

CRITEO

Société Anonyme

32, rue Blanche
75009 Paris

**Report of Independent Registered Public
Accounting Firm**

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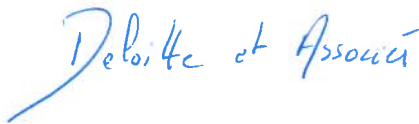
To the Board of Directors and Shareholders of Criteo S.A.
Paris, France

We have audited the accompanying consolidated statements of financial position of Criteo S.A. and subsidiaries (the “Company”) as of December 31, 2012, 2013 and 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Criteo S.A. and subsidiaries as of December 31, 2012, 2013 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Group's internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 27, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.



/s/ Deloitte & Associés
Neuilly-sur-Seine, France
March 27, 2015
Represented by Fabien Brovedani

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Consolidated Statements of Income

	Notes	Year Ended December 31,		
		2012	2013	2014
		(in thousands of euros, except per share data)		
Revenue	5	€ 271,855	€ 443,960	€ 745,081
Cost of revenue:				
Traffic acquisition costs	6	(157,707)	(264,952)	(441,427)
Other cost of revenue		(12,662)	(21,956)	(36,150)
Gross profit		101,486	157,052	267,504
Operating expenses:				
Research and development expenses	6/7	(14,285)	(32,175)	(45,293)
Sales and operations expenses	6/7	(58,047)	(82,816)	(133,393)
General and administrative expenses	6/7	(20,208)	(31,387)	(48,788)
Total operating expenses		(92,540)	(146,378)	(227,474)
Income from operations		8,946	10,674	40,030
Financial income (expense)	9	(1,559)	(6,868)	8,587
Income before taxes		7,387	3,806	48,617
Provision for income taxes	10	(6,556)	(2,413)	(13,253)
Net income		€ 831	€ 1,393	€ 35,364
Net income available to shareholders of Criteo S.A.		€ 981	€ 1,065	€ 34,354
Net income available to non-controlling interests		€ (150)	€ 328	€ 1,010
Net income allocated to shareholders per share:				
Basic	19	€ 0.022	€ 0.022	€ 0.583
Diluted	19	€ 0.020	€ 0.019	€ 0.548

The accompanying notes form an integral part of these consolidated financial statements.

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Consolidated Statements of Comprehensive Income

	Year Ended December 31,		
	2012	2013	2014
	(in thousands of euros)		
Net income	€ 831	€ 1,393	€35,364
Foreign currency translation differences, net of taxes	383	1,317	3,376
<i>Foreign currency translation differences</i>	383	1,317	3,376
<i>Income tax effect</i>	—	—	—
Actuarial gains (losses) on employee benefits, net of taxes	(255)	(40)	328
<i>Actuarial gains (losses) on employee benefits</i>	(300)	(47)	386
<i>Income tax effect</i>	45	7	(58)
Financial instruments, net of taxes	—	(83)	—
<i>Fair value change on financial instruments</i>	—	(98)	—
<i>Income tax effect</i>	—	15	—
Comprehensive income	€ 959	€ 2,587	€39,068
Attributable to shareholders of Criteo S.A.	€1,074	€ 2,254	€38,102
Attributable to non-controlling interests	€ (115)	€ 333	€ 966

The accompanying notes form an integral part of these consolidated financial statements.

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Consolidated Statements of Financial Position

	Notes	Year Ended December 31,		
		2012	2013	2014
		(in thousands of euros)		
Goodwill	12	€ —	€ 4,191	€ 22,944
Intangible assets	13	721	6,624	10,560
Property, plant and equipment	14	14,566	24,716	43,027
Non-current financial assets	15	6,924	7,627	9,494
Deferred tax assets	10	1,026	4,486	7,113
Total non-current assets		23,237	47,644	93,138
Trade receivables, net of allowances	16	60,685	87,643	158,633
Current tax assets	10	1,866	8,014	2,883
Other current assets	17	8,080	13,466	21,021
Cash and cash equivalents	18	43,262	234,343	289,784
Total current assets		113,893	343,466	472,322
Total assets		€137,130	€391,110	€565,459

	Notes	Year Ended December 31,		
		2012	2013	2014
		(in thousands of euros)		
Share capital	19	€ 1,178	€ 1,421	€ 1,523
Additional paid-in capital		46,542	241,468	265,522
Currency translation adjustment		72	1,384	4,804
Consolidated reserves		11,913	19,523	35,302
Retained earnings		981	1,065	34,354
Equity—attributable to shareholders of Criteo S.A.		60,686	264,861	341,505
Non-controlling interests		(245)	213	1,433
Total equity		60,441	265,074	342,938
Financial liabilities—non-current portion	22	4,181	6,119	4,333
Retirement benefit obligation	21	582	925	1,024
Deferred tax liabilities		15	303	946
Total non-current liabilities		4,778	7,347	6,303
Financial liabilities—current portion	22	2,072	5,197	7,841
Provisions	24	755	830	1,131
Trade payables		50,340	75,889	135,557
Current tax liabilities		3,203	1,549	7,969
Other current liabilities		15,541	35,224	63,719
Total current liabilities	25	71,911	118,689	216,217
Total liabilities		76,689	126,036	222,520
Total equity and liabilities		€137,130	€391,110	€565,459

The accompanying notes form an integral part of these consolidated financial statements.

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Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2012	2013	2014
	(in thousands of euros)		
Net income	€ 831	€ 1,393	€ 35,364
Non-cash and non-operating items	15,920	21,558	53,931
Amortization and provisions	5,751	12,195	25,146
Share-based payment expense	3,556	6,876	14,778
Net gain or loss on disposal of non-current assets	31	45	106
Interest paid	19	9	17
Non-cash financial income and expenses	8	20	632
Change in deferred taxes	219	(3,697)	(4,007)
Income tax for the period	6,336	6,110	17,260
Changes in working capital related to operating activities	3,427	12,965	3,516
(Increase)/decrease in trade receivables	(29,041)	(31,433)	(63,064)
Increase/(decrease) in trade payables	30,304	33,704	53,195
(Increase)/decrease in other current assets	(2,616)	(5,560)	(6,021)
Increase/(decrease) in other current liabilities	4,780	16,254	19,406
Income taxes paid	(8,366)	(11,211)	(5,142)
Cash from operating activities	11,812	24,705	87,670
Acquisition of intangible assets, property, plant and equipment	(13,584)	(22,003)	(35,389)
Proceeds from disposal of intangible assets, property, plant and equipment	11	90	40
Investments, net of cash acquired	—	(5,414)	(18,775)
Change in other non-current financial assets	(6,037)	(806)	(1,728)
Cash used for investing activities	(19,610)	(28,133)	(55,853)
Issuance of long-term borrowings	6,100	8,000	4,243
Repayments of borrowings	(436)	(3,450)	(4,902)
Interest paid	(19)	(9)	(17)
Proceeds from capital increase	30,081	192,175	23,854
Change in other financial liabilities	177	—	205
Cash from financing activities	35,903	196,716	23,383
Change in net cash and cash equivalents	28,105	193,289	55,200
Net cash and cash equivalents at beginning of period	15,685	43,262	234,342
Effect of exchange rate changes on cash and cash equivalents	(528)	(2,208)	242
Net cash and cash equivalents at end of period	€ 43,262	€ 234,342	€ 289,784

The accompanying notes form an integral part of these consolidated financial statements.

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Consolidated Statements of Changes in Equity

	Share capital	Additional paid-in capital	Currency translation reserve	Consolidated reserves	Retained earnings	Equity attributable to shareholders of Criteo S.A.	Non- controlling interests	Total shareholders' equity
				(in thousands of euros)				
Balance at January 1, 2012	368	17,262	(317)	2,369	6,124	25,806	—	25,806
Net income (loss)	—	—	—	—	981	981	(150)	831
Other comprehensive income (loss)	—	—	348	(255)	—	93	35	128
Total comprehensive income (loss)	—	—	348	(255)	981	1,074	(115)	959
Allocation of net income (loss) from prior period	—	—	—	6,124	(6,124)	—	—	—
Issuance of ordinary and preferred shares	810	29,271	—	—	—	30,081	—	30,081
Share-based compensation	—	—	—	3,485	—	3,485	72	3,557
Changes in consolidation scope	—	—	41	199	—	240	(202)	38
Other changes in equity	—	9	—	(9)	—	—	—	—
Balance at December 31, 2012	€ 1,178	€ 46,542	€ 72	€ 11,913	€ 981	€ 60,686	€ (245)	€ 60,441
Net income (loss)	—	—	—	—	1,065	1,065	328	1,393
Other comprehensive income (loss)	—	—	1,312	(123)	—	1,189	5	1,194
Total comprehensive income (loss)	—	—	1,312	(123)	1,065	2,254	333	2,587
Allocation of net income (loss) from prior period	—	—	—	981	(981)	—	—	—
Issuance of ordinary and preferred shares	243	194,926	—	—	—	195,169	—	195,169
Share-based compensation	—	—	—	6,750	—	6,750	125	6,876
Other changes in equity	—	—	—	2	—	2	—	2
Balance at December 31, 2013	€ 1,421	€ 241,468	€ 1,384	€ 19,523	€ 1,065	€ 264,861	€ 213	€ 265,074
Net income (loss)	—	—	—	—	34,354	34,354	1,010	35,364
Other comprehensive income (loss)	—	—	3,420	328	—	3,748	(44)	3,704
Total comprehensive income (loss)	—	—	3,420	328	34,354	38,102	966	39,068
Allocation of net income (loss) from prior period	—	—	—	1,065	(1,065)	—	—	—
Issuance of ordinary shares	102	24,054	—	—	—	24,156	—	24,156
Share-based compensation	—	—	—	14,523	—	14,523	255	14,778
Other changes in equity	—	—	—	(137)	—	(137)	—	(137)
Balance at December 31, 2014	€ 1,523	€ 265,522	€ 4,804	€ 35,302	€ 34,354	€ 341,505	€ 1,433	€ 342,938

A portion of consolidated reserves is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer.

The accompanying notes form an integral part of these consolidated financial statements.

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Notes to the Consolidated Financial Statements

Criteo S.A. is a global technology company specialized in digital performance marketing. We leverage large volumes of granular data to efficiently and effectively engage and convert customers on behalf of our advertiser clients. In these notes, Criteo S.A. is referred to as the Parent and together with its subsidiaries, collectively, as Criteo, the Company or we. The Company uses its proprietary predictive software algorithms coupled with its deep insights into expressed consumer intent and purchasing habits to price and deliver highly relevant and personalized internet and mobile display advertisements in real time.

Note 1—Significant Events and Transactions of the Period

Changes in capital

Share capital increase—Secondary equity offering

On March 21, 2014, pursuant to the authorization given by the Parent's Shareholders General Meeting on August 2, 2013, the Board of Directors approved a share capital increase resulting from our secondary equity offering. The total net proceeds amounted to \$22.6 million (€16.4 million) (see note 19) which were immediately converted into euros on the transaction date.

Changes in the scope of consolidation

Business combinations

Tedemis Acquisition

On February 19, 2014, we completed the acquisition of Tedemis S.A. ("Tedemis"), a leading provider of real-time personalized e-mail marketing solutions that help advertisers turn web visitors into customers headquartered in Paris, France. We acquired 100% equity in Tedemis for an initial amount of €17.0 million in upfront cash. The additional payments, which amount to €4.0 million are contingent upon certain agreed milestones over a 2-year period. This business combination is accounted for under the acquisition method in accordance with IFRS 3. The determination of the fair values of assets acquired and liabilities assumed has been performed and the impact of the transaction is reflected in our consolidated financial statements as of December 31, 2014 (see note 12). Tedemis merged with Criteo France SAS during the period. This internal reorganization has no impact on Criteo's consolidated financial statements as of December 31, 2014.

Adquantic Acquisition

On April 7, 2014, we completed the acquisition of AdQuantic SAS ("AdQuantic"), a bidding technology company headquartered in Paris, France. We acquired all of the outstanding shares of AdQuantic for an amount of €3.0 million in cash. This business combination is accounted for under the acquisition method in accordance with IFRS 3. The determination of the fair values of assets acquired and liabilities assumed has been performed and the impact of the transaction is reflected in our consolidated financial statements as of December 31, 2014 (see note 12). AdQuantic merged with Criteo S.A. during the period. This internal reorganization has no impact on Criteo's consolidated financial statements as of December 31, 2014.

Creation of Criteo Europa S.L. (Spain), Criteo Espana S.L. (Spain) and Criteo LLC (Russia)

These new subsidiaries are 100% held and controlled by the Company. They are included in the Company's consolidation scope as of December 31, 2014, but their contribution to the consolidated financial statements is not material.

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Note 2—General Information and Statement of Compliance

General Information

The accompanying Consolidated Financial Statements and notes present the operations of Criteo S.A., and its subsidiaries. Criteo S.A., the parent company, is a corporate venture under French law (*société anonyme*) and has its registered office located at 32, rue Blanche, 75009 Paris.

Our Consolidated Financial Statements as of December 31, 2014 have been prepared under the responsibility of Criteo S.A.'s management. The Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors of Criteo S.A. on March 19, 2015.

All amounts are expressed in thousands of euros, unless stated otherwise.

The closing date of Consolidated Financial Statements is December 31 of each year. Individual statements included into these Consolidated Financial Statements have been prepared at the closing date of the consolidated statements, *i.e.* December 31, and cover the twelve-month period then ended.

Statement of Compliance

Our Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and whose application is mandatory for the year ending December 31, 2014. Comparative figures are presented for December 31, 2012 and 2013.

IFRS include International Financial Reporting Standards (IFRS), International Accounting Standards (the "IAS"), as well as the interpretations issued by the Standing Interpretations Committee (the "SIC"), and the International Financial Reporting Interpretations Committee ("IFRIC"). The main accounting methods used to prepare the Consolidated Financial Statements are described below. These methods were used for all years presented.

The following new standards and amendments have been adopted by Criteo from January 1, 2014 but have had no material impact on the Company's consolidated financial statements:

- *Amendment to IAS 32 Financial instruments: Presentation—Offsetting of financial assets and financial liabilities*: the amendment to IAS 32 specifies the requirements for offsetting financial assets and liabilities.
- *Amendment to IAS 36 Recoverable amount disclosures for non-financial assets* : the amendment to IAS 36 requires publication of the recoverable amount of assets or cash-generating units that are subject to impairment or an impairment reversal, and additional disclosures (e.g. fair value) for assets impaired on the basis of their net fair value.
- *Amendment to IAS 39 Novation of derivatives and continuation of hedge accounting*: the amendment to IAS 39 allows continuation of hedge accounting when a derivative designated as a hedge is subject to novation if this novation results from new laws or regulations.
- *Amendment to IFRS 10, IFRS 12 and IAS 27 Investment entities*: the amendments to IFRS 10, IFRS 12 and IAS 27 propose exemption from consolidation for investment companies.
- *IFRIC 21 Levies, an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets* : the interpretation clarifies that the obligating event giving rise to a liability to pay a levy to a government agency is the activity that triggers the payment.

The accounting policies and measurement principles adopted for the Consolidated Financial Statements as of and for the year ended December 31, 2014 are the same as those used in the audited consolidated financial statements as of and for the year ended December 31, 2013.

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With respect to new IFRS standards and interpretations applicable from January 1, 2015 onwards:

- On May 28, 2014, the IASB issued IFRS 15— *Revenue from Contracts with Customers* which specifies how and when to recognize revenue as well as requiring entities to provide users of financial statements with more informative and relevant disclosures. The standard supersedes IAS 18— *Revenue*, IAS 11— *Construction Contracts* and a number of revenue-related interpretations. This standard is effective for annual periods beginning on or after January 1, 2017. The Company is still in the process of assessing whether there will be a material change to its consolidated financial statements upon adoption of this new standard.
- On July 24, 2014, the IASB issued the final version of IFRS 9— *Financial Instruments (2014)* which replaces IAS 39, bringing together the classification and measurement, impairment and hedge accounting. The final version of the standard contains requirements in the following areas:
 - *Classification and measurement.* Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The final version of IFRS 9 introduces a ‘fair value through other comprehensive income’ category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements regarding the measurement of an entity’s own credit risk.
 - *Impairment.* The final version of IFRS 9 introduces an ‘expected credit loss’ model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
 - *Hedge accounting.* The standard introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
 - *Derecognition.* The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is still in the process of assessing whether there will be a material change to its consolidated financial statements upon adoption of this new standard.

- On August 12, 2014, the IASB published amendments to IAS 27 which will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. These amendments are effective for annual periods beginning on or after January 1, 2016, with early application permitted. The adoption of these new amendments will not have an impact on the consolidated financial statements of the Company as they apply to separate financial statements.
- On September 11, 2014, the IASB issued amendments to IFRS 10— *Consolidated Financial Statements* and IAS 28— *Investments in Associates and Joint Ventures* which address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments set out that a full gain or loss is recognized when the assets constitute a business or a partial gain or loss is recognized when the assets do not constitute a business. The amendments will be effective from annual periods commencing on or after January 1, 2016. The Company does not expect that the adoption of these new amendments will have a material impact to its consolidated financial statements.
- On December 18, 2014, the IASB issued amendments to IAS 1— *Presentation of Financial Statements* which clarify various presentation and disclosure requirements related to materiality, subtotals, disaggregation and accounting policies. These amendments are effective for annual periods beginning on or after January 1, 2016, with early application permitted. The adoption of these new amendments will not have a material impact on the consolidated financial statements of the Company.

The Company does not plan to early adopt the new accounting standards, amendments and interpretations.

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Note 3—Principles and Accounting Methods

Basis of Preparation

The Consolidated Financial Statements have been prepared assuming a going concern and using the historical cost principle with the exception of certain assets and liabilities that are measured at fair value in accordance with IFRS. The categories concerned are detailed in the following notes.

Consolidation Methods

We have control over all our subsidiaries, and consequently they are all fully consolidated. The table below presents at each period's end and for all entities included in the consolidation scope the following information:

- Country of incorporation; and
- Percentage of voting rights and ownership interests.

	Country	Year Ended December 31,						Consolidation Method
		2012		2013		2014		
		Voting	Ownership	Voting	Ownership	Voting	Ownership	
		Rights	Interest	Rights	Interest	Rights	Interest	
Parent								
Critco S.A.	France	100%	100%	100%	100%	100%	100%	Parent Company
French subsidiary								
Critco France SAS	France	100%	100%	100%	100%	100%	100%	Fully consolidated
Foreign subsidiaries								
Critco Ltd	United Kingdom	100%	100%	100%	100%	100%	100%	Fully consolidated
Critco Corp	United States	100%	100%	100%	100%	100%	100%	Fully consolidated
Critco GmbH	Germany	100%	100%	100%	100%	100%	100%	Fully consolidated
Critco KK	Japan	66%	66%	66%	66%	66%	66%	Fully consolidated
Critco Do Brasil LTDA	Brazil	100%	100%	100%	100%	100%	100%	Fully consolidated
Critco BV	The Netherlands	100%	100%	100%	100%	100%	100%	Fully consolidated
Critco Pty	Australia	100%	100%	100%	100%	100%	100%	Fully consolidated
Critco Srl	Italy	100%	100%	100%	100%	100%	100%	Fully consolidated
Critco Advertising (Beijing) Co. Ltd.	China	—	—	100%	100%	100%	100%	Fully consolidated
Critco Singapore Pte. Ltd.	Singapore	—	—	100%	100%	100%	100%	Fully consolidated
Ad-X Ltd	United Kingdom	—	—	100%	100%	100%	100%	Fully consolidated
Critco LLC	Russia	—	—	—	—	100%	100%	Fully consolidated
Critco Europa S.L.	Spain	—	—	—	—	100%	100%	Fully consolidated
Critco Espana S.L.	Spain	—	—	—	—	100%	100%	Fully consolidated

Functional Currency and Translation of Financial Statements in Foreign Currency

The Consolidated Financial Statements are presented in euros, which is also the functional currency of the Parent. The statements of financial position of consolidated entities having a functional currency different from the euro are translated into euros at the closing exchange rate (spot exchange rate at the statement of financial position date), and the statements of income, statements of comprehensive income and statements of cash flow of such consolidated entities are translated at the average period to date exchange rate. The resulting translation adjustments are included in equity under the caption "Cumulative translation adjustment" in the Consolidated Statements of Changes in Equity.

Conversion of Foreign Currency Transactions

Foreign currency transactions are converted to euros at the rate of exchange applicable on the transaction date. At period-end, foreign currency monetary assets and liabilities are converted at the rate of exchange

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prevailing on that date. The resulting exchange gains or losses are recorded in the Consolidated Statements of Income in “Other financial income (loss)” with the exception of exchange differences arising from monetary items that form part of the reporting entity’s net investment in a foreign operation which are recognized in other comprehensive income; they will be recognized in profit or loss on disposal of the net investment.

Business Combinations

The acquisition method is used in accounting for business combinations. The consideration transferred to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Identifiable assets acquired and liabilities assumed are recognized in a business combination regardless of whether they have been previously recognized in the acquiree’s financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the fair value of the consideration transferred over the sum of the recognized amount of any non-controlling interest in the acquiree and the acquisition-date fair values of identifiable net assets.

When the cost of the acquisition is below the fair value of the Company’s share in the assets, liabilities and contingent liabilities of the acquiree, the difference is recognized directly in the income statement.

If the initial accounting for a business combination can only be determined provisionally, provisional values of the assets and liabilities should be adjusted within one year from the acquisition date, in accordance with IFRS 3.

The impact of capital gains or losses and of depreciation charges and reversals recognized after 12 months of the acquisition date in relation to the values assigned to assets acquired and liabilities assumed at the time of the first consolidation is recognized prospectively, as the income of the period of change and future periods, if any, without adjusting goodwill except in the case of the correction of an error, in accordance with IAS 8— *Accounting policies, changes in accounting estimates and errors*.

Intangible Assets (excluding goodwill)

Acquired intangible assets are accounted for at acquisition cost, less cumulative amortization and any impairment loss. Acquired intangible assets are primarily composed of software amortized on a straight-line basis over their estimated useful lives comprised between one and three years. Intangible assets are reviewed for impairment whenever events or changes in circumstances such as, but not limited to, significant declines in revenue, earnings or cash flows or material adverse changes in the business climate indicate that the carrying amount of an asset may be impaired.

Costs related to customized internal-use software that have reached the development stage are capitalized. Capitalization of such costs begins when the preliminary project stage is complete and stops when the project is substantially complete and is ready for its intended purpose. In making this determination, several analyses for each phase were performed, including analysis of the feasibility, availability of resources, intention to use and future economic benefits. Amortization of these costs begins when capitalization stops and is calculated on a straight-line basis over the assets’ useful lives estimated at three to five years.

Our research and development efforts are focused on enhancing the performance of our solution and improving the efficiency of the services we deliver to our clients. All development costs, principally headcount-related costs, are expensed as management determines that technological feasibility is reached shortly before the release of those products and as a result, the development costs incurred after the establishment of technological feasibility and before the release of those products are not material and accordingly are expensed as incurred.

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Property, Plant and Equipment

Property, plant and equipment are accounted for at acquisition cost less cumulative depreciation and any impairment loss.

Depreciation is calculated on a straight-line basis over the assets' estimated useful lives as follows:

Fixtures and Fittings (mainly composed of leasehold improvements)	5 to 10 years
Furniture and Equipment (mainly composed of datacenter and office equipment)	1 to 5 years

Leasehold improvements are depreciated over their useful life or over the lease term, whichever is shorter.

The gains and losses on disposal of assets are determined by comparing selling price with the net book value of the disposed asset. Residual values and the duration of assets' useful lives are revised and, if applicable, adjusted at each closing date for each reporting period.

Impairment of Assets

Goodwill, Intangible Assets, Property, Plant and Equipment

In accordance with IAS 36—*Impairment of Assets*, whenever events or changes in market conditions indicate a risk of impairment of intangible assets, property, plant and equipment, a detailed review is carried out in order to determine whether the net carrying amount of such assets remains lower than their recoverable amount, which is defined as the greater of fair value (less costs to sell) and value in use. Goodwill is tested once a year for impairment. Value in use is measured by discounting the expected future cash flows from continuing use of the asset and its ultimate disposal.

In the event that the recoverable value is lower than the net carrying value, the difference is recognized as an impairment loss. Impairment losses for property, plant and equipment or intangible assets with finite useful lives can be reversed if the recoverable value becomes higher than the net carrying value (but not exceeding the loss initially recorded).

Leases

Assets acquired under finance leases are capitalized when the lease contract transfers substantially all the risks and rewards incidental to ownership to us. Criteria used to assess whether a contract should be classified as a finance lease or an operating lease include:

- the term of the lease compared with the useful life of the asset;
- total future lease payments compared with fair value of the asset financed;
- whether or not ownership is transferred at the end of the lease term;
- existence of a purchase option favorable to the lessee; and
- type of asset leased.

Financial Assets and Liabilities, Excluding Derivative Financial Instruments

Financial assets, excluding cash, consist exclusively of loans and receivables. Loans and receivables are non-derivative financial assets with a payment, which is fixed or can be determined, not listed on an active market. They are included in current assets, except those that mature more than twelve months after the reporting date.

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Loans are measured at amortized cost using the effective interest method. The recoverable amount of loans and advances is estimated whenever there is an indication that the asset may be impaired and at least on each reporting date. If the recoverable amount is lower than the carrying amount, an impairment loss is recognized in the Consolidated Statements of Income.

We carry our accounts receivable at net realizable value. On a periodic basis, our management evaluates our accounts receivable and determines whether to provide an allowance or if any accounts should be written down and charged to expense as a bad debt. The evaluation is based on a past history of collections, current credit conditions, the length of time the account is past due and a past history of write downs. A receivable is considered past due if we have not received payments based on agreed-upon terms.

A higher default rate than estimated or a deterioration in our clients' creditworthiness could have an adverse impact on our future results. Allowances for doubtful accounts on trade receivables are recorded in "Sales and operations expenses" in our Consolidated Statements of Income. We generally do not require any security or collateral to support our receivables.

Financial liabilities are initially recorded at their fair value at the transaction date. Subsequently they are measured at amortized cost using the effective interest method.

Derivative financial instruments

We buy and sell derivative financial instruments (mainly put, forward buying and selling) in order to manage and reduce our exposure to the risk of exchange rate fluctuations. We deal only with first-class financial institutions. Under IAS 39, financial instruments may only be classified as hedges when we can demonstrate and document the effectiveness of the hedging relationship at inception and throughout the life of the hedge.

The effectiveness of the hedge is determined by reference to changes in the value of the derivative instrument and the hedged item. The ratio must remain within 80% to 125%.

Derivative financial instruments are recognized in the balance sheet at their market value on the reporting date in financial current assets or liabilities.

Changes in fair value are recorded as follows:

- cash flow hedges: the portion of the gain or loss on the financial instrument that is determined to be an effective hedge is recorded directly to equity. The ineffective portion is recorded to the income statement;
- fair value hedges and financial instruments not designated as hedges: changes in fair value are recorded to the income statement.

Market value is the price quoted by an external provider.

In accordance with amendment to IFRS 7— *Financial instruments: Disclosures* , financial instruments are presented in three categories based on a hierarchical method used to determine their fair value: (i) level 1: fair value calculated using quoted prices in an active market for identical assets and liabilities; (ii) level 2: fair value calculated using valuation techniques based on observable market data such as prices of similar assets and liabilities or parameters quoted in an active market; (iii) level 3: fair value calculated using valuation techniques based wholly or partially on unobservable inputs such as prices in an active market or a valuation based on multiples for unlisted companies.

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Cash and Cash Equivalents

Cash includes cash on hand and demand deposits with banks. Cash equivalents include short-term, highly liquid investments, for which the risk of changes in value is considered to be insignificant. Demand deposits therefore meet the definition of cash equivalents. Cash equivalents are measured at fair value and any changes are recognized in the Consolidated Statements of Income.

Employee Benefits

Depending on the laws and practices of the countries in which we operate, employees may be entitled to compensation when they retire or to a pension following their retirement. For state-managed plans and other defined contribution plans, we recognize them as expenses when they become payable, our commitment being limited to our contributions.

In accordance with IAS 19, the liability with respect to defined benefit plans is estimated using the projected unit credit method. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is valued separately to obtain the final obligation. The final amount of the liability is then discounted.

The main assumptions used to calculate the liability are:

- discount rate;
- future salary increases; and
- employee turnover.

Service costs are recognized in profit or loss and are allocated by function.

Finance costs are presented as part of “Financial income (expense)” in the Consolidated Statements of Income.

Actuarial gains and losses are recognized in other comprehensive income. Actuarial gains and losses arise as a result of changes in actuarial assumptions or experience adjustments (differences between the previous actuarial assumptions and what has actually occurred).

Provisions

We recognize provisions in accordance with IAS 37— *Provisions, Contingent Liabilities and Contingent Assets* , if the following three conditions are met:

- we have a present obligation (legal or constructive) towards a third-party that arises from an event prior to the closing date;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- and the obligation amount can be estimated reliably.

With respect to litigation and claims that may result in a provision to be recognized, we exercise significant judgment in measuring and recognizing provisions or determining exposure to contingent liabilities that are related to pending litigation or other outstanding claims. These judgment and estimates are subject to change as new information becomes available.

Revenue Recognition

We sell personalized display advertisements featuring product-level recommendations either directly to clients or to advertising agencies, which we collectively refer to as our clients, and generate revenue when a user clicks on the banner ad. We price our advertising campaigns on a cost per click (“CPC”) model based on the number of clicks generated by users on each advertising campaign.

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Revenue is recognized when the related services are delivered based on the specific terms of the contract, which are commonly based on specified CPCs and related campaign budgets. We recognize revenue when four basic criteria are met: (1) persuasive evidence exists of an arrangement with the client reflecting the terms and conditions under which the services will be provided; (2) services have been provided or delivery has occurred; (3) the fee is fixed or determinable; and (4) collection is reasonably assured. Collectability is assessed based on a number of factors, including the creditworthiness of a client, the size and nature of a client's website and transaction history. Amounts billed or collected in excess of revenue recognized are included as deferred revenue. An example of this deferred revenue would be arrangements where clients request or are required by us to pay in advance of delivery.

We recognize revenue from the delivery of display advertisements in the period in which the display advertisements are delivered. Specifically, we recognize revenue for display ad delivery through our solution once the consumer clicks on the personalized banner displayed by us on the client's website for CPC ad campaigns. For CPC ad campaigns, sales are valued at the fair value of the amount received. Rebates and discounts granted to clients, along with free or extended advertising campaigns, are recorded as a deduction from revenue.

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether we are acting as the principal or an agent in our transactions. In determining whether we act as the principal or an agent, we follow the accounting guidance for principal-agent considerations. The determination of whether we are acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of each arrangement. While none of the factors individually are considered presumptive or determinative, because we are the primary obligor and are responsible for (1) identifying and contracting with third-party clients; (2) establishing the selling prices of the display advertisements sold; (3) performing all billing and collection activities, including retaining credit risk; and (4) bearing sole responsibility for fulfillment of the advertising and the inventory risk, we act as the principal in these arrangements and therefore report revenue earned and costs incurred related to these transactions on a gross basis.

Cost of Revenue

Our cost of revenue primarily includes traffic acquisition costs and other cost of revenue.

Traffic Acquisition Costs . Traffic acquisition costs consist primarily of purchases of impressions from publishers on a CPM basis. We purchase impressions directly from publishers or third-party intermediaries, such as advertisement exchanges. We recognize cost of revenue on a publisher by publisher basis as incurred. Costs owed to publishers but not yet paid are recorded in our Consolidated Statements of Financial Position as accounts payable and accrued expenses. Under our current agreements with our publishers, we only commit to purchase a defined volume of impressions from any given publisher to the extent that a pre-determined click through rate ("CTR") is reached. If the publisher fails to reach the targeted volume of impressions, we can either terminate the agreement or reduce our commitment to buy impressions accordingly.

Other Cost of Revenue . Other cost of revenue includes expenses related to third-party hosting fees, depreciation of data center equipment.

Share-Based Compensation

Shares, employee share options and employee and non-employee warrants are exclusively awarded to our employees or directors. As required by IFRS 2—*Share-Based Payment* ("IFRS 2"), these awards are measured at their fair value on the date of grant. The fair value is calculated with the most relevant formula regarding the settlement and the conditions of each plan. The fair value is recorded in personnel expenses (allocated by function in the Consolidated Statements of Income) on a straight line basis over each milestone composing the vesting period with a corresponding increase in shareholders' equity.

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At each closing date, we re-examine the number of options likely to become exercisable. If applicable, the impact of the review of the estimate is recognized in the Consolidated Statement of Income with a corresponding adjustment in equity.

Income Taxes

We elected to classify the French business tax, Cotisation sur la Valeur Ajoutée des Entreprises (“CVAE”), as an income tax in compliance with IAS 12— *Income Taxes* (“IAS 12”).

The French Research Tax Credit, *Crédit d'Impôt Recherche* (“CIR”), is a French tax incentive to stimulate research and development (“R&D”). Generally, the CIR offsets the income tax to be paid and the remaining portion (if any) can be refunded at the end of a three-fiscal year-period. The CIR is calculated based on the claimed volume of eligible R&D expenditures by us. As a result, the CIR is presented as a deduction to “Research and development expenses” in the Consolidated Statements of Income. We have exclusively claimed R&D performed in France for purposes of the CIR.

Deferred taxes are recorded on all temporary differences between the financial reporting and tax bases of assets and liabilities, and on tax losses, using the liability method. Differences are defined as temporary when they are expected to reverse within a foreseeable future. We may only recognize deferred tax assets if, based on the projected taxable incomes within the next three years, we determine that it is probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilized. If future taxable profits are considerably different from those forecasted that support recording deferred tax assets, we will have to revise downwards or upwards the amount of deferred tax assets, which would have a significant impact on our financial results. This determination requires many estimates and judgments by our management for which the ultimate tax determination may be uncertain. In accordance with IAS 12, tax assets and liabilities are not discounted. Amounts recognized in the Consolidated Financial Statements are calculated at the level of each tax entity included in the consolidation scope.

Operating Segments

In accordance with IFRS 8— *Operating Segments*, segment information reported is built on the basis of internal management data used for performance analysis of businesses and for the allocation of resources. An operating segment is a distinct component of the Company which is engaged in the supply of distinct products and services and which is exposed to risks and returns different from the risks and the returns of other operating segments.

Our chief operating decision-maker is our Chief Executive Officer (“CEO”). The CEO reviews consolidated data for revenue, revenue excluding traffic acquisition costs (revenue ex-TAC) and Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, share-based compensation, service costs (pension) and acquisition-related deferred price consideration) for the purposes of allocating resources and evaluating financial performance.

We have concluded that our operations constitute one operating and reportable segment.

Use of Estimates

Our Consolidated Financial Statements are prepared in accordance with IFRS. The preparation of our Consolidated Financial Statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue and expenses. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates.

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The most significant areas that require management judgment and estimates relate to (1) the recognition of revenue and particularly, the determination as to whether revenue should be reported on a gross or a net basis; (2) the evaluation of our trade receivables and the recognition of a valuation allowance; (3) the recognition of our deferred tax assets; (4) the recognition and measurement of intangible assets and particularly costs capitalized in relation to our customized internal-use software; (5) the recognition and measurement of liabilities in relation to litigations and claims; (6) recognition of identifiable intangible assets and goodwill in the context of business combinations; and (7) the measurement of share-based compensation. The accounting policies for these areas are discussed elsewhere in these Consolidated Financial Statements.

Earnings Per Share

In accordance with IAS 33—*Earnings Per Share*, basic earnings per share (“EPS”) are calculated by dividing the net income attributable to shareholders of the Parent by the weighted average number of shares outstanding. The weighted average number of shares outstanding is calculated according to movements in share capital.

In addition, we calculate diluted earnings per share by dividing the net income attributable to shareholders of the Parent by the weighted average number of shares outstanding plus any potentially dilutive shares not yet issued.

Note 4—Financial Risk Management

Credit Risk

The maximum exposure to credit risk at the end of each reported period is represented by the carrying amount of financial assets, and summarized in the following table:

	As of December 31,		
	2012	2013	2014
	(€ in thousands of euros)		
Non-current financial assets	€ 6,924	€ 7,627	€ 9,494
Trade receivables, net of allowances	60,685	87,643	158,633
Other current assets	8,080	13,466	21,021
Cash and cash equivalents	43,262	234,343	289,784
Total	€118,951	€343,079	€478,932

Trade Receivables

Credit risk is defined as an unexpected loss in cash and earnings if the client is unable to pay its obligations in due time. We perform internal ongoing credit risk evaluations of our clients. When a possible risk exposure is identified, we require prepayments.

For each period presented, the aging of trade receivables and allowances for potential losses is as follows:

	As of December 31,											
	2012				2013				2014			
	Gross value	%	Allowance	%	Gross value	%	Allowance	%	Gross value	%	Allowance	%
	(€ in thousands of euros)											
Not yet due	€34,190	55.4%	€ —	—	€63,439	70.9%	€ —	—	€116,020	71.7%	€ 33	1.0%
0-30 days	21,382	34.7%	(3)	0.3%	19,654	22.0%	(12)	0.7%	31,658	19.6%	—	—
31-60 days	3,128	5.1%	(36)	3.7%	2,236	2.5%	(33)	1.8%	6,195	3.8%	(50)	1.5%
60-90 days	826	1.3%	(67)	6.8%	1,008	1.1%	(108)	5.9%	2,192	1.4%	(53)	1.6%
> 90 days	2,142	3.5%	(877)	89.2%	3,140	3.5%	(1,681)	91.7%	5,805	3.6%	(3,167)	97.8%
Total	€61,668	100%	€ (983)	100%	€89,477	100%	€ (1,834)	100%	€161,870	100%	€ (3,237)	100%

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Cash and Cash Equivalents

Cash and cash equivalents are exclusively invested in secure investments such as interest-bearing deposits.

Market Risk

Foreign Currency Risk

A 10% increase or decrease of the Sterling Pound, the U.S. dollar, the Japanese Yen or the Brazilian Real against the euro would have impacted the Consolidated Statements of Income and Consolidated Statement of Changes in Equity including non-controlling interests as follows:

	Year Ended December 31,					
	2012		2013		2014	
	(€ in thousands of euros)					
GBP/EUR						-
	+10%	-10%	+10%	-10%	+10%	10%
Net income impact	€ (331)	€ 331	€ (289)	€ 289	€ 174	€(174)
Net equity impact	€ (333)	€ 333	€(1,138)	€1,138	€ (10)	€ 10
	Year Ended December 31,					
	2012		2013		2014	
	(€ in thousands of euros)					
USD/EUR						-
	+10%	-10%	+10%	-10%	+10%	10%
Net income impact	€(1,515)	€1,515	€ (264)	€ 264	€ (48)	€ 48
Net equity impact	€(2,813)	€2,813	€ 51	€ (51)	€ 435	€(435)
	Year Ended December 31,					
	2012		2013		2014	
	(€ in thousands of euros)					
JPY/EUR						-
	+10%	-10%	+10%	-10%	+10%	10%
Net income impact	€ 1	€ (1)	€ 96	€ (96)	€ 196	€(196)
Net equity impact	€ (72)	€ 72	€ 62	€ (62)	€ 278	€(278)
	Year Ended December 31,					
	2012		2013		2014	
	(€ in thousands of euros)					
BRL/EUR						-
	+10%	-10%	+10%	-10%	+10%	10%
Net income impact	€ (264)	€ 264	€ (604)	€ 604	€ (83)	€ 83
Net equity impact	€ (278)	€ 278	€ (775)	€ 775	€ (851)	€ 851

The balance of the IPO proceeds received in dollars (USD 90 million) have been hedged through put and collar instruments since 2013 to mitigate our exposure to USD/€ exchange rate fluctuations. The translation of the USD 90 million into euros as of December 31, 2014 generated a €8.9 million gain partially offset by the cost of premiums on related hedging instruments (€2.2 million).

Counter Party Risk

As of December 31, 2014, we show a positive net cash position. Since 2012, we have utilized a cash pooling arrangement for all the Euro-zone entities, reinforcing cash management centralization. Investment and financing decisions are carried out by our internal treasury function. We only deal with counterparties with high credit ratings. In addition, under the Investment and Risk Management Policy, investments performed by Criteo with a single counterparty shall not exceed 25% of the total invested portfolio no matter the rating of such counterparty.

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Liquidity Risk

The following tables summarize for each period presented, the remaining contractual maturities of our financial liabilities and lease commitments:

December 31, 2012						
	Carrying value	Contractual cash flows	Less than 1 year	1 to 5 years	5 years +	
		(in thousands of euros)				
Financial liabilities	€ 6,253	€ 6,474	€ 2,190	€ 4,284	€ —	
Trade payables	50,340	50,340	50,340	—	—	
Other current liabilities	15,541	15,541	15,541	—	—	
Operating lease arrangements	—	33,538	7,281	22,571	3,686	
Total	€ 72,134	€ 105,893	€ 75,352	€ 26,855	€ 3,686	

December 31, 2013						
	Carrying value	Contractual cash flows	Less than 1 year	1 to 5 years	5 years +	
		(in thousands of euros)				
Financial liabilities	€ 11,316	€ 11,316	€ 5,197	€ 6,119	€ —	
Trade payables	75,889	75,889	75,889	—	—	
Other current liabilities	35,224	35,224	35,224	—	—	
Operating lease arrangements	—	61,180	9,870	34,091	17,219	
Total	€ 122,429	€ 183,609	€ 126,180	€ 40,210	€ 17,219	

December 31, 2014						
	Carrying value	Contractual cash flows	Less than 1 year	1 to 5 years	5 years +	
		(in thousands of euros)				
Financial liabilities	€ 12,174	€ 12,446	€ 7,412	€ 3,834	€ 1,200	
Trade payables	135,557	135,557	135,557	—	—	
Other current liabilities	63,719	63,719	63,719	—	—	
Operating lease arrangements	—	65,342	13,293	47,413	4,636	
Total	€ 211,450	€ 277,064	€ 219,981	€ 51,247	€ 5,836	

Note 5—Breakdown of Revenue and Non-Current Assets by Geographical Areas

The Company operates in the following three geographical markets:

- Americas: North and South Americas,
- EMEA: Europe, Middle-East and Africa, and
- Asia-Pacific.

Revenue generation is highly dependent on traffic acquisition costs and given the fact that our recommendation engine and technical platforms are structured in a way so as to optimize revenue ex-TAC, our management believes that revenue data are relevant when accompanied by revenue ex-TAC information.

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The following tables disclose our consolidated revenue for each geographical area for each of the reported periods. Revenue by geographical area is based on the location of advertisers' campaigns.

	Americas	EMEA (in thousands of euros)	Asia-Pacific	Total
December 31, 2012	€ 67,787	€172,499	€ 31,569	€271,855
December 31, 2013	123,004	237,801	83,155	443,960
December 31, 2014	228,773	366,404	149,904	745,081

Revenue generated in France amounted to €49.3 million, €59.9 million and €87.0 million for the periods ended December 31, 2012, 2013 and 2014 respectively.

Revenue generated in other significant countries where we operate is presented in the following table:

	Year Ended December 31,		
	2012	2013	2014
	(in thousands of euros)		
America			
United States	€53,126	€91,589	€178,975
EMEA			
Germany	41,144	55,410	79,574
United Kingdom	35,357	43,866	68,092
Asia Pacific			
Japan	23,435	67,901	116,709

In 2012, 2013, and 2014, our largest client represented 5.2%, 5.1% and 2.9%, respectively, of our consolidated revenue.

Other Information

For each reported period, non-current assets (corresponding to the net book value of tangible and intangible assets) are presented in the table below. The geographical information results from the locations of legal entities.

	Holding	Americas	Of which: United States	Europe	Asia-Pacific	Of which: Japan	Total
	(in thousands of euros)						
As of December 31, 2012	€ 8,259	€ 3,868	€ 3,855	€ 592	€2,568	€ 2,495	€15,287
As of December 31, 2013	18,015	7,807	7,793	1,943	3,575	3,479	31,340
As of December 31, 2014	26,702	11,653	11,351	6,240	8,992	4,899	53,587

Note 6—Nature of Expenses Allocated by Function

Nature of Expenses Allocated to Cost of Revenue

	Year Ended December 31,		
	2012	2013	2014
	(In thousands of euros)		
Traffic acquisition costs	€(157,707)	€(264,952)	€(441,427)
Other cost of revenue	(12,662)	(21,956)	(36,150)
Hosting cost	(6,872)	(12,177)	(18,683)
Depreciation and amortization	(3,648)	(7,846)	(16,176)
Data acquisition costs	(1,817)	(1,557)	(452)
Other	(325)	(376)	(839)
Total cost of revenue	€(170,369)	€(286,908)	€(477,577)

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Nature of Expenses Allocated to Research and Development

	Year Ended December 31,		
	2012	2013	2014
	(in thousands of euros)		
Personnel expenses	€ (9,033)	€(23,829)	€(30,215)
Personnel expenses excluding share-based payment and research tax credit	(10,981)	(23,716)	(31,256)
Share-based payment	(429)	(2,049)	(2,776)
Research tax credit	2,377	1,936	3,817
Other cash operating expenses	(4,917)	(7,511)	(11,221)
Subcontracting and other headcount related costs	(1,950)	(3,835)	(6,196)
Rent and facilities costs	(2,372)	(3,338)	(4,346)
Consulting and professional fees	(407)	(305)	(577)
Marketing costs	(72)	(27)	(73)
Other	(116)	(6)	(29)
Other non-cash operating expenses	(335)	(835)	(3,857)
Depreciation and amortization	(166)	(915)	(3,731)
Net change in other provisions	(169)	80	(126)
Total research and development expenses	<u>€(14,285)</u>	<u>€(32,175)</u>	<u>€(45,293)</u>

Nature of Expenses Allocated to Sales and Operations

	Year Ended December 31,		
	2012	2013	2014
	(in thousands of euros)		
Personnel expenses	€(39,078)	€(51,011)	€ (90,178)
Personnel expenses excluding share-based payment	(37,278)	(48,210)	(80,911)
Share-based payment	(1,800)	(2,801)	(9,267)
Other cash operating expenses	(17,313)	(29,908)	(39,264)
Subcontracting and other headcount related costs	(5,365)	(9,292)	(13,091)
Rent and facilities costs	(6,153)	(6,609)	(11,825)
Marketing costs	(3,191)	(3,217)	(7,120)
Other	(2,604)	(10,790)	(7,228)
Other non-cash operating expenses	(1,656)	(1,897)	(3,951)
Depreciation and amortization	(847)	(1,792)	(2,762)
Net change in allowance for doubtful accounts	(809)	(105)	(1,012)
Net change in other provisions	—	—	(177)
Total sales and operations expenses	<u>€(58,047)</u>	<u>€(82,816)</u>	<u>€(133,393)</u>

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Nature of Expenses Allocated to General and Administrative

	Year Ended December 31,		
	2012	2013	2014
	(in thousands of euros)		
Personnel expenses	€ (9,842)	€(15,092)	€(22,417)
Personnel expenses excluding share-based payment	(8,515)	(13,066)	(19,682)
Share-based payment	(1,327)	(2,026)	(2,735)
Other cash operating expenses	(10,071)	(15,398)	(25,205)
Subcontracting and other headcount related costs	(3,373)	(7,519)	(13,158)
Rent and facilities costs	(1,540)	(2,437)	(3,566)
Consulting and professional fees	(4,911)	(4,900)	(7,610)
Other	(247)	(542)	(871)
Other non-cash operating expenses	(295)	(897)	(1,166)
Depreciation and amortization	(107)	(566)	(863)
Net change in allowance for doubtful accounts	—	—	—
Net change in other provisions	(188)	(331)	(303)
Total general and administrative expenses	€(20,208)	€(31,387)	€(48,788)

Note 7—Allocation of Personnel Expenses

Allocation of Personnel Expenses By Function

	Year Ended December 31,		
	2012	2013	2014
	(in thousands of euros)		
Research and development	€ (9,033)	€(23,829)	€ (30,215)
Sales and operations	(39,078)	(51,011)	(90,178)
General and administrative	(9,842)	(15,092)	(22,417)
Total personnel expenses	€(57,953)	€(89,932)	€(142,810)

Allocation of Personnel Expenses by Nature

	Year Ended December 31,		
	2012	2013	2014
	(in thousands of euros)		
Wages and salaries	€(44,069)	€(62,429)	€ (97,060)
Severance pay	(140)	(842)	(1,861)
Social charges	(12,140)	(17,442)	(29,263)
Other social expenses	(425)	(1,407)	(2,394)
Acquisition-related deferred price consideration	—	(2,363)	(716)
Share-based payment	(3,556)	(6,876)	(14,778)
Profit sharing	—	(509)	(553)
Research tax credit (classified as a reduction of R&D expenses)	2,377	1,936	3,815
Total personnel expenses	€(57,953)	€(89,932)	€(142,810)

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Note 8—Share-Based Compensation

Share Options Plans and Employee Warrants Grants (BSPCE)

The Board of Directors has been authorized by the general meeting of the shareholders to grant employee warrants (Bons de Souscription de Parts de Créateur d'Entreprise or "BSPCE") and to implement share options plans as follows:

- Issuance of 2,112,000 BSPCE, authorized at the General Meeting of Shareholders on October 24, 2008, making available up to 2,112,000 BSPCE until April 24, 2010 ("Plan 1");
- Issuance of 1,472,800 BSPCE, authorized at the General Meeting of Shareholders on April 16, 2009, making available up to 1,472,800 BSPCE until October 16, 2010 ("Plan 2");
- 1,584,000 Share Options, authorized at the General Meeting of Shareholders on September 9, 2009, making available up to 1,584,000 share options until November 8, 2012. This Plan has been amended at the General Meeting of Shareholders on November 16, 2010, making available up to 2,700,000 share options or BSPCE ("Plan 3");
- Issuance of 361,118 BSPCE, granted to Criteo co-founders at the General Meeting of Shareholders on April 23, 2010 ("Plan 4");
- 2,800,000 BSPCE or Share Options, authorized at the General Meeting of Shareholders on November 18, 2011, making available up to 2,800,000 share options or BSPCE ("Plan 5");
- 1,654,290 BSPCE or Share Options, authorized at the General Meeting of Shareholders on September 14, 2012, making available up to 1,654,290 share options or BSPCE ("Plan 6");
- 6,627,237 BSPCE or Share Options, authorized at the General Meeting of Shareholders on August 2, 2013, making available up to 6,627,237 share options or BSPCE ("Plan 7");
- 9,935,710 Share Options, authorized at the General Meeting of Shareholders on June 18, 2014, making available up to 9,935,710 share options ("Plan 8").

Plans 1 and 2

The BSPCE may be exercised by the beneficiary on the basis of the following vesting schedule:

- up to one third (1/3) of the BSPCE on the first anniversary of the date of grant;
- up to one twelfth (1/12) at the expiration of each quarter following the first anniversary of the date of grant, and this during twenty-four (24) months thereafter; and
- at the latest within ten (10) years from the date of grant.

Upon exercise of the BSPCE, we offer beneficiaries settlement of the BSPCE in newly issued ordinary shares of the Parent.

Parent shares were not traded on a stock exchange at the date of grant. Consequently exercise prices were determined by reference to the latest capital increase as of the date of grant, unless the Board of Directors decided otherwise.

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Details of BSPCE Plans 1 and 2

Date of grant (Board of Directors)	Plan 1		Plan 2						
	Oct 24, 2008	Jan 20, 2009	May 7, 2009	July 7, 2009	Jan 20, 2010	March 11, 2010	May 20, 2010	July 7, 2010	Sept 14, 2010
Vesting period	3 years (non-linear)		3 years (non-linear)						
Plan expiration date	Oct 24, 2018	Jan 20, 2019	May 7, 2019	July 7, 2019	Jan 20, 2020	March 11, 2020	May 20, 2020	July 7, 2020	Sept 14, 2020
Number of BSPCE granted	227,040	411,840	462,000	264,000	237,600	33,840	82,800	74,800	25,200
Share entitlement per BSPCE	1	1	1	1	1	1	1	1	1
Exercise price	€ 0.45	€ 0.45	€ 0.70	€ 0.70	€ 0.70	€ 0.70	€ 2.10	€ 2.10	€ 2.10
Valuation method used	Black and Scholes								
Grant date share fair value	€ 0.20	€ 0.20	€ 0.20	€ 0.20	€ 0.70	€ 0.70	€ 0.70	€ 0.70	€ 0.70
Expected volatility ⁽¹⁾	53.0%	54.8%	55.6%	55.7%	55.5%	55.2%	55.5%	55.3%	55.4%
Average life of BSPCE	8 years	8 years	8 years	8 years	8 years	8 years	8 years	8 years	8 years
Discount rate ⁽²⁾	4.10%	3.56%	3.66%	3.68%	3.52%	3.44%	3.03%	2.98%	2.74%
Expected dividends	—	—	—	—	—	—	—	—	—
Performance conditions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fair value per BSPCE	€ 0.10	€ 0.10	€ 0.08	€ 0.08	€ 0.45	€ 0.45	€ 0.28	€ 0.28	€ 0.28

(1) Based on similar listed entities.

(2) Based on *Obligation Assimilables du Trésor*, i.e. French government bonds with a ten-year maturity ("TEC 10 OAT floating-rate bonds").

Change in Number of BSPCE Outstanding

Number of BSPCE	Year Ended December 31,		
	2012	2013	2014
Balance at beginning of period	2,912,442	1,161,377	1,134,737
Granted during the period	—	—	—
Forfeited during the period	(1,200)	—	—
Exercised during the period	(2,400)	(26,640)	(930,660)
Expired during the period	—	—	—
Effect of the 2-for-5 reverse share split that occurred on August 20, 2013	(1,747,465)	—	—
Balance at end of period	1,161,377	1,134,737	204,077

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Breakdown of the Closing Balance

Number of BSPCE	Year Ended December 31,					
	2012		2013		2014	
	Outstanding	Exercisable	Outstanding	Exercisable	Outstanding	Exercisable
BSPCE with exercise price of €0.45	263,120	263,120	263,120	263,120	86,700	86,700
BSPCE with exercise price of €0.70	783,777	761,156	757,137	757,137	46,577	46,577
BSPCE with exercise price of €2.10	114,480	90,960	114,480	114,480	70,800	70,800
Total	1,161,377	1,115,236	1,134,737	1,134,737	204,077	204,077
Weighted average remaining contractual life (in years)	6.6		5.6		4.6	

Plan 3

According to the initial plan adopted by the Parent's General Meeting of Shareholders on September 9, 2009, the Board of Directors was authorized to grant up to 1,584,000 share options with the following vesting schedule:

- up to one third (1/3) of the options on the first anniversary of the date of grant;
- up to one twelfth (1/12) at the expiration of each quarter following the first anniversary of the date of grant, and this during twenty-four (24) months thereafter; and
- at the latest within ten (10) years from the date of grant.

The initial plan was amended by the Parent's General Meeting of Shareholders on November 16, 2010. According to such amended plan, the Board of Directors was authorized to grant up to 2,700,000 BSPCE or share options until May 16, 2012 (BSPCE) and January 16, 2014 (share options) respectively. On June 28, 2011 the shareholders' meeting extended the authorization to issue the above-mentioned BSPCE until December 28, 2012.

The vesting schedule attached to the amended plan is as follows:

- up to one fourth (1/4) of the BSPCE/share options on the first anniversary of the date of grant;
- up to one-sixteenth (1/16) at the expiration of each quarter following the first anniversary of the date of grant, and this during thirty-six (36) months thereafter; and
- at the latest within ten (10) years from the date of grant.

For the initial and amended plans, upon exercise of the BSPCE or share options, we offer beneficiaries/options settlement of the BSPCE or share options in newly issued ordinary shares of the Parent.

Parent shares were not traded on a stock exchange at the date of grant. Consequently, exercise prices were determined by reference to the latest capital increase as of the date of grant, unless the Board of Directors decided otherwise.

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Details of BSPCE / Share Option

Date of grant (Board of Directors) Vesting period	Plan 3								
	Sept 9, 2009	Nov 17, 2009	Jan 20, 2010	March 11, 2010	May 20, 2010	July 7, 2010	July 7, 2010	Sept 14, 2010	Sept 14, 2010
Plan expiration date	Sept 9, 2019	Nov 17, 2019	Jan 20, 2020	3 years (non-linear)					
Number of options granted	670,560	77,520	79,680	332,400	63,600	210,000	3,600	57,000	64,200
Type : Share Option (S.O.) / BSPCE	S.O.	S.O.	S.O.	S.O.	S.O.	S.O.	S.O.	S.O.	S.O.
Share entitlement per option	1	1	1	1	1	1	1	1	1
Exercise price	€ 0.20	€ 0.70	€ 0.70	€ 0.70	€ 2.10	€ 0.70	€ 2.10	€ 0.70	€ 2.10
Valuation method used	Black and Scholes								
Grant date share fair-value	€ 0.20	€ 0.20	€ 0.70	€ 0.70	€ 0.70	€ 0.70	€ 0.70	€ 0.70	€ 0.70
Expected volatility ⁽¹⁾	55.7%	55.7%	55.5%	55.2%	55.5%	55.3%	55.3%	55.4%	55.4%
Average life of option	8 years	8 years	8 years	8 years	8 years	8 years	8 years	8 years	8 years
Discount rate ⁽²⁾	3.59%	3.58%	3.52%	3.44%	3.03%	2.98%	2.98%	2.74%	2.74%
Expected dividends	—	—	—	—	—	—	—	—	—
Performance conditions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fair value per option	€ 0.13	€ 0.08	€ 0.45	€ 0.45	€ 0.28	€ 0.43	€ 0.28	€ 0.43	€ 0.28

⁽¹⁾ Based on similar listed entities.

⁽²⁾ TEC 10 OAT floating-rate bonds.

Date of grant (Board of Directors) Vesting period	Plan 3—Amended—Part 1								
	Nov 16, 2010	Nov 16, 2010	Nov 16, 2010	Jan 11, 2011	Jan 11, 2011	Jan 11, 2011	Mar 16, 2011	Mar 16, 2011	Mar 16, 2011
Plan expiration date	Nov 16, 2020	Nov 16, 2020	Nov 16, 2020	Jan 11, 2021	Jan 11, 2021	Jan 11, 2021	Mar 16, 2021	Mar 16, 2021	Mar 16, 2021
Number of options granted	72,600	31,200	64,800	66,000	2,400	158,400	102,240	165,600	195,840
Type : Share Option (S.O.) / BSPCE	S.O.	S.O.	BSPCE	S.O.	S.O.	BSPCE	S.O.	S.O.	BSPCE
Share entitlement per option	1	1	1	1	1	1	1	1	1
Exercise price	€ 0.70	€ 2.10	€ 2.10	€ 0.70	€ 2.10	€ 2.10	€ 0.70	€ 2.10	€ 2.10
Valuation method used	Black and Scholes								
Grant date share fair-value	€ 0.70	€ 0.70	€ 0.70	€ 0.70	€ 0.70	€ 0.70	€ 0.70	€ 0.70	€ 0.70
Expected volatility ⁽¹⁾	55.0%	55.0%	55.0%	57.8%	57.8%	57.8%	55.1%	55.1%	55.1%
Average life of option	8 years	8 years	8 years	8 years	8 years	8 years	8 years	8 years	8 years
Discount rate ⁽²⁾	3.00%	3.00%	3.00%	3.35%	3.35%	3.35%	3.49%	3.49%	3.49%
Expected dividends	—	—	—	—	—	—	—	—	—
Performance conditions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fair value per option	€ 0.43	€ 0.28	€ 0.28	€ 0.45	€ 0.30	€ 0.30	€ 0.45	€ 0.28	€ 0.28

⁽¹⁾ Based on similar listed entities.

⁽²⁾ TEC 10 OAT floating-rate bonds.

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	Plan 3—Amended—Part 2						
Date of grant (Board of Directors)	April 7, 2011	May 18, 2011	May 18, 2011	June 28, 2011	June 28, 2011	Sept 21, 2011	Sept 21, 2011
Vesting period			4 years (non-linear)				
Plan expiration date	April 7, 2021	May 18, 2021	May 18, 2021	June 28, 2021	June 28, 2021	Sept 21, 2021	Sept 21, 2021
Number of options granted	960,000	339,600	124,800	140,700	17,400	227,800	62,000
Type : Share Option (S.O.) / BSPCE	S.O.	S.O.	BSPCE	S.O.	BSPCE	S.O.	BSPCE
Share entitlement per option	1	1	1	1	1	1	1
Exercise price	€ 0.70	€ 2.98	€ 2.98	€ 5.95	€ 5.95	€ 5.95	€ 5.95
Valuation method used	Black and Scholes						
Grant date share fair-value	€ 0.70	€ 4.98	€ 4.98	€ 4.98	€ 4.98	€ 4.98	€ 4.98
Expected volatility ⁽¹⁾	55.0%	54.7%	54.7%	54.1%	54.1%	53.5%	53.5%
Average life of option	8 years	8 years	8 years	8 years	8 years	8 years	8 years
Discount rate ⁽²⁾	3.76%	3.69%	3.69%	3.38%	3.38%	2.62%	2.62%
Expected dividends	—	—	—	—	—	—	—
Performance conditions	YES ^(A)	N/A	N/A	N/A	N/A	N/A	N/A
Fair value per option	€ 0.45	€ 3.63	€ 3.63	€ 2.88	€ 2.88	€ 2.80	€ 2.80

⁽¹⁾ Based on similar listed entities.

⁽²⁾ TEC 10 OAT floating-rate bonds.

^(A) Options subject to performance condition: Among the 960,000 share options granted in April 7, 2011, 180,000 are subjected to performance conditions based on revenue excluding traffic acquisition costs targets that were met in 2012.

Change in Number of BSPCE / Share Options Outstanding

Number of BSPCE / Share Options	Year Ended December 31,		
	2012	2013	2014
Balance at beginning of period	8,467,928	2,718,153	2,333,763
Granted during the period	—	—	—
Forfeited during the period	(414,004)	(63,692)	(82,439)
Exercised during the period	(255,015)	(320,698)	(1,315,733)
Expired during the period	—	—	—
Effect of the 2-for-5 reverse share split that occurred on August 20, 2013	(5,080,756)	—	—
Balance at end of period	2,718,153	2,333,763	935,591

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Breakdown of the Closing Balance

Number of BSPCE / Share Options	Year Ended December 31,					
	2012		2013		2014	
	Outstanding	Exercisable	Outstanding	Exercisable	Outstanding	Exercisable
Share Options with exercise price of €0.20	266,991	266,991	266,991	266,991	63,000	63,000
Share Options with exercise price of €0.70	1,372,322	650,570	1,075,280	763,055	406,305	404,678
Share Options / BSPCE with exercise price of €2.10	496,740	255,717	450,392	342,955	188,959	187,632
Share Options / BSPCE with exercise price of €2.98	253,200	94,950	244,800	153,000	133,602	112,077
Share Options / BSPCE with exercise price of €5.95	328,900	110,712	296,300	171,788	143,725	116,013
Total	2,718,153	1,378,940	2,333,763	1,697,789	935,591	883,399
Weighted average remaining contractual life (in years)	8.0		7.0		6.0	

Plan 4

This plan has been exclusively granted to our co-founders by the Parent's shareholders. The granted BSPCE can be exercised immediately, without vesting period, and, at the latest by April 23, 2020.

Upon exercise of the BSPCE, we offer beneficiaries settlement of the BSPCE in newly issued ordinary shares of the Parent company.

Parent shares were not traded on a stock exchange at the date of grant. Consequently exercise prices were determined by reference to the latest capital increase at the date of grant, which was €2.10.

Details of BSPCE

	Plan 4
Date of grant (Board of Directors)	April 23, 2010
Vesting period	None
Plan expiration date	April 23, 2020
Number of options granted	361,118
Type: Share Option (S.O.) / BSPCE	BSPCE
Share entitlement per option	1 ordinary share
Exercise price	€ 2.10
Valuation method used	Black and Scholes
Grant date share fair value	€ 2.10
Expected volatility ⁽¹⁾	55.2%
Average life of option	8 years
Discount rate ⁽²⁾	3.4%
Expected dividends	—
Performance conditions	N/A
Fair value per option	€ 1.33

⁽¹⁾ Based on similar listed entities.

⁽²⁾ TEC 10 OAT floating-rate bonds.

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Change in Number of BSPCE

Number of BSPCE	Year Ended December 31,		
	2012	2013	2014
Balance at beginning of period	902,796	361,118	361,118
Granted during the period	—	—	—
Forfeited during the period	—	—	—
Exercised during the period	—	—	(273,559)
Expired during the period	—	—	—
Effect of the 2-for-5 reverse share split that occurred on August 20, 2013	(541,678)	—	—
Balance at end of period	361,118	361,118	87,559

Breakdown of the Closing Balance

Number of BSPCE	Year Ended December 31,					
	2012		2013		2014	
	Outstanding	Exercisable	Outstanding	Exercisable	Outstanding	Exercisable
BSPCE with exercise price of €2.10	361,118	361,118	361,118	361,118	87,559	87,559
Total	361,118	361,118	361,118	361,118	87,559	87,559
Weighted average remaining contractual life (in years)	7.3		6.3		5.3	

Plan 5

On November 18, 2011, the Parent's General Meeting of Shareholders authorized the Board of Directors to grant up to 2,800,000 share options or BSPCE until January 18, 2015 and May 18, 2013 respectively. The Board of Directors is also entitled to determine the terms and conditions for each grant, including the vesting schedule and the exercise price.

Upon exercise of the share option or BSPCE, we offer optionees/beneficiaries settlement of the options or BSPCE in newly issued ordinary shares of the Parent.

The vesting schedule attached to all the grants pursuant to Plan 5 is as follows:

- up to one fourth (1/4) of the BSPCE/share options on the first anniversary of the date of grant;
- up to one-sixteenth (1/16) at the expiration of each quarter following the first anniversary of the date of grant, and this during thirty-six (36) months thereafter; and
- at the latest within ten (10) years from the date of grant.

Parent shares were not traded on a stock exchange at the date of grant. Consequently, exercise prices were determined by reference to the latest capital increase as of the date of grant, unless the Board of Directors decided otherwise.

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Details of BSPCE / Share Option

Date of grant (Board of Directors)	Plan 5									
	Nov 18, 2011	Nov 18, 2011	Jan 26, 2012	Jan 26, 2012	Mar 20, 2012	Mar 20, 2012	April 30, 2012	April 30, 2012	May 22, 2012	May 22, 2012
Vesting period					4 years (non-linear)					
Plan expiration date	Nov 18, 2021	Nov 18, 2021	Jan 26, 2022	Jan 26, 2022	Mar 20, 2022	Mar 20, 2022	April 30, 2022	April 30, 2022	May 22, 2022	May 22, 2022
Number of options granted	155,400	1,200	163,600	36,000	115,600	528,446	460,568	582,547	31,600	152,800
Type: Share Option (S.O.) / BSPCE	S.O.	BSPCE	S.O.	BSPCE	S.O.	BSPCE	S.O.	BSPCE	S.O.	BSPCE
Share entitlement per option	1	1	1	1	1	1	1	1	1	1
Exercise price	€ 5.95	€ 5.95	€ 5.95	€ 5.95	€ 5.95	€ 5.95	€ 5.95	€ 5.95	€ 5.95	€ 5.95
Valuation method used	Black and Scholes									
Grant date share Fair value	€ 4.98	€ 4.98	€ 4.98	€ 4.98	€ 4.98	€ 4.98	€ 4.98	€ 4.98	€ 4.98	€ 4.98
Expected volatility ⁽¹⁾	52.9%	52.9%	52.5%	52.5%	52.2%	52.2%	52.5%	52.5%	52.1%	52.1%
Average life of option	8 years	8 years	8 years	8 years	8 years	8 years	8 years	8 years	8 years	8 years
Discount rate ⁽²⁾	3.53%	3.53%	3.16%	3.16%	2.86%	2.86%	2.99%	2.99%	2.79%	2.79%
Expected dividends	—	—	—	—	—	—	—	—	—	—
Performance conditions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fair value per option	€ 2.85	€ 2.85	€ 2.80	€ 2.80	€ 2.75	€ 2.75	€ 2.78	€ 2.78	€ 2.75	€ 2.75

(1) Based on similar listed entities.

(2) TEC 10 OAT floating-rate bonds.

Change in number of BSPCE / Share Options Outstanding

Number of BSPCE	Year Ended December 31,		
	2012	2013	2014
Balance at beginning of period	391,000	2,087,162	1,929,299
Granted during the period	2,071,162	—	—
Forfeited during the period	(140,400)	(83,581)	(407,222)
Exercised during the period	—	(74,282)	(337,352)
Expired during the period	—	—	—
Effect of the 2-for-5 reverse share split that occurred on August 20, 2013	(234,600)	—	—
Balance at end of period	2,087,162	1,929,299	1,184,725

Breakdown of the closing balance

Number of BSPCE / Share Options	Year Ended December 31,					
	2012		2013		2014	
	Outstanding	Exercisable	Outstanding	Exercisable	Outstanding	Exercisable
Share Options / BSPCE with exercise price of €5.95	2,087,162	16,000	1,929,299	721,031	1,184,725	730,371
Total	2,087,162	16,000	1,929,299	721,031	1,184,725	730,371
Weighted average remaining contractual life (in years)	9.3		8.3		7.3	

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Plan 6

According to this plan adopted by the Parent's General Meeting of Shareholders on September 14, 2012, the Board of Directors is authorized to grant up to 1,654,290 share options or BSPCE, until November 14, 2015 and March 14, 2014, respectively. The Board of Directors is also entitled to determine the terms and conditions for each grant, including the vesting schedule and the exercise price.

Upon exercise of the share option or BSPCE, we offer optionees/beneficiaries settlement of the options or BSPCE in newly issued ordinary shares of the Parent.

On October 25, 2012, the Board of Directors of the Parent granted 75,400 share options and 116,240 BSPCE, free of any performance conditions with the following vesting schedule:

- up to one fourth (1/4) of the BSPCE/share options on the first anniversary of the date of grant;
- up to one-sixteenth (1/16) at the expiration of each quarter following the first anniversary of the date of grant, and this during thirty-six (36) months thereafter; and
- at the latest within ten (10) years from the date of grant.

On February 7, 2013, the Board of Directors of the Parent granted 114,720 share options and 181,040 BSPCE, free of any performance conditions with the following vesting schedule:

- For 82,720 share options and 151,040 BSPCE
 - up to one fourth (1/4) of the BSPCE/share options on the first anniversary of the date of grant;
 - up to one-sixteenth (1/16) at the expiration of each quarter following the first anniversary of the date of grant, and this during thirty-six (36) months thereafter; and
 - at the latest within ten (10) years from the date of grant.
- For 30,000 BSPCE
 - up to four tenths (4/10) of the BSPCE at the expiration of a twenty four (24) months period from the date of grant;
 - up to one twentieth (1/20) at the expiration of each quarter following the initial twenty four (24) months period, and this during thirty-six (36) months thereafter; and
 - at the latest within ten (10) years from the date of grant.
- For 32,000 share options
 - up to one fourth (1/4) of the share options at the expiration of a twelve (12) months period from December 1, 2012;
 - up to one sixteenth (1/16) at the expiration of each quarter following the initial twelve (12) months period, and this during thirty-six (36) months thereafter; and
 - at the latest within ten (10) years from the date of grant.

On April 18, 2013, the Board of Directors of the Parent granted 523,920 share options and 54,200 BSPCE, free of any performance conditions with the following vesting schedule:

- up to one fourth (1/4) of the BSPCE/share options on the first anniversary of the date of grant;
- up to one-sixteenth (1/16) at the expiration of each quarter following the first anniversary of the date of grant, and this during thirty-six (36) months thereafter; and
- at the latest within ten (10) years from the date of grant.

Parent shares were not traded on a stock exchange at the date of grant. Consequently, exercise prices were determined by reference to the latest capital increase as of the date of grant, unless the Board of Directors decided otherwise.

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Details of BSPCE / Share Options

Date of grant (Board of Directors)	Plan 6							
	Oct 25, 2012	Oct 25, 2012	Oct 25, 2012	Feb 7, 2013	Feb 7, 2013	Feb 7, 2013	April 18, 2013	April 18, 2013
Vesting period	4 years (non-linear)		12 months ⁽³⁾	4 years (non-linear)		5 years (non-linear)	4 years (non-linear)	
Plan expiration date	Oct 25, 2022	Oct 25, 2022	Oct 25, 2022	Feb 7, 2023	Feb 7, 2023	Feb 7, 2023	April 18, 2023	April 18, 2023
Number of options granted	75,400	116,240	257,688	151,040	114,720	30,000	54,200	523,920
Type: Share Option (S.O.) / BSPCE	S.O.	BSPCE	BSPCE	BSPCE	S.O.	BSPCE	BSPCE	S.O.
Share entitlement per option	1	1	1	1	1	1	1	1
Exercise price	€ 8.28	€ 8.28	€ 8.28	€ 9.65	€ 9.65	€ 9.65	€ 10.43	€ 10.43
Valuation method used	Black and Scholes							
Grant date share fair value	€ 6.43	€ 6.43	€ 6.43	€ 5.45	€ 5.45	€ 5.45	€ 5.83	€ 5.83
Expected volatility ⁽¹⁾	50.2%	50.2%	50.2%	49.6%	49.6%	49.6%	50.1%	50.1%
Average life of option	8 years	8 years	8 years	8 years	8 years	8 years	8 years	8 years
Discount rate ⁽²⁾	2.20%	2.20%	2.20%	2.27%	2.27%	2.27%	1.80%	1.80%
Expected dividends	—	—	—	—	—	—	—	—
Performance conditions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fair value per option	€ 3.28	€ 3.28	€ 3.28	€ 5.45	€ 5.45	€ 5.45	€ 5.83	€ 5.83

(1) Based on similar listed entities.

(2) TEC 10 OAT floating-rate Bonds.

(3) On October 25, 2012, the Board of Directors of the Parent also granted a total of 257,688 BSPCE to our co-founders. The conditions of exercise of these BSPCE are linked to a future liquidity event or a transfer of control of the Company, and the number of options that can be exercised are determined by the event's date which cannot occur after March 31, 2014. Based on the assumptions known as at December 31, 2012, we determined that the compensation expense would be recognized over a one-year period. This assumption was confirmed in 2013.

Change in Number of BSPCE / Share Options Outstanding

Number of BSPCE / Share Options	Year Ended December 31,		
	2012	2013	2014
Balance at beginning of period	—	447,889	1,204,248
Granted during the period	1,123,324	873,880	—
Forfeited during the period	(3,600)	(103,671)	(42,928)
Exercised during the period	—	(13,850)	(271,520)
Expired during the period	—	—	—
Effect of the 2-for-5 reverse share split that occurred on August 20, 2013	(671,835)	—	—
Balance at end of period	447,889	1,204,248	889,800

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Breakdown of the Closing Balance

Number of BSPCE / Share Options	Year Ended December 31,					
	2012		2013		2014	
	Outstanding	Exercisable	Outstanding	Exercisable	Outstanding	Exercisable
Share Options / BSPCE with exercise price of €8.28	447,889	—	381,648	287,928	168,492	109,972
Share Options / BSCE with exercise price of €9.65	—	—	284,040	—	242,808	93,431
Share Options / BSPCE with exercise price of €10.43	—	—	538,560	—	478,500	159,375
Total	447,889	—	1,204,248	287,928	889,800	362,778
Weighted average remaining contractual life (in years)	9.8		9.1		8.1	

Plan 7

According to this plan adopted by the Parent's shareholders' General Meeting on August 2, 2013 the Board of Directors is authorized to grant up to 6,627,237 share options or BSPCE, until August 2016 (share options) and October 2013 (BSPCE). The Board of Directors is also entitled to determine the terms and conditions for each grant, including the vesting schedule and the exercise price.

Upon exercise of the share option or BSPCE, we offer optionees/beneficiaries settlement of the options or BSPCE in newly issued ordinary shares of the Parent.

On September 3, 2013, the Board of Directors of the Parent granted 1,001,704 share options and 327,700 BSPCE, free of any performance conditions with the following vesting schedule:

- up to one fourth (1/4) of the BSPCE/share options on the first anniversary of the date of grant;
- up to one-sixteenth (1/16) at the expiration of each quarter following the first anniversary of the date of grant, and this during thirty-six (36) months thereafter; and
- at the latest within ten (10) years from the date of grant.

Parent shares were not traded on a stock exchange at the date of grant. Consequently, exercise prices were determined by reference to the latest capital increase as of the date of grant, unless the Board of Directors decided otherwise.

On December 4, 2013, the Board of Directors of the Parent granted 236,180 share options, free of any performance conditions with the following vesting schedule:

- up to one fourth (1/4) of the share options on the first anniversary of the date of grant;
- up to one-sixteenth (1/16) at the expiration of each quarter following the first anniversary of the date of grant, and this during thirty-six (36) months thereafter; and
- at the latest within ten (10) years from the date of grant.

On January 29, 2014, March 4, 2014 and April 23, 2014, the Board of Directors of the Parent granted 354,560 share options, 210,560 shares options and 184,210 shares options respectively, free of any performance conditions with the following vesting schedule:

- up to one fourth (1/4) of the share options on the first anniversary of the date of grant;
- up to one-sixteenth (1/16) at the expiration of each quarter following the first anniversary of the date of grant, and this during thirty-six (36) months thereafter; and

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- at the latest within ten (10) years from the date of grant.

Since the initial public offering of the Parent company, exercise prices are determined by reference to the closing Parent share price the day before the date of the grant if higher than a floor value of 95% of the average of the closing Parent share price for the last 20 trading days.

Details of BSPCE / Share Options

Date of grant (Board of Directors)	Sept 3, 2013	Sept 3, 2013	Dec 4, 2013	Jan 29, 2014	Mar 4, 2014	April 23, 2014
Vesting period	4 years (non-linear)	4 years (non-linear)	4 years (linear)	4 years (linear)	4 years (non-linear)	4 years (non-linear)
Plan expiration date	Sept 3, 2023	Sept 3, 2023	Dec 4, 2023	Jan 29, 2024	Mar 4, 2024	April 23, 2024
Number of options granted	330,160	1,001,704	236,180	354,560	210,560	184,210
Type: Share Option (S.O.) / BSPCE	BSPCE	S.O	S.O	S.O	S.O	S.O
Share entitlement per option	1	1	1	1	1	1
Exercise price	€ 12.08	€ 12.08	€ 25.48	€ 25.91	€ 38.81	€ 26.93
Valuation method used	Black and Scholes					
Grant date share fair-value	€ 12.08	€ 12.08	€ 25.48	€ 25.91	€ 38.81	€ 26.93
Expected volatility ⁽¹⁾	50.1%	50.1%	50.1%	44.5%	44.5%	44.2%
Average life of option	8 years	8 years	8 years	6 years	6 years	6 years
Discount rate ⁽²⁾	2.31%	2.31%	2.40%	1.33%	1.20%	1.91%
Expected dividends	—	—	—	—	—	—
Performance conditions	N/A	N/A	N/A	N/A	N/A	N/A
Fair value per option	€ 6.85	€ 6.85	€ 14.53	€ 11.34	€ 16.90	€ 12.00

⁽¹⁾ Based on the share price of similar listed entities and the share price of Criteo subsequent to October 2013.

⁽²⁾ TEC 10 OAT floating-rate Bonds until March 2014, then risk free rate six years for France.

Change in Number of BSPCE / Share Options Outstanding

Number of BSPCE / Share Options	Year Ended December 31,		
	2012	2013	2014
Balance at beginning of period	—	—	1,555,144
Granted during the period	—	1,565,584	749,330
Forfeited during the period	—	(10,440)	(440,320)
Exercised during the period	—	—	(47,019)
Expired during the period	—	—	—
Balance at end of period	—	1,555,144	1,817,135

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Breakdown of the Closing Balance

Number of BSPCE / Share Options	Year Ended December 31,					
	2012		2013		2014	
	Outstanding	Exercisable	Outstanding	Exercisable	Outstanding	Exercisable
Share Options / BSPCE with exercise price of €12.08	—	—	1,318,964	—	1,178,395	337,690
Share Options / BSCE with exercise price of €25.48	—	—	236,180	—	228,380	57,095
Share Options / BSCE with exercise price of €25.91	—	—	—	—	52,560	—
Share Options / BSCE with exercise price of €26.93	—	—	—	—	174,340	—
Share Options / BSCE with exercise price of €38.81	—	—	—	—	183,460	—
Total	—	—	1,555,444	—	1,817,135	394,785
Weighted average remaining contractual life (in years)	—	—	9.7	—	8.9	—

Plan 8

According to this plan adopted by the Parent's shareholders' General Meeting on June 18, 2014, the Board of Directors is authorized to grant up to 9,935,710 share options, until August 2017. The Board of Directors is also entitled to determine the terms and conditions for each grant, including the vesting schedule and the exercise price.

Upon exercise of the share option, we offer optionees/beneficiaries settlement of the options in newly issued ordinary shares of the Parent.

On July 30, 2014, October 29, 2014 and December 4, 2014, the Board of Directors of the Parent granted 1,712,044 share options, 520,340 shares options and 38,430 shares options respectively, free of any performance conditions excluding for 20,000 shares granted on October 29, 2014, with the following vesting schedule:

- up to one fourth (1/4) of the share options on the first anniversary of the date of grant;
- up to one-sixteenth (1/16) at the expiration of each quarter following the first anniversary of the date of grant, and this during thirty-six (36) months thereafter; and
- at the latest within ten (10) years from the date of grant.

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Details of BSPCE / Share Options

Date of grant (Board of Directors)	July 30, 2014	Oct. 29, 2014	Oct. 29, 2014	Dec. 4, 2014
Vesting period		Plan 8 4 years (non-linear)		
Plan expiration date	July 30, 2024	Oct 29, 2024	Oct 29, 2024	Dec 4, 2024
Number of options granted	1,709,004	500,340	20,000	38,430
Type: Share Option (S.O.) / BSPCE	S.O.	S.O.	S.O.	S.O.
Share entitlement per option	1	1	1	1
Exercise price	€ 22.95	€ 24.28	€ 24.28	€ 31.49
Valuation method used		Black and Scholes		
Grant date share fair-value	€ 22.50	€ 24.28	€ 24.28	€ 31.49
Expected volatility ⁽¹⁾	44.5%	43.1%	43.1%	41.5%
Average life of option	6 years	6 years	6 years	6 years
Discount rate ⁽²⁾	0.71%	0.57%	0.57%	0.43%
Expected dividends	—	—	—	—
Performance conditions	N/A	N/A	Yes ⁽³⁾	N/A
Fair value per option	€ 9.47	€ 10.02	€ 10.02	€ 12.49

⁽¹⁾ Based on the share price of similar listed entities and the share price of Criteo subsequent to October 2013.

⁽²⁾ Risk free rate six years for France.

⁽³⁾ The performance conditions are linked to the revenue ex-traffic acquisition costs over 3 years.

Change in Number of BSPCE / Share Options Outstanding

Number of BSPCE / Share Options	Year Ended December 31,		
	2012	2013	2014
Balance at beginning of period	—	—	—
Granted during the period	—	—	2,267,774
Forfeited during the period	—	—	(30,820)
Exercised during the period	—	—	—
Expired during the period	—	—	—
Balance at end of period	—	—	2,236,954

Breakdown of the Closing Balance

Number of BSPCE / Share Options	Year Ended December 31,					
	2012		2013		2014	
	Outstanding	Exercisable	Outstanding	Exercisable	Outstanding	Exercisable
Share Options / BSPCE with exercise price of €22.95	—	—	—	—	1,678,984	—
Share Options / BSCE with exercise price of €24.28	—	—	—	—	520,340	—
Share Options / BSCE with exercise price of €31.49	—	—	—	—	37,630	—
Total	—	—	—	—	2,236,954	—
Weighted average remaining contractual life (in years)	—	—	—	—	9.6	—

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Non-Employee Warrants (*Bons de Souscription d'Actions* or BSA)

In addition to the free shares, share options and BSPCE grants, the shareholders of the Parent also authorized the grant of non-employee warrants or *Bons de Souscription d'Actions* ("BSA"), as described hereafter.

Plan A

On November 17, 2009, shareholders of the Parent decided to grant 231,792 non-employee warrants with the following vesting schedule:

- up to one-eighth (1/8) at the expiration of each quarter following the date of grant, and this during twenty-four (24) months; and
- at the latest within ten (10) years as from the date of grant.

Upon exercise of the non-employee warrants, we offer settlement of the warrants in newly issued ordinary shares of the Parent.

Parent shares were not traded on a stock exchange at the date of grant. As a consequence, the exercise price was determined by reference to the latest capital increase as of the date of grant.

Plan B

On March 11, 2010, shareholders of the Parent decided to grant 277,200 non-employee warrants, possibly subject to performance conditions and the following vesting schedule:

- up to one third (1/3) of the non-employee warrants on the first anniversary of the date of grant;
- then up to one twelfth (1/12) at the expiration of each quarter following the first anniversary of the beginning of the vesting period, and this during twenty-four (24) months thereafter; and
- at the latest within ten (10) years as from the date of grant.

Upon exercise of the non-employee warrants, we offer settlement of the warrants in newly issued ordinary shares of the Parent.

This plan is divided into three tranches whose features are listed below:

	Tranche 1	Tranche 2	Tranche 3
Number of options granted	158,400	79,200	39,600
Performance conditions	N/A	—Monthly gross margin in Germany ≥ €750 thousand —Manager Full-Time	—FY 2010 gross margin in Germany ≥ €5,300 thousand
Beginning of vesting Period	Jan 1, 2010	May 1, 2010	Jan 1, 2010

All the performance conditions were achieved during the period ended December 31, 2010.

Parent shares were not traded on a stock exchange at the date of grant. Consequently, the exercise price was determined by reference to the latest capital increase as of the date of grant.

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Plan C

On November 16, 2010, shareholders of the Parent decided to grant up to 180,000 non-employee warrants to the members of the advisory board, an ad hoc committee comprised of certain independent directors and executive officers. The granted non-employee warrants may be exercised on the basis of the following vesting schedule:

- up to one-twenty fourth (1/24) at the expiration of each month following the date of grant, and this during twenty-four (24) months, and
- at the latest within ten (10) years as from the date of grant.

Upon exercise of the non-employee warrants, we offer optionees settlement of the warrants in newly issued ordinary shares of the Parent.

Parent shares were not traded on a stock exchange at the date of grant. Consequently, the Board of Directors determined the exercise price by reference to the latest capital increase, which occurred on April 16, 2009.

Plan D

According to this plan adopted by the Parent's shareholders' General Meeting on September 14, 2012, the Board of Directors was authorized to grant up to 120,000 non-employee warrants until March 14, 2014. The Board of Directors is also entitled to determine the terms and conditions for each grant, including the vesting schedule and the exercise price.

When the optionee is a member of the advisory board, the non-employee warrants can be exercised according the following schedule:

- up to one-twenty fourth (1/24) at the expiration of each month following the date of grant, and this during twenty-four (24) months; and
- at the latest within ten (10) years as from the date of grant.

Otherwise, when the optionee is not a member of the advisory board, the vesting schedule attached to Plan D non-employee warrants granted during the period ended December 31, 2012 was:

- One-third (1/3) at the date of grant;
- One third (1/3) at the first anniversary of the date of grant;
- One third (1/3) at the second anniversary of the date of grant; and
- at the latest within ten (10) years as from the date of grant.

Upon exercise of the non-employee warrants, we offer settlement of the non-employee warrants in newly issued ordinary shares of the Parent.

On February 7, 2013 and on March 6, 2013, the Board of Directors of the Parent granted 20,400 and 51,000 non-employee warrants, respectively to optionees (not member of the advisory board) according to the vesting schedule as indicated directly above.

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Details of Non-Employee Warrants

	Non-Employee Warrant Plan A	Non-Employee Warrant Plan B			Non-Employee Warrant Plan C		
Date of grant (Board of Directors)	Nov 17, 2009	March 11, 2010	March 11, 2010	March 11, 2010	Nov 16, 2010	June 28, 2011	Sept 21, 2011
Vesting period	2 years-linear Nov 17, 2019	March 11, 2020	3 years (non-linear) March 11, 2020	March 11, 2020	Nov 16, 2020	2 years-linear June 28, 2021	Sept 21, 2021
Plan expiration date							
Number of warrants granted	231,792	158,400	79,200	39,600	96,000	24,000	72,000
Share entitlement per warrant	1	1	1	1	1	1	1
Share warrant price	€ 0.02	€ 0.11	€ 0.09	€ 0.07	€ 0.04	0.30	€ 0.30
Exercise price	€ 0.70	€ 0.70	0.70	€ 0.70	0.70	€ 5.95	€ 5.95
Valuation method used			Black and Scholes				
Grant date share fair value	0.20	€ 0.70	€ 0.70	€ 0.70	€ 0.70	€ 4.98	€ 4.98
Expected volatility ⁽¹⁾	55.7%	55.2%	55.2%	55.2%	55.0%	54.1%	53.5%
Average life of warrant	8 years	8 years	8 years	8 years	8 years	8 years	8 years
Discount rate ⁽²⁾	3.58%	3.44%	3.44%	3.44%	3.00%	3.38%	2.62%
Expected dividends	—	—	—	—	—	—	—
Performance conditions	N/A	N/A	YES	YES	N/A	N/A	N/A
Fair value per warrant	€ 0.05	€ 0.33	€ 0.35	0.38	€ 0.40	€ 2.58	€ 2.50

⁽¹⁾ Based on similar listed entities.

⁽²⁾ TEC 10 OAT floating-rate bonds.

	Plan D			
Date of grant (Board of Directors)	Oct 25, 2012	Oct 25, 2012	Feb 7, 2013	Mar 6, 2013
Vesting period	2 years (linear)	2 years (non-linear)	2 years (linear)	2 years (linear)
Plan expiration date	Oct 25, 2022	Oct 25, 2022	Feb 7, 2023	Mar 6, 2023
Number of warrants granted	33,984	20,400	20,400	51,000
Share entitlement per warrant	1	1	1	1
Stock warrant price	€ 0.43	€ 0.43	€ 0.48	€ 0.48
Exercise price	€ 8.28	€ 8.28	€ 9.65	€ 9.65
Valuation method used		Black and Scholes		
Grant date stock fair-value	€ 6.43	€ 6.43	€ 9.65	€ 9.65
Expected volatility ⁽¹⁾	50.20%	50.20%	50.00%	50.00%
Average life of warrant	8 years	8 years	8 years	8 years
Discount rate ⁽²⁾	2.20%	2.20%	2.27%	2.13%
Expected dividends	—	—	—	—
Performance conditions	N/A	N/A	N/A	N/A
Fair value per warrant	€ 2.85	€ 2.85	€ 4.98	€ 4.98

⁽¹⁾ Based on similar listed entity

⁽²⁾ TEC 10 OAT floating-rate Bonds until March 2014, then risk free rate 6 years for France

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Change in Number of Non-Employee Warrants

Number of Non-Employee Warrants	As of December 31,		
	2012	2013	2014
Balance at beginning of period	995,250	472,164	542,148
Granted during the period	78,384	71,400	5,040
Forfeited during the period	—	(1,416)	(2,000)
Exercised during the period	(4,320)	—	(345,780)
Expired during the period	—	—	—
Effect of the 2-for-5 reverse share split that occurred on August 20, 2013	(597,150)	—	—
Balance at end of period	472,164	542,148	199,408

Breakdown of the Closing Balance

Non-Employee Warrants	As of December 31,								
	2012			2013			2014		
	Number Outstanding	Number Exercisable	Remaining Contractual Life (Years)	Number Outstanding	Number Exercisable	Remaining Contractual Life (Years)	Number Outstanding	Number Exercisable	Remaining Contractual Life (Years)
Plan B—Non-employee warrants with exercise price of €0.70	254,100	254,100	7.1	254,100	254,100	6.1	—	—	—
Plan C—Non-employee warrants with exercise price of €0.70	67,680	67,680	7.8	67,680	67,680	6.9	24,000	24,000	5.9
Plan C—Non-employee warrants with exercise price of €5.95	96,000	60,000	8.7	96,000	60,000	7.7	48,000	48,000	6.7
Plan D—Non-employee warrants with exercise price of €8.28	54,384	9,632	9.8	52,968	16,314	8.8	52,968	35,376	7.8
Plan D—Non-employee warrants with exercise price of €9.65	—	—	—	71,400	27,200	9.2	71,400	47,600	8.2
Total	472,164	391,412	—	542,148	425,294	—	199,408	155,609	—

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Reconciliation with the Consolidated Statement of Income

	Year Ended December 31,											
	2012				2013				2014			
	R&D	S&O	G&A	Total	R&D	S&O	G&A	Total	R&D	S&O	G&A	Total
	(in thousands of euros)											
Free shares	€ —	€ —	€ —	€ —	€ —	€ —	€ —	€ —	€ —	€ —	€ —	€ —
Share options / BSPCE	(429)	(1,800)	(1,142)	(3,371)	(2,049)	(2,801)	(1,567)	(6,417)	(2,777)	(9,264)	(2,638)	(14,678)
Plans 1 and 2	(3)	(12)	(1)	(16)	—	—	—	—	—	—	—	—
Plans 3 and 3 amended	(166)	(542)	(177)	(885)	(65)	(232)	(85)	(382)	26	11	(27)	10
Plan 4	—	—	—	—	—	—	—	—	—	—	—	—
Plan 5	(177)	(1,203)	(868)	(2,248)	(456)	(129)	(696)	(1,281)	(162)	(101)	(194)	(456)
Plan 6	(83)	(43)	(96)	(222)	(1,140)	(1,294)	(531)	(2,965)	(381)	(1,024)	(33)	(1,438)
Plan 7	—	—	—	—	(388)	(1,146)	(255)	(1,789)	(1,205)	(6,404)	(855)	(8,464)
Plan 8	—	—	—	—	—	—	—	—	(1,054)	(1,746)	(1,528)	(4,329)
Non-employee warrants	—	—	(185)	(185)	—	—	(459)	(459)	—	—	(99)	(99)
Plan A	—	—	—	—	—	—	—	—	—	—	—	—
Plan B	—	—	(9)	(9)	—	—	—	—	—	—	—	—
Plan C	—	—	(130)	(130)	—	—	(91)	(91)	—	—	—	—
Plan D	—	—	(46)	(46)	—	—	(368)	(368)	—	—	(99)	(99)
Total	€(429)	€(1,800)	€(1,327)	€(3,556)	€(2,049)	€(2,801)	€(2,026)	€(6,876)	€(2,777)	€(9,267)	€(2,735)	€(14,778)

Note 9—Financial Income and Expenses

The Consolidated Statements of Income line item “Financial income (expense)” can be broken down as follows:

	Year Ended December 31,		
	2012	2013	2014
	(in thousands of euros)		
Financial income from cash equivalents	€ 204	€ 620	€ 1,440
Interest on debt	(58)	(342)	(439)
Foreign exchange gain (loss)	(1,755)	(7,127)	9,821
Financial expenses on foreign exchange options	—	—	(2,210)
Other financial expense	50	(19)	(25)
Total financial income (expense)	€(1,559)	€(6,868)	€ 8,587

The significant foreign exchange gain for the period ended December 31, 2014 consists of a €8.9 million gain resulting from the translation of USD 90 million of proceeds from our initial public offering completed on October 29, 2013 into euros at the foreign exchange closing rate, partially offset by the impact (including options premium) of the related hedging instruments (€2.2 million).

The significant foreign exchange loss for the period ended December 31, 2013 consisted primarily of exchange differences arising on the settlement or translation into functional currency of monetary statement of financial position items labeled in euros of foreign subsidiaries that have a currency different from the euro. Criteo K.K. (Japan), Criteo Corp. (USA) and Criteo do Brasil (Brazil) are the primary contributors especially due to translation of their payable balances in euros. At end of December 2014, the main positions bearing a risk of foreign currency are centralized at the Parent level and hedged.

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Note 10—Income Taxes

Breakdown of Income Taxes

The Consolidated Statements of Income line item “Income taxes” can be broken down as follows:

	Year Ended December 31,		
	2012	2013	2014
	(in thousands of euros)		
Current tax	€(6,337)	€(6,110)	€(17,260)
Deferred tax	(219)	3,697	4,007
Income taxes	<u>€(6,556)</u>	<u>€(2,413)</u>	<u>€(13,253)</u>

As mentioned in Note 3 (Principles and Accounting Methods), the French Research Tax Credit is not included in the line item “Income taxes” but deducted from “Research and development expenses” (see Note 7 (Allocation of Personnel Expenses)). French business tax, CVAE, is included in the current tax balance for an amount of €969,000, €1,156,000 and €1,860,000 for the years ended December 31, 2012, 2013 and 2014 respectively.

Reconciliation between the Effective and Nominal Tax Expense

The following table shows the reconciliation between the effective and nominal tax expense at the nominal standard French rate of 34.43%:

	Year Ended December 31,		
	2012	2013	2014
	(in thousands of euros)		
Income before taxes	€ 7,387	€ 3,806	€ 48,617
Theoretical group tax rate	33.33%	33.33%	34.43%
Nominal tax expense	<u>€(2,462)</u>	<u>€(1,269)</u>	<u>€(16,739)</u>
<i>Increase / decrease in tax expense arising from*:</i>			
Research tax credit	€ 792	€ 707	€ 1,314
Share-based compensation accounting expense	(1,185)	(2,292)	(5,088)
Share-based compensation tax deduction (UK and US) ⁽¹⁾	—	398	7,665
Other permanent differences ⁽²⁾	(1,731)	(1,004)	(1,688)
Non recognition of deferred tax assets related to tax losses and temporary differences ⁽³⁾	(5,894)	(3,573)	(2,673)
Utilization or recognition of previously unrecognized tax losses ⁽⁴⁾	569	1,790	208
French CVAE included in income taxes	(969)	(1,156)	(1,860)
Special tax deductions ⁽⁵⁾	4,608	3,703	6,773
Effect of different tax rates	112	381	(768)
Other differences	(396)	(98)	(397)
Effective tax expense	<u>€(6,556)</u>	<u>€(2,413)</u>	<u>€(13,253)</u>
Effective tax rate:	88.8%	63.4%	27.3%

* Increases and decreases in tax expense are presented applying the theoretical group tax rate to the concerned tax bases. The impact resulting from the differences between local tax rates and the group theoretical rate is shown in the “effect of different tax rates”.

(1) While in most countries stock-based compensation doesn’t give rise to any tax effect either when granted or when exercised, it can lead to a tax deduction in the United States and in the United Kingdom upon exercise (UK) and other

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- conditions (US). During 2014 the tax deduction generated in the United States and United Kingdom has been significant in connection with the significant number of options exercised during the period.
- (2) For the period ended December 31, 2012, the significant balance of permanent differences is mainly affected by the tax option we elected for regarding our Brazilian subsidiary, Criteo do Brasil LTDA. Under this tax option reserved to Brazilian companies with revenues less than B\$ (Brazilian Real) 48 million, the income tax rates apply to presumptive profits. As of December 2013, the option has been changed, and the Brazilian subsidiary is taxed on effective profits.
- (3) For 2012, unrecognized deferred tax assets were mainly related to the tax losses of Criteo Corp. (United States). For 2013, unrecognized deferred tax assets mainly correspond to the 2013 tax losses of Criteo do Brasil (Brazil). For 2014, unrecognized deferred tax assets mainly relate to Criteo Ltd, Criteo Singapore Pte. Ltd Criteo do Brasil and Criteo Advertising (Beijing) Co. Ltd tax losses.
- (4) The 2013 balance includes the recognition of a portion of Criteo Corp. and Criteo Ltd prior years tax losses. 2014 balance exclusively relates to Criteo Pty.
- (5) Special tax deductions refer to the application of a reduced income tax rate for technology royalties income invoiced by the Parent to its subsidiaries.

Deferred Tax Assets and Liabilities

The following table shows the changes in the major sources of deferred tax assets and liabilities:

	Defined Benefit Obligation	Tax Losses	Tangible & Intangible Assets	Other	Limitation of Deferred Tax Assets	Deferred Tax Net Position
Balance at January 1, 2012	55	5,245	(92)	2,372	(6,342)	1,238
Recognized in profit or loss	39	5,038	(352)	(245)	(4,699)	(219)
Recognized in other comprehensive income	100	—	—	—	(55)	45
Currency translation adjustments	—	(266)	10	(39)	242	(53)
Balance at December 31, 2012	€ 194	€10,017	€ (434)	€ 2,088	€ (10,854)	€ 1,011
Recognized in profit or loss	118	5,648	(737)	2,054	(3,386)	3,697
Recognized in other comprehensive income	16	—	—	33	(27)	22
Change in consolidation scope	—	—	(371)	—	—	(371)
Currency translation adjustments	—	(641)	47	(337)	755	(176)
Balance at December 31, 2013	€ 328	€15,024	€ (1,495)	€ 3,838	€ (13,512)	€ 4,183
Recognized in profit or loss	160	1,265	1,957	792	(167)	4,007
Recognized in other comprehensive income	(133)	—	—	5,028	(4,953)	(58)
Change in consolidation scope	31	1,054	(2,563)	241	(1,170)	(2,407)
Currency translation adjustments	2	1,987	(106)	242	(1,683)	442
Balance at December 31, 2014	€ 388	€19,330	€ (2,207)	€10,141	€ (21,485)	€ 6,167

As at December 31, 2012, 2013 and 2014, unrecognized deferred tax assets amounted to €10.9 million, €13.5 million and €21.5 million, respectively. These amounts are mainly attributable to unrecognized Criteo Corp. accumulated tax losses, (€8.3 million, €10.0 million and € 11.4 million respectively), Criteo Do Brasil LTDA temporary differences (€1.8 million at the end of 2013 and €2.1 million at the end of 2014) and Criteo Ltd temporary differences (€6.1 million in 2014, of which €5.1 million concern the total potential tax deduction relating to stock-options).

The main changes that occurred in 2014 relate to the recognition of deferred tax assets for another portion of Criteo Corp. tax losses in connection with the three-year tax plan (a €2.2 million deferred tax income recognized

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in the consolidated statement of income) and the recognition of deferred tax liabilities relating to intangibles acquired in connection with the Tedemis acquisition (€2.4 million).

Current tax assets

The total amount of €2.9 million corresponds to prepayments of income taxes mainly made by Criteo Corp. and Criteo DO Brasil LTDA.

Note 11—Categories of Financial Assets and Financial Liabilities

Financial Assets

The following schedules disclose our financial assets categories for the presented periods:

	As of December 31, 2012			
	Carrying value	Loans and receivables	Assets designated at	Fair value
			FVTPL ⁽¹⁾ (In thousands of euros)	
Non-current financial assets	€ 6,924	€ 6,924	€ —	€ 6,924
Trade receivables, net of allowances	60,685	60,685	—	60,685
Other current assets	8,080	8,080	—	8,080
Cash and cash equivalents	43,262	—	43,262	43,262
Total	€118,951	€ 75,689	€ 43,262	€118,951

⁽¹⁾ Fair value through profit or loss.

	As of December 31, 2013			
	Carrying value	Loans and receivables	Assets designated at	Fair value
			FVTPL ⁽¹⁾ (In thousands of euros)	
Non-current financial assets	€ 7,627	€ 7,627	€ —	€ 7,627
Trade receivables, net of allowances	87,643	87,643	—	87,643
Other current assets	13,466	12,878	588	13,466
Cash and cash equivalents	234,343	—	234,343	234,343
Total	€343,079	€108,148	€ 234,931	€343,079

⁽¹⁾ Fair value through profit or loss

	As of December 31, 2014			
	Carrying value	Loans and receivables	Assets designated at	Fair value
			FVTPL ⁽¹⁾ (In thousands of euros)	
Non-current financial assets	€ 9,494	€ 9,494	€ —	€ 9,494
Trade receivables, net of allowances	158,633	158,633	—	158,633
Other current assets	21,022	21,022	—	21,021
Cash and cash equivalents	289,784	—	289,784	289,784
Total	€478,933	€189,149	€ 289,784	€478,932

⁽¹⁾ Fair value through profit or loss.

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Financial Liabilities

The following schedules disclose our financial liabilities categories for the presented periods:

	As of December 31, 2012			
	Carrying	Amortized	Liabilities	Fair value
	amount	cost	designated at	
			FVTPL ⁽¹⁾	
			(in thousands of euros)	
Financial liabilities	6,253	6,253	—	6,253
Trade payables	50,340	50,340	—	50,340
Other current liabilities	15,541	15,541	—	15,541
Total	72,134	72,134	—	72,134

⁽¹⁾ Fair value through profit or loss.

	As of December 31, 2013			
	Carrying	Amortized	Liabilities	Fair value
	amount	cost	designated at	
			FVTPL ⁽¹⁾	
			(in thousands of euros)	
Financial liabilities	11,316	11,213	103	11,316
Trade payables	75,889	75,889	—	75,889
Other current liabilities	35,224	35,224	—	35,224
Total	122,429	122,326	103	122,429

⁽¹⁾ Fair value through profit or loss.

	As of December 31, 2014			
	Carrying	Amortized	Liabilities	Fair value
	amount	cost	designated at	
			FVTPL ⁽¹⁾	
			(in thousands of euros)	
Financial liabilities	12,174	11,562	612	12,174
Trade payables	135,557	135,557	—	135,557
Other current liabilities	63,719	63,719	—	63,719
Total	211,450	210,838	612	211,450

⁽¹⁾ Fair value through profit or loss.

Note 12—Goodwill

	Goodwill
	(in thousands of euros)
Net book value at January 1, 2013	€ —
Additions to goodwill	4,100
Disposal of goodwill	—
Currency translation adjustment	91
Impairment expense	—
Net book value at December 31, 2013	4,191
Additions to goodwill	18,458
Disposal of goodwill	—
Currency translation adjustment	295
Impairment expense	—
Net book value at December 31, 2014	22,944

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On April 7, 2014, we acquired all the outstanding shares of AdQuantic, a bidding technology company headquartered in Paris. The total consideration paid for the acquisition was €3.0 million paid in cash at the acquisition date. Consequently, as of December 31, 2014, further to the purchase price allocation, goodwill has been recognized for €2.8 million corresponding to the workforce and know-how acquired. Acquisition costs amounting to €0.1 million were fully expensed as incurred.

On February 19, 2014, we acquired all the outstanding shares of Tedemis, a leading provider of real-time personalized e-mail marketing solutions that help advertisers turn web visitors into customers. The total consideration paid for the acquisition was €21.0 million composed as follows: €17.0 million paid in cash at the acquisition date and €4.0 million as deferred consideration, contingent upon certain milestones over a 2 year period. As of December 31, 2014, further to the purchase price allocation the following assets have been identified: technology for €2.8 million, cookie pool for €4.6 million and related deferred taxes for €2.3 million. Residual goodwill has been valued at €15.6 million. Acquisition costs were fully expensed as incurred for a total amount of €0.4 million (of which €0.1 million was incurred during the period ended December 31, 2013).

On July 11, 2013, Criteo completed the acquisition of all the outstanding shares of Ad-X Limited (“Ad-X”), an English mobile analytics and attribution technology company that allows businesses to track, monitor and create reports with respect to online display advertising campaign performance on mobile devices and applications. The total consideration paid for the acquisition was €9.1 million (£7.9 million) (based on the exchange rate of €1.1591 for £1.00 as of July 11, 2013), composed as follows: €5.5 million (£4.7 million) paid in cash at the acquisition date, €0.3 million (£0.3 million) paid by installments to one of the sellers with no condition of continued employment, considered as part of the initial purchase price, €3.3 million (£2.9 million) paid by installments at anniversary dates to the sellers unless their employment terminates, considered as post-acquisition compensation expenses. As of December 31, 2013, further to the purchase price allocation the following assets have been identified: customer relationships for €0.7 million (£0.6 million), technology for €1.1 million (£0.9 million), deferred taxes for €0.4 million (£0.3 million). Residual goodwill has been valued at €4.2 million (£3.5 million). Post-combination remuneration expenses of €2.4 million were recorded and are presented as R&D personnel expenses. Acquisition costs amounting to €0.4 million (£0.3 million) were fully expensed as incurred.

Identified intangibles assets are amortized and an impairment test will be performed on the goodwill annually.

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Note 13—Intangible Assets

Changes in net book value during the presented periods are summarized below:

	Software	Other Intangible Assets	Technology & Customer relationships (in thousands of euros)	Total
Net book value at January 1, 2012	€ 300	—	—	€ 300
Additions to intangible assets	65	674	—	739
Disposal of intangible assets	—	—	—	—
Amortization expense	(318)	—	—	(318)
Net book value at December 31, 2012	47	674	—	721
Gross value at end of period	653	674	—	1,327
Accumulated depreciation and impairment at end of period	(606)	—	—	(606)
Net book value at January 1, 2013	47	674	—	721
Additions to intangible assets	5,793	3	—	5,796
Disposal of intangible assets	—	—	—	—
Amortization expense	(1,335)	—	(350)	(1,685)
Change in consolidation scope	—	—	1,760	1,760
Currency translation adjustments	(1)	—	33	32
Other	674	(674)	—	—
Net book value at December 31, 2013	5,178	3	1,443	6,624
Gross value at end of period	7,117	3	1,799	8,919
Accumulated depreciation and impairment at end of period	(1,939)	—	(356)	(2,295)
Net book value at January 1, 2014	5,178	3	1,443	6,624
Additions to intangible assets	2,055	280	—	2,335
Disposal of intangible assets	—	(6)	—	(6)
Amortization expense	(3,033)	—	(2,916)	(5,949)
Change in consolidation scope	17	6	7,450	7,473
Currency translation adjustments	1	—	82	83
Other	—	—	—	—
Net book value at December 31, 2014	4,218	283	6,059	10,560
Gross value at end of period	9,191	283	9,331	18,805
Accumulated depreciation and impairment at end of period	€(4,973)	€ —	(3,272)	€(8,245)

Additions to intangible assets consist mainly of an upgrade of our production software licenses and Tedemis identified intangibles (technology and cookie pool) further to the purchase price allocation (classified under “Change in consolidation scope”).

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Note 14—Property, Plant and Equipment

Changes in net book value during the presented periods are summarized below:

	Fixtures and Fittings	Furniture and Equipment (in thousands of euros)	Total
Net book value at January 1, 2012	€ 253	€ 5,594	€ 5,847
Additions to tangible assets	1,191	12,154	13,345
Disposal of tangible assets	(1)	(36)	(37)
Depreciation expense	(284)	(4,166)	(4,450)
Finance lease	—	232	232
Currency translation adjustments	(15)	(356)	(371)
Net book value at December 31, 2012	1,144	13,422	14,566
Gross value at end of period	1,332	20,328	21,660
Accumulated depreciation and impairment at end of period	(188)	(6,906)	(7,094)
Net book value at January 1, 2013	1,144	13,422	14,566
Additions to tangible assets	302	20,066	20,368
Disposal of tangible assets	(5)	(130)	(135)
Depreciation expense	(434)	(9,001)	(9,435)
Finance lease	—	409	409
Currency translation adjustments	(40)	(1,017)	(1,057)
Other	192	(192)	—
Net book value at December 31, 2013	1,159	23,557	24,716
Gross value at end of period	1,705	38,920	40,625
Accumulated depreciation and impairment at end of period	(546)	(15,363)	(15,909)
Net book value at January 1, 2014	1,159	23,557	24,716
Additions to tangible assets	1,464	32,875	34,339
Disposal of tangible assets	(61)	(96)	(157)
Depreciation expense	(598)	(16,987)	(17,585)
Finance lease	—	92	92
Change in consolidation scope	26	36	62
Currency translation adjustments	48	1,512	1,560
Other	22	(22)	—
Net book value at December 31, 2014	2,060	40,967	43,027
Gross value at end of period	3,012	71,132	74,144
Accumulated depreciation and impairment at end of period	€ (952)	€ (30,165)	€ (31,117)

The increase in property plant and equipment (gross book value and accumulated depreciation) mainly includes servers equipment in the French, the United States, Japanese and Singaporean subsidiaries where the Company's data centers are located.

Note 15—Non-Current Financial Assets

Non-current financial assets are mainly composed of (i) an interest-bearing bank deposit amounting to €5.6 million, which is pledged to the benefit of a bank in order to secure the first-demand bank guarantee in connection with our headquarters premises, (ii) guarantee deposits for office rentals and (iii) bank deposits resulting from drawings on our loan agreements with Bpifrance Financement (French Public investment bank).

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Note 16—Trade Receivables

The following table shows the breakdown in trade receivables net book value for the presented periods:

	As of December 31,		
	2012	2013	2014
	(in thousands of euros)		
Trade accounts receivable	€59,666	€86,813	€157,598
Invoices to be issued	2,003	2,663	4,272
Gross value at end of period	61,669	89,476	161,870
(Less) allowance for doubtful accounts	(984)	(1,833)	(3,237)
Net book value at end of period	<u>€60,685</u>	<u>€87,643</u>	<u>€158,633</u>

Changes in allowance for doubtful accounts are summarized below:

	As of December 31,		
	2012	2013	2014
	(in thousands of euros)		
Balance at beginning of period	€(178)	€ (984)	€(1,833)
Allowance for doubtful accounts	(809)	(980)	(1,695)
Reversal of provision	—	261	686
Change in consolidation scope	—	(126)	(326)
Currency translation adjustment	3	(4)	(69)
Balance at end of period	<u>€(984)</u>	<u>€(1,833)</u>	<u>€(3,237)</u>

Note 17—Other Current Assets

The following table shows the breakdown in other current assets net book value for the presented periods:

	As of December 31,		
	2012	2013	2014
	(in thousands of euros)		
Prepayments to suppliers	€ 183	€ 476	€ 546
Employee-related receivables	11	33	10
Taxes receivables	6,536	10,771	16,101
Other debtors	42	—	1,051
Prepaid expenses	1,308	1,598	3,313
Financial instruments	—	588	—
Gross book value at end of period	8,080	13,466	21,021
(Less) allowance for doubtful accounts	—	—	—
Net book value at end of period	<u>€8,080</u>	<u>€13,466</u>	<u>€21,021</u>

Taxes receivables are primarily composed of VAT receivables and research tax credit receivables. Prepaid expenses mainly consist in office rental advance payments.

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Note 18—Cash and Cash Equivalents

Consolidated Statement of Financial Position

The following table presents for each reported period, the breakdown of cash and cash equivalents:

	As of December 31,		
	2012	2013	2014
	(in thousands of euros)		
Money market funds	€ —	€ —	€129,073
Interest-bearing bank deposits	22,616	17,993	20,559
Cash	20,646	216,350	140,152
Cash and cash equivalents	€43,262	€234,343	€289,784

The short-term investments include investments in money market funds and interest-bearing bank deposits which meet IAS 7 criteria for classification as cash-equivalents: short-term, highly liquid investments, for which the risks of changes in value are considered to be insignificant.

Consolidated Statement of Cash Flows

Net cash and cash equivalents at end of the reporting period, as presented in the Consolidated Statements of Cash Flows can be reconciled with the related items in the Consolidated Statements of Financial Position, as follows:

	As of December 31,		
	2012	2013	2014
	(in thousands of euros)		
Cash and cash equivalents	€43,262	€234,343	€289,784
Less bank overdrafts	—	(1)	—
Net cash and cash equivalents	€43,262	€234,342	€289,784

Note 19—Share Capital

We manage our capital to ensure that entities in the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

Our capital structure consists of net financial debt (financial liabilities as detailed in Notes 22 and 23 offset by cash and bank balances) and equity (comprising issued capital, reserves, retained earnings and non-controlling interests).

We are not subject to any externally imposed capital requirements.

On March 21, 2014, in the context of our secondary equity offering, the Parent's share capital was increased by a nominal amount of €13,125 as a result of the issuance of 525,000 ordinary shares with a nominal value of €0.025 each, at the price per share of \$45.00 (share premium included), for an aggregate subscription amount (share premium included) of \$23.6 million before deduction of underwriters fees. Based on the exchange rate of €0.726 for \$1 as of March 21, 2014, the total subscription amounted to €17.2 million (before deduction of underwriters fees).

Issued Capital

As of December 31, 2014, the Parent's share capital was composed of 60,902,695 ordinary shares, each with a nominal value of €0.025, i.e. a total amount of €1.5 million.

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The series of preferred shares existing as of December 31, 2012 were convertible upon the occurrence of certain liquidity events (e.g. an initial public offering) into ordinary shares on a 1:1 basis, with the exception of the Series D preferred shares whose conversion ratio could be adjusted depending on the initial public offering price of our ordinary shares. In the context of our Initial Public Offering in October 2013, the conversion conditions were met and all preferred shares (Series A, B, C and D) have been converted into ordinary shares on a 1:1 basis.

Change in Number of Shares

(Number of Shares)	Ordinary Shares	Preferred shares Series A	Preferred shares Series B	Preferred shares Series C	Preferred shares Series D	Total
Balance at January 1, 2012	12,507,729	8,619,907	18,403,915	4,668,977	—	44,200,528
Issue of shares under capital increase in cash ⁽¹⁾	—	—	—	—	2,660,753	2,660,753
Issues of share under share option plans ⁽²⁾	261,736	—	—	—	—	261,736
Balance at December 31, 2012	12,769,465	8,619,907	18,403,915	4,668,977	2,660,753	47,123,017

⁽¹⁾ Adopted by Criteo S.A. Ordinary and Extraordinary Meeting of Shareholders of September 14, 2012.

⁽²⁾ Corresponding share capital increase as of December 31, 2012 to be approved by the Board of Directors.

(Number of Shares)	Ordinary Shares	Preferred shares Series A	Preferred shares Series B	Preferred shares Series C	Preferred shares Series D	Total
Balance at January 1, 2013	12,769,465	8,619,907	18,403,915	4,668,977	2,660,753	47,123,017
Issue of shares under capital increase in cash ⁽¹⁾	9,294,967	—	—	—	—	9,294,967
Issues of share under share option plans ⁽²⁾	438,086	—	—	—	—	438,086
Conversion into ordinary shares ⁽³⁾	34,353,552	(8,619,907)	(18,403,915)	(4,668,977)	(2,660,753)	—
Balance at December 31, 2013	56,856,070	—	—	—	—	56,856,070

⁽¹⁾ Adopted by Criteo S.A. General Meeting of Shareholders on August 2, 2013 and approved by the Board of Directors on November 5, 2013

⁽²⁾ Adopted by the Board of Directors on February 7, 2013, April 18, 2013, September 3, 2013 and December 4, 2013 and Criteo S.A. General Meeting of Shareholders on August 2, 2013.

⁽³⁾ Adopted by Criteo S.A. General Meeting of Shareholders on August 2, 2013.

(Number of Shares)	Ordinary Shares	Preferred shares Series A	Preferred shares Series B	Preferred shares Series C	Preferred shares Series D	Total
Balance at January 1, 2014	56,856,070	—	—	—	—	56,856,070
Issue of shares under capital increase in cash ⁽¹⁾	525,000	—	—	—	—	525,000
Issues of share under share option plans ⁽²⁾	3,521,625	—	—	—	—	3,521,625
Balance at December 31, 2014	60,902,695	—	—	—	—	60,902,695

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- (1) Adopted by Criteo S.A. General Meeting of Shareholders on June 18, 2014 and approved by the Board of Directors on March 21, 2014
 (2) Adopted by the Board of Directors on January 29, 2014, March 4, 2014, April 23, 2014, July 30, 2014 and December 4, 2014.

Reconciliation between the Equity and the Cash Effects of Capital Increases

	As of December 31, 2014 (in thousands of euros)
Total net proceeds	€ 16,380
Follow-on expenses	(1,138)
Exercise of stock-options	8,628
Total cash effect of capital increase	€ 23,870
Income tax impact	286
Total impact on equity	€ 24,156

Note 20—Earnings Per Share

Basic Earnings Per Share

We calculate basic earnings per share by dividing the net income for the period attributable to shareholders of the Parent by the weighted average number of shares outstanding. Preferred shares had the same rights on the result for the period and dividends as ordinary shares for purposes of calculating earnings per share. As a result, all outstanding ordinary and preferred shares have been taken into consideration for purposes of calculating basic earnings per share. Basic earnings per share have been computed to give effect to the 2-for-5 reverse share split of Parent's share capital as approved by Criteo S.A. General Meeting of Shareholders on August 2, 2013 and effective as of August 20, 2013.

	Year Ended December 31,		
	2012	2013	2014
Net income attributable to shareholders of Criteo S.A.	€ 981	€ 1,065	€ 34,354
Weighted average number of shares outstanding	45,143,188	48,692,148	58,928,563
Basic earnings per share	€ 0.022	€ 0.022	€ 0.583

Diluted Earnings Per Share

We calculate diluted earnings per share by dividing the net income attributable to shareholders of the Parent by the weighted average number of shares outstanding plus any potentially dilutive shares not yet issued from share-based compensation plans (see note 8). As noted in note 19, preferred shares have been converted into ordinary shares according to a 1:1 conversion ratio in the context of the Initial Public Offering which occurred in October 2013 and there are no more preferred shares outstanding as of December 2014. Consequently all potential dilutive effect from shares is considered.

For each period presented, a contract to issue a certain number of shares (i.e. share option, share warrant or BSPCE contracts) is assessed as potentially dilutive, if it is "in the money" (i.e., the exercise or settlement price is inferior to the average market price). As of December 31, 2012, since the Parent shares were not traded on a stock exchange, the market price was determined based on Parent ordinary share's fair value assumptions described in note 8, i.e. €6.43 for 2012. From 2013, the closing share price has been taken into account for the calculation.

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Dilution is defined as a reduction of earnings per share or an increase of loss per share. When the exercise of outstanding share options and warrants decreases loss per share, they are considered to be anti-dilutive and excluded from the calculation of loss per share.

Diluted earnings per share have been computed to give effect to the 2-for-5 reverse share split of Parent's share capital as approved by Criteo S.A. General Meeting of Shareholders on August 2, 2013 and effective as of August 20, 2013.

	Year Ended December 31,		
	2012	2013 (euros in thousands)	2014
Net income attributable to shareholders of Criteo S.A.	€ 981	€ 1,065	€ 34,354
Weighted average number of shares outstanding used to determine basic earnings per share	45,143,188	48,692,148	58,928,563
Dilutive effect of:			
Share awards	—	—	—
Share options and BSPCE	3,157,780	6,025,689	3,563,347
Share warrants	286,698	456,928	153,806
Weighted average number of shares outstanding used to determine diluted earnings per share	48,586,666	55,174,764	62,645,716
Diluted earnings per share	€ 0.020	€ 0.019	€ 0.548

Note 21—Employee Benefits

Defined Benefit Plans

According to the French law and the Syntec Collective Agreement, French employees are entitled to compensation paid on retirement.

The following table summarizes the changes in the defined benefit obligation (DBO):

	Year Ended December 31,		
	2012	2013 (euros in thousands)	2014
Defined benefit obligation present value—beginning of period	€ 165	€ 582	€ 925
Service cost	110	281	371
Finance cost	8	15	25
Actuarial losses (gains)	299	47	(386)
Change in consolidation scope	—	—	90
Defined benefit obligation present value—end of period	€ 582	€ 925	€ 1,025

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The reconciliation of the changes in the present value of Defined Benefit Obligation with the Consolidated Statements of Income for the presented periods is illustrated in the following table:

	Year Ended December 31,		
	2012	2013	2014
	(euros in thousands)		
Service cost	€(110)	€(281)	€(371)
Finance cost	(8)	(15)	(25)
Actuarial losses	(299)	(47)	386
Total defined benefits plan expenses	(417)	(343)	(10)
Of which:			
Other comprehensive loss	(299)	(47)	386
Research and development expenses	—	(109)	(126)
Sales and operations expenses	—	(105)	(142)
General and administrative expenses	(110)	(67)	(103)
Financial expense	(8)	(15)	(25)

The main assumptions used for the purposes of the actuarial valuations are listed below:

	As of December 31,		
	2012	2013	2014
Discount rate (Corp AA)	2.7%	3.2%	1.5%
Expected rate of salary increase	5.0%	5.0%	5.0%
Expected rate of social charges	40.0%	44.0%	44.0% – 47.6%
Expected staff turnover	0 – 10%	0 – 10%	0 – 15%
Estimated retirement age	65 years old	65 years old	65 years old
Life table	INSEE – 2003-2005	INSEE – 2003-2005	INSEE – 2007-2009

Defined Contribution Plans

The total expense recognized in the Consolidated Statements of Income represents contributions payable to these plans by us at specified rates.

	Year Ended December 31,		
	2012	2013	2014
	(euros in thousands)		
Defined contributions plans included in personnel expenses	€(1,706)	€(3,129)	€(4,917)

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Note 22—Financial Liabilities

The changes in current and non-current financial liabilities during the period ended December 31, 2014 are illustrated in the following schedule:

	As of December 31, 2013	New borrowings	Repayments	Change in scope (In thousands of euros)	Other ⁽¹⁾	Currency translation adjustment	As of December 31, 2014
Borrowings	€ 5,911	€ 3,014	€ —	€ —	€(4,771)	€ 1	€ 4,155
Financial liabilities relating to finance leases	208	—	—	—	(187)	—	21
Other financial liabilities	—	—	—	—	157	—	157
Non-current portion	6,119	3,014	—	—	(4,801)	1	4,333
Borrowings	4,704	1,229	(4,643)	723	4,479	103	6,595
Other financial liabilities	—	—	—	—	—	—	—
Financial liabilities relating to finance leases	212	—	(259)	—	279	—	232
Other financial liabilities	177	386	(181)	—	20	—	402
Bank overdrafts	1	—	—	—	—	—	—
Financial derivatives	103	—	—	—	509	—	612
Current portion	5,197	1,615	(5,083)	723	5,287	103	7,841
Borrowings	10,615	4,243	(4,643)	—	431	104	10,750
Financial liabilities relating to finance leases	420	—	(259)	—	92	—	253
Other financial liabilities	177	—	—	—	177	—	559
Bank overdrafts	1	—	—	—	—	—	—
Financial derivatives	103	—	—	—	509	—	612
Total	€ 11,316	€ 4,243	€ (4,902)	€ 723	€ 1,209	€ 104	€ 12,174

(1) Includes reclassification from non-current to current portion based on maturity of the financial liabilities.

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We are party to several loan agreements and Revolving Credit Facilities (RCF) with third-party financial institutions. Main loans and RCF agreements are presented in the table below:

Nature	Nominal/ Authorized Amounts (in thousands)	Amount drawn (RCF only) (in thousands)	Interest rate	Settlement date
Central loan agreements				
CEPAL Loans				
August 27, 2012	€ 2,500	N/A	Fixed : 2.65%	September 5, 2015
September 28, 2012	€ 1,100	N/A	Fixed : 2.50%	November 5, 2015
LCL Loans				
December 28, 2012	€ 2,500	N/A	Fixed : 2.40%	December 28, 2015
June 7, 2013	€ 8,000	N/A	Fixed : 2.30%	June 7, 2016
BPI Loan				
February 20, 2014	€ 3,000	N/A	Fixed : 2.09%	May 31, 2021
Central RCF				
BPI RCF				
February 20, 2014	€ 3,000	€ 50	Floating rate : EURIBOR% 3M + 0.7	February 28, 2017
China RCF				
HSBC RCF				
October 3, 2014	RMB 15,000	RMB 10,000	Floating rate +10%	October 3, 2015

The combined outstanding principal and interest for each Caisse d'Epargne et de Prévoyance d'Auvergne et du Limousin (CEPAL) loan are payable in equal monthly installments based upon the applicable date of such loan. Each CEPAL loan matures in 2015. At December 31, 2014, there was €1.0 million outstanding on the CEPAL loans.

The combined outstanding principal and interest Le Credit Lyonnais (LCL) loan is payable in equal monthly installments and matures in December 2015 and June 2016. At December 31, 2014, there was €4.9 million outstanding on the LCL loans.

In February 2014, we entered into two agreements with Bpifrance Financement (French Public Investment Bank) to support our development.

- The first agreement is a fixed rate seven-year term loan for €3.0 million. This amount will be amortized quarterly after a two-year grace period.
- The second agreement is a three-year Revolving Credit Facility for a maximum amount of €3.0 million in the first year, and decreasing by €1.0 million in each subsequent year. The interest rate is Euribor 3 months plus a 0.70% margin. A 0.30% commitment fee is due on a quarterly basis depending on the amount used. At December 31, 2014, €50 thousand has been drawn.

In October 2014, we entered into a revolving loan facility with HSBC to support the development of our Chinese subsidiary for a total amount of RMB15.0 million (€1.8 million). Interest is determined at a rate equal to the benchmark lending rate effective on the loan drawdown date promulgated by the People's Bank of China with a 10% mark up and payable when the loan matures. At December 31, 2014, RMB10 million (€1.3 million) have been drawn.

All of these loans are unsecured and contain customary events of default but do not contain any affirmative, financial or negative covenants.

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Note 23—Net Financial Debt

It is noted that we use a financial performance indicator being “net financial debt” defined as being total financial liabilities minus total cash and cash equivalents. As disclosed in Notes 4 and 19, market risks are monitored by our management, which has set guidelines for managing our consolidated net financial debt, especially in respect of its liquidity, interest rate, foreign exchange rate and counterparty risks exposure in the months to come, and reviews past management (realized transactions, financial results).

The following tables show the net financial debt maturity and allocation by currency.

Net Financial Debt Maturity

	Carrying Value	Maturity				
		2015	2016	2017	2018	2019+
		(in thousands of euros)				
Borrowings	€ 10,750	€ 6,595	€1,993	€599	€551	€1,012
Financial liabilities relating to finance leases	253	232	21	—	—	—
Other financial liabilities	559	402	157	—	—	—
Bank overdrafts	—	—	—	—	—	—
Financial derivatives	612	612	—	—	—	—
Financial liabilities	12,174	7,841	2,171	599	551	1,012
Cash and cash equivalents	(289,784)	(289,784)	—	—	—	—
Net financial debt	€(277,610)	€(281,943)	€2,171	€599	€551	€1,012

Net Financial Debt by Currency

	Carrying Value	Currency						
		EUR	GBP	USD	CNY	JPY	KRW	Other
		(in thousands of euros)						
Borrowings	€ 10,750	€ 9,423	€ —	€ —	€1,327	€ —	€ —	€ —
Financial liabilities relating to finance leases	253	253	—	—	—	—	—	—
Other financial liabilities	559	559	—	—	—	—	—	—
Bank overdrafts	—	—	—	—	—	—	—	—
Financial derivatives	612	612	—	—	—	—	—	—
Financial liabilities	12,174	10,847	—	—	1,327	—	—	—
Cash and cash equivalents	(289,784)	(168,655)	(6,279)	(89,856)	(609)	(7,627)	(2,181)	(14,577)
Net financial debt	€(277,610)	€(157,808)	€(6,279)	€(89,856)	€ 718	€(7,627)	€(2,181)	€(14,577)

Note 24—Provisions

Provisions are mainly related to:

- (i) Tax contingency: in 2011 we underwent a tax inspection covering the fiscal years 2008 and 2009. At the end of 2011, we received a tax assessment notice for which a provision has been recognized for €0.5 million. Further to another tax inspection in 2013, no significant reassessment was received. The provision has been maintained as of December 31, 2013 and 2014.
- (ii) Other provisions: litigations for which the provision represents the management’s best estimate of the future outflow.

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Note 25—Other Current Liabilities

Other current liabilities are presented in the following table:

	As of December 31,		
	2012	2013	2014
	(in thousands of euros)		
Client prepayments	€ 876	€ 2,414	€ 3,362
Employee-related payables	8,701	14,340	25,815
Taxes payable	5,299	13,069	23,721
Accounts payable relating to capital expenditures	599	4,995	10,376
Other creditors	61	406	86
Deferred revenues	5	—	359
Total	€15,541	€35,224	€63,719

Note 26—Commitments

Operating Lease Arrangements

Future payment obligations under non-cancellable operating leases for each presented period are listed below:

	Less than			Total
	1 year	1 to 5 years	5 years +	
	(in thousands of euros)			
Minimum property rental payments at December 31, 2012	7,281	22,571	3,686	33,538
Minimum property rental payments at December 31, 2013	9,870	34,091	17,219	61,180
Minimum property rental payments at December 31, 2014	13,293	47,413	4,636	65,342

Operating Lease Expenses

The corresponding amounts expensed during the reported periods are as follows:

	Year Ended December 31,		
	2012	2013	2014
	(in thousands of euros)		
Property rental expenses	€(5,515)	€(8,923)	€(14,154)

Revolving Credit Facilities, Credit Lines Facilities and Bank Overdrafts

As mentioned in Note 22, we are party to two Revolving Credit Facilities with BPI France and HSBC which allow us to draw up to €3.5 million at end of December 2014.

We are also party to short-term credit lines and overdraft facilities with HSBC plc, LCL and Credit Industriel et Commercial, or CIC. We are authorized to draw up to an aggregate maximum amount of €9.4 million under these short-term credit lines and overdraft facilities. As of December 31, 2014, we had not drawn on any of these facilities. Any loans or overdraft under these short-term facilities bear interest based on the Euribor 1 month or Euribor 3 months. As these facilities are exclusively short term credit and overdrafts facilities, our banks have the ability to terminate such facilities on short notice. All of these short-term facilities are unsecured and contain customary events of default but do not contain any affirmative, financial or negative covenants.

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Note 27—Related Parties

The Executive Officers as of December 31, 2014 are:

- Jean-Baptiste Rudelle—Chairman of the Board, Chief Executive Officer and Co-Founder
- Romain Niccoli—Chief Technology Officer and Co-Founder
- Benoit Fouilland—Chief Financial Officer
- Eric Eichmann—Chief Operating Officer

Total compensation for the Executive Officers, including social contributions, is summarized in the following table:

	Year Ended December 31,		
	2012	2013	2014
	(in thousands of euros)		
Short-term benefits ⁽¹⁾	€(3,381)	€(3,404)	€(3,125)
Long-term benefits	(4)	(167)	(182)
Share-based compensation	(1,979)	(2,621)	(2,481)
Total	€(5,364)	€(6,192)	€(5,789)

⁽¹⁾ As of December 31, 2012, the short term benefits included employee and employers' social contributions. As of December 31, 2013, and December 31, 2014, the employer's social contributions are not included in the disclosure.

Note 28—Subsequent Events

As of February 17, 2015, we acquired all of the outstanding shares of DataPop, Inc., a Los Angeles-based company specializing in connecting the products in a retailer's catalog to actual user shopping intent, for cash consideration of \$22 million. The impact of the transaction will be reflected in our consolidated financial statements as of March 31, 2015. The determination of the fair value of assets acquired and liabilities assumed will be performed within the twelve months after the acquisition date.