2019 CONSOLIDATED FINANCIAL STATEMENTS

Linedata

CONSOLIDATED INCOME STATEMENT

(in € thousands)	Notes	12/31/2018	12/31/2019
Revenue	***5.1***	**173 237**	**169 653**
Purchases and external expenses	*5.6*	(38 128)	(35 361)
Taxes and duties		(3 178)	(3 010)
Employee expenses	*6.2*	(87 836)	(82 659)
Other recurring operating income and expenses	*5.7*	(1 489)	(1 449)
Depreciation, amortization, impairment and provisions		(15 234)	(16 503)
Recurring operating profit		**27 372**	**30 671**
As % of revenue		**15,8%**	**18,1%**
Other operating income and expenses	*5.8*	1 276	(898)
Operating profit		**28 648**	**29 773**
As % of revenue		**16,5%**	**17,5%**
Net borrowing costs	*9.2.1*	(2 461)	(2 265)
Other financial income	*9.2.2*	2 111	1 589
Other financial expenses	*9.2.2*	(1 023)	(2 103)
Income tax	*10.1*	(7 622)	(9 535)
Profit from continuing operations		**19 653**	**17 461**
Profit from discontinued operations		-	-
CONSOLIDATED PROFIT FOR THE YEAR		**19 653**	**17 461**
As % of revenue		**11,3%**	**10,3%**
Attributable to non-controlling interests		-	(349)
Attributable to owners of the Company		19 653	17 810

EARNINGS PER SHARE (in euros)			
Basic earnings per share	*11.2*	2,85	2,69
Diluted earnings per share	*11.2*	2,85	2,69

The Group has applied IFRS 16 for the first time as of January 1, 2019 on a simplified retrospective basis. According to this approach, comparative information is not restated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € thousands)	12/31/2018	12/31/2019
Consolidated profit for the year	**19 653**	**17 461**
Currency translation adjustments	2 757	2 837
Of which tax effects	*(7)*	-
Change in derivative financial instruments	(21)	(5)
Of which tax effects	*11*	*2*
Items that may be subsequently reclassified to profit or loss	**2 736**	**2 832**
Actuarial gains and losses on retirement benefit obligations	689	(408)
Of which tax effects	*(230)*	*131*
Items that will not be subsequently reclassified to profit or loss	**689**	**(408)**
Total other comprehensive income (loss) for the year, net of tax	**3 425**	**2 424**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**23 078**	**19 885**

The Group has applied IFRS 16 for the first time as of January 1, 2019 on a simplified retrospective basis. According to this approach, comparative information is not restated.

Translation reserves include translation differences between the operating currencies of Group entities and the reporting currency and the effects of hedges of net investments in foreign operations. Movements are recognised in "Other comprehensive income". These translation reserves are also impacted by the sale of foreign operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (in € thousands)	Notes	12/31/2018	12/31/2019
Goodwill	*7.1*	155 887	159 565
Intangible assets	*7.2*	25 500	26 543
Right of use IFRS 16	*7.3*		12 762
Property, plant and equipment	*7.4*	23 902	22 764
Non-current financial assets		1 580	1 239
Other non-current assets		452	488
Deferred tax assets	*10.2*	2 347	2 784
Non-current assets		**209 668**	**226 145**
Trade and other receivables	*5.3*	43 089	48 570
Tax receivables		1 816	1 419
Cash and cash equivalents	*9.1.2*	21 743	17 178
Current assets		**66 648**	**67 167**
TOTAL ASSETS		**276 316**	**293 315**

EQUITY AND LIABILITIES (in € thousands)	Notes	12/31/2018	12/31/2019
Capital stock		7 134	6 626
Reserves		86 244	94 334
Profit for the year		19 653	17 810
Equity attributable to owners of the Company		**113 031**	**118 770**
Non-controlling interests		**-**	**(216)**
TOTAL EQUITY	***11***	**113 031**	**118 554**
Provisions for retirement and other post-employment benefits	*6.3*	7 265	8 216
Non-current provisions	*8.1*	167	24
Non-current loans and other financial liabilities	*9.1.1*	82 983	72 643
Non-current rent debts IFRS 16			9 166
Deferred tax liabilities	*10.2*	9 058	10 744
Other non-current liabilities		1 189	124
Non-current liabilities		**100 662**	**100 917**
Current provisions	*8.1*	123	303
Current loans and other financial liabilities	*9.1.1*	16 665	21 312
current rent debts IFRS 16			3 924
Current operating liabilities	*5.4*	42 349	45 042
Current tax liabilities		3 486	3 262
Current liabilities		**62 623**	**73 843**
TOTAL EQUITY AND LIABILITIES		**276 316**	**293 315**

The Group has applied IFRS 16 for the first time as of January 1, 2019 on a simplified retrospective basis. According to this approach, comparative information is not restated.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € thousands)	Number of shares	Capital stock	Additional paid-in capital	Consolidated reserves	Treasury stock	Other comprehensive income (loss)	Profit for the year	Total Equity Group share	Minority share	Total Equity
As of 12/31/2017	**7 294 029**	**7 294**	**37 293**	**72 613**	**(4 402)**	**(17 139)**	**19 786**	**115 445**		**115 445**
Appropriation of profit for the year		-	-	19 731	55	-	(19 786)	**-**		**-**
Profit for the year		-	-	-	-	-	19 653	**19 653**		**19 653**
Capital stock transactions		(160)	(6 028)	-	6 188	-	-	**-**		**-**
Treasury stock transactions		-	-	-	(15 929)	-	-	**(15 929)**		**(15 929)**
Share-based payments		-	-	(251)	-	-	-	**(251)**		**(251)**
Dividends paid		-		(9 648)	-	-	-	**(9 648)**		**(9 648)**
Other comprehensive income (loss)		-	-	-	-	668	-	**668**		**668**
Foreign currency translation adjustments		-	-	-	-	2 757	-	**2 757**		**2 757**
Other movements		-	-	336	-	-	-	**336**		**336**
As of 12/31/2018	**7 294 029**	**7 134**	**31 265**	**82 781**	**(14 088)**	**(13 714)**	**19 653**	**113 031**	**-**	**113 031**
Appropriation of profit for the year	-	-	-	19 653		-	(19 653)	**-**		**-**
Profit for the year	-	-	-	-	-	-	17 810	**17 810**	(349)	**17 461**
Capital stock transactions	-	(508)	(17 277)		17 785	-		**-**		**-**
Treasury stock transactions	-				(5 246)	-	-	**(5 246)**		**(5 246)**
Share-based payments	-			(1 431)	1 367	-	-	**(64)**		**(64)**
Dividends paid	-			(9 033)		-	-	**(9 033)**		**(9 033)**
Other comprehensive income (loss)	-					(408)	-	**(408)**		**(408)**
Foreign currency translation adjustments	-					2 832	-	**2 832**		**2 832**
Other movements	-			(152)		-		**(152)**	132	**(20)**
As of 12/31/2019	**6 625 726**	**6 626**	**13 988**	**91 818**	**(182)**	**(11 290)**	**17 810**	**118 770**	**(217)**	**118 553**

The Group has applied IFRS 16 for the first time as of January 1, 2019 on a simplified retrospective basis. According to this approach, comparative information is not restated.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € thousands)	Notes	12/31/2018	12/31/2019
Profit for the year from continuing operations		**19 653**	**17 460**
Net amortization and provisions	*6.2, 7.2, 7.4 & 8.1*	15 346	16 960
Unrealized (gains) losses from changes in fair value		15	(15)
(Income) expenses from share-based compensation	*6.2*	62	21
Other non-cash income and expenses		-	(59)
Net (gain) loss on non-current assets sold or scrapped		68	27
Price adjustment on investments	*3.4*	(1 535)	
Net borrowing costs	*9.2.1*	2 461	2 265
Deferred taxes	*10.2*	1 652	999
Corporate income tax paid		5 062	243
Net change in working capital	*5.9*	(3 604)	(2 201)
Net cash from (used in) operating activities		**39 180**	**35 700**
Acquisitions/disposals of property, plant and equipment and intangible assets	*7.2 & 7.4*	(13 031)	(11 039)
Acquisitions of long-term investments, net of cash acquired	*3.4*	1 195	(2 142)
Disposals of non-current financial assets		-	-
Change in other financial assets		239	109
Net cash from (used in) investing activities		**(11 597)**	**(13 072)**
Capital increase	*11.1.1*	-	-
Treasury stock transactions		(15 929)	(5 246)
Dividends paid	*11.1.3*	(9 648)	(9 033)
Increase in non-current loans and other liabilities	*9.1.1*	18 300	16 400
Repayment of non-current loans and other liabilities	*9.1.1*	(14 596)	(22 459)
Repayment of IFRS 16 rental debt			(4 082)
Interest paid		(2 475)	(2 309)
Change in other receivables and financial liabilities		-	-
Net cash from (used in) financing activities		**(24 348)**	**(26 729)**
Effects of exchange rate fluctuations		601	(444)
NET INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS		**3 836**	**(4 545)**
Net cash and cash equivalents at beginning of year		17 881	21 717
Net cash and cash equivalents at end of year		21 717	17 172
Of which :			
Cash and cash equivalents	*9.1.3*	*21 743*	*17 178*
Bank overdrafts	*9.1.3*	*(26)*	*(6)*

The Group has applied IFRS 16 for the first time as of January 1, 2019 on a simplified retrospective basis. According to this approach, comparative information is not restated.

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1. NOTE 1 SIGNIFICANT ACCOUNTING PRINCIPLES

Linedata Services is a French corporation (société anonyme) subject to the regulations applicable to commercial companies, whose registered office is at 27, Rue d'Orléans, 92200 Neuilly-sur-Seine, France. Linedata Services is listed on Euronext Paris. Linedata Services and its subsidiaries in France and abroad (hereafter "the Group") are major players in the development and distribution of financial software, solutions integration, product development, consultancy and training for its software products.

Its areas of expertise are Asset Management (including Savings and Insurance) and Lending and Leasing.

The consolidated financial statements for the year ended December 31, 2019 have been drawn up under the responsibility of the Board of Directors and examined during its meeting on February 17, 2020.

1.1. Accounting framework applied

The consolidated financial statements for the year ended December 31, 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These standards are available on the European Commission's website : http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

1.1.1. New standards and interpretations whose application is mandatory

The new standards, amendments to existing standards and interpretations that are of mandatory application for fiscal years beginning on or after January 1, 2019, are IFRS 16 "Leases" and IFRIC 23 "Uncertainty about tax treatment", the impacts of which are detailed below.

Description of the application of IFRIC 23 « Uncertainty about Tax treatment »

IFRIC 23 clarifies the application of the provisions of IAS 12 "Income Taxes" concerning the recognition and measurement in case of uncertainty as to the income taxes treatment. The Group has reviewed its tax positions in order to identify potential uncertainties in the treatment of income taxes. The application of this interpretation as of January 1, 2019, did not have any material impact on the Group's financial statements and income.

Description of the application of IFRS 16 "*Leases*"

The Group has elected to apply IFRS 16 on a simplified retrospective basis and to use the two exemptions provided by this standard with respect to the following contracts:

- ✓ contracts with a term of less than twelve months,
- ✓ leases of property with an individual replacement value of less than $5K.

The adjustments relate to operating leases of offices and vehicles.

The chosen lease term corresponds to the non-cancellable period plus any renewal options, the exercise of which by the Group is reasonably certain.

In December 2019, the IFRIC published its final decision concerning the determination of the enforceable term of a lease and the depreciation period for non-removable fixtures.
The Group is currently analyzing the impact of this decision on the current assumptions used for 3-6-9 commercial leases, for contracts that are tacitely renewable and open-ended, with a view to applying this decision as soon as possible.

In the financial statements presented, the Group has adopted an approach which consists of considering only the terms of the contract between the lessor and the lessee, to determine the period during which the contract is enforceable.
This decision could result in the adjustment of the term of certain leases, which may modify the amount of the lease debt and the related right of use. It could also have an impact on the depreciation periods selected for the fixtures and fittings relating to such leases and the time frame for the provisioning of restoration costs.
At this stage, the Group is not in a position to assess the impact of this decision on the financial statements as presented.

The discount rate used to calculate the right of use and the lease liabilities is determined, for each property, based on the Group's incremental borrowing rate as of January 1, 2019 for all contracts in force on that date. For all new leases, the rate in effect at the lease commencement date shall be used. Discount rates vary between 2.00% and 7.81% and are calculated according to the lease maturity and the country risk.

The following items in the financial statements are impacted by IFRS 16:

- ✓ Right of use IFRS 16 (note 7.3),
- ✓ Financial liabilities - lease liabilities IFRS 16 (note 9),
- ✓ Segment information (note 4),
- ✓ External purchases and expenses (note 5.6),
- ✓ Financial result - interest expense related to lease obligations (note 9.2.2)

The application of this standard had the impact of increasing property and equipment by 17 million euros on January 1, 2019, against the financial debt. The impact of the application of this standard represents an income of € 4.7 million with respect to EBITDA, an income of € 0.3 million with respect to current operating income and an expense of € 0.2 million with respect to net income.

The following table summarizes the transition between the off-balance sheet commitments related to operating leases presented on December 31, 2018 in accordance with IAS 17 and the lease liabilities recorded in the balance sheet as of January 1, 2019 in accordance with IFRS 16.

(in € thousands)	12/31/2019
Undiscounted rental commitments as of December 31, 2018	***18 050***
Discounting effect	*(2 667)*
Discounted rental commitments as of December 31, 2018	**15 383**
Exemptions :	
Short-term leases	(22)
Baux ayant des actifs de faible valeur	
Complements :	
New leases / extension of period	1 574
Renewal options reasonably certain to be exercised and termination options reasonably certain not to be exercised	
Rental debt IFRS 16 (excluding IAS 17) as of January 1, 2019	**16 935**
Commitment previously classified as a finance lease in accordance with IAS 17	10 387
Rental debt IFRS 16 as of January 1, 2019	**27 322**

1.1.2. Standards and interpretations adopted by the European Union which may be adopted early

The Group has chosen not to early adopt the standards and interpretations contained in the amendments to IAS 1, 8 and IFRS 3 as modified.

1.1.3. Standards and interpretations published by the IASB but not yet adopted by the European Union

None.

1.2. Basis of preparation – Accounting estimates and judgments

When preparing the financial statements, Management is required to make estimates and adopt assumptions concerning the measurement of certain assets and liabilities stated in the consolidated statement of financial position, as well as certain items in the income statement. Management is also required to exercise its judgment when applying the Group's accounting methods.

These estimates and judgments, which are continually updated, are based partly on historical information and partly on expected future events judged reasonable in view of the prevailing circumstances. Given the uncertainty surrounding assumptions used in respect of future events and circumstances, the resulting accounting estimates may differ from the actual amounts when they are known.

Brexit: United Kingdom's departure from the European Union

Following the decision taken by the United Kingdom on 23 June 2016 to leave the European Union, and its final exit on December 31, 2019, the Group did not observe any material impact on its business and nor does it expect any to occur in 2020. The potential impact of Brexit on Linedata's activity will be moderated by the Group's presence in both the United Kingdom and Europe. Linedata could thus serve its clients in all the likely scenarios implied by Brexit.

NOTE 2 IMPACTS OF ADOPTION OF IFRS 16

2.1. Impacts of consolidated income statement

(in € thousands)	Notes	12/31/2018	12/31/2019 Published	Cancelation impact of IFRS 16	12/31/2019 Proforma
Revenue	*5.1*	**173 237**	**169 653**	**-**	**169 653**
Purchases and external expenses	*5.6*	(38 128)	(35 361)	(4 662)	(40 023)
Taxes and duties		(3 178)	(3 010)	(0)	(3 010)
Employee expenses	*6.2*	(87 836)	(82 659)	0	(82 659)
Other recurring operating income and expenses	*5.7*	(1 489)	(1 449)	-	(1 449)
Depreciation, amortization, impairment and provisions		(15 234)	(16 503)	4 373	(12 130)
Recurring operating profit		**27 372**	**30 671**	**(289)**	**30 382**
As % of revenue		**15,8%**	**18,1%**		**17,9%**
Other operating income and expenses	*5.8*	1 276	(898)	0	(898)
Operating profit		**28 648**	**29 773**	**(289)**	**29 485**
As % of revenue		**16,5%**	**17,5%**		**17,4%**
Net borrowing costs	*9.2.1*	(2 461)	(2 265)	(0)	(2 265)
Other financial income	*9.2.2*	2 111	1 589	0	1 589
Other financial expenses	*9.2.2*	(1 022)	(2 103)	619	(1 484)
Income tax	*10.1*	(7 622)	(9 535)	(104)	(9 639)
Profit from continuing operations		**19 654**	**17 459**	**227**	**17 686**
Profit from discontinued operations		-	-	-	-
CONSOLIDATED PROFIT FOR THE YEAR		**19 654**	**17 460**	**227**	**17 686**
As % of revenue		**11,3%**	**10,3%**		**10,4%**
Attributable to non-controlling interests		-	(349)	-	(349)
Attributable to owners of the Company		19 654	17 809	227	18 035

2.2. Impacts of consolidated statement of financial position

ASSETS (in € thousands)	Notes	12/31/2018	12/31/2019 Published	Cancelation impact of IFRS 16	12/31/2019 Proforma
Goodwill	*7.1*	155 887	159 565	-	159 565
Intangible assets	*7.2*	25 500	26 543	-	26 543
Right of use IFRS 16	*7.3*		12 762	(12 762)	-
Property, plant and equipment	*7.4*	23 902	22 764	-	22 764
Non-current financial assets		1 580	1 239	-	1 239
Other non-current assets		452	488	-	488
Deferred tax assets	*10.2*	2 347	2 784	(101)	2 683
Non-current assets		**209 668**	**226 145**	**(12 863)**	**213 282**
Trade and other receivables	*5.3*	43 089	48 570		48 571
Tax receivables		1 816	1 419	-	1 419
Cash and cash equivalents	*9.1.2*	21 743	17 178	-	17 178
Current assets		**66 648**	**67 167**	**-**	**67 168**
TOTAL ASSETS		**276 316**	**293 315**	**(12 863)**	**280 450**

EQUITY AND LIABILITIES (in € thousands)	Notes	12/31/2018	12/31/2019 Published	Cancelation impacts of IFRS 16	12/31/2019 Proforma
Capital stock		7 134	6 626	-	6 626
Reserves		86 244	94 334		94 334
Profit for the year		19 653	17 810	227	18 037
Equity attributable to owners of the Company		**113 031**	**118 770**	**227**	**118 997**
Non-controlling interests		**-**	**(216)**	**-**	**(216)**
TOTAL EQUITY	***11***	**113 031**	**118 554**	**227**	**118 781**
Provisions for retirement and other post-employment benefits	*6.3*	7 265	8 216	-	8 216
Non-current provisions	*8.1*	167	24	-	24
Non-current loans and other financial liabilities	*9.1.1*	82 983	72 643		72 643
Non-current rent debts IFRS 16			9 166	(9 166)	-
Deferred tax liabilities	*10.2*	9 058	10 744	-	10 744
Other non-current liabilities		1 189	124	-	124
Non-current liabilities		**100 662**	**100 917**	**(9 166)**	**91 751**
Current provisions	*8.1*	123	303	-	303
Current loans and other financial liabilities	*9.1.1*	16 665	21 312		21 312
current rent debts IFRS 16			3 924	(3 924)	-
Current operating liabilities	*5.4*	42 349	45 042	-	45 042
Current tax liabilities		3 486	3 262	-	3 262
Current liabilities		**62 623**	**73 843**	**(3 924)**	**69 919**
TOTAL EQUITY AND LIABILITIES		**276 316**	**293 315**	**(12 863)**	**280 451**

2.3. Impacts of consolidated statement of cash flows

(in € thousands)	Notes	12/31/2018	12/31/2019 Published	Cancelation impact of IFRS 16	12/31/2019 Proforma
Profit for the year from continuing operations		**19 653**	**17 460**	**226**	**17 684**
Net amortization and provisions	*6.2, 7.2, 7.4 & 8.1*	15 346	16 960	(4 373)	12 587
Unrealized (gains) losses from changes in fair value		15	(15)		(15)
(Income) expenses from share-based compensation	*6.2*	62	21		21
Other non-cash income and expenses		-	(59)		(59)
Net (gain) loss on non-current assets sold or scrapped		68	27		27
Price adjustment on investments	*3.4*	(1 535)			-
Net borrowing costs	*9.2.1*	2 461	2 265		2 265
Deferred taxes	*10.2*	1 652	999	104	1 103
Corporate income tax paid		5 062	243		243
Net change in working capital	*5.9*	(3 604)	(2 201)		(2 201)
Net cash from (used in) operating activities		**39 180**	**35 700**	**(4 043)**	**31 655**
Acquisitions/disposals of property, plant and equipment and intangible a	*7.2 & 7.4*	(13 031)	(11 039)		(11 039)
Acquisitions of long-term investments, net of cash acquired	*3.4*	1 195	(2 142)		(2 142)
Disposals of non-current financial assets		-	-		-
Change in other financial assets		239	109		109
Net cash from (used in) investing activities		**(11 597)**	**(13 072)**	**-**	**(13 072)**
Capital increase	*11.1.1*	-	-		
Treasury stock transactions		(15 929)	(5 246)		(5 246)
Dividends paid	*11.1.3*	(9 648)	(9 033)		(9 033)
Increase in non-current loans and other liabilities	*9.1.1*	18 300	16 400		16 400
Repayment of non-current loans and other liabilities	*9.1.1*	(14 596)	(22 459)		(22 459)
Repayment of IFRS 16 rental debt			(4 082)	4 043	(39)
Interest paid		(2 475)	(2 309)		(2 309)
Change in other receivables and financial liabilities		-	-	-	-
Net cash from (used in) financing activities		**(24 348)**	**(26 729)**	**4 043**	**(22 686)**
Effects of exchange rate fluctuations		601	(444)		(444)
NET INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS		**3 836**	**(4 545)**	**0**	**(4 547)**
Net cash and cash equivalents at beginning of year		17 881	21 717		21 717
Net cash and cash equivalents at end of year		21 717	17 172		17 172
Of which :					
Cash and cash equivalents	*9.1.3*	*21 743*	*17 178*		*17 178*
Bank overdrafts	*9.1.3*	*(26)*	*(6)*		*(6)*

NOTE 3 CONSOLIDATION SCOPE

3.1. Accounting principles related to the consolidation scope

3.1.1. Consolidation method

Linedata Services is the consolidating company.

The financial statements of companies under Linedata Services' exclusive control are fully consolidated. Control is deemed to exist where the parent company holds, directly or indirectly via subsidiaries, more than half of an entity's voting rights. Control is also deemed to exist where the parent company holds half or less than half of an entity's voting rights but has:

✓ power over more than half of the voting rights by virtue of an agreement with other investors,
✓ power to govern the entity's financial and operational policies by virtue of a regulation or contract,
✓ power to appoint or remove from office the majority of the members of the Board of Directors or equivalent managing body, if control over the entity is exercised by said Board or body, or
✓ power to control the majority of the voting rights at meetings of the Board of Directors or equivalent managing body, if control over the entity is exercised by said Board or body.

Intragroup transactions, balances and unrealized gains on transactions between Group companies are eliminated on consolidation.
The financial statements of all consolidated companies are close to December 31 each year. They are, where relevant, adjusted to ensure the consistency of the accounting and measurement rules applied by the Group.

3.1.2. Foreign currency translation

Functional currency and financial statements' presentation currency
Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency").
The consolidated financial statements are presented in euros, the functional and presentation currency of the parent company Linedata Services.

Translation of financial statements of foreign subsidiaries
The subsidiaries have as their functional currency their local currency, in which most of their transactions are denominated. The financial statements of all Group entities whose functional currency is different from the presentation currency are translated into euros as follows:

✓ assets and liabilities are translated at the closing exchange rate,
✓ revenues, expenses and cash flows are translated at the average exchange rate for the financial year,
✓ all resulting translation differences are recognized as a separate component of equity under the heading "Translation reserves".

Translation differences resulting from the translation of net investments in foreign operations are recognized as a separate component of equity under the heading "Translation reserves", in accordance with IAS 21. Translation differences relating to intragroup loans are regarded as forming an integral part of the Group's net investment in the foreign subsidiaries concerned.
The goodwill and fair value adjustments resulting from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate.

The Group does not consolidate any entity operating in a hyperinflationary economy.

Details are provided in Note 13 of the rates used to translate foreign currencies.

Translation of foreign currency transactions
Transactions in foreign currencies are translated into the functional currency at the exchange rate ruling on the date of the transaction. Foreign currency translation gains and losses resulting from the settlement of these transactions and those caused by the translation at the closing exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

3.1.3. Business combinations

The Group applies revised IFRS 3 to the purchase of assets and the assumption of liabilities that constitute a business. The acquisition of assets or groups of assets that do not constitute a business is recognized in accordance with the standards applicable to such assets (IAS 16, IAS 38 and IFRS 9).

The Group recognizes all business combinations in accordance with the acquisition method, which involves:

✓ measuring and recognizing at fair value on the acquisition date the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The Group identifies and allocates these items on the basis of contractual provisions, economic conditions and its accounting and management policies,

- ✓ measuring and recognizing on the acquisition date the difference, known as “goodwill”, between:
  - ✓ the acquisition price of the acquiree, to which is added the amount of any non-controlling interest in the acquiree, and
  - ✓ the net amount of the identifiable assets acquired and liabilities assumed.

The acquisition date is the date on which the Group obtains control of the acquiree.
The acquisition price of the acquiree corresponds to the fair value, as of the acquisition date, of the elements of the consideration transferred to the vendor in exchange for control of the acquiree, excluding any element which is consideration for a transaction that is separate from the acquisition of control.
In cases in which the business combination can only be recognized on a provisional basis by the end of the reporting period in which it occurs, the acquirer recognizes the business combination using provisional amounts. The acquirer must then recognize adjustments to these provisional amounts necessary to finalize recognition of the combination within the 12 months following the acquisition date.

3.2. List of consolidated companies

Company's name	Country	% control	Consolidation method
Linedata Services	France	-	Parent company
Linedata Services Asset Management	France	100%	Full consolidation
Linedata Services Leasing & Crédit	France	100%	Full consolidation
Loansquare SAS	France	70%	Full consolidation
Linedata Services Luxembourg	Luxembourg	100%	Full consolidation
Linedata Services Lending & Leasing SL	Spain	100%	Full consolidation
Linedata Services Tunisie	Tunisia	100%	Full consolidation
Linedata Technologies Tunisie	Tunisia	100%	Full consolidation
Linedata Maroc	Morocco	100%	Full consolidation
Linedata Ltd	United Kingdom	100%	Full consolidation
Derivation Software Limited	United Kingdom	100%	Full consolidation
Linedata Services (UK) Ltd	United Kingdom	100%	Full consolidation
Linedata Limited	Ireland	100%	Full consolidation
Linedata Services (Latvia) SIA	Latvia	100%	Full consolidation
Linedata Services Inc	United States	100%	Full consolidation
Linedata Asset Management Inc (ex-Linedata Lending & Leasing Inc)	United States	100%	Full consolidation
Linedata L&C Inc	United States	100%	Full consolidation
Gravitas Technology Services LLC	United States	100%	Full consolidation
Linedata Services Lending & Leasing Corp	Canada	100%	Full consolidation
Linedata Services H.K. Limited	Hong Kong	100%	Full consolidation
QRMO	Hong Kong	100%	Full consolidation
Linedata Services India Private Limited	India	100%	Full consolidation
Gravitas Technology Private Limited	India	100%	Full consolidation

Linedata SA de C.V, Linedata Canada and Derivation Software Corp, did not trade and were not consolidated as of December 31, 2019.

All Group companies were consolidated on the basis of their financial statements close to December 31, of a 12- month period, including the company Loansquere acquired on January 7, 2019.

3.3. Acquisition of Loansquare

On January 7, 2019, the Linedata Group has acquired 70% of the share capital of the French start-up Loansquare, that is a new player in the world of corporate finance platforms. Since that date, the Group consolidates this company under the full consolidation method, as it holds complete control over it.

Loansquare is a portal that digitizes interactions between borrowers and their banks, enabling companies to apply for and monitor their financing directly.

By integrating the Loansquare platform, which facilitates the implementation and management of all types of loans via a digital platform enhancing communication between borrowers and financial institutions, Linedata is enriching its loans and financing offer through innovative concepts.

The purchase price has been allocated to the identifiable assets and liabilities based on fair values estimated as follows:

The purchase price is made up of :

- an initial payment at the time of closing of 700 K€ for the first 70 percent acquired

- an earn-out clause for the additional 30 percent, the value of which has been assessed on the basis of the various possible scenarios for the acquisition of these 30 percent (minimum value incremented by an additional amount conditioned by performance objectives, etc.); these various scenarios have been weighted according to their probability of occurrence as evaluated by the Management.

Based upon the best estimate to date of the earn-out, the Group estimates the total acquisition price at € 1.2 million for all of the company's shares.

The process of identifying and valuing the assets and liabilities acquired has notably led to the recognition of a fair value of software for an amount of € 0.6 million.

(in € thousands)	12/31/2019
Purchase price according to the SPA for the 70%	**700**
Amount to be paid for the remaining 30%	
Minimun Additional price	255
Possible Additional price	222
Purchase price	**1 177**
Intangible assets : Software	611
Deferred tax liabilities	(152)
Property, plant and equipment	2
Non-current financial assets	4
Other receivables	2
Tax receivables	51
Cash and cash equivalents	4
Trade payables	(10)
Tax and social security liabilities	(7)
Other liabilities	(60)
Equity Share acquired	**100%**
Residual goodwill allocated to the Lending & Leasing CGU	**732**

The balance of € 0.7 million was recorded as goodwill, non-deductible for tax purposes. The goodwill mainly relates to the know-how and technical skills of Loansquare's founding employee, who became employees of Linedata Services Leasing & Credit after the acquisition of the start-up; and to the synergies expected from the integration of Loansquare into the business of "Lending & Leasing".

Over the 12-month period between the acquisition date and December 31, 2019, Loansquare generated a contribution of 57K€ to the turnover and a negative contribution of (815)K€ to the Group share of income. The Group has incurred acquisition-related expenses corresponding to consulting fees and due diligence costs for an amount of 51 K€. These costs have been recorded under "fees".

3.4. Impact on cash flows of changes in scope

The impact of changes in scope on net cash flows breaks down as follows:

(in € thousands)	12/31/2018	12/31/2019
Purchase price of acquisition paid		(700)
Purchase price of acquisition - Additional price	1 535	154
Net debt / Net cash of acquired companies		4
Disbursement of guarantee retention in respect of previous acquisitions	(340)	(1 599)
ACQUISITIONS OF TITLES OF PARTICIPATION, NET OF THE ACQUIRED TREASURY	1 195	**(2 141)**

On January 7, 2019, the Linedata Group has acquired 70% of the share capital € 0.7 million of Loansquare company.

Linedata Services Inc. acquired in 2017 the companies Gravitas Technology Services LLC, Gravitas Technology Private Limited and QRMO.
In April 2018, more than one year after the acquisition, an agreement with the vendors of Gravitas Technology Services LLC was reached and led to a price adjustment resulting from events occurring after the acquisition date. This adjustment, net of consultancy fees, represents a cash inflow of €1.5 million.

In April 2019, more than one year after the acquisition of QRMO, an agreement with the vendors was reached and led to a price adjustment arising from events which occurred after the acquisition date. This adjustment, net of consulting fees, represents a cash inflow of 154 K€.

Holdback disbursements for previous acquisitions relate to the acquisition of Derivation Software in 2016 for which the second installment of holdbacks was disbursed during the 2018 financial year and the last installment during the first half of 2019.

3.5. Off-balance sheet commitments related to the consolidation scope

In connection with asset acquisitions, the Group has given the following guarantees:

Description	Received/ given	Purpose	Start date	End date	Beneficiary	Ceiling
Acquisition of CapitalStream's assets	Received	Customary guarantees and representations: ownership of assets, intellectual property, and social security, tax, legal and financial aspects	03/21/2013	03/21/2020 for intellectual property, 60 days after the statutory date for taxes, 12/21/2014 for the other guarantees	Linedata Services SA and its subsidiaries	$22.5 million for the intellectual property $9 million for the other guarantees
Acquisition of the Derivation Software shares	Given	Standard validity guarantees	04/08/2016	04/08/2019	The vendors of the shares	0,5 M£
Acquisition of the Derivation Software shares	Received	Capacity to contract, capital and ownership of the shares, companies' legal compliance, intellectual property	04/08/2016	04/08/2022	Linedata Ltd	Purchase price paid by Linedata to each vendor
		Taxes	04/08/2016	04/08/2023	Linedata Ltd	2 M£
		Standard guarantees: ownership of the assets; financial, corporate, legal and environmental aspects	04/08/2016	04/08/2019	Linedata Ltd	2 M£
Acquisition of the Quality Risk Management & Operations (QRMO) shares	Received	Standard guarantees: contractual capacity, capital and share ownership, intellectual property…	08/07/2017	For guarantees linked to share ownership and intellectual property: 07/08/2023 (6 years) or the end date applicable to the guarantee type concerned. For other guarantees: 07/08/2019 (2 years)	Linedata Services (HK) Limited	For guarantees relating to share ownership and intellectual property: 100% of the acquisition price (i.e. 5.6 M$). For other guarantees: 50% of the acquisition price (i.e. 2.8 M$).
Acquisition of 70% of Loansquare company's shares	Received	Standard guarantees: Capacity to contract, capital and ownership of shares, legal existence of the company, tax, social and customs situation, intellectual property....	01/07/2019	**For guarantees relating to :** 1. Company's tax, social and customs situation, as well as intellectual property: the guarantee expires at the latest of the following three time limits - expiry of a period of 30 days subsequent to the 24th month following the Completion Date - expiry of a period of 30 days after the expiry of the statutory limitation period - expiry of a period of 30 days following a final administrative or judicial decision 2. The Capacity of the Transferors (including the actual ownership and their freedom of action with respect to the securities issued), the Incorporation and Valid Status of the Company, any disputes against the Company, the details of the shares issued, as well as any statements relating to the absence of participation, direct or indirect, in any entity of any form whatsoever. The right to file a claim expires in accordance with the various legal prescriptions (see *). 3. The guarantee relating to "prohibited payment" which concerns : - all the actions that the Transferors may have done on the dividends, capital, loans (write-offs), assets etc... - Payment by the Company of the fees, taxes, costs and expenses related to the Transfer. The Transferors guarantee that the Company has not made any Prohibited Payment from the Reference Date (October 31, 2018) until the Completion Date of the transfer of the shares. The right to file a claim expires after 18 months.	Linedata Services Leasing & Credit	70% of the Final Price

NOTE 4 SEGMENT REPORTING

Information by sector of activity

Pursuant to IFRS 8, segment information is prepared on the basis of the internal management data communicated to the Executive Committee, the Group's main operational decision-making body.

The reported segments correspond to the following business segments:
- ✓ Asset Management,
- ✓ Lending & Leasing,
- ✓ Others, including Employee Savings and Insurance and Pension Funds.

Aggregate used for performance measurement

Performance measurement for each business segment, as reviewed by the Executive Committee, is based mainly on EBITDA before IFRS 16 *(Earnings Before Interest, Tax, Depreciation and Amortization)* determined by excluding from the operating profit or loss the main line having no cash counterpart "Net depreciation, amortisation and provisions" as well as "Net provisions for pension commitments" included in personnel expenses. EBITDA is a key indicator for the Group, simply reflecting the level of cash generated by the Group's day-to-day operations. It is thus commonly used to calculate the business's financial and valuation ratios.

Information by Geographic Area

The Group's activities by origin of sales are broken down into four geographical areas:

- ✓ Southern Europe,
- ✓ Northern Europe,
- ✓ North America,
- ✓ Asia.

4.1. Segment results

4.1.1. Year ended December 31, 2018

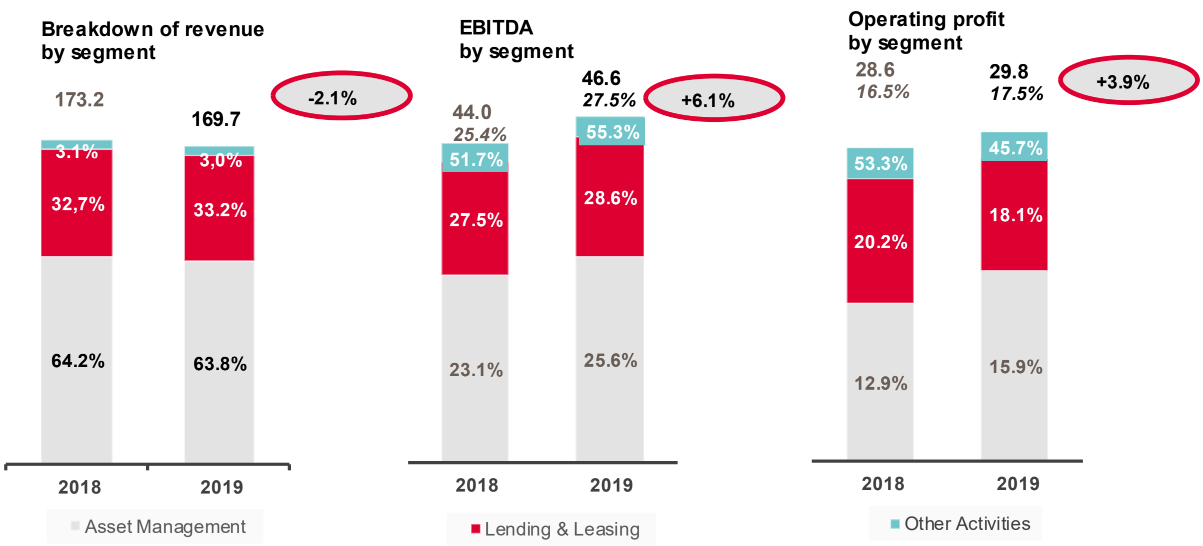
(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Order book	**112 089**	**73 136**	**6 988**	**192 213**
Revenue	**111 265**	**56 661**	**5 311**	**173 237**
EBITDA	**25 648**	**15 578**	**2 745**	**43 971**
Operating Profit	**14 382**	**11 433**	**2 833**	**28 648**
Intangible assets	101 181	47 766	6 940	155 887
Property, plant and equipment	16 916	8 227	357	25 500
Non-current financial assets	16 148	6 597	1 156	23 902
Other non-current segment assets	1 351	161	520	2 032
Current segment assets	31 833	25 976	7 023	64 832
Segment Assets	**167 429**	**88 727**	**15 996**	**272 153**
Non-current sectoral liabilities	2 859	4 621	1 141	8 621
Current sectoral liabilities	23 033	14 939	4 500	42 472
Sector Liabilities	**25 892**	**19 560**	**5 641**	**51 093**
Intangible investments	**4 788**	**986**	**71**	**5 845**
Tangible investments	**5 602**	**1 485**	**147**	**7 234**

4.1.2. Year ended December 31, 2019

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
Order book	**126 446**	**65 155**	**6 101**	**197 702**
Revenue	**108 257**	**56 349**	**5 048**	**169 653**
EBITDA	**27 760**	**16 097**	**2 790**	**46 647**
Operating Profit	**17 252**	**10 214**	**2 304**	**29 770**
Intangible assets	103 670	48 949	6 946	159 565
Right of use IFRS 16	19 157	7 341	45	26 543
Property, plant and equipment	9 205	3 277	281	12 762
Non-current financial assets	16 418	5 845	501	22 764
Other non-current segment assets	1 343	354	29	1 727
Current segment assets	35 290	29 100	1 358	65 748
Segment Assets	**185 083**	**94 867**	**9 159**	**289 108**
Non-current sectoral liabilities	2 183	5 417	764	8 365
Current sectoral liabilities	25 211	18 880	1 254	45 345
Sector Liabilities	**27 394**	**24 297**	**2 018**	**53 709**
Intangible investments	**5 911**	**1 725**	**9**	**7 645**
Tangible investments	**2 187**	**1 177**	**30**	**3 394**

The order book corresponds to the revenue remaining to be recognized in respect of performance obligations not yet fulfilled or partially fulfilled on the closing date.
Information relating to the order book is detailed in Note 5.1.

4.1.3. Sector data



4.1.4. Impact IFRS 16 of Sector data

(in € thousands)		Asset Management	Lending & Leasing	Other Activities	Total Groupe
2019 Published	EBITDA	27 760	16 097	2 790	**46 647**
	Operating Profit	17 252	10 214	2 304	**29 770**
Cancelation impact of IFRS 16	EBITDA	(3 450)	(1 049)	(162)	(4 662)
	Operating Profit	(235)	(40)	(14)	(289)
2019 Proforma	EBITDA	24 309	15 048	2 627	**41 985**
	Operating Profit	17 016	10 174	2 290	**29 481**

4.2. Reconciliation with Group data

EBITDA is reconciled with the Group's operating profit or loss as follows:

(in € thousands)	12/31/2018	12/31/2019
EBITDA	**43 971**	**46 647**
Net allocations to depreciation and provisions	(15 234)	(16 503)
Net allocations to provisions on pension commitment	(89)	(373)
OPERATING PROFIT	**28 648**	**29 770**

Total segment assets and liabilities are reconciled with the Group's total assets and liabilities as follows:

(in € thousands)	12/31/2018	12/31/2019
Segment Assets	**272 153**	**289 108**
Deferred taxes on assets	2 347	2 787
Tax receivables	1 816	1 419
TOTAL GROUP ASSETS	**276 316**	**293 314**
Sector Liabilities	**51 093**	**53 709**
Equity capital	113 031	118 554
Borrowings and financial debts	99 648	107 045
Deferred tax liabilities	9 058	10 744
Current tax liabilities	3 486	3 262
TOTAL GROUP LIABILITIES	**276 316**	**293 314**

4.3. Information by geographic zone

External revenue by source of sales is as follows:

(in € thousands)	12/31/2018		12/31/2019	
Southern Europe	62 017	35,8%	59 694	31,3%
Northern Europe	26 882	15,5%	30 110	17,3%
North America	75 575	43,6%	70 665	47,4%
Asia	8 763	5,1%	9 185	4,1%
REVENUE	**173 237**	**100,0%**	**169 653**	**100,0%**

The largest contributors to revenue by country are as follows: the Group generated revenue of €70.7 million in 2019 (€75.6 million in 2018) from the US entities included in the North America region and €56.9 million in 2019 (€59.4 million in 2018) from the French entities included in the Southern Europe region.

4.4. Revenue by main clients

In 2019, the Group generated 75% of its revenue in the form of recurring services.
Since the amounts charged in this connection are generally proportional to clients' business volumes, measured mainly by the number of users, and these volumes are cumulative in the event of a merger between these clients, the Company has little exposure to revenue losses due to such mergers.

During the 2019 financial year, Linedata's top five financial group clients accounted for 16% of revenue, and the top 10 accounted for 26%. In 2018, Linedata's top five financial group clients accounted for 17% of revenue, and the top 10 accounted for 27%.

NOTE 5 ACTIVITY

5.1. Revenue

The applicable standard is IFRS 15 “Revenue from Contracts with Customers”.

Revenue must be recognized so as to reflect the transfer of control of the goods or services promised to the client for the amount of consideration to which the Group expects to be entitled in exchange.

The analysis conducted by the Group was carried out with reference to the various steps of the standard, namely:

✓ **Step 1: Contract identification**

The Group systematically signs a contract with its clients regardless of the services sold. The criteria mentioned by the standard are covered during the legal and financial reviews:

- ✓ recovery of the price is probable,
- ✓ rights to the goods and services and payment terms can be identified,
- ✓ the contract is approved and the parties are committed to complying with their obligations.

✓ **Step 2: Identification of performance obligations**

With regard to the step involving identification of the performance obligations defined by the standard, it is identified that the Group’s business model relies on the simultaneous sale of the following items:

1.a) sale of a perpetual or fixed-term licence: this licence provides a right of use and not a right of access to the intellectual property. The granting of this right may be perpetual or for a limited period. The Group never authorises its clients to have access to the source code. The operative event is the signing by the client of a software acceptance report.

1.b) sale of “user packs” in addition to the license agreement: the Group may sell additional licenses based on the number of additional users requested by the client. These are generally “user packs”, optional for the client, the quantity and price of which are negotiated in the initial contract. Otherwise, an amendment to the main contract is negotiated and signed with the client. This will involve a separate and optional sale of a license for the client. Pursuant to IFRS 15, if the original license is unchanged and the number of users can be increased at the client’s discretion, the addition of a user will not constitute a license sale, and payment by the client will be treated as a royalty based on usage during the term of the agreement.

2.) sale of an implementation service: this service consists of configuring the software so that it can be adapted to the client's organization and activity. This will involve configuring the standard software and not developing additional software.

3.) sale of consulting services: this involves helping the client to define and implement new functionalities.

4.) sale of a maintenance and support service: insofar as the Group does not include a “legal guarantee of compliance” within the meaning of the DGCCRF, it is proposed that clients can sign an additional maintenance contract characterized by so-called “corrective” maintenance to facilitate correction of any “bugs”. Regarding “upgrade” maintenance, major updates, those requiring transition to a so-called “major” version, are reinvoiced to clients. Linedata systematically provides ongoing upgrade maintenance insofar as this service requires in-depth knowledge of the software. To date, there are no third parties performing maintenance in Linedata’s place.

5.) sale of ASP services (Saas): the sale of an ASP service is mainly characterised by:

- ✓ granting of a temporary right to use a Linedata software,
- ✓ maintenance and support for the software in question,
- ✓ the provision of hardware and software infrastructure for production and acceptance-testing environments,
- ✓ provision of hosting, operation and administration services.

Linedata owns the hardware, software and methods while the client is the sole owner of its data.
In consideration of this service, the client undertakes to pay an annual fee covering all the services described above.

In application of the criteria set out in the standard, and given that:

- ✓ clients cannot use other resources that are readily available and are obliged to call upon Linedata to provide this service,
- ✓ some contracts do not specify the nature of the various services, while others explain them in detail,

The Group identified that in an ASP contract, goods and services form a whole and are totally dependent on each other. The client simultaneously receives and consumes all the benefits generated by the service as and when it is provided. Hosting and maintenance can be separated from the license.

With regard to significant judgements made concerning amounts excluded from the balance of performance obligations remaining to be satisfied, due to application of the variable counterparty capping rule, and in particular for contracts containing variable elements, the Group has calculated the average amount of revenue over the last three financial years and then, where appropriate, a percentage of attrition risk based on knowledge of the attrition risks.

✓ **Step 3: Determination of the transaction price**

The transaction price is the amount of consideration that the Company expects to receive in exchange for transfer of the goods or services. Prices are included in the contracts signed with clients.
IFRS 15 introduces the following applicable criteria to be considered when determining the transaction price:

- ✓ Variable portion of the price: the Group does not offer discounts, rebates or price reductions to clients. Maintenance contracts include penalty clauses in the event that the performance criteria are not met. Historically, the Group has not incurred any penalties on these contracts. Furthermore, these contracts do not present a loss on completion. Lastly, the agreements do not provide for any performance-related bonuses.
- ✓ Financial component: given the duration of the contracts and the low level of interest rates, the Group does not recognize a separate financial component.

✓ **Step 4: Allocation of the transaction price**

The Group allocates the transaction price to each performance obligation in proportion to the individual sale price.

✓ **Step 5: Revenue recognition when each performance obligation is satisfied**

The Group has established that the recognition of revenue according to the various performance obligations is as follows:

- ✓ In the event that the client can use the standard software before the start of the implementation phase: the license sale is recognized at a “point in time”, i.e. upon delivery, and the implementation service is recognized “over time”, i.e. based on progress.
- ✓ In the case of a complex installation (the development and/or implementation services are considered to be decisive or when the transaction involves a significant modification of the software package): the license sale, integration service and maintenance are recognized “over time” since the client simultaneously receives and consumes the benefits of the maintenance.
- ✓ The sale of consulting is recognized “over time”, or on a cost plus basis.
- ✓ The sale of additional users is recognized at a “point in time”, i.e. upon delivery.
- ✓ Maintenance and support are recognized “over time” (fixed amount spread over the duration of the contract).
- ✓ The ASP is recognized “over time”.

Lastly, the Linedata Group has chosen not to use the two simplification measures provided for in IFRS 15 concerning contracts with an initial term of less than one year and the "performance obligations", which are recognized according to the "rights to invoice" method to determine the level of the order book presented.

5.1.1 Year ended December 31, 2018

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
ASP / Managed Services	38 106	4 339	1 658	44 103
Maintenance and support	20 947	26 722	2 458	50 127
Recurring licenses	29 948	812	-	30 760
Recurring revenue	**89 001**	**31 873**	**4 116**	**124 990**
Implementation, Consulting and Services	21 917	18 584	1 195	41 696
Perpetual licenses	347	6 204	-	6 551
Non-recurring revenue	**22 264**	**24 788**	**1 195**	**48 247**
REVENUE	**111 265**	**56 661**	**5 311**	**173 237**

5.1.2 Year ended December 31, 2019

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
ASP / Managed Services	38 072	4 373	1 630	44 075
Maintenance and support	21 159	27 890	2 429	51 479
Recurring licenses	30 753	885	(0)	31 638
Recurring revenue	**89 984**	**33 148**	**4 059**	**127 191**
Implementation, Consulting and Services	17 468	18 940	839	37 247
Perpetual licenses	804	4 261	150	5 215
Non-recurring revenue	**18 272**	**23 201**	**989**	**42 462**
REVENUE	**108 256**	**56 349**	**5 048**	**169 653**

The order book corresponding to the revenue still to be recognized in respect of performance obligations not yet executed or partially executed on the closing date is presented below as at 31 December 2019:

(in € thousands)	Asset Management	Lending & Leasing	Other Activities	Total Group
ASP / Managed Services	35 056	5 663	2 607	43 326
Maintenance and support	41 482	55 692	3 291	100 465
Recurring licenses	38 220	549	-	38 769
Recurring activity	**114 758**	**61 905**	**5 898**	**182 561**
Implementation, Consulting and Services	9 906	3 250	203	13 358
Perpetual licenses	1 783	-	-	1 783
Non-recurring activity	**11 689**	**3 250**	**203**	**15 141**
ORDER BOOK	**126 446**	**65 155**	**6 101**	**197 702**

At 31 December 2019, the order book stood at €197.7 million and corresponds to the performance obligations that the Group expects to execute and recognize as revenue for the 2020 to 2025 financial years.

5.2. Contract assets and liabilities

For a given contract, the cumulative amount of revenue recognized in respect of all contract performance obligations, less any payments received and trade receivables that are recognized separately, is presented within “Contract assets” if the balance is positive or “Contract liabilities” if the balance is negative.

Changes in net contract assets (liabilities) are shown below:

(in € thousands)	Contract assets (Customer receivables -gross value)	Contract liabilities (Deferred revenue)	Net contract assets (liabilities)
Balance 12/31/2018	**37 803**	**(15 142)**	**22 661**
Increase	192 233	(11 069)	181 164
Decrease	(183 556)	10 711	(172 845)
Foreign currency translation adjustments	(3 928)	(504)	(4 432)
BALANCE 12/31/2019	**42 552**	**(16 004)**	**26 548**

Linedata records payments from clients based on a plan for discharging receivables in accordance with the contracts.
Contract assets relate to performance obligations to be exercised in the following financial year in accordance with the contracts.

Contract liabilities relate to clients payments received in advance of the realisation of performance obligations.
Contract liabilities are recorded in revenue as soon as the performance obligations are realised in accordance with the client contracts.

5.3. Trade and other receivables

Trade and other receivables are shown below:

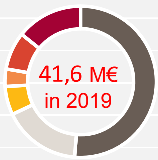
(in € thousands)	12/31/2018	12/31/2019
Trade receivables, gross	37 803	42 552
Impairment of trade receivables	(889)	(891)
Trade receivables, net	**36 914**	**41 661**
Staff and social organisations	510	506
Tax receivables	1 261	1 584
Loans, sureties and other financial receivables due in less than one year	68	314
Other receivables & Miscellaneous receivables	570	1 093
Prepaid expenses	3 766	3 412
Other operating receivables, net	**6 175**	**6 909**
TRADE & OTHER RECEIVABLES	**43 089**	**48 570**

The Group conducted a review of its portfolio of past due receivables to calculate the necessary impairment based on its best estimate of anticipated recovery.
This analysis has been done in coherence with IFRS 9.

Accumulated impairment losses on trade receivables changed as follows:

(in € thousands)	12/31/2018	12/31/2019
Accumulated impairment losses on trade receivables as of January 1	**1 044**	**889**
Impairment losses	854	658
Reversals used	(323)	(742)
Reversals not used	(221)	-
Reversals to opening reserves following the application of IFRS 9 on 1 January	(466)	68
Foreign currency translation adjustments	1	18
ACCUMULATED IMPAIRMENT LOSSES ON TRADE RECEIVABLES AS OF DECEMBER 31	**889**	**891**

Set out below is a breakdown by age of the Company's trade receivables at the reporting date:



(in € thousands)	12/31/2018	12/31/2019
51% - Not yet due	16 239	21 377
16% - Past due - less than 30 days	8 742	6 904
6% - Past due - between 30 and 60 days	1 944	2 524
4% - Past due - between 61 and 90 days	2 075	1 558
8% - Past due - between 91 and 180 days	3 620	3 376
14% - Past due - more than 181 days	4 294	5 920
TRADE RECEIVABLES, NET AMOUNT	**36 914**	**41 658**

Trade receivables are monitored regularly by the management. The Group conducted a review of its portfolio of past due receivables to calculate the necessary impairment based on its best estimate of anticipated recovery.

5.4. Current operating liabilities and other payables

(in € thousands)	12/31/2018	12/31/2019
Trade payables	9 256	11 476
Amount due on fixed assets in less than one year	1 078	146
Tax and social security liabilities	15 337	15 295
Employee profit-sharing and incentive bonuses	740	871
Other liabilities	796	1 251
Deferred income	15 142	16 003
CURRENT OPERATING LIABILITIES & OTHER PAYABLES	**42 349**	**45 042**

5.5. Other non-current assets and liabilities

(in € thousands)	12/31/2018	12/31/2019
Gross amount	452	488
Provision for impairment losses	-	-
OTHER NON-CURRENT ASSETS	**431**	**488**

(in € thousands)	12/31/2018	12/31/2019
Amount due on fixed assets - non-current	976	-
Other non-current liabilities	213	124
OTHER NON-CURRENT LIABILITIES	**1 189**	**124**

The other non-current assets correspond to the research tax credit in North America which can be recovered over more than one year.

Other non-current liabilities correspond to the proportion over one year of partial repayments received from lessors for development and installation work in North America, as well as to the guarantee retention in respect of acquisition of QRMO in 2017.

5.6. Purchases and external expenses

(in € thousands)	12/31/2018		12/31/2019	
Sub-contracting purchased: telecom, telematics and publishing	(9 676)	25,4%	(10 427)	29,5%
Other purchases	(1 236)	3,2%	(924)	2,6%
Property and other rental expenses	(5 742)	15,1%	(557)	1,6%
maintenance, upkeep and repair	(5 656)	14,8%	(6 388)	18,1%
Temporary employees, service providers and sub-contracting	(5 332)	14,0%	(5 875)	16,6%
Capitalized development costs	482	(1,3%)	498	(1,4%)
Professional fees and insurance	(3 609)	9,5%	(5 211)	14,7%
Traveling and transportation expenses	(3 986)	10,5%	(3 327)	9,4%
Telecommunication and postage	(887)	2,3%	(722)	2,0%
Bank charges	(173)	0,5%	(141)	0,4%
Other external expenses	(2 314)	6,1%	(2 287)	6,5%
PURCHASES & EXTERNAL EXPENSES	**(38 129)**	**100,0%**	**(35 361)**	**100,0%**

At 31 December 2019, purchases and external charges include the positive impact of € 4.7 million related to IFRS 16.

5.7. Other recurring operating income and expenses

(in € thousands)	12/31/2018	12/31/2019
Operating foreign currency translation profit	(13)	73
Royalties	(801)	(928)
Losses on irrecoverable receivables	(479)	(270)
Attendance fees	(90)	(107)
Other recurring operating income and expenses	(106)	(217)
OTHER RECURRING OPERATING INCOME (EXPENSES)	**(1 489)**	**(1 449)**

5.8. Other operating income and expenses

(in € thousands)	12/31/2018	12/31/2018
Gains and losses on disposals of intangible assets and property, plant and equipment	(70)	19
Other non-recurring income	1 671	292
Other non-recurring expenses	(325)	(1 209)
OTHER OPERATING INCOME (EXPENSES)	**1 276**	**(898)**

In 2019, other non-recurring income were mainly made up of the adjustment of the acquisition price of QRMO, net of consulting fees, in the amount of 154K€.
In 2018, other non-recurring income were mainly made up of the adjustment of the acquisition price of Gravitas Technology Services LLC, net of consulting fees, in the amount of € 1.5 million.

As these agreements with the sellers were made on April 2018 for Gravitas Technology Services LLC and on April 2019 for QRMO, i.e. more than a year after the acquisitions and the price adjustments arising from events subsequent to the acquisition date, these adjustments are presented under other non-recurring operating income.

In 2019, other non-recurring expenses mainly consist of an expense in the amount of € 0.9 million to finance the project in Uganda, Linedata has deployed a corporate charity project, "Linedata Charity". It has selected three main areas of intervention: Environment, Education and Health. With regard to Education more specifically, Linedata is contributing to the construction of a medical university in Uganda, through the financing of the university residence, with the sponsorship of AKA (Aga Kan University). Through this initiative, Linedata aims to facilitate access to knowledge for Ugandan students, who in return will participate to their country's development. This project includes the creation of an internal solidarity fund, which is financed each year out of the income generated by Linedata's operational activity. The governance of this fund is ensured by an internal committee, which defines the main orientations, votes its budget and monitors the use of subsidies.
This is a non-binding agreement; the annual payment of an amount of 1 million US dollars until 2026 included (i.e. 8 years) is subject to prior approval by the Company's Board of Directors.

In 2018, other non-recurring expense mainly consisted of expenses incurred in connection with labour disputes in France as well as consulting fees in connection with the dispute with the sellers of QRMO

5.9. Reconciliation of the net change in the WCR with the consolidated statement of cash flows

The effect on cash generation of the working capital requirement ("WCR") items recorded in the statement of financial position is explained as follows:

(in € thousands)	12/31/2018	12/31/2019	Net Change	Change with no cash effect	Cash impact
				Change	Items WCR
Trade receivables - net	36 914	41 661	4 747	608	4 139
Staff and social organisations	510	506	(4)	8	(12)
Tax receivables	1 261	1 584	323		323
Other receivables & Miscellaneous receivables	570	548	(22)	12	(34)
Prepaid expenses	3 766	3 413	(353)	90	(443)
Other non-current assets	452	488	36	10	26
Total asset	**43 473**	**48 200**	**4 727**	**728**	**3 999**
Trade payables	9 256	11 476	2 220	361	1 859
Tax and social security liabilities	15 337	15 295	(42)	209	(251)
Employee profit-sharing and incentive bonuses	740	871	131		131
Other liabilities	796	708	(87)	124	(211)
Deferred income	15 142	16 003	861	498	363
Other non-current liabilities	212	124	(88)	4	(92)
Total liability	**41 483**	**44 477**	**2 995**	**1 196**	**1 799**
TOTAL WCR	**1 990**	**3 723**	**1 732**	**(468)**	**2 200**

5.10. Transactions with other related parties

The Group's related parties are the companies over which the Group has significant influence or which are not consolidated, companies that have one of the Group's directors as a director, and the Group's senior management.
To determine the transactions carried out with related parties, a review of contracts is carried out covering those entered into with related parties before the start of the year and all contract entered into during the year.

(in € thousands)	12/31/2018	12/31/2019
Linedata Services' transactions with Odigo Consulting LLC		
Amounts owed to related parties	-	-
Purchases of goods and services	10	
Linedata Services' transactions with Amanaat		
Receivables due from related parties	6	
Revenue	23	11

In late-December 2015, Linedata Services signed a contract for the provision of administrative and financial services with its parent company, Amanaat.
Lastly, on 11 December 2017, Linedata Services signed a services contract with Odigo Consulting LLC, whose Chairwoman is Mrs Shabrina Jiva, a member of Linedata Services' Board of Directors.

Revenue-generating transactions with related parties are at arm's length. No guarantees have been given or received in respect of the liabilities due to or receivables due from related parties.

5.11. Fees payable to the statutory auditors

Fees payable to the statutory auditors and members of their networks recognised in 2019 by Linedata Services, together with its fully consolidated subsidiaries, are as follows:

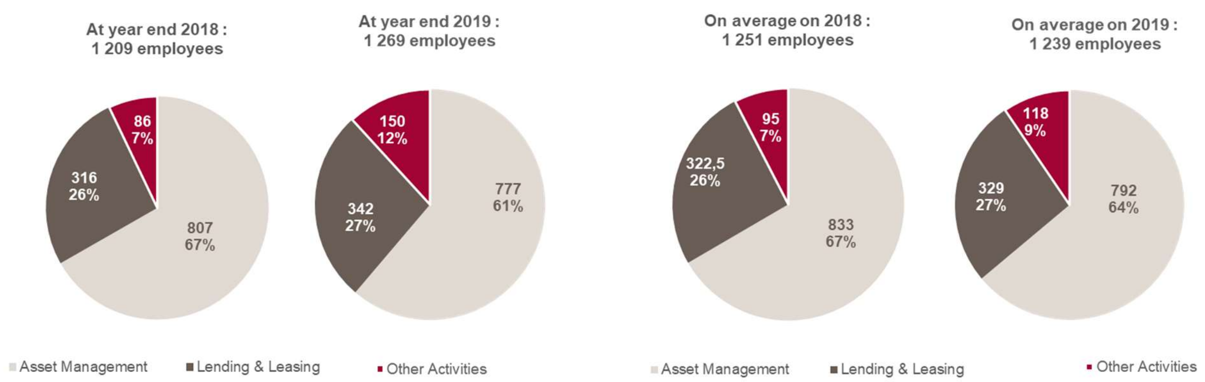
(in € thousands)	ERNST & YOUNG & Others		FINEXSI Audit	
	Amount	%	Amount	%
Certification of the company and consolidated financial statements and review	313	99,5%	154	99,0%
Services other than certification of the company financial statements	2	0,5%	2	1,0%
FEES PAYABLE TO THE STATUTORY AUDITORS	**315**	**100,0%**	**155**	**100%**

Services other than certification of the financial statements relate to certifications in respect of bank covenants provided in connection with Linedata Services' bank borrowings and bonds.

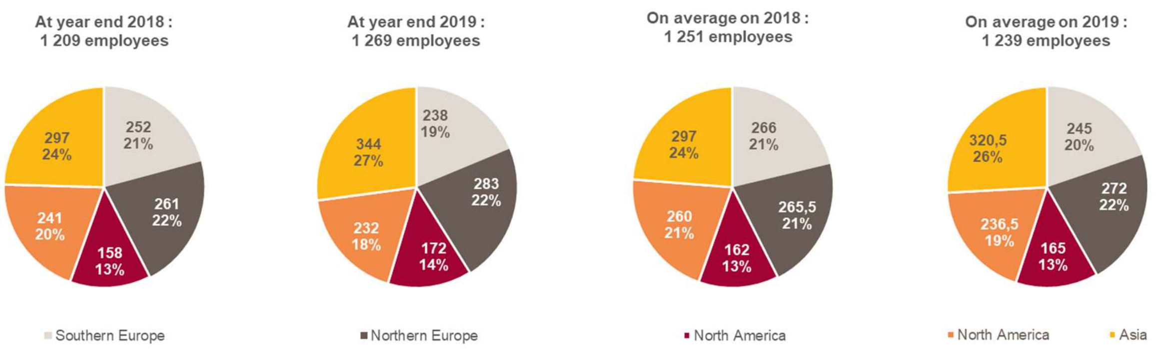
NOTE 6 EMPLOYEE EXPENSES AND BENEFITS

6.1. Workforce

6.1.1. Workforce by segment



6.1.2. Workforce by geographical area



6.2. Employee expenses

(in € thousands)	12/31/2018	12/31/2019
Salaries and wages	(75 420)	(72 131)
Social security contributions	(16 831)	(17 028)
Employee profit-sharing and incentive bonuses	(748)	(871)
Share-based compensation	(62)	55
Net additions to (reversals of) provisions for retirement benefit obligations	(89)	(373)
Capitalized development costs	4 897	6 970
Research tax credit	417	719
EMPLOYEE EXPENSES	**(87 836)**	**(82 659)**

Wages and salaries are restated for development costs, consisting mainly of personnel costs, i.e. € 18.8 million (before capitalization), representing 11.1% of the turnover of 2019, an increase compared to 2018 where they represented 10.2% of the turnover, i.e. € 17.6 million (before capitalization). Part of these expenses has been capitalized (see note 7.2).

6.3. Provisions for retirement and other post-employment benefits

In accordance with the laws and practices of each country, the Group offers certain benefits that guarantee to the employees fulfilling the required conditions the payment of retirement benefits or lump-sum payments to which they are entitled as a result of their length of service (long-service award plan). These plans, known as defined benefit plans, relate mainly to France.

The costs associated with defined benefit plans are born directly by the Group, which recognizes provisions in its financial statements for the cost of benefits to be provided in accordance with the procedures detailed below.

The Group uses the projected unit credit method to determine the value of its obligation in respect of defined benefits: this method stipulates that each period of service gives rise to an additional unit in terms of benefit entitlement and that each unit is assessed separately so as to calculate the final obligation.

These calculations include various actuarial assumptions such as the employee's expected length of service, the level of future compensation, life expectancy and employee turnover.

The commitment thus calculated is discounted at the interest rate applicable to investment-grade corporate bonds, denominated in the payment currency and whose term is close to the estimated average term of the retirement obligation concerned.

Changes in these estimates and assumptions are likely to result in a significant change in the amount of the commitment.

The amount of the provision set aside in respect of retirement benefit and similar obligations corresponds to the discounted value of the obligation in respect of defined benefits. The actuarial differences resulting from the change in the value of the discounted obligation in respect of the defined benefits include both the effects of the differences between the former actuarial assumptions and the actual amounts, and the effects of changes in the actuarial assumptions.

In France and Tunisia, defined benefit plans concern the payment of retirement benefits. Gravitas Technology Private Limited is subject to a pension scheme in accordance with India's Payment of Gratuity Act of 1972.

6.3.1. Actuarial assuptions actuarielles en France

	31/12/2018	31/12/2019
Discount rate for retirement benefits	1,60%	0,75%
Discount rate for long-service awards	1,10%	0,40%
Rate of future salary increases	3,00%	3,00%
Actuarial life table	TG H/F 2005	TG H/F 2005
Retirement age:		
Managers born before 01/01/1950	64 ans	64 ans
Managers born after 01/01/1950	66 ans	66 ans
Other employees born before 01/01/1950	62 ans	62 ans
Other employees born after 01/01/1950	64 ans	64 ans

Turnover	31/12/2018	31/12/2019
Before 25 years	Between 17% & 25%	Between 18% & 25%
25 to 29 years	Between 13% & 18%	Between 13% & 17%
30 to 34 years	Between 9% & 13%	Between 9% & 12%
35 to 39 years	Between 6% & 9%	Between 6% & 8%
40 to 44 years	Between 4% & 6%	Between 4% & 6%
45 to 49 years	Between 2% & 4%	Between 2% & 4%
50 years and over	< 2%	< 2%

These obligations are discounted at a rate corresponding to the yield on European AA-rated investment grade corporate bonds of the same duration as the obligations. The Group uses the International Index Company's iBoxx index rates for AA-rated corporate bonds.

The approximate rates applied on December 31, 2019 are:

- ✓ 0,75% by reference to the iBoxx € Corporates AA 10+ for retirement benefits,
- ✓ 0,40% by reference to the iBoxx € Corporates AA 7-10 for long service awards.

The rates of social security charges used to measure commitments in respect of retirement indemnities and long-service awards in France range from 50.11% to 53.38% depending on the rates observed by each subsidiary.

6.3.2. Change in the provisions

(in € thousands)	Retirement benefits - France	Retirement benefits - Tunisia & India	Long-service awards	12/31/2018	Retirement benefits - France	Retirement benefits - Tunisia & India	Long-service awards	12/31/2019
Provision as of January 1	**7 405**	**236**	**472**	**8 113**	**6 664**	**179**	**422**	**7 265**
Changes in Group structure	-	-	-	-	-	-	-	-
Change in actuarial gains and losses	(920)	-	-	(920)	520	-	-	520
Benefits paid to employees	(271)	(61)	(32)	(364)	(182)		(39)	(221)
Foreign currency translation adjustments	-	(18)	-	(18)	-	8	-	8
Expense for the year	450	22	(18)	454	543	54	47	644
Cost of services rendered	*358*	*22*	*33*	*413*	*429*	*54*	*29*	*512*
Interest expense	*92*	*-*	*4*	*96*	*108*	*-*	*4*	*112*
Amortization of actuarial gains and losses	*-*	*-*	*(55)*	*(55)*		*-*	*14*	*14*
Others (transfers/reversals)	*-*	*-*	*-*	*-*	*6*	*-*	*-*	*6*
PROVISION AS OF DECEMBER 31	**6 664**	**179**	**422**	**7 265**	**7 545**	**241**	**430**	**8 216**

Recognized actuarial gains and losses include the effect of changes in actuarial assumptions and of differences between the actuarial assumptions used and the actual experience.

the recognized actuarial gain of €408 thousand in 2019 results from a loss of €51 thousand in experience differences, a gain of €751 thousand related to the evolution of the discount rate and a loss of €292 thousand on the updating of the rate of social security charges.

For retirement liabilities in France, a +/-0.25 point change in the discount rate would impact the commitments by - €240 thousand/+ €250 thousand.

The breakdown by maturity of the commitment in respect of retirement benefits in France is as follows:

(in € thousands)	12/31/2018	12/31/2019
Present value of theoretical services to be paid by the employer:		
Due within one year	122	282
1 to 5 years	650	1 064
5 to 10 years	3 073	2 568
More than 10 years	2 819	3 631
TOTAL COMMITMENT	**6 664**	**7 545**

6.4. Share-based payments

Certain employees, provided they remain in the Group's employment, receive equity-settled share-based remuneration.

The costs of free share allocation plans and share purchase and share subscription option plans are recognized in employee expenses. This expense, which corresponds to the fair value of the instrument issued, is spread over the rights' vesting period. Fair value is determined on the basis of valuation models adapted to the instruments' features (Black & Scholes model in the case of options). The Group periodically reviews the number of options that could potentially be exercised. Where relevant, it recognizes the consequences of any revised estimates in the income statement.

6.4.1. Bonus share plans

Plan reference	2014 plan (No. 4)
Nature of shares	Preferred Shares (2)
Date of AGM	05/12/2014
Date of Executive Board meeting that approved the granted bonus shares	06/13/2014
Total number of bonus shares approved by the Executive Board	675
Total number of bonus shares available for acquisition at the end of the performance period, of which:	675
- for corporate officers (status at time of grant)	250
- for the first 10 employees(1)	425
Total number of beneficiaries, of whom:	13
- corporate officers	1
- Group employees	11
End date of vesting period for grantees resident in France	06/13/2017
End date of vesting period for grantees not resident in France	
End date of lock-up period for grantees resident in France	06/13/2019
Number of bonus shares available for acquisition as of January 1, 2018	47 866
Number of bonus shares available for acquisition as of December 31, 2019	**-**

(1) Includes the employees of all of the Group's companies and not just those of the parent company.
(2) A preferred share shall be converted into up to 82 Linedata Services ordinary shares.

Linedata Services S.A. is the only Group company that awarded bonus shares.

The main assumptions used to calculate the fair value of the shares of plans n°3 and 4 are as follows: a turnover rate of 5%, a dividend of €0.65 for 2014, growing by €0.05 annually to reach €0.85 in 2018.
The plan includes performance criteria for all or some of the shares to be awarded.
Definitive awarding of performance shares to the beneficiaries is 70% subject to the attainment of performance criteria relating to the Group's consolidated revenue and EBITDA margin determined at the end of each annual period from 2014 to 2016, and 30% subject to the change in Linedata Services share price.

On 25 June 2019, Linedata Services' Board of Directors noted that the conditions for vesting of the bonus shares had been met and converted the 673 preference shares into 47,866 Linedata Services shares for the beneficiaries of the plan detailed above.

The income recognized in 2019 for the share purchase option and free share allocation plans was €55 thousand (€62 thousand expenses for 2018).

6.5. Remuneration of senior management (related parties)

The Group's main corporate officers comprise the Chief Executive Officer, members of the Board of Directors and members of the Executive Committee.

The Combined Annual General Meeting of April 27, 2017 approved directors' attendance fees of €200 thousand, to be divided between the members of the Board of Directors.
Post-employment benefits correspond to contractual retirement benefits. No commitments exist with regard to the management concerning post-employment or other long-term benefits.

(in € thousands)	12/31/2018	12/31/2019
Short-term benefits	3 612	3 140
Termination benefits	501	
Share-based payments	123	
REMUNERATION OF SENIOR MANAGEMENT	**4 236**	**3 140**

NOTE 7 GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT

7.1. Goodwill

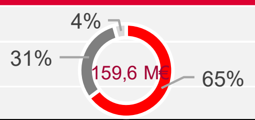
Goodwill is initially recognized at the time of a business combination as described in Note 2.1.3.

Subsequent to its initial recognition, this goodwill is not amortized but is tested for impairment as soon as there are indications of impairment and at least once a year. The procedures used to carry out the impairment tests in 2017 and 2018 are described in Note 7.5.

Goodwill changed as follows :

(in € thousands)	Gross amount	Accumulated impairment losses	Net carrying amount
As of 12/31/2018	**171 965**	**(16 078)**	**155 887**
Acquisition: Loansquare	732	-	732
Foreign currency translation adjustments	3 031	(85)	2 945
As of 12/31/2019	**175 728**	**(16 163)**	**159 564**

The breakdown of goodwill by segment is as follows:



(in € thousands)	12/31/2018	12/31/2019
Asset Management	101 181	103 670
Lending & Leasing	47 766	48 949
Insurance/Pension Funds	6 940	6 945
GOODWILL, NET	**155 887**	**159 564**

7.2. Intangible assets

Separately acquired intangible assets
These assets correspond to purchased software recognized at acquisition cost. They are amortized on a straight-line basis over a period of one to ten years in accordance with their estimated useful lives.

Intangible assets acquired as part of a business combination
The main components of this category are software and customer base measured at their fair value in connection with the allocation of the acquisition price of entities acquired as part of a business combination. These assets are amortized on a straight-line basis over eight years in accordance with their estimated useful lives.

Internally-generated intangible assets
Pursuant to IAS 38 "*Intangible Assets*":

- research costs are recognized as an expense in the period in which they are incurred,
- software development costs are recognized as an intangible asset if the Group can demonstrate the following :
  - the technical feasibility of completing development of the software so that it will be available for use or sale,
  - its intention to complete development of the software and use or sell it,
  - its ability to use or sell the software,
  - how the software will generate probable future economic benefits,
  - the availability of adequate technical, financial and other resources to complete development and to use or sell the software,
  - its ability to measure reliably the expenditure attributable to the software during its development.

Fulfillment of these criteria is determined on a product-by-product basis. Software development costs that cannot be capitalized are immediately expensed.

These assets are amortized on a straight-line basis over five years in accordance with their estimated useful lives, which are reviewed at each reporting date.

Intangible assets changed as follows:

(in € thousands)	Purchased Software	Development costs	Customer relationships	Other intangible assets	INTANGIBLE ASSETS
Gross amount as of 12/31/2018	**53 114**	**38 780**	**19 947**	**2 019**	**113 860**
Changes in Group structure	627	-	-	-	627
Acquisitions	1 164	6 419	-	62	7 645
Disposals	(407)				(407)
Other movements	(1 115)	1 115	-	-	-
Foreign currency translation adjustments	1 055	708	604	34	2 401
GROSS AMOUNT AS OF 12/31/2019	**54 438**	**47 022**	**20 551**	**2 115**	**124 126**

Acquisitions relate to the capitalization of R&D totaling €6.5 million, notably related to the AMP (Asset Management Platform) project.

(in € thousands)	Purchased Software	Development costs	Customer relationships	Other intangible assets	INTANGIBLE ASSETS
Accumulated amortization as of 12/31/2018	**(44 097)**	**(26 109)**	**(16 139)**	**(2 015)**	**(88 360)**
Changes in Group structure	(18)	-	-	-	(18)
Amortization expense	(3 960)	(2 046)	(1 442)	(340)	(7 788)
Reversal of amortization expense	407	-	-	-	407
Other movements	-	-	-	-	-
Foreign currency translation adjustments	(813)	(483)	(489)	(38)	(1 823)
ACCUMULATED AMORTIZATION AS OF 12/31/2019	**(48 481)**	**(28 638)**	**(18 070)**	**(2 393)**	**(97 582)**

(in € thousands)	Purchased Software	Development costs	Customer relationships	Other intangible assets	INTANGIBLE ASSETS
Net amount as of 12/31/2018	**9 017**	**12 671**	**3 808**	**4**	**25 500**
NET AMOUNT AS OF 12/31/2019	**5 957**	**18 384**	**2 481**	**(278)**	**26 544**

7.3. Right of use IFRS 16

IFRS 16 "Leases" is mandatory for all fiscal years beginning as from January 1, 2019.

The "simplified retrospective method" was chosen as transition method and the simplifying measures specified by the standard have been implemented (exclusion of contracts of less than one year and contracts relating to low-value assets).

The discount rates used to calculate the rights of use and lease liabilities for each lease, correspond to the marginal debt rates estimated by the management for leased assets. These rates are differentiated (i) by country and (ii) by the contract residual lease term (iii) differentiation by category of assets is also being used.

Discount rates range from 2.00% to 7.85% and are calculated according to the maturity of the restated contract and the country risk.

The restatements relate to operating leases for offices and vehicles.

The term used for the valuation of these lease commitments extends until March 2026 and corresponds to the non-cancellable period plus any period subject to renewal options, provided that the exercise of these options is "reasonably certain".

In accordance with IFRS 16, leases are recorded under tangible fixed assets for the right of use of the leased asset. Such leases are recognized at the beginning of the contract for the discounted value of the minimum lease payments, in counterpart of a liability, corresponding to the lease liabilities owed to the lessor.

These assets are depreciated using the straight-line method over the term of the lease, which corresponds to the non-cancellable period of each contract, unless the Group is reasonably certain that it will be able to exercise the renewal options provided under the contract.

The evolution of the rights of use IFRS 16 is analyzed below :

(in € thousands)	Land, Buildings	car fleets	TOTAL
Impact of first-time adoption of IFRS 16	17 038	134	17 172
Foreign currency translation adjustments	(38)	-	(38)
GROSS AMOUNT AS OF 12/31/2019	**16 999**	**134**	**17 133**
Amortization expense	(4 314)	(59)	(4 373)
Foreign currency translation adjustments	2	-	2
ACCUMULATED AMORTIZATION AS OF 12/31/2019	**(4 312)**	**(59)**	**(4 371)**
NET AMOUNT AS OF 12/31/2019	**12 687**	**75**	**12 762**

The breakdown of IFRS 16 lease liabilities by maturity is as follows :

(in € thousands)	31/12/2019
Due on 31/12/2020	3 884
Due on 31/12/2021	3 135
Due on 31/12/2022	2 341
Due on 31/12/2023	1 639
Due on 31/12/2024 and after	2 036
TOTAL	**13 035**

7.4. Property, plant and equipment

Property, plant and equipment are recognized at their acquisition cost excluding financial expenses, less accumulated depreciation and any impairment losses. They have not been revalued.

Depreciation is calculated using the straight-line method and the expected useful lives of the various categories of property, plant and equipment:

- ✓ buildings 5 to 20 years
- ✓ improvements 5 to 20 years
- ✓ equipment and tools 2 to 5 years
- ✓ office furniture and equipment 2 to 5 years

Depreciation is calculated based on the acquisition cost, reduced by any residual value. Residual values and expected useful lives are reviewed at each reporting date.

Property, plant and equipment changed as follows:

(in € thousands)	Land, Buildings	Fixtures, furniture & other equipment	Computer hardware	PROPERTY, PLANT AND EQUIPMENT	Of which finance leases
Gross amount as of 12/31/2018	**14 670**	**15 575**	**32 537**	**62 782**	**16 444**
Acquisitions	266	419	2 547	3 232	-
Disposals	-	(368)	(1 015)	(1 383)	(859)
Other movements	18 791	(1 535)	(85)	17 171	134
Foreign currency translation adjustments	66	231	678	975	43
GROSS AMOUNT AS OF 12/31/2019	**33 793**	**14 322**	**34 662**	**82 777**	**15 762**

(in € thousands)	Land, Buildings	Fixtures, furniture & other equipment	Computer hardware	PROPERTY, PLANT AND EQUIPMENT	Of which finance leases
Accumulated amortization as of 12/31/2018	**(1 783)**	**(9 701)**	**(27 396)**	**(38 880)**	**(4 225)**
Amortization expense	(3 453)	(2 697)	(2 564)	(8 714)	(580)
Reversal of amortization expense	-	261	923	1 184	859
Other movements	-	12	(13)	(1)	-
Foreign currency translation adjustments	(50)	(197)	(596)	(843)	(43)
ACCUM. AMORTIZATION AS OF 12/31/2019	**(5 286)**	**(12 322)**	**(29 646)**	**(47 254)**	**(3 989)**

(in € thousands)	Land, Buildings	Fixtures, furniture & other equipment	Computer hardware	PROPERTY, PLANT AND EQUIPMENT	Of which finance leases
Net amount as of 12/31/2018	**12 887**	**5 874**	**5 141**	**23 902**	**12 219**
NET AMOUNT AS OF 12/31/2019	**28 507**	**2 000**	**5 016**	**35 523**	**11 773**

Investments almost exclusively concern servers, IT and office equipment, as well as work on the Hong Kong head office.

7.5. Impairment of assets

Property, plant and equipment and intangible assets with a finite useful life are tested for impairment as soon as there are objective indications of impairment. Goodwill and intangible assets not yet ready to be brought into service are tested for impairment as soon as there are indications of impairment and systematically at December 31, the Company's reporting date.

Impairment tests are carried out at the level of the cash generating units (CGUs) to which the assets are allocated. The CGUs are operational entities generating independent cash flows.

The CGUs adopted by the Group correspond to the following business segments:
- ✓ Asset Management,
- ✓ Lending & Leasing,
- ✓ Others, including Employee Savings and Insurance and Pension Funds.

The impairment tests involve comparing the carrying amount of the CGUs with their recoverable amount. A CGU's recoverable amount is the higher of its fair value (generally its market value) less costs to sell and its value in use.

A CGU's value in use is determined using the discounted cash flow method, incorporating the following cash flows:
- ✓ cash flows for a plan period of five years, with cash flows for the first year based on the budget,
- ✓ cash flows beyond the five-year plan period, which are calculated by applying a perpetual growth rate.

Cash flows are discounted using an average discount rate equal to:
- ✓ the ten-year risk-free money rate,
- ✓ plus the market risk premium adjusted by a risk coefficient specific to the asset or CGU.

If the CGU's carrying amount exceeds its recoverable amount, an impairment loss is recognized to reduce the assets' carrying amount to their recoverable amount. The impairment loss is allocated first to reduce the carrying amount of the goodwill and recorded in profit or loss under *"Other operating expenses"*. The reversal of impairment losses on goodwill in respect of fully-consolidated subsidiaries is prohibited. The reversal of impairment losses on property, plant and equipment and intangible assets (excluding goodwill) is permitted, up to the limit of the impairment loss initially recognized, if the recoverable amount subsequently becomes higher than carrying amount.

7.5.1. Impairment testing procedures

The tests were carried out in accordance with the following assumptions:

✓ the forecasts used were based on past experience, the order books and products under development,
✓ the growth rate to infinity was calculated at 1.5%. This rate, which is identical to that used for 2018, is in line with the average long-term growth rate in the Group's business sector;
✓ the discount rate calculated is 10% after tax (same in 2018). The main components of the weighted average cost of capital are a market risk premium, a risk-free rate corresponding to an average of the interest rates on government bonds with a high maturity, a beta calculated based on a sample of companies in the sector that comes to 1.23, and the level of the Group's borrowings that is taken into account;
✓ the tax rate is differentiated by CGU by applying an effective tax rate that is weighted according to the revenue generated by geographic region.

The key assumptions about the growth rate to infinity and the discount rate are identical for each CGU to which goodwill is allocated insofar as the business and financial risks of the CGUs used present common characteristics due to:
- ✓ the identical profile of their clients, made up of large companies, banking or financial institutions with an immaterial credit risk;
- ✓ the geographic regions in which the Group operates, which have a limited risk profile and similar growth criteria.

The tests carried out in respect of the business segments indicated that there was no need to recognize any impairment losses in goodwill for the year ended December 31, 2019.

7.5.2. Sensitivity of goodwill impairment tests

The margin for testing, which corresponds to the difference between the value in use and the carrying amount, as well as the impacts of changes in the key assumptions on this margin, are shown separately for each business segment in the following table:

(in € millions)	Asset Management	Lending & Leasing	Other Activities
Difference between value in use and carrying amount	**102,8**	**67,2**	**27,0**
Impact on recoverable amount in the event of :			
a 1-point increase in the discount rate	(25,4)	(14,9)	(3,4)
a 0.5-point fall in the perpetual growth rate	(9,4)	(5,4)	(1,2)
Combination of the two factors	**(32,6)**	**(19,1)**	**(4,3)**
5% turnover decrease & 10% EBITDA decrease	(28,6)	(17,9)	(3,4)
Combination of the three factors	**(57,2)**	**(34,6)**	**(7,3)**

NOTE 8 OTHER PROVISIONS AND CONTINGENT LIABILITIES

8.1. Other provisions

A provision is recognized when:

- ✓ the Group has a legal, contractual or constructive obligation resulting from a past event,
- ✓ it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation,
- ✓ the amount of the obligation can be measured reliably .

Provisions are measured in accordance with IAS 37 based on the most probable assumptions.

Changes in the provisions were as follows:

(in € thousands)	Provisions for legal proceedings	Other provisions	PROVISIONS
PROVISION AS OF 12/31/2018	**136**	**154**	**290**
Additions	313		313
Reversals - provision used	(191)	(154)	(345)
Reversals - provision not used	68	-	68
PROVISION AS OF 12/31/2019	**329**	**-**	**329**
Of which non-current provisions	25		25
Of which current provisions	303	-	303

Provisions for disputes related mainly to staff disputes. Provision reversals related to several disputes that were resolved in early-2019.

8.2. Contingent liabilities

In contrast to the above definition of a provision, a contingent liability is:

- ✓ a possible obligation arising from a past event whose existence will be confirmed only by the occurrence or non-occurrence of an uncertain event not within the Group's control, or
- ✓ a present obligation arising from a past event for which either the amount of the obligation cannot be measured reliably or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The ongoing disputes have been analyzed. Where necessary, provisions have been recognized in respect of these disputes, estimated by the Group's Management on the basis of the relevant facts and circumstances, in accordance with IAS 37. The residual uncertainty inherent in any dispute would not have a material impact on profit or loss.

NOTE 9 FINANCING AND FINANCIAL INSTRUMENTS

9.1. Financial assets and liabilities

The main components of financial assets and liabilities are:

- ✓ long-term financial liabilities, short-term loans and bank overdrafts that make up the Group's gross debt (see Note 8.1.2)
- ✓ loans and other long-term financial assets and cash and cash equivalents that are added to the gross debt to calculate the Group's net debt (see Note 8.1.3)
- ✓ derivative financial instruments (see Note 8.1.4)
- ✓ other current and non-current financial assets and liabilities (see Note 8.1.5)

9.1.1. Fair value of financial assets and liabilities

(in € thousands)	12/31/2018		Breakdown by type of financial instrument				
	Carrying amount	Fair value	Financial assets and liabilities at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Financial liabilities at amortized cost	Derivative financial instruments
Non-current financial assets	1 580	1 580	-	-	1 580	-	-
Other non-current assets	452	452	-	-	452	-	-
Trade and other receivables	43 089	43 089	-	-	43 089	-	-
Cash and cash equivalents	21 743	21 743	21 743	-	-	-	-
FINANCIAL ASSETS	**66 864**	**66 864**	**21 743**	**-**	**45 121**	**-**	**-**
Non-current loans and financial liabilities	82 983	82 983	-	-	-	82 872	111
Other non-current liabilities	1 189	1 189	-	-	1 189	-	-
Current loans and financial liabilities	16 665	16 665	-	-	-	16 665	-
Current operating liabilities	42 349	42 349	-	-	42 349	-	-
FINANCIAL LIABILITIES	**143 186**	**143 186**	**-**	**-**	**43 538**	**99 537**	**111**

(in € thousands)	12/31/2019		Breakdown by type of financial instrument				
	Carrying amount	Fair value	Financial assets and liabilities at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Financial liabilities at amortized cost	Derivative financial instruments
Non-current financial assets	1 239	1 239	-	-	1 239	-	-
Non-current rent debts IFRS 16	488	488	-	-	488	-	-
Trade and other receivables	48 570	48 570	-	-	48 570	-	-
Cash and cash equivalents	17 178	17 178	17 178	-	-	-	-
FINANCIAL ASSETS	**67 475**	**67 475**	**17 178**	**-**	**50 297**	**-**	**-**
Non-current loans and financial liabilities	72 643	72 643	-	-		72 540	103
Other non-current assets	9 166	9 166	-	-		9 166	-
Other non-current liabilities	124	124	-	-	124	-	-
Current loans and financial liabilities	21 312	21 312	-	-	-	21 312	-
current rent debts IFRS 16	3 924	3 924	-	-		3 924	-
Current operating liabilities	45 042	45 042	-	-	45 042	-	-
FINANCIAL LIABILITIES	**152 211**	**152 211**	**-**	**-**	**45 166**	**106 942**	**103**

9.1.2. Gross debt

Gross debt comprises bonds and bank borrowings as well as other borrowings, short term loans and bank overdrafts.

Loans are initially recognized at their fair value, net of transaction costs incurred. Loans are subsequently recognized at their amortized cost. The amount of interest recognized in financial expenses is determined by applying the borrowing's effective interest rate to its carrying amount. The difference between the expense calculated using the effective interest rate and the coupon affects the value of the liability.

Financial liabilities hedged by interest rate swaps are generally recognized using hedge accounting.

The finance lease liabilities are recognized at the inception of each lease, the amount of which is equal to the discounted value of future lease payments.

Changes in the Group's gross debt during the financial year are broken down as follows:

(in € thousands)	12/31/2018	Changes in Group structure	Additions	Repayments	Change in fair value	Reclassification	Foreign currency translation adjustments	12/31/2019
Bond loans	34 684	-	-	-	-	32	-	34 716
Syndicated loans	19 942	-	-	-	-	(7 962)	-	11 980
Other bank loans	19 193	-	13 466	(3 501)	-	(11 573)	-	17 585
Finance lease liabilities	9 053	-	-	-	-	(1 335)	-	7 718
Other financial liabilities	111	477	64	-	(8)		(0)	644
Non-current loans and other financial liabilities	**82 983**	**477**	**13 530**	**(3 501)**	**(8)**	**(20 838)**	**(0)**	**72 643**
Non-current rent debts IFRS 16 (note 7)			**13 127**			**(3 943)**	**(33)**	**9 166**
Non-current Financial debt	**82 983**	**477**	**26 657**	**(3 501)**	**(8)**	**(24 781)**	**(33)**	**81 809**
Bond loans	(62)	-	-	62	-	(32)	-	(32)
Syndicated loans	7 407	-	-	(7 507)	-	7 961	100	7 961
Other bank loans	7 455	-	2 934	(10 380)	-	11 573	-	11 582
Finance lease liabilities	1 335	-	-	(1 335)	-	1 335	-	1 335
Accrued interest	504	-	504	(548)	-	-	-	460
Other financial liabilities	-	-	-				-	-
Bank overdrafts	26	-	-	(20)	-	-	-	6
Current loans and other financial liabilities	**16 665**	**-**	**3 438**	**(19 728)**	**-**	**20 837**	**100**	**21 312**
current rent debts IFRS 16 (note 7)			**4 045**	**(4 043)**		**3 943**	**(6)**	**3 924**
Current Financial debt	**16 665**	**-**	**7 483**	**(23 771)**	**-**	**24 780**	**94**	**25 236**
FINANCIAL GROSS DEBT	**99 648**	**477**	**34 140**	**(27 272)**	**(8)**	**(1)**	**61**	**107 045**

In 2019, Linedata Services SA made two drawings on its BNP Paribas loan (€ 4.9 million and € 1.5 million) reaching the total amount of the loan drawdown (€ 20 million) and started repayment of the loan installments.

In January and July 2019, Linedata Services SA proceeded with the repayment of two installments of 4.3 million US dollars each, in respect of its syndicated loan in US dollars with NATIXIS bank. These two repayments have ended the syndicated loan.

In addition, the repayment of the € 20 million syndicated loan will begin in January 2020.

In May 2019, Linedata Services SA subscribed to a BPI loan in the amount of € 10 million for financing of development. This loan also participated in the early repayment of the BPI loan subscribed in April 2018, in the amount of € 7 million.

Finally, Linedata repaid the 2016 property finance lease in an amount of € 1.3 million during the financial year.

The 477K€ change in other financial debt is related to the Loansquare earn-out clause.

At the end of December 2019, therefore, the Group had the following credit lines:

(in € thousands)	Grant date	Maturity date	Notional amount when granted	capital outstanding at 12/31/2019
Bond loans	June 2015	May 2022	35 000	35 000
Syndicated loan - in EUR	January 2017	January 2022	20 000	20 000
Bilateral credit	August 2018	April 2022	20 000	15 594
Bilateral credit	June 2017	June 2022	5 000	2 500
Credit facility	July 2017	July 2022	5 000	2 750
Credit facility	May 2019	May 2022	10 000	8 333
			95 000	**84 177**

The applicable bank terms are as follows:

- ✓ the bond loan and bilateral credits contracted in June and July 2017 have a fixed interest rate
- ✓ the interest rate is equal to Euribor for the syndicated borrowing denominated in euros, applicable during the drawdown period, plus a margin that is adjusted half-yearly based on the leverage ratio (consolidated net debt to EBITDA ratio),
- ✓ the interest rate is equal to Euribor plus a margin for the bilateral credits contracted in August 2018 and May 2019.

Details of the covenants relating to the financial liabilities are provided in Note 9.4.1.

9.1.3. Net debt

Net debt comprises bonds and bank borrowings, other borrowings, short term loans and bank overdrafts less cash and cash equivalents. The "Cash and cash equivalents" heading comprises cash, marketable securities and bills of exchange presented for collection whose maturity date falls before the reporting date. All of the items included under this heading qualify as cash equivalents since they are readily convertible to known amounts of cash whilst being subject to an insignificant risk of changes in value. These current financial assets, recognized at their fair value through profit or loss, are held to help the Group meet its short-term cash requirements.

(in € thousands)	12/31/2018	12/31/2019
Bond loans	34 622	34 684
Syndicated loans	27 349	19 941
Other bank loans	26 648	29 167
Finance lease liabilities	10 388	9 053
Rent debts IFRS 16		13 090
Accrued interest	504	460
Other financial liabilities	111	644
Bank overdrafts	26	6
Financial Gross Debt	**99 648**	**107 045**
Marketable securities	-	-
Cash	21 743	17 178
Cash and cash equivalents	**21 743**	**17 178**
FINANCIAL NET DEBT	**77 905**	**89 867**

9.1.4. Derivative financial instruments

The Group uses derivative financial instruments for hedging purposes, to protect itself against fluctuations in interest rates, since its medium-term borrowings are at variable rates.

Most of the derivative financial instruments used by the Group are deemed to be cash flow hedging instruments. As regards changes in the fair value of these hedging instruments, those relating to the effective portion of the hedge are recognized in equity whereas those relating to the ineffective portion (or when the hedged item is itself recognized in profit or loss) are recognized in the income statement under "*Other financial income" or "Other financial expenses".*

In the case of derivatives that do not qualify for hedge accounting, any gain or loss resulting from changes in fair value is recognized in the income statement under "*Other financial income" or "Other financial expenses".*

Derivative financial instruments are recognized within financial assets or liabilities by reference to their value.

9.1.5. Other financial assets and liabilities

The main components of other non-current assets and liabilities are guarantee deposits and available-for-sale financial assets. Guarantee deposits are measured at fair value with changes in fair value being recognized through profit or loss. Available-for-sale financial assets comprise investments in unconsolidated entities and are recognized initially at fair value. Any change in this fair value is subsequently recognized in other comprehensive income or in the profit or loss for the year in the event of a significant or prolonged fall in their fair value. Unrealized gains and losses recognized in other comprehensive income are recognized in profit or loss when the securities concerned are sold.

Other current financial assets and liabilities comprise trade receivables and payables, which are initially recognized at fair value and subsequently at their amortized cost, minus any impairment. The fair value of trade receivables and trade payables is considered to be the same as their face value, given their due dates for payment.

(in € thousands)	12/31/2018	12/31/2019
Deposits and sureties	1 571	1 230
Other non-current financial assets	9	9
Gross amount	**1 580**	**1 239**
Provision for impairment losses	-	-
NON-CURRENT FINANCIAL ASSETS	**1 580**	**1 239**

9.2. Financial income and expenses

Financial income and expenses comprise, on the one hand, interest income and expenses related to the cost of the net debt and, on the other hand, other financial income and expenses.

9.2.1. Net borrowing costs

Interest expenses correspond to the amount of interest recognized in respect of financial liabilities, and interest income corresponds to the amount of interest received on cash investments.

(in € thousands)	12/31/2018	12/31/2019
Income from cash and cash equivalents	7	11
Interest expense	(2 443)	(2 251)
Gains (losses) on hedging instruments (interest rate differential)	(25)	(25)
NET BORROWING COSTS	**(2 461)**	**(2 265)**

The average amount of borrowings outstanding was €91.4 million in 2019, compared with €93.3 million in 2018.
The average cost of borrowing after factoring in hedging instruments was 2.7% in 2019, as in 2018.

9.2.2. Other financial income and expenses

(in € thousands)	12/31/2018	12/31/2019
Foreign currency translation gains	1 957	1 552
Change in the value of derivative financial instruments	-	15
Other financial income	155	23
Total other financial income	**2 112**	**1 590**
Foreign currency translation losses	(812)	(1 235)
Change in the value of derivative financial instruments	(15)	
Other financial expenses- IFRS 16	-	(619)
Other financial expenses	(197)	(249)
Total other financial expenses	**(1 024)**	**(2 103)**
OTHER FINANCIAL INCOME (EXPENSES)	**1 088**	**(513)**

Foreign currency translation gains and losses related mainly to commercial transactions denominated in foreign currencies, mainly in US dollars.
The Interest expense on rental obligations corresponds to the impact of discounting the lease liabilities, pursuant to IFRS 16.

9.3. Financial risk management policy

9.3.1. Market risks

Currency risk

The currency risk mainly concerns conversion of the foreign subsidiaries' financial statements. No specific hedges are in place for this risk.

The risk of fluctuations in foreign currency denominated commercial transactions is low as each entity predominantly intervenes in their country and currency.

Moreover, as part of intragroup transactions, Linedata Services is exposed to foreign exchange risk with regard to:
- ✓ short-term current commercial transactions, mainly with Group entities located outside the euro zone. These exchange rate fluctuations have no material impact on profit.
- ✓ loans denominated in foreign currencies, notably loans granted to the US subsidiary during the acquisition of CapitalStream's assets. The impact of these currency variations is recorded under equity. A specific hedge is taken out for these financial flows.

The hedging instruments the Group normally uses are forward purchases and sales of foreign currencies, swaps and options. The derivative products used by the Group to hedge its foreign exchange risk do not generally qualify as hedging instruments as defined by IFRS 9.

As of December 31, 2018, the net carrying amount of the assets and liabilities recorded by the Group's entities in a currency other than their operating currency was as follows:

(in € thousands)	USD	CAD	GBP	TND	HKD	MAD	INR	Total converted to EUR
Assets	122 095	6 182	35 670	8 152	84 554	3 214	221 967	165 376
Liabilities	22 004	3 610	7 973	3 547	33 875	894	131 434	36 996
Net position before hedging	**100 091**	**2 572**	**27 696**	**4 605**	**50 679**	**2 320**	**90 533**	**128 380**
Hedging financial instruments	5 550							4 664
NET POSITION AFTER HEDGING	**94 541**	**2 572**	**27 696**	**4 605**	**50 679**	**2 320**	**90 533**	**123 716**

The position at December 31, 2019 was as follows:

(in € thousands)	USD	CAD	GBP	TND	HKD	MAD	INR	Total converti en euros
Assets	129 019	3 702	35 386	7 318	89 145	7 507	371 259	176 646
Liabilities	29 827	2 797	7 600	4 550	32 869	3 657	260 682	46 086
Net position before hedging	**99 192**	**905**	**27 786**	**2 768**	**56 276**	**3 850**	**110 577**	**130 560**
Hedging financial instruments								-
NET POSITION AFTER HEDGING	**99 192**	**905**	**27 786**	**2 768**	**56 276**	**3 850**	**110 577**	**130 560**

Sensibility analysis

A 10% fall in each exchange rate against the euro would have an impact of (-) €13,729 thousand on the net position as of December 31, 2019 compared with (-) €13,444 thousand as of December 31, 2018. A 10% increase in these exchange rates would have a positive impact of €11,291 thousand on the net position as of December 31, 2019, compared with €11,058 thousand as of December 31, 2018.

Interest rate risk

Interest rate risk is managed by the Group's Finance division in collaboration with its main partner banks. The Group's available cash is invested in money market funds, certificates of deposit or interest-bearing accounts, which have little exposure to market fluctuations and pose no capital risk.

Loan hedging instruments

The Group entered into hedging agreements when it subscribed to the bond and syndicated loans in January 2017. The aim therefore is to protect against the risk of an increase in this rate.

As of December 31, 2019, the Group had a swap contract (3-month Euribor swappable for fixed rate of 0.165%) which represents a hedge of 75% of the syndicated loan in euros, or a notional hedged amount of €15 million maturing on January 24, 2022.

As of December 31, 2018, these different hedging contracts were valued at (-) €103 thousand (carried entirely as a liability) compared with (-) €96 thousand as of December 31, 2018.

The valuation difference, i.e. (-) €7 thousand, (Excluding tax effect) has an impact on equity when it concerns contracts that are qualified as perfect hedges pursuant to IFRS 9, which is all of these contracts.

Variations in the fair value of derivatives not qualifying as hedges are recorded in the income statement within foreign exchange gains and losses, representing an expense of €15 thousand for the 2019 financial year.

At 31 December, it no longer has this kind of hedge.

Summary of interest rate risk exposure

The following table shows the Group's exposure to interest rate risk based on outstanding commitments at December 31, 2019:

(in € thousands)	Less than 1 year		1 to 5 years		More than 5 years		Total carrying amount		
	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Total
Bond loans	(32)	-	34 716	-	-	-	34 684	-	34 684
Syndicated loans	-	7 961	-	11 982	-	-	-	19 943	19 943
Other bank loans	2 000	9 565	3 250	14 353	-	-	5 250	23 918	29 168
Finance lease liabilities	1 335	-	4 111	-	3 606	-	9 052	-	9 052
Rent debts IFRS 16	3 790		8 563		737		13 090		13 090
Accrued interest	-	460	-	-	-	-	-	460	460
Other financial liabilities		-	167	477	-	-	167	477	644
Bank overdrafts		6	-	-	-	-	-	6	6
Cash and cash equivalents	17 178	-	-	-	-	-	17 178	-	17 178
NET EXPOSURE BEFORE HEDGING	**24 271**	**17 992**	**50 807**	**26 812**	**4 343**	**-**	**79 421**	**44 805**	**124 226**
Interest rate hedging instruments	6 000	(6 000)	9 000	(9 000)		-	15 000	(15 000)	-
NET EXPOSURE AFTER HEDGING	**30 271**	**11 992**	**59 807**	**17 812**	**4 343**	**-**	**94 421**	**29 805**	**124 226**

Sensitivity analysis on the net borrowing costs to changes in interest rates

For 2019, based on average loan outstandings and current bank overdrafts, a 100 basis point increase in interest rates would have resulted in a €321 thousand increase in the cost of the Group's net debt, i.e. 14.2% of that cost.

Equity risk

The group holds no shares in other companies and no equity UCITS. Its available cash is invested mainly in money market funds or interest-bearing accounts. All transactions that concern treasury shares are recognized directly in equity.

9.3.2. Liquidity risk

The Group conducted a specific review of its liquidity risk and believes it is in a position to meet its future maturities.

As of December 31, 2019, the Group had gross cash and cash equivalents of €17.2 million and gross financial liabilities of €107 million.

The table below shows contractual cash flows undiscounted for consolidated net debt:

(in € thousands)	Carrying amount	Contractual cash flows						Total
		2020	2021	2022	2023	2024	2025 and beyond	
Bond loans	34 684		-	35 000	-		-	35 000
Syndicated loans	19 941	8 000	12 000	-	-	-	-	20 000
Other bank loans	29 167	11 571	11 571	6 036	-	-	-	29 178
Finance lease liabilities	9 053	1 335	1 252	953	953	953	3 606	9 052
Rent debts IFRS 16	13 090	3 790	3 171	2 391	1 693	1 308	737	13 090
Accrued interest	460	460	-	-	-	-	-	460
Other financial liabilities	644		167	-	477	-	-	644
Bank overdrafts	6	6				-	-	6
Financial Gross Debt	**107 045**	**25 162**	**28 161**	**44 380**	**3 123**	**2 261**	**4 343**	**107 430**
Cash and cash equivalents	17 178	17 178						17 178
FINANCIAL NET DEBT	**89 867**	**7 984**	**28 161**	**44 380**	**3 123**	**2 261**	**4 343**	**90 252**

9.3.3. Credit risk

Due to the nature of its business, the Group is exposed to credit risk, especially the risk of its customers defaulting. Details are provided in Note 5.3 of the amounts of the Group's trade receivables and their age.

9.4. Off-balance sheet commitments related to the Group's financing

9.4.1. Covenants

In connection with the bond contract established in June 2015 and the bank loan contract signed in January 2017, Linedata Services undertook, under the terms of covenants, to ensure that as of December 31, 2019, the leverage ratio, i.e. the amount of the net debt divided by the consolidated EBITDA, would not exceed 2.5.

Given the impact of the application of IFRS 16 on the leverage ratio, Linedata has negotiated amendments to its loan agreements with bondholders and the banking pool, to ensure that the leverage ratio is established on the basis of the consolidated financial statements, excluding the application of this new standard.

As of December 31, 2019, the leverage ratio (excluding IFRS 16 impact) stood at 1.813.

9.4.2. Collateral

Linedata Services had not granted any pledges as at 31 December 2019.

9.4.3. Other commitments

As part of its bond loan contracts and syndicated loan, Linedata Services made a number of additional commitments to the banks when it signed its contract, which include a commitment not to subscribe to additional cumulated financial debt of more than €60 million on top of its existing loans, throughout the term of the loan contracts, or to limit the Group's total annual investment.

NOTE 9 INCOME TAX

9.1. Income tax

The income tax charge comprises the consolidated companies' current and deferred tax charges. Tax on items recognized directly in other comprehensive income is recognized in other comprehensive income rather than in the income statement.

9.1.1. Income tax expense

(in € thousands)	12/31/2018	12/31/2019
Current taxes	(5 970)	(8 794)
Deferred taxes	(1 652)	(741)
INCOME TAX EXPENSE	**(7 622)**	**(9 535)**

The amount of losses not recognized at December 31, 2017 totaled €5.677 million, i.e. unrecognized assets of €1.237 million (based on a rate of 21% in the United States and 32% in france).

9.1.2. Analysis of the tax charge

(in € thousands)	12/31/2018		12/31/2019	
Profit (loss) before tax	27 275		26 996	
Theoretical tax expense	**(9 391)**	**34,4%**	**(8 644)**	**32,02%**
Reconciliation				
Other Permanent differences	249	(0,9%)	(95)	0,4%
Impact of unactivated tax losses	-	-	(254)	0,9%
Impact of research tax credit	19	(0,1%)	*44*	(0,2%)
Impact of share-based payments	(312)	1,1%	*9*	(0,0%)
Prior year accruals /deferrals (including US subsidiaries)			*(238)*	
Corporate value-added tax (CVAE)	(464)	1,7%	*(592)*	2,2%
Tax rate differences - France / other currencies	2 384	(8,7%)	*1 962*	(7,3%)
Withholding tax on services abroad	(300)	1,1%	*(997)*	3,7%
Share of expenses and charges on dividends			*(416)*	1,5%
transactions taxed at different rates			*(198)*	0,7%
American tax reform: Repatriation tax	28	(0,1%)		-
American and frend tax reforms : cut in the tax rate	153	(0,6%)		-
Other	12	(0,0%)	(116)	0,4%
EFFECTIVE TAX EXPENSE / EFFECTIVE TAX RATE	**(7 622)**	**27,9%**	**(9 535)**	**35,32%**

As in the previous fiscal year, in 2019, the Group has recorded an increase in the effective tax rate reaching 35.32%, %, which was related, amongst other things, to a charge incurred by the Moroccan branch of Linedata Lending & Credit (France), as a result of an intergroup cash transfer (0.6 million euros).

The following table provides a breakdown of the tax charge by main geographical area:

(in € thousands)	12/31/2018		12/31/2019	
Southern Europe	(4 737)	31,8%	(6 607)	39,7%
Northern Europe	(524)	16,1%	(756)	22,5%
North America	(2 222)	25,6%	(2 143)	33,0%
Asia	(139)	32,1%	(29)	6,0%
EFFECTIVE TAX EXPENSE / EFFECTIVE TAX RATE	**(7 622)**	**27,9%**	**(9 535)**	**35,3%**

9.2. Deferred taxes

The Group recognizes deferred tax, in accordance with the liability method, for all temporary differences between the carrying amount and tax basis of its assets and liabilities recognized in the consolidated financial statements.

Deferred tax is measured by entity or tax group using the tax rates that have been enacted or substantially enacted as of the reporting date and that are expected to apply when the tax asset concerned is realized or the tax liability settled.

Deferred tax assets corresponding to temporary differences and tax losses carried forward are only recognized to the extent that it is probable that they will result in future tax savings.

Tax relating to items recognized directly in equity is recognized in equity, rather than in the income statement.

The following table provides a breakdown of deferred taxes by category of temporary difference:

(in € thousands)	12/31/2018	12/31/2019
Retirement benefit obligations	1 841	1 841
Activated tax losses	-	-
Intangible assets	(8 513)	(8 513)
Other temporary differences	(39)	(39)
NET DEFERRED TAXES	**(6 711)**	**(6 711)**
Of which:		
Deferred tax assets in less than one year	*2 231*	*2 449*
Deferred tax assets in more than one year	*115*	*335*
Deferred tax liabilities in less than one year	*(1 089)*	*(1 208)*
Deferred tax liabilities in more than one year	*(7 969)*	*(9 537)*

Changes in net deferred tax during the financial year were as follows:

(in € thousands)	12/31/2018	12/31/2019
As of January 1	**(4 196)**	**(6 711)**
Taxes recognized in profit or loss	(1 652)	(741)
Taxes recognized in equity	(540)	(302)
Foreign currency translation adjustments	(323)	(207)
AS OF DECEMBER 31	**(6 711)**	**(7 961)**

NOTE 11 EQUITY AND EARNINGS PER SHARE

11.1. Equity

Linedata Services had capital stock of €6,625,726 on December 31, 2019, comprising 6,625,726 shares with a par value of €1.

11.1.1. Change in capital stock

The Board of Directors of Linedata Services of June 25, 2019 acknowledged the fulfillment of the conditions for the conversion of the preferred shares allocated to French resident beneficiaries on June 13, 2014 and expressed an opinion on the conversion parity of the preferred shares into ordinary shares. As a result, the Board of Directors has acknowledged the allocation of 47,866 ordinary shares resulting from the conversion of the 673 preferred shares and acknowledged that 47,866 new shares with a par value of 1 euro each were issued with the cancellation of the 673 preferred shares with a par value of 1 euro each, fully paid up by capitalisation of a sum of 47,193 euros, which was deducted from the reserves. This led to a capital increase of 47,193 euros, bringing the share capital to 7,180,722 euros.
On December 10, 2019, the Board of Directors proceeded with the cancellation of 554,996 treasury shares and the correlative reduction of the share capital by a nominal amount of 554,996 euros to bring it back to 6,625,726 euros.

11.1.2. Treasury stock transactions

All Linedata Services shares held by the parent company are recognized at their acquisition cost as a deduction from equity.Gains or losses, net of tax, resulting from the sale of treasury stock are added to or deducted from consolidated reserves.

As of December 31, 2019, Linedata Services no longer holds any treasury shares acquired under the share repurchase programs authorized by the Shareholders' General Meeting.
All transactions involving treasury shares are taken directly to shareholders' equity. The impact for the fiscal year is (5,293) K€.

11.1.3. Dividends

The Combined Annual General Meeting of Linedata Services' shareholders on May 21, 2019, decided to pay, in respect of the year ended December 31, 2018, an ordinary dividend of €9,626 thousand (€1.35 per share). This dividend, excluding that in respect of treasury shares, totaled €8,986 thousand and was paid on July 9, 2019. The theoretical dividend in respect of the previous financial year was an ordinary dividend of €9,846 thousand (€1.35 per share).

11.2. Earnings per share

Earnings per share as stated in the income statement are calculated on the basis of the profit for the year attributable to owners of the Company:

- ✓ basic earnings per share are determined on the basis of the weighted average number of common shares outstanding during the period, based on the shares' issue or repurchase date, less treasury stock.
- ✓ diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding for the dilutive effect of the stock option plans in force as of the reporting date.Only common shares with a potentially dilutive effect are included in the calculation of diluted earnings per share, while shares with an accretive effect are excluded. Potential common shares resulting from stock options exercised at a strike price higher than the average share price are considered accretive.

	12/31/2018	12/31/2019
Profit for the year attributable to owners of the Company *(in € thousands)*	19 653	17 810
Weighted average number of common shares outstanding	6 895 517	6 625 726
BASIC EARNINGS PER SHARE (in €)	**2,85**	**2,69**

	12/31/2018	12/31/2019
Profit for the year attributable to owners of the Company *(in € thousands)*	19 653	17 810
Weighted average number of common shares outstanding	6 895 517	6 625 726
Weighted average number of shares retained in respect of dilutive items	-	-
Weighted average number of shares used to calculate diluted net earnings per share	6 895 517	6 625 726
DILUTED EARNINGS PER SHARE (in €)	**2,85**	**2,69**

11.3. Management of capital risk

The Group's purpose is to preserve business continuity while maximizing returns for its shareholders through capital structure and debt management.

The debt ratio (impacted by IFRS 16) changed as follows:

(in € thousands)	12/31/2018	12/31/2019
Loans and similar borrowings	99 511	106 395
Bank overdrafts	26	6
Cash and cash equivalents	(21 743)	(17 178)
Net debt(*)	**77 794**	**89 223**
Equity attributable to owners of the Company	113 031	118 554
GEARING RATIO	**68,8%**	**75,3%**

(*) not including miscellaneaous other financial liabilities

NOTE 12 EVENTS AFTER THE REPORTING PERIOD

None

NOTE 13 FOREIGN CURRENCY CONVERSION RATES

	Average rate for the year			Rate as of December 31		
	2018	2019	Change	2018	2019	Change
Tunisian Dinar	3,1026	3,2759	5,3%	3,4001	3,1275	(8,7%)
Moroccan dirham	11,0731	10,7565	(2,9%)	10,9395	10,7428	(1,8%)
US Dollar	1,1815	1,1196	(5,5%)	1,1450	1,1234	(1,9%)
Canadian Dollar	1,5302	1,4857	(3,0%)	1,5605	1,4598	(6,9%)
Hong Kong Dollar	9,2597	8,7724	(5,6%)	8,9675	8,7473	(2,5%)
Pound Sterling	0,8847	0,8773	(0,8%)	0,8945	0,8508	(5,1%)
Indian Rupee	80,7273	78,8502	(2,4%)	79,7298	80,1870	0,6%

Sources: Oanda for Tunisian and Moroccan dinar rates, and Banque de France for other exchange rates.