



# CONSOLIDATED FINANCIAL STATEMENTS – 1<sup>st</sup> SEMESTER 2018

(from February 1<sup>st</sup> to July 31, 2018)

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## **ESI Group**

French limited company with a share capital of €18,049,326  
Registered office: 100-102 avenue de Suffren, 75015 Paris  
Paris Trade and Company Register (RCS number) 381 080 225

# 1. Consolidated income statement

<i>(In € thousands)</i>	Note	July 31, 2018	July 31, 2017	January 31, 2018
Licenses and maintenance		39,400	39,032	105,748
Consulting		13,387	14,523	29,100
Other		444	188	429
<b>REVENUE</b>	4.1	<b>53,231</b>	<b>53,743</b>	<b>135,277</b>
Cost of sales		(18,017)	(17,564)	(37,487)
Research and development costs	5.2	(14,826)	(13,502)	(28,698)
Selling and marketing expenses		(19,956)	(19,501)	(41,433)
General and administrative costs		(9,298)	(8,628)	(18,471)
<b>CURRENT OPERATING RESULT</b>		<b>(8,865)</b>	<b>(5,452)</b>	<b>9,188</b>
Other operating income and expenses	3.2	(447)	(595)	(1,108)
<b>INCOME FROM OPERATIONS</b>		<b>(9,312)</b>	<b>(6,047)</b>	<b>8,080</b>
<b>FINANCIAL RESULT</b>	6.2	<b>(710)</b>	<b>(1,634)</b>	<b>(2,718)</b>
Share of profit of associates		(550)	(287)	216
<b>INCOME BEFORE INCOME TAX EXPENSE AND MINORITY INTERESTS</b>		<b>(10,572)</b>	<b>(7,969)</b>	<b>5,578</b>
Provision for income tax	7.1	2,794	2,142	(3,197)
<b>NET INCOME BEFORE MINORITY INTERESTS</b>		<b>(7,778)</b>	<b>(5,827)</b>	<b>2,381</b>
Minority interests		109	85	6
<b>NET INCOME (GROUP SHARE)</b>		<b>(7,888)</b>	<b>(5,912)</b>	<b>2,375</b>
Earnings per share (in euros)		(1.40)	(1.06)	0.42
Diluted earnings per share (in euros)		(1.39)	(1.06)	0.42

## Statement of comprehensive income

<i>(In € thousands)</i>	July 31, 2018	July 31, 2017	January 31, 2018
NET INCOME BEFORE MINORITY INTERESTS	(7,778)	(5,827)	2,381
<b>OTHER COMPREHENSIVE INCOME RECYCLED TO INCOME</b>			
Change in the fair value of hedging instruments	13	1	(1)
Translation differences	125	(893)	(1,544)
<b>OTHER COMPREHENSIVE INCOME (LOSS) NOT RECYCLED TO INCOME</b>			
Actuarial gains and losses	-	-	(214)
Income and expenses recorded directly in equity	138	(892)	(1,759)
<b>COMPREHENSIVE INCOME</b>	<b>(7,641)</b>	<b>(6,719)</b>	<b>622</b>
Attributable to Group equity holders	(7,769)	(6,770)	671
Attributable to minority interests	128	51	(49)

The notes are an integral part of the consolidated financial statements.

## 2. Balance sheet

### ASSETS

<i>(In € thousands)</i>	Note	July 31, 2018	July 31, 2017	January 31, 2018
<b>NON-CURRENT ASSETS</b>		<b>133,630</b>	<b>129,204</b>	127,598
Goodwill	3.1	41,301	41,271	41,026
Intangible assets	5.1	61,072	59,404	59,869
Property, plant and equipment		5,900	5,382	4,877
Investment in associates		409	563	960
Deferred tax assets	7.2	14,801	15,061	10,738
Other non-current assets		10,147	7,425	10,015
Cash-flow hedging instruments		0	98	113
<b>CURRENT ASSETS</b>		<b>68,704</b>	<b>66,874</b>	94,641
Trade receivables		38,337	34,753	62,924
Other current receivables		14,082	12,911	11,954
Prepaid expenses		3,428	3,985	4,043
Cash and cash equivalents		12,858	15,225	15,720
<b>TOTAL ASSETS</b>		<b>202,334</b>	<b>196,078</b>	<b>222,239</b>

### LIABILITIES

<i>(In € thousands)</i>	Note	July 31, 2018	July 31, 2017	January 31, 2018
<b>EQUITY</b>		<b>94,503</b>	<b>93,979</b>	<b>101,482</b>
<b>Equity (Group share)</b>		<b>93,620</b>	<b>93,035</b>	<b>100,638</b>
Capital		18,052	18,021	18,049
Additional paid in capital		25,803	25,550	25,782
Reserves and retained earnings		57,196	54,392	54,082
Net income (loss)		(7,888)	(5,912)	2,375
Translation differences		456	984	349
<b>Minority interests</b>		<b>883</b>	<b>943</b>	<b>844</b>
<b>NON-CURRENT LIABILITIES</b>		<b>48,418</b>	<b>49,094</b>	<b>47,645</b>
Long-term share of financial debt	6.1	33,842	36,149	34,089
Provision for employee benefits		9,420	8,600	8,798
Deferred tax liabilities	7.2	3,737	3,490	3,737
Cash-flow hedging instruments		50	33	36
Other long-term debt		1,370	822	985
<b>CURRENT LIABILITIES</b>		<b>59,413</b>	<b>53,006</b>	<b>73,112</b>
Short-term share of financial debt	6.1	12,187	7,673	13,464
Trade payables		9,068	6,980	9,968
Accrued compensation; taxes and others short-term liabilities		17,680	18,495	26,493
Provisions for contingencies, risks and disputes		578	1,012	591
Deferred income		19,900	18,845	22,596
<b>TOTAL LIABILITIES</b>		<b>202,334</b>	<b>196,078</b>	<b>222,239</b>

The notes are an integral part of the consolidated financial statements.

### 3. Consolidated statement of changes in equity

<i>(In € thousands except number of shares)</i>	Number of shares	Share capital	Addition al paid in capital	Net income, reserves and retained earnings	Translation differences	Equity attributabl e to parent company owners	Minority interests	Total Equity
<b>AT JANUARY 31, 2017</b>	<b>5,991,992</b>	<b>17,976</b>	<b>25,218</b>	<b>53,438</b>	<b>1,843</b>	<b>98,475</b>	<b>1,013</b>	<b>99,488</b>
Change in fair value of hedging instruments				(1)		(1)		(1)
Translation differences					(1,494)	(1,494)	(50)	(1,544)
Actuarial gains and losses				(209)		(209)	(5)	(214)
<b>Income and expenses recognized directly in equity</b>				<b>(210)</b>	<b>(1,494)</b>	<b>(1,704)</b>	<b>(55)</b>	<b>(1,759)</b>
Net income				2,375		2,375	6	2,381
<b>COMPREHENSIVE INCOME</b>				<b>2,165</b>	<b>(1,494)</b>	<b>671</b>	<b>(49)</b>	<b>622</b>
Proceeds from issue of shares	24,450	73	563			636		636
Treasury shares				404		404		404
Share-based payments				499		499		499
Transactions with non-controlling interests				191		191	(121)	70
Other movements				(237)		(237)	1	(236)
<b>AT JANUARY 31, 2018</b>	<b>6,016,442</b>	<b>18,049</b>	<b>25,782</b>	<b>56,460</b>	<b>349</b>	<b>100,638</b>	<b>844</b>	<b>101,483</b>
Change in fair value of hedging instruments				13		13		13
translation differences					106	106	19	125
Actuarial gains and losses				-		-	-	-
<b>Recognized income and expense directly in equity</b>				<b>13</b>	<b>106</b>	<b>119</b>	<b>19</b>	<b>138</b>
Net income				(7,888)		(7,888)	109	(7,778)
<b>COMPREHENSIVE INCOME</b>				<b>(7,875)</b>	<b>106</b>	<b>(7,769)</b>	<b>128</b>	<b>(7,641)</b>
Proceeds from issue of shares	850	2	21			23		23
Treasury shares				45		45		45
Share-based payments				333		333		333
Transactions with non-controlling interests				104		104	(89)	15
Other movements				247		247		247
<b>AT JULY 31, 2018</b>	<b>6,017,292</b>	<b>18,051</b>	<b>25,803</b>	<b>49,314</b>	<b>455</b>	<b>93,621</b>	<b>883</b>	<b>94,505</b>

The notes are an integral part of the consolidated financial statements.

## 4. Consolidated statement of cash flows

<i>(In € thousands)</i>	July 31, 2018	July 31, 2017	January 31, 2018
<b>Net income before minority interests</b>	<b>(7,778)</b>	<b>(5,827)</b>	<b>2,381</b>
Share of profit of associates	550	287	(216)
Amortization and provisions	1,996	1,783	3,905
Net impact of capitalization of development costs	(1,635)	(2,017)	(3,216)
Income taxes (current and deferred)	(2,794)	(2,142)	3,197
Income taxes paid	(332)	(1,073)	(3,492)
Unrealized financial gains and losses	29	984	1,497
Share-based payment transactions	333	252	499
Gains and losses on assets disposals	1	8	65
<b>CASH FLOWS</b>	<b>(9,629)</b>	<b>(7,744)</b>	<b>4,620</b>
Trade receivables	25,358	38,249	8,261
Trade payables	(1,450)	(4,166)	(837)
Other receivables and other liabilities	(13,890)	(15,017)	9
<b>Changes in working capital requirements</b>	<b>10,017</b>	<b>19,065</b>	<b>7,433</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>388</b>	<b>11,322</b>	<b>12,053</b>
Purchase of intangible assets	(337)	(381)	(512)
Purchase of property, plant and equipment	(1,461)	(1,937)	(3,067)
Acquisition of subsidiaries, net of cash acquired	99	(951)	(566)
Other investment operations	(103)	295	(2,382)
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<b>(1,802)</b>	<b>(2,974)</b>	<b>(6,527)</b>
Proceeds from loans	4,753	153	11,409
Repayment of borrowings	(6,276)	(8,249)	(15,392)
Proceeds from issue of shares	24	378	636
Purchase and proceeds from disposal of treasury shares	45	494	(146)
Dividends paid to minority shareholders	(89)	(121)	(121)
<b>NET CASH USED FOR FINANCING ACTIVITIES</b>	<b>(1,544)</b>	<b>(7,346)</b>	<b>(3,615)</b>
Effect of exchange rate changes on cash and cash equivalents	95	(217)	(243)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,863)</b>	<b>785</b>	<b>1,669</b>
Opening cash position	15,725	14,056	14,056
Closing cash position <sup>(1)</sup>	12,858	14,840	15,725
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,863)</b>	<b>785</b>	<b>1,669</b>

(1) Net cash and cash equivalents at July 31, 2017 comprised € 15.225 million in assets less € 0.385 million in bank overdrafts. Closing cash position in January 31, 2018 and in July 31, 2018 correspond to cash and cash equivalents on the assets side of the balance sheet. There is no bank overdraft.

The notes are an integral part of the consolidated financial statements.