



ARTEFACT

Consolidated Financial Statement (summary) as of December 31, 2017.



2017 CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED INCOME STATEMENT

<i>In thousands of euros</i>	Note	2017	2016
Revenue	1	160 924	139 963
Cost of Sales		(113 805)	(99 289)
Gross margin	1	47 119	40 674
Employees expenses	2	(34 082)	(27 412)
Employee expenses based on IFRS 2 shares value	2	(584)	(8)
External expenses	3	(11 892)	(8 487)
Taxes (excluding income tax)		(224)	(172)
Other incomes and expenses from operational activities	4	752	422
EBITDA		1 089	5 017
Depreciation and Amortization	5	(874)	(1 799)
Other operating income and expenses - non-current	6	(2 758)	(826)
Operating profit (loss)		(2 543)	2 392
Income from cash and cash equivalents		78	84
Cost of financial debt		(731)	(711)
Cost of net financial debt	7	(653)	(627)
Other financial incomes and expenses		(1 216)	206
Net financial profit (loss)	7	(1 869)	(421)
Profit (loss) before tax		(4 412)	(1 971)
Income tax	8	(230)	(1 403)
Net profit (loss) for the year		(4 643)	568
Non-controlling interests		200	192
Group Net Profit (loss)		(4 843)	376



CONSOLIDATED BALANCE SHEET

<i>In thousands of euros</i>	Note	2017	2016
Goodwill	9	50 816	33 618
Intangible assets		4 490	365
Tangible assets		1 736	1 051
Financial derivative instruments		71	86
Non-current financial assets		1 063	597
Other non-current assets		1 265	490
Non-current deferred tax assets		1 435	2 184
Non-current assets		60 876	38 391
Account and other receivables		58 883	52 445
Current tax assets		1 516	703
Other current assets		2 365	592
Cash and cash equivalents		11 324	10 278
Current deferred tax assets		-	175
Current assets		74 088	64 193
TOTAL ASSETS		134 964	102 584
Ordinary shares		2 579	1 911
Premium shares		42 599	26 607
Retained earnings and other reserves		(4 079)	(4 340)
Conversion reserves		(242)	127
Group net result		(4 843)	376
Group equity		36 014	24 681
Non-controlling interests		514	408
Equity		36 528	25 089
Provisions		17	117
Non-current financial liabilities	11	1 565	14 890
Other non-current liabilities		3 721	4 322
Non-current liabilities		5 303	19 329
Current financial liabilities		18 519	617
Account and other payables		60 605	55 053
Financial derivative instruments		5 163	
Current tax liabilities		115	382
Other current liabilities		8 729	2 114
Current liabilities		93 132	58 166
TOTAL LIABILITIES		134 964	102 584

**CONSOLIDATED CASH FLOW STATEMENT**

<i>In thousands of euros</i>	2017	2016
Net profit (loss) for the year	(4 643)	568
<i>Neutralization of non-cash items (income & expenses)</i>		
- Net depreciation and amortization	1 136	1 799
- Other net amortizations	(100)	142
- Net gain (loss) on disposals	(115)	130
- Income tax	230	1 402
- Income tax paid	(1 314)	(1 782)
- Other non-cash items	1 192	14
- Cost of net financial debt	653	627
Gross margin self-financed	(2 961)	2 900
Variation of working capital related to operational activities	3 714	(3 543)
Net cash flows from/used in operating activities	753	(643)
Scope variation impact	174	(2 817)
Acquisitions of tangible and intangible assets	(1 310)	(516)
Acquisitions of non-current financial assets	(117)	(102)
Disposal of other non-current assets	45	18
Net cash flows related to other current assets and liabilities	(173)	(7)
Net cash flows from/used in investing activities	(1 381)	(3 424)
Capital increase	-	5 345
Borrowing subscriptions	2 295	14 900
Borrowing refunds	(2 042)	(9 897)
Acquisition of interest in a subsidiary	306	(99)
Interest paid	(806)	(1 823)
Interest received	72	12
Dividends paid to non-controlling interests	(94)	(112)
Other net cash flows from financing activities	(1 452)	(327)
Net cash flows from/used in financing activities	(1 721)	7 999
Net cash flows variation	(2 349)	(3 932)
Cash and cash equivalents at the beginning of the year	9 703	5 838
Conversion impact related to variations	(175)	(67)
NET CASH FLOWS AT THE END OF THE YEAR	7 178	9 703



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In thousands of euros</i>	Share capital	Share premiums	Consolidated reserves	Conversion reserves	Consolidated Net Result	Group Equity
Position at 12/31/15	1 659	20 711	(6 581)	258	2 555	18 602
Capital increase	244	5 102				5 346
Costs of capital increase		(369)				(369)
Allocation in reserves			2 555		(2 555)	-
Net result of the year					568	568
Dividends			(112)			(112)
Conversion variation				(131)		(131)
Owned shares variations		1 171				1 171
Value of employee services (IFRS 2)			8			8
Other movements	9	(9)	5			5
Position at 12/31/16	1 911	26 606	(4 125)	127	568	25 089
Capital increase	668	16 432				17 100
Costs of capital increase		(728)				(728)
Allocation in reserves			568		(568)	-
Net result of the period					(4 643)	(4 643)
Dividends			(94)			(94)
Conversion variation				(83)		(83)
Owned shares variations		289				289
Value of employee services (IFRS 2)			204			204
Preference shares - IFRS2			380			380
Goodwill ADPI retreatment			(704)			(704)
Goodwill adjustment				(286)		(286)
Other movements			3			3
Position at 12/31/17	2 579	42 599	(3 766)	(242)	(4 643)	36 528



GLOBAL NET INCOME STATEMENT

<i>In thousands of euros</i>	31/12/2017	31/12/2016
Net result of the year	(4 643)	568
<i>Items which will not be booked in the income statement</i>		
- Revaluation of post-employment benefits obligations		
<i>Items which may be reclassified subsequently in the income statement</i>		
- Conversion variations	(83)	(127)
Total of other items for the global result after tax		
Global net result of the year	(4 726)	441



NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENT

1. General presentation

Artefact is a French limited company submitted to all commercial laws applicable to the commercial companies in France, and regarding the Commercial Code dispositions. Its registered office is located on the 19th rue Richer in Paris (75009). The company is quoted on the Euronext Growth (ex-Alter next) stock exchange in Paris.

Consolidated financial statement of the Artefact group (composed by the company Artefact and its subsidiaries) have been authorized for issue by the Board of Directors on April 23th 2018.

All the figures disclosed in the appendix are disclosed in thousands of euros (K€).

2. Major events of the period

2.1 Acquisition of Artefact

On July 27, 2017, the Company has proceeded to the acquisition of 100% of the company Artefact through the issue of new shares. This operation has been based on a value of 17 100 k€. The contribution has been compensated by the issuance of 6 584 933 new shares with a unit price of 2.49 euros as well as the issuance of 54 075 preference shares 1 (ADP1) submitted with a price of 2.49 euros and finally the issuance of 41 808 of preference shares (ADP2) with a price of 13.61 euros.

Following this acquisition, a temporary allocation of the acquisition price (Purchase Price Allocation) has been performed. Analysis performed have led to the recognition of identified assets including the valorization of the Artefact brand (for 2 296 k€), the client portfolio (for 695 k€) and finally the technology for 1 227 k€, thus leading to a global amount of 4 218 k€, booked as an intangible asset in the appropriate accounting entry.

The Goodwill value booked amounts to 17 484 k€ including the evaluation of ADPIs for an amount of 4 603 k€, which are corresponding to the estimation of the converted shares number, valued according to the stock exchange rate at the date of the ADP 1 submission (July the 27th 2017), 3.2€. Artefact accounts have been consolidated from July the 27th, 2017.

2.2 Presentation of the new strategic plan 2018 – 2020

On November 9, 2017, the Groupe has presented its new strategic plan for the 2018-2020 period. The Group plans to reach 100 M€ Gross Margin by 2020. This scale change must go hand in hand with a strong dynamic of margins assessment with the will to bring an EBITDA of 10%/15% of the gross margin out within three years.

These new ambitions are fitting within the Group transformation process engaged over the last months. This transformation has taken its full sense with the announcement of Artefact acquisition, effective since July 2017. This acquisition paves the way to a new future with the creation of the first international consulting agency in digital strategy based on the Data and Artificial Intelligence.

Profitable since its creation, three years ago, Artefact shows a fast growth build on the added value of their expert knowledge regarding the Data and the Artificial Intelligence linked to a demonstrated ability to conquer and retain new markets.

2.3 Increase in capital of 15.5 million euros

On January 29, 2018, the Company has performed an increase in capital of 15.5 million euros, performed through private placements with the suppression of the preferential rate to subscribe to qualified investors. This operation, performed through an accelerated book building process, is thus consistent with the implementation of the 2018 – 2020 strategic plan.

2.4 New abroad implantations in Asia

Accordingly, with its development target in Asia, the Company has created 4 subsidiaries designed to cover the Asian area:

- Creation of two subsidiaries in Hong Kong fully owned, NetBooster APAC Limited & NetBooster Hong Kong Limited ;
- Creation of NetBooster Malaysia SDN BHD based in Petaling Jaya (Kuala Lumpur) in Malaysia, fully owned ;
- Creation of NetBooster Singapore PTE LTD based in Singapore, fully owned.



2.5 Restructuring costs

To face the decrease of the business observed in France regarding the historical media activity, it has been decided by the company management to adjust the number of staffs to the level of activity while reducing the overhead costs. At the same time, following the decrease of the activity in the Nordics and the operational losses recognized in 2016 and at the beginning of 2017, a wide restructuring plan has been initiated in this geographic area aiming at reducing overhead costs and thus lowering the profitability threshold. Restructuring costs are representing overall a global cost lightly over 1 million euros, booked as non-current operational costs.

2.6 Breaking of bank covenants – Waiver obtention

The Group has not fulfilled the bank covenants applicable to the loan as of December 31st, 2017, nevertheless the group has obtained a waiver from the bank Pool and the Private Fund provided that the increase in capital is done which has been conducted in January 2018.

In its recommendation 2008-22, the AMF, referring to the IAS 1 standard, has reminded that a loan whose covenant has not been fulfilled during the period or at the closing of the period making the loan immediately due, must be reclassified as a current liability even if the lender has accepted, after the closing date, to not asking for the reimbursement after the breaking of the covenant. Consequently, the waiver which had been received on January the 29th 2018, that is after December the 31st 2017, the group has reclassified the completeness of the bank loan as a current liability with a less than a year due date.

3. Summary of accounting principles

3.1 Consolidation principles

Referential

In application to the European rules 1606/2002 of July the 19th 2002 regarding international standards, Artefact Group consolidated financial statements for the year end closing as of December the 31st 2017 have been prepared under the international accounting standards IFRS in effect in the European Union on December 31st, 2017. They include norms approved by the International Accounting Standards Board (IASB), that is the IFRS, International Accounting Standards (IAS) and interpretations communicated by the International Financial Reporting Interpretation Committed (IFRIC).

IFRS Standards, IFRIC interpretations or mandatory amendments applied to the company as of 01/01/17

The Group has applied norms disclosed below, which must be mandatory applied for the accounting exercises opened as of January the 1st, 2017:

Standards, amendments and interpretations	Date of entry into force	Adopting date in Europe
Amendment to IAS 7 – Information related of financing activity	01/01/2017	Published in the OJ on 11/9/2017
Amendment to IAS 12 – Recognition of deferred tax assets related to unrealized losses	01/01/2017	Published in the OJ on 11/9/2017

Standards, amendments et interpretations for which the application is optional in 2017

The IASB has published standards and interpretations, adopted by the European Union, applicable for the accounting exercises opened as of January the 1st, 2018 and subsequent ones. The application of those rules has not been anticipated:

Standards, amendments and interpretations	Date of entry into force	Adopting date in Europe
IFRS 9 – Financial instruments	01/01/2018	Published in the OJ on 11/29/2016
IFRS 15 – Incomes from ordinary activities coming from contracts struck with customers including amendments on the date of entry into force	01/01/2018	Published in the OJ on 11/29/2016
Amendments to IFRS 15 – Clarifications	01/01/2018	Published in the OJ on 9/9/2017
IFRS 16 – Lease contracts	01/01/2019	Published in the OJ on 9/9/2017



3.2 Consolidation principles

The Group consolidated financial statements are including Artefact and its subsidiaries financial statements as of December the 31st 2017. Subsidiaries financial statements are prepared within the same reference period than the parent company financial statement. The list of retained subsidiaries within the consolidation scope is disclosed in the fourth paragraph below.

Subsidiaries are defined as every entity on which the Group exercises control. Subsidiaries are consolidated by global integration at the date that the Group obtains the control on them, and they are excluded from the consolidation scope at the date that they ceased to be controlled by the Group. Subsidiaries consolidated accounts are retreated if needed, to insure the homogeneity of the accounting and evaluation principles.

4. Scope of Consolidation

The scope of consolidation as of December 31, 2017 is the following:

Entity	Registered office	Country	% of interest	% of ownership	Method
Artefact SA	19 rue Richer 75009 Paris	France	Parent society	Parent society	FC
Pixidis SARL	19 rue Richer 75009 Paris	France	100%	100%	FC
Netbooster GmbH	Eschenheimer Anlage 31a 60318 Frankfurt	Germany	100%	100%	FC
metapeople GmbH	21 Philosophenweg, 47051 Duisburg	Germany	100%	100%	FC
metapeople GmbH	26 Siewerdtstr, 8050 Zurich	Switzerland	100%	100%	FC
Artefact Netherlands	Artur van Schendelstraat 500, 3511 MH Utrecht	Holland	100%	100%	FC
Netbooster UK	4th Floor, 78 Chamber Street Whitechapel, London E1 8BL	UK	100%	100%	FC
Artefact Italy SRL	Via Sicilia, 43, 00187 Rome	Italy	100%	100%	FC
Artefact Spain SL	Plaza de Manuel Becerra 15, 28028 Madrid	Spain	100%	100%	FC
Media Diamond	Calle Marques de Monteagudo, 22, 28028 Madrid	Spain	50%	100%	FC
Artefact MENA	3 rd Floor office, 3004 Building EIB1, Dubai	Dubai	100%	100%	FC
Artefact Denmark	Pilestraede 521, 3, sal 1112 Copenhagen K	Denmark	100%	100%	FC
Artefact Finland	Bulevardi 2-4 A 00120 Helsinki	Finland	100%	100%	FC
Artefact Norway	Filipstad Brygge 1 – 2nd floor 0252 Oslo	Norway	100%	100%	FC
Netbooster Sweden	Sankt Eriksgatan 63 11234 Stockholm	Sweden	100%	100%	FC
Netbooster Holding A/S	Pilestraede 521, 3, sal 1112 Copenhagen K	Denmark	100%	100%	FC
NetBooster APAC Ltd	Unit 1904-5, 135 Bonham Strand Trade Center, Hong Kong	Hong Kong	100%	100%	FC
Netbooster Hong Kong Ltd	Unit 1904-5, 135 Bonham Strand Trade Center, Hong Kong	Hong Kong	100%	100%	FC
NetBooster Malaysia SDN BHD	Petaling Jaya	Malaysia	100%	100%	FC
NetBooster Singapore PTE Ltd	92 Robinson Road, #11-04 SIF Building, 68899 Singapore	Singapore	100%	100%	FC

Scope variations which occurred in 2017 are as follow :

- Creation of two subsidiaries in Hong Kong fully owned, NetBooster APAC Limited & NetBooster Hong Kong Limited ;
- Creation of NetBooster Malaysia SDN BHD in Malaysia, fully owned ;
- Creation of NetBooster Singapore PTE LTD in Singapore, fully owned.



5. Notes related to the income statement and the balance sheet

Note 1 | Turnover – Segment information

Gross Margin and profitability per geographic area

<i>In thousands of euros</i>	Gross Margin		EBITDA	
	2017	2016	2017	2016
France	11 795	7 912	(338)	1 252
-including IFRS 2 impact			(584)	(8)
Rest of Europe	32 940	30 508	1 397	3 520
- Germany (+ Switzerland & Holland)	14 991	14 713	731	2 989
- United Kingdom	9 167	5 995	748	519
- Northern Europe	5 142	5 896	(694)	(851)
- Southern Europe	3 640	3 904	612	863
Asia and Middle East	2 384	2 254	30	245
TOTAL	47 119	40 674	1 089	5 017

Gross Margin per channel

<i>In thousands of euros</i>	2017		2016	
Consulting (consulting & data)	7 866	17%	4 232	10%
Marketing (media & activation, creation)	39 419	83%	36 531	90%
- PPC	19 276	41%	16 936	42%
- SEO	6 149	13%	5 540	14%
- Media	4 906	10%	5 427	13%
- Affiliation	4 704	9%	4 710	12%
- Design & creation	2 056	4%	2 003	5%
- Social Media	2 328	5%	1 915	5%
Clients losses	(166)		(90)	
TOTAL Gross Margin	47 119	100%	40 674	100%

Note 2 | Employees expenses

<i>In thousands of euros</i>	2017	2016
Wages and salaries	(28 343)	(23 091)
Social charges	(5 355)	(3 934)
Pension benefits	(4)	8
Other	(380)	(395)
TOTAL	(34 082)	27 412



The average workforce is distributed as follow:

	2017	2016
France	178	94
Rest of Europe	447	435
Asia & Middle East	31	23
TOTAL	656	552

Payment based on IFRS 2 shares

This P&L rubric is named “employee expenses – Payment based on the IFRS 2 shares” which represents an expense of 584 thousand of euros, corresponding to a reclassification of personnel expenses according to the IFRS 2 standard, free shares for 204 thousand of euros and preferential shares, ADP 2, for 380 thousand of euros.

Note 3 | External Expenses

<i>In thousands of euros</i>	2017	2016
Rental and lease costs	(3 146)	(2 754)
Fees	(2 296)	(1 450)
Travel expenses	(1 655)	(1 308)
Marketing expenses	(752)	(591)
Dues and subscriptions	(284)	(206)
License fees	(607)	(426)
Telephone and internet	(454)	(299)
IT equipment	(540)	(245)
Maintenance	(371)	(206)
Insurance	(198)	(144)
Recruitment costs	(547)	(245)
Staff entertainment expenses	(343)	(190)
Bank fees	(220)	(122)
Training costs	(108)	(45)
Other	(371)	(258)
TOTAL	(11 892)	(8 487)

Note 4 | Other current incomes and expenses

<i>In thousands of euros</i>	2017	2016
Research tax credit and other subventions	795	38
Charges transferred	134	178
Other current incomes	270	386
Bad debt costs	(457)	-
Other current expenses	10	(180)
TOTAL	752	422

**Note 5 | Depreciation and amortization**

<i>In thousands of euros</i>	2017	2016
Intangible assets depreciation	(270)	(234)
Tangible assets depreciation	(604)	(400)
Goodwill amortization (Finland)	-	(1 165)
TOTAL	(874)	(1 799)

Note 6 | Other non-current operational incomes and expenses

<i>In thousands of euros</i>	2017	2016
Restructuring costs	(1 056)	(308)
Regrouping costs (moving costs)	(743)	-
Recall of VAT in Germany	(662)	-
Gain / Loss on owned shares	17	(99)
Other	(314)	(419)
TOTAL	(2 758)	(826)

Restructuring and reorganization costs are concerning France for 822 thousand of euros and 234 thousand of euros for the Nordics.

Following the acquisition of 4Ps at the end of 2016 in England and the acquisition of Artefact in France in July 2017, teams gathering into unique offices in London and Paris have led to exceptional costs:

- Exceptional depreciation of tangible assets given up for 263 thousand of euros in France;
- Moving costs and double rents in London for a total of 480 thousand of euros in England.

Note 7 | Financial incomes and expenses

<i>In thousands of euros</i>	2017	2016
Incomes from cash and cash equivalent	78	11
Cost of financial debt	(731)	(638)
Cost of net financial debt	(653)	(627)
Exchange gains	389	422
Other	1	167
Other financial income	390	589
Fair value impacts of derivative instruments	(575)	(37)
Amortization of financial assets	(1)	-
Exchange loss	(984)	(335)
Other	(46)	(11)
Other financial expenses	(1606)	(383)
NET FINANCIAL RESULT	(1 869)	(421)

**Note 8 | Tax Income****Tax income detail**

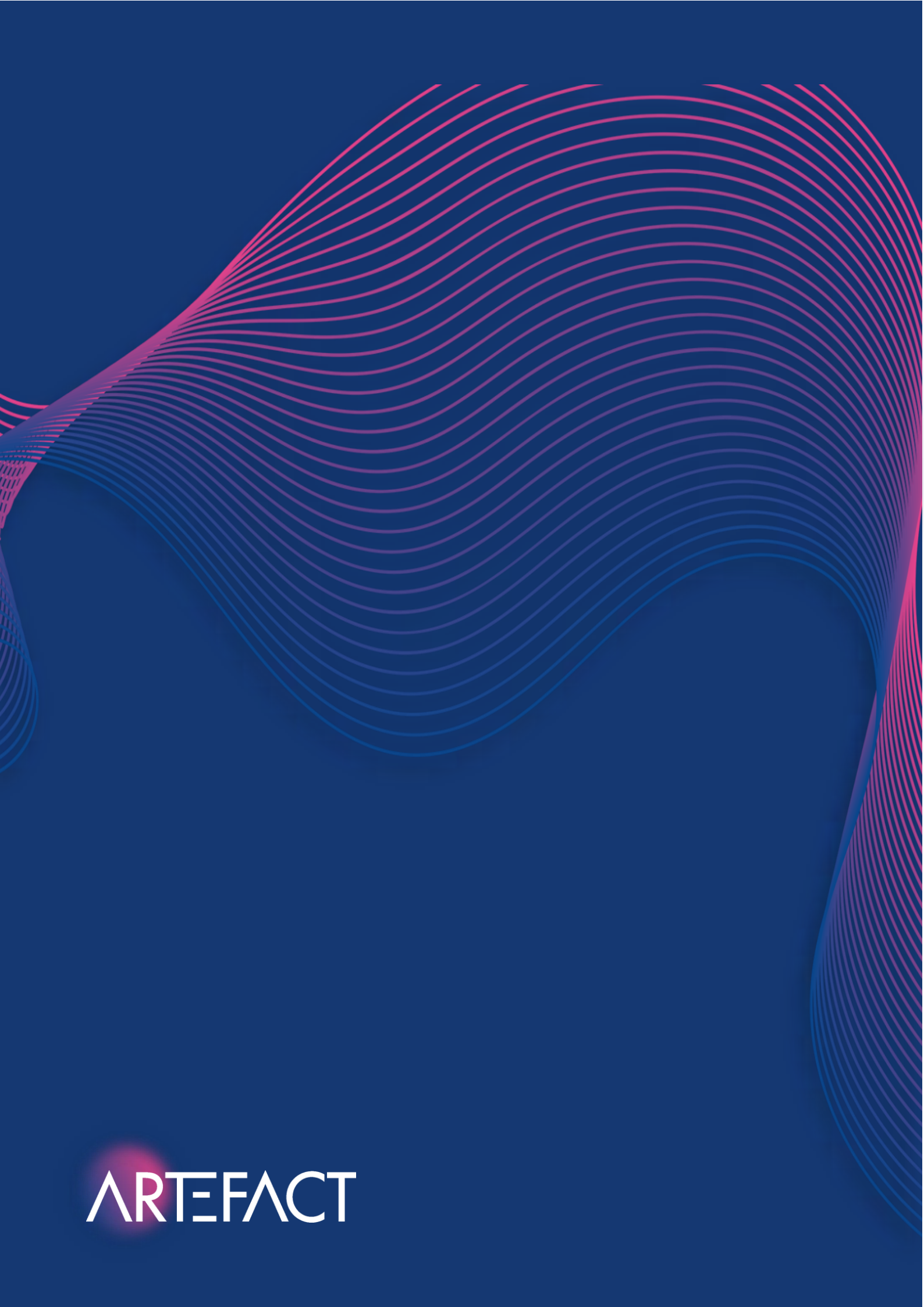
<i>In thousands of euros</i>	2017	2016
Tax income	(380)	(1 413)
IAS 12: CVAC and other	(114)	151
Current income tax	(494)	(1 262)
Deferred tax on tax loss carry-forwards	-	(359)
Other tax deferred	264	218
Effective tax charge	(230)	(1 403)

Note 9 | Goodwill

<i>In thousands of euros</i>	Net value as of 31/12/2016	Increase	Decrease	Conversion difference	Net value as of 31/12/2017
France	2 031	17 484			19 515
4Ps Marketing (UK)	8 354			(286)	8 068
meta people (DE, CHF, NL)	12 652				12 652
Northern Europe	4 565				4 565
Southern Europe	6 016				6 016
TOTAL	33 618	17 484	-	(286)	50 816

Note 10 | Financial debts

<i>In thousands of euros</i>	31/12/2016	Variation	Conversion difference	31/12/2017
Bank loans	14 890	(13 325)		1 565
Non-current Financial Debt	14 890	(13 325)		1 565
Bank loans	42	14 331		14 373
Bank deficits	575	3 571		4 146
Current Financial Debt	617	17 902		18 519
Total Financial Debt	15 507	4 577		20 084



ARTEFACT