMA General Rules and Regulations. It may be used in support of a financial transaction only if it is supplemented by an operation note approved by the Financial Markets Authority. The document has been signed by the issuer and commits the signatories.

The reference document also serves as the company Annual Financial Report (AFR). A table of concordance including the information requested by this document is enclosed in the Appendix 2 "*Table of concordance with the annual financial report*".

Copies of the present reference document can be found free of charge:

- + at SQLI headquarters;
- + on SQLI website ([www.sqli.com](http://www.sqli.com));
- + on the AMF website ([www.amf-france.org](http://www.amf-france.org)).

SQLI created an "Investors" section on its website: [sqli.com](http://sqli.com), where regulated information is also available.

Along with all these regular information canals, the company tries to communicate any major new deal or evolution of its activity and policy.

Person accountable for financial information:

Nicolas Rebours - Co-CEO of SQLI - 166, rue Jules Guesde - 92300 Levallois-Perret  
Tel : 01 85 64 20 20

### 6.3.1. INFORMATION INCORPORATED BY REFERENCE IN THIS REFERENCE DOCUMENT

Pursuant to article 28 of the EU Regulation N°809/2004 of the European Commission, the following information is incorporated by reference in this reference document:

- + Consolidated accounts and related reports of the statutory auditors for years ending on 31 December 2017 and 31 December 2016, both included in pages 167 to 198 and 204 to 208 of the Reference Document submitted to the AMF under number D.18-0422 on 26 April 2018 and in pages 159 to 189 and 193 to 194 of the Reference Document submitted to the AMF under number D.17-0449 on 27 April 2017;
- + Annual accounts and related reports of the statutory auditors for years ending on 31 December 2017 and 31 December 2016, both included in pages 141 to 165 and 199 to 203 of the Reference Document submitted to the AMF under number D.18-0422 on 26 April 2018 and in pages 135 to 158 and 190 to 192 of the Reference Document submitted to the AMF under number D.17-0449 on 27 April 2017;

### 6.3.2. FINANCIAL AGENDA

Date	Information
February 14, 2019	Annual turnover 2018
March 26, 2019	Annual income 2018
May 16, 2019	Turnover Q1 2019
June 27, 2019	General Meeting 2019
July 25, 2019	Turnover H1 2019
September 24, 2019	Results of H1 2019
November 14, 2019	Turnover Q3 2019

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# APPENDICES : TABLE OF CONCORDANCE

## APPENDIX 1. TABLE OF CONCORDANCE WITH THE REFERENCE DOCUMENT

<b>Chapter 1 ACCOUNTABLE PERSONS</b>	<b>Paragraph 6.1.</b>
<b>1.1. Designation of the accountable person</b>	<b>Paragraph 6.1.1.</b>
<b>1.2. Statement of the accountable person</b>	<b>Paragraph 6.1.2.</b>
<b>Chapter 2. STATUTORY AUDITORS</b>	<b>Paragraph 6.2.</b>
<b>2.1. Designation of statutory auditors</b>	<b>Paragraph 6.2.1.</b>
<b>2.2. Statutory auditors resignation, dismissal or non-reappointment</b>	<b>Paragraph 6.2.3.</b>
<b>2.3. Fees of statutory auditors and members of their network</b>	<b>Paragraph 4.1. (page 192)</b>
<b>Chapter 3. SELECTED FINANCIAL DATA</b>	<b>Paragraph 1.1.</b>
<b>3.1. Summarized Financial information</b>	<b>Paragraph 1.1.</b>
<b>3.2. Financial information on intermediary periods.</b>	
<b>The current reference document does not include any financial information on intermediary periods.</b>	
<b>Chapter 4. RISK FACTORS</b>	<b>Chapter 1.5 and paragraph 3.2.</b>
<b>Chapter 5. INFORMATION ABOUT THE ISSUER</b>	<b>Paragraph 1.2.</b>
<b>5.1. History and evolution of the Company</b>	<b>Paragraph 1.2.1.</b>
<b>5.2. Investments</b>	<b>Paragraph 1.4.2.3.</b>
<b>Chapter 6. GENERAL SURVEY OF THE COMPANY ACTIVITIES</b>	<b>Chapter 1.</b>
<b>6.1. Main activities</b>	<b>Paragraph 1.3.</b>
<b>6.2. Main markets</b>	<b>Paragraph 1.3.9.</b>
<b>6.3. Exceptional events that influenced the company business</b>	
<b>The company did not report any particular or exceptional event having a material impact on SQLI activities in 2018.</b>	
<b>6.4. Competitive environment</b>	<b>Paragraph 1.2.9.3.</b>
<b>Chapter 7. ORGANIZATION CHART</b>	<b>Paragraph 1.2.2.</b>
<b>7.1. Group scope</b>	<b>Paragraph 1.2.2.</b>
<b>7.2. Main subsidiaries</b>	<b>Paragraph 1.2.2.</b>
<b>Chapter 8. REAL ESTATE PROPERTY, FACTORIES AND EQUIPMENT</b>	<b>Paragraph 1.3.5.</b>
<b>8.1. Tangible fixed assets and real estate properties for rent</b>	<b>Paragraph 1.3.5.</b>
<b>8.2. Environmental impact on SQLI use of tangible assets</b>	
<b>SQLI did not report any environmental factor impacting the activity in previous years, nor any environment factor likely to have a significant, direct or indirect impact on the group's activity in the future.</b>	
<b>Chapter 9. ANALYSIS OF FINANCIAL SITUATION AND INCOME</b>	<b>Paragraph 1.4.1.</b>
<b>9.1. SQLI financial situation</b>	<b>Paragraph 1.4.1.</b>
<b>9.2. Consolidated operating income</b>	<b>Paragraph 1.4.1.</b>
<b>Chapter 10. FUNDS AND CAPITAL</b>	<b>Paragraph 1.4.2.</b>
<b>10.1. Consolidated shareholders' equity</b>	<b>Paragraph 1.4.2.1.</b>
<b>10.2. Source, amount and description of consolidated cash flow</b>	<b>Paragraph 1.4.2.2.</b>

<b>10.3. Lending conditions and financing structure</b>	<b>Paragraph 1.4.2.4.</b>
<b>10.4. Expected sources of funding needed to meet the Group commitments</b>	<b>Paragraph 1.4.2.3.</b>
<b>Chapter 11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES</b>	<b>Paragraph 1.3.8.</b>
<b>11.1. Protection policy about trademarks, patents, licensing and intellectual property</b>	<b>Paragraph 1.3.8.</b>
<b>11.2. Research &amp; Development related activities</b>	<b>Paragraph 1.3.8.</b>
<b>Chapter 12. INFORMATION ABOUT THE TRENDS</b>	<b>Paragraph 1.4.3.</b>
<b>12.1. Main trends with an effect on business in the last 12 months</b>	<b>Paragraph 1.4.3.</b>
<b>12.2. Factors likely to affect SQLI outlook</b>	<b>Paragraph 1.3.9.2.</b>
<b>Chapter 13. PROFIT EXPECTATIONS AND FORECAST</b>	<b>Paragraph 1.4.3.</b>
<b>Chapter 14. EXECUTIVE, MANAGERIAL, GOVERNING AND SUPERVISORY BODIES</b>	<b>Chapter 2.</b>
<b>14.1. General Information</b>	<b>Paragraph 2.1.</b>
<b>14.2. Conflicts of interest within the Executive, Managerial, Governing and Supervisory Boards</b>	<b>Paragraph 2.1.</b>
<b>Chapter 15. REMUNERATION AND BENEFITS</b>	<b>Paragraph 2.2.</b>
<b>Chapter 16. ORGANIZATION OF EXECUTIVE AND GOVERNING BODIES</b>	<b>Chapter 2.</b>
<b>16.1. Head managers and Executive Board of the company</b>	<b>Chapter 2.</b>
<b>16.2. Information on service contracts</b>	<b>Chapter 2. &amp; Paragraph 5.4.</b>
<b>16.3. Information on committees</b>	<b>Chapter 2.</b>
<b>16.4. Statement of compliance with the French corporate governance system</b>	<b>Chapter 2.</b>
<b>16.5. Report on internal control and corporate governance</b>	<b>Chapter 2.</b>
<b>Chapter 17. EMPLOYEES</b>	<b>Paragraph 1.3.6.</b>
<b>17.1. Staff</b>	<b>Paragraph 1.3.6.</b>
<b>17.2. Participation of Executive officers and managing agents in stock-option</b>	<b>Chapter 5.2 and paragraph 5.3.</b>
<b>17.3. Agreement providing participation of employees in SQLI capital</b>	<b>Paragraph 5.2.2.1.</b>
<b>Chapter 18. MAIN SHAREHOLDERS</b>	<b>Paragraph 5.2.</b>
<b>18.1. Distribution of capital</b>	<b>Paragraph 5.2.2.</b>
<b>18.2. Voting rights of main shareholders</b>	<b>Paragraph 5.2.2.</b>
<b>18.3. Ownership or control of SQLI</b>	<b>Paragraph 5.2.2.1.</b>
<b>18.4. Agreement with a potential impact on the control of the company</b>	<b>Paragraph 5.2.3.</b>
<b>Chapter 19. TRANSACTIONS WITH RELATED FIRMS</b>	<b>Paragraph 5.4.</b>
<b>Chapter 20. FINANCIAL INFORMATION ABOUT THE GROUP ASSETS, FINANCIAL SITUATION AND THE ISSUER INCOME</b>	<b>Chapter 4.</b>
<b>20.1. Historical financial statement - Balance sheet and annual accounts</b>	<b>Paragraph 4.3.</b>
<b>20.2. Proforma financial information</b>	<b>None</b>
<b>20.3. Consolidated financial statement</b>	<b>Paragraph 4.1.</b>
<b>20.4. Assessment of annual historical financial data</b>	<b>Paragraph 4.2. And 4.5.</b>
<b>20.5. Date of the last financial data</b>	
<b>Last financial data available is dated from 31 December 2008 and included in the present reference document.</b>	
<b>20.6. Intermediate financial data and others</b>	
<b>The current reference document does not include any financial information on intermediary periods.</b>	
<b>20.7. Dividend payment policy</b>	<b>Paragraph 1.4.4.</b>
<b>20.8. Legal and arbitration procedures</b>	
<b>At the date of the present Reference Document, as far as the company is aware of, there is no current judicial, administrative or arbitration procedure in process or threatening the company</b>	

and likely to have a significant impact on the company financial situation, activity and income. Existing legal actions are described in paragraph 1.5.2.4.

#### **20.9. Significant change of the financial or commercial situation**

No significant change of the financial or commercial situation occurred since the end of the previous financial year.

#### **Chapter 21. FURTHER INFORMATION**

##### **21.1. Shareholders equity**

##### **21.2. Deed of foundation and Articles of association**

**Chapter 5.**

**Paragraph 5.1.**

**Paragraph 5.5.**

#### **Chapter 22. MAJOR ACCOUNTS**

In 2018, SQLI did not conclude any major contract except for those concluded for usual business.

#### **Chapter 23. INFORMATION COMING FROM OUTSIDERS, EXPERT STATEMENTS OR INTEREST STATEMENTS**

The group management did not record any information coming from outsiders, experts statements, or declarations of interest that should be mentioned in the present reference document.

#### **Chapter 24. DOCUMENTS AVAILABLE TO THE PUBLIC**

#### **Chapter 25. INFORMATIONS ON PARTICIPATIONS**

**Paragraph 6.3.**

**Paragraph 1.2.2.**

## **APPENDIX 2: TABLE OF CONCORDANCE WITH THE ANNUAL FINANCIAL REPORT**

#### **Statement of the accountable person**

**Paragraph 6.1.2.**

#### **Management report**

**Analysis of results, financial situation and risks related to the controlling company and the consolidated group (art. L.225-100 and L.225-100-2 of the Commercial Code)**

**Chapter 1.**

**Information related to capital structure and to the factors which could have an impact in case of public offer ((225) -100-3 of the Commercial Code)**

**Paragraph 5.2.**

**Information related to share redemption (art. L.225-211, al.2 of the Commercial Code)**

**Paragraph 5.2.4.  
and Paragraph  
5.2.5.**

**Chairman report on the Executive Board functioning and internal control procedures (article L 225-37 of the Commercial Code)**

**Chapter 2.**

#### **Annual accounts**

**Paragraph 4.3.**

**Report of the statutory auditors on the annual accounts**

**Paragraph 4.5.**

**Consolidated accounts**

**Paragraph 4.1.**

**Report of the statutory auditors on the consolidated accounts**

**Paragraph 4.2.**

**Statutory auditors fees**

**Paragraph 4.1. (page  
190)**

## APPENDIX 3 TABLE OF CONCORDANCE WITH THE MANAGEMENT REPORT

<b>Situation and activity of the Company, its subsidiaries and the other companies under control during the year</b>	<b>Chapter 1</b>
<b>Modifications brought to the presentation of the accounts and the evaluation procedures applied in the past years</b>	<b>Chapter 4</b>
<b>Activity results of the company, its subsidiaries and the companies under control</b>	<b>Chapter 1 &amp; Chapter 4</b>
<b>Financial KPI</b>	<b>Paragraph 1.1.</b>
<b>Analysis of the business, results and financial situation evolution</b>	<b>Paragraph 1.4.</b>
<b>Improvements and challenges</b>	<b>Chapter 1</b>
<b>Description of the main risks and questions faced by the company (included the exposure to financial risks)</b>	<b>Chapter 1.5 and paragraph 3.2.</b>
<b>Indications on the use of financial instruments, objectives and policy of the company regarding the financial risks control</b>	<b>Paragraph 1.5.2.</b>
<b>Main events occurred since the accounts closing date</b>	<b>Paragraph 1.3.4.</b>
<b>Expected evolution of the company and perspectives</b>	<b>Paragraph 1.4.3. and 1.3.9.2.</b>
<b>Activities in R&amp;D</b>	<b>Paragraph 1.3.8.</b>
<b>List of mandates and functions exercised in every company by every managing agent during the year</b>	<b>Chapter 2.</b>
<b>Total remuneration and advantages given to every managing agent during the year</b>	<b>Paragraph 2.1.1.5.</b>
<b>Global commitments taken by the company for its Executive managers, consisting in remuneration, compensations or advantages due or likely to be due after the intake, the ending or the change of these functions</b>	<b>Chapter 2.</b>
<b>Transactions related to the company securities executed by the head managers</b>	<b>Paragraph 5.2.1.</b>
<b>Environmental and social KPI</b>	<b>Chapter 3</b>
<b>Social information :</b>	<b>Chapter 3</b>
<b>Participation of employees to the share capital</b>	<b>Paragraph 5.2.2.1.</b>
<b>Environmental information :</b>	<b>Chapter 3</b>
<b>Information on the technological risks prevention policy, the ability of the company to protect its responsibility with goods and persons related to classified installations, and the predicted means to ensure the management of the victims in case of technological incident for which the company is responsible</b>	<b>Chapter 3</b>
<b>Participation in companies established in France and in which SQLI owns more than 1/20, 1/10, 1/5, 1/3, 1/2 or 2/3 of the capital or voting rights</b>	<b>Paragraph 1.2.2.</b>
<b>Alienations of shares occurred in order to regularize the crossed participations</b>	<b>None</b>

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**Natural persons and corporate bodies holding directly or indirectly more than 1/20, Paragraph 1/10, 1/5, 1/3, 1/2 or 2/3 of the capital or voting rights of the company in the 5.2.1. General Assemblies**

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**Warnings or fines for antitrust practices** **None**

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**Elements likely to have an impact in case of public offer** **Paragraph 2.1.2.1.**

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**Governance system of the company (only in case of change)** **Unchanged**

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**Calculation criteria and results of the adjustment of conversion or exercise basis of None financial securities giving access to the capital and stock options**

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**Information on buy-back programs** **Paragraph 5.2.5.**

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**Table of current delegations regarding capital increases** **Paragraph 2.1.2.1.**

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**Table of the Company results in the last 5 years** **Paragraph 4.4.**

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**Amount of dividends distributed in the last 3 years** **Paragraph 1.4.4.**

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