



devoteam

2018 | Annual Financial Report

AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

This Annual Financial Report was filed with the Autorité des Marchés Financiers (AMF) on 30 April 2019 in accordance with Article L. 451-1-2 of the French Monetary and Financial Code.

This document is available on the website www.devoteam.com and from the Company's head office located at 73, rue Anatole France – 92300 Levallois-Perret, France

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1 PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT AND THE AUDIT OF THE FINANCIAL STATEMENTS

1.1 Person responsible for the annual financial report

Stanislas de Bentzmann - Chairman of the Management board.

1.2 Statement by the person responsible for the annual financial report

I confirm that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the assets and liabilities, financial position and performance of the company and of all consolidated Group companies, and that the Management Report, which appears on page 5 of this document, is a true reflection of the changes in the business, performance and financial position of the company and all of the consolidated Group companies, as well as a description of the main risks and uncertainties facing these companies.

30 April 2019

Stanislas de Bentzmann

1.3 Person responsible for the audit of the financial statements

Statutory Auditors	Date of 1 st mandate	Date of expiry of current mandate
KPMG SA, Tour EQHO 2, avenue Gambetta, CS 60055, 92066 Paris La Défense, France represented by Jean-Pierre Valensi	1999	GM ruling on the 2022 financial statements
Grant Thornton 29, Rue du Pont - 92200 Neuilly-sur-Seine, France represented by Vincent Papazian	2014	GM ruling on the 2019 financial statements
Alternate Auditors	Date of 1 st mandate	Date of expiry of current mandate
Salustro Reydel SA, Tour EQHO 2, avenue Gambetta, CS 60055, 92066 Paris La Défense, France	2011	GM ruling on the 2022 financial statements
IGEC 29, Rue du Pont - 92200 Neuilly-sur-Seine, France represented by Pascal Leclerc	2014	GM ruling on the 2019 financial statements

1.4 Statutory auditors' fees

The table below presents the detailed amounts of Statutory Auditors' fees paid for the 2017 and 2018 financial years:

In thousands of euros	2018							2017						
	KPMG	%	Grant Thornton	%	NSK	%	Total	KPMG	%	Grant Thornton	%	NSK	%	Total
<i>Certification and half-yearly limited review of separate and consolidated financial statements</i>														
Issuer	135	45%	120	35%	0	0%	255	92	33%	93	37%	0	0%	185
Fully consolidated subsidiaries	164	55%	184	53%	70	100%	418	159	57%	129	51%	79	100%	367
<i>Services other than certification of financial statements</i>														
Issuer	0	0%	9	3%	0	0%	9	27	10%	30	12%	0	0%	57
Fully consolidated subsidiaries	0	0%	35	10%	0	0%	35	0	0%	0	0%	0	0%	0
Total	299	100%	348	100%	70	100%	717	278	100%	252	100%	79	100%	609

1.5 Recent events

On 8 April 2019, Devoteam announced it was acquiring an 87.5% equity interest in Avalon Solutions, Google Premier Partner and market leader in Scandinavia, with its head office in Stockholm (Sweden). In 2018, this company generated revenue of €14.2 million, had 45 employees and over 400 customer accounts. At the same time, Devoteam began exclusive negotiations with a view to acquiring g-company, Google Cloud EMEA Sales partner of the year and Google Premier Partner in the Benelux region. In 2018, this company generated revenue of approximately €16.5 million with a portfolio of over 750 customer accounts and 60 employees in the Netherlands (Utrecht) and Belgium (Mechelen).

These transactions have enabled Devoteam to consolidate its position as a Google Cloud leader in Europe, confirming the strategic partnership it first created seven years ago.

2 MANAGEMENT BOARD'S REPORT ON THE GROUP'S BUSINESS AND MANAGEMENT

Ladies and Gentlemen,

We have called this General meeting to report to you on the results of our work carried out during the financial year ended 31 December 2018 and to submit for your approval the Group's separate and consolidated financial statements for the said year.

During this Meeting, we will read to you the reports by KPMG and Grant Thornton, our Statutory Auditors. The Statutory Auditors' reports, the Management Report, the annual separate and consolidated financial statements, in addition to other related documents, have been made available to you at the company's head office, in accordance with the conditions and deadlines set out by law, so that you could familiarise yourselves with them.

The separate financial statements hereby presented have been prepared in compliance with the general regulations applicable in France on the preparation and presentation of annual financial statements. The consolidated financial statements have been prepared in accordance with IFRS guidelines, as adopted by the European Union prior to 31 December 2018. All of these financial statements respect the principle of true and fair view.

2.1 Activity of Devoteam SA and its subsidiaries during the financial year

2.1.1 Highlights of the year

In 2018, the Group continued to pursue its growth strategy and confirm its positioning as the go-to expert in Digital Transformation, with a high added value, notably on Cloud solutions and Artificial Intelligence (AI). On the combined strength of AI and other areas of expertise such as Digital Workplace and ITSM (Information Technology Service Management) in partnership with Google and ServiceNow, the Group seeks to offer its clients improved operational efficiency through the automation of simple tasks, and to help boost creation and innovation.

This strategy is reinforced by the further development of strategic partnerships with Amazon AWS, Google GCP and Microsoft Azure which have enabled the Group to consolidate its reputation as an expert in digital transformation and the Cloud.

Over the course of the year, the Group pressed ahead with its external growth strategy, notably acquiring the Alegri group in Germany, the Jayway group in Sweden, and the Bold group in Portugal, enhancing its Agile IT, Digital Workplace and Cloud Transformation offerings.

Furthermore, the Group maintained a very solid financial base with consolidated equity of €187.6 million and €40.3 million in net cash at 31 December 2018, thus allowing it to continue its growth, particularly in the context of the ambitions of the Scale! plan.

The company's consolidated financial statements for the year ended 31 December 2018 include the company and its subsidiaries ("the Group"), as well as the Group's share of the results of associates and jointly controlled companies.

The financial statements were approved by the Management board on 11 March 2019, and will be submitted to the General meeting for approval on 14 June 2019.

2.1.2 Activity and performance of Devoteam SA

Revenue totalled €265.6 million in 2018, up 21.9% compared to 2017, in line with the growth rates recorded at Group level.

Operating profit stood at €8.8 million, against €5.6 million the year before, due to growth in the business.

Net income for 2018 amounted to €27.8 million, compared to €17.4 million in 2017. This comprises:

- a slight decrease in net financial income to €13.2 million (vs. €13.9 million in 2017), mainly impacted by an increase in provisions for equity securities (-€9.0 million), an increase in dividends received

(+€6.4 million) as well as credit losses on current accounts following the liquidation of subsidiaries in 2017 (+€1.2 million);

- an exceptional profit of €6.4 million (versus -€1.3 million in 2017), mainly attributable to capital gains on disposals of equity securities (+€10.1 million), dispute-related expenses (-€3.0 million) and restructuring expenses (-€0.6 million).

Further details are provided in Notes 4.5 and 4.6 to the separate financial statements.

With regard to financial position:

- the Company's equity stands at €182.5 million at 31 December 2018, against €161.8 million at 31 December 2017. The change comes mainly from the recognition of the profit for the year (+€27.8 million) and dividends distributed (-€7.2 million);
- total borrowings (excluding total current account liabilities with subsidiaries) amount to €30.7 million and mainly correspond to the bond issue and related accrued interest in the amount of €30.4 million;
- available cash (including marketable securities and excluding treasury shares) totalled €19.5 million versus €33.8 million a year earlier, down €14.3 million, mainly due to subsidiary acquisitions.

In accordance with Articles 441-6-1 and D. 441-4 of the French Commercial Code, the breakdown by maturity of trade receivables and payables at 31 December 2018 is as follows:

	Article D. 441 I. -1 of the French Commercial Code: Invoices received and not settled at the closing date of the year in which they fell due						Article D. 441 I. -2 of the French Commercial Code: Invoices issued and not settled at the closing date of the year in which they fell due					
	0 days (due date)	1 to 30 days	31 to 60 days	61 to 90 days	over 91 days	Total (over 1 day)	0 days (due date)	1 to 30 days	31 to 60 days	61 to 90 days	over 91 days	Total (over 1 day)
(A) Number of days overdue												
Number of invoices outstanding	2,796					221	2,713					795
Total amount of invoices outstanding in thousands of euros (incl. taxes)	23,946	290	109	15	279	693	40,481	2,497	1,006	821	2,266	6,590
Percentage of the total amount of purchases for the year (incl. taxes)	15.8%	0.2%	0.1%	0.0%	0.1%	0.5%						
Percentage of revenue for the year (incl. taxes)							12.8%	0.8%	0.3%	0.3%	0.7%	2.1%

The breakdown by due date of trade receivables and trade payables at 31 December 2017 was presented as follows:

Article D. 441 I. -1 of the French Commercial Code: Invoices <u>received</u> and not settled at the closing date of the year in which they fell due							Article D. 441 I. -2 of the French Commercial Code: Invoices <u>issued</u> and not settled at the closing date of the year in which they fell due					
0 days (due date)	1 to 30 days	31 to 60 days	61 to 90 days	over 91 days	Total (over 1 day)	0 days (due date)	1 to 30 days	31 to 60 days	61 to 90 days	over 91 days	Total (over 1 day)	
(A) Number of days overdue												
Number of invoices outstanding	2,246				534	3,201					1,148	
Total amount of invoices outstanding in thousands of euros (incl. taxes)	19,298	1,750	956	91	860	3,657	33,387	2,506	1,230	516	4,998	9,250
Percentage of the total amount of purchases for the year (incl. taxes)	16.62%	1.51%	0.82%	0.08%	0.74%	3.15%						
Percentage of revenue for the year (incl. taxes)							12.8%	1.0%	0.5%	0.2%	1.9%	3.6%

The target payment period for trade payables and receivables is 60 days.

2.1.3 Activity and consolidated results

Income statement analysis

The Group generated **revenue** of €652.4 million in 2018, an increase of 17.7% at constant scope and exchange rates compared to the previous financial year. The acquisitions of the year 2018 contributed for €31.8 million, which included:

- Alegri in Germany for €11.4 million, consolidated from 1 September 2018;
- Bold in Portugal for €10 million, consolidated from 1 September 2018;
- Jayway in Sweden for €6.7 million, consolidated from 1 October 2018;
- New BIC in Spain for €1.8 million, consolidated from 1 July 2018.

The **operating margin**, defined as the recurring operating profit excluding the impact of share-based payments and amortisation of intangible assets related to acquisitions, increased by 75 basis points in 2018. It stood at €73.5 million, and 11.3% of revenue, versus €54.0 million and 10.5% of restated revenue in 2017, following the application of IFRS 15.

Broken down by half-year, the change in revenue and operating margin is as follows:

In € million and %	2017 presented			2017 restated *			2018		
	H1	H2	FY	H1	H2	FY	H1	H2	FY
Revenue	256.5	283.9	540.4	243.8	268.9	512.7	306.5	345.9	652.4
Annual variation (%)	7.7%	17.7%	12.7%				25.7%	28.6%	27.2%
Operating margin	25.4	28.6	54	25.4	28.6	54	34	39.5	73.5
(as % of revenue)	9.9%	10.1%	10.0%	10.4%	10.6%	10.5%	11.1%	11.4%	11.3%

* Restated following the application of IFRS 15 on revenue.

The **operating result** amounted to €64.5 million, increasing 46.9% compared to last year. It included costs of share-based payments and amortisation of intangible assets from acquisitions for €3 million; restructuring costs for €1.6 million (mainly in France and Belgium); goodwill write downs for €6.4 million (United Kingdom

and Germany mainly); gain on disposal of subsidiary for €7.6 million (Shift by S'team); and other non-current expenses for €5.6 million (acquisition costs of subsidiaries and conclusion of various litigations).

The **financial result** remained stable in 2018 compared to 2017 at -€2.5 million.

Tax expenses amounted to €18.9 million. It represented 29.9% of the profit before tax, compared with 35.9% in 2017. Excluding non-taxable profits and elements without tax effect, the tax rate would have been 30.4% in 2018, compared with 33% in 2017.

The **Group share of net income** increased more than 52% to €38.1 million and the diluted earning per share was €4.64 (up 51.6% compared to 2017).

At 31 December 2018, Group **net cash** was €40.3 million compared to €47.5 million the year before. The annual free cash flow of €41.4 million increased by 33% compared to 2017 and overbalanced net flow of acquisitions and disposal of -€39.3 million.

Moreover, Devoteam renewed its available credit lines of €100m for 5 years.

Balance sheet analysis

The main items of the consolidated balance sheet changed as follows during 2018:

<i>In millions of euros</i>	31 December 2018	31 December 2017	Change	Main reasons for the change
Non-current assets	160.0	114.5	45.5	The change is primarily due to the recognition of new goodwill in the amount of €45.5 million, related to external growth transactions (Alegri, Bold, Jayway, New Bic and Paradigmo), as well as investments totalling €6.0 million to meet the Group's operational needs. This change was offset by the impairment losses of -€6.0 million recognised for the Devoteam UK CGU and Alegri in Germany as well as the deconsolidation of the goodwill of Siticom GmbH for -€0.5 million.
Operating receivables	264.5	225.7	38.8	Operating receivables have increased in line with the Group's growth. Days of sales outstanding (DSO) at the end of the year was 58 days, compared with 61 days a year earlier.
Cash and cash equivalents *	74.6	79.6	(5.0)	See below
Non-current assets held for sale	-	6.9	(6.9)	This relates to the Group's interest in Devoteam Morocco and Shift by S'Team, classified as available-for-sale assets at the end of 2017 (see Note 4.3).
Equity attributable to the Group	175.6	150.8	24.8	The change is primarily due to the recognition of net income for the period in the amount of €38.1 million, net of dividends paid of -€7.2 million, scope effects representing -€9.6 million, transactions related to treasury shares for €2.4 million and a foreign exchange effect of €0.4 million.
Non-controlling interests	12.0	11.2	0.8	Non-controlling interests (see note 5.12 to the consolidated financial statements).
Non-current liabilities	56.7	45.4	11.3	The increase in non-current liabilities is mainly the result of the recognition of put-option liabilities for the Bold and Jayway groups for €10.1 million and earn-out liabilities for the Paradigmo and New Bic entities for €2.6 million.
Current liabilities	254.8	214.8	40.0	The increase in current liabilities is mainly attributable to the increase in trade payables of €11.2 million and tax and social security liabilities for €20.0 million, in line with the Group's operational growth and the recognition of short-term earn-out liabilities for Bold and New Bic for €2.0 million.
Non-current liabilities held for sale	-	4.5	(4.5)	This relates to the Group's interest in Devoteam Morocco and Shift by S'Team, classified as available-for-sale assets at the end of 2017 (see Note 4.3).

***Cash and cash equivalents** (excluding financial investments recognised as “Cash management assets”, net of €0.8 million in bank overdrafts) fell by €5.0 million during the period to €74.6 million. This change is due to:

- positive **cash flow from operating activities** of €47.3 million resulting from a major boost to the Group's operating cash flows to €69.9 million at 31 December 2018 (vs. €53.3 million in 2017) and from a minor increase in WCR of -€9.6 million (vs. -€5.5 million in 2017) due to the strong growth in the Group's business. The days of sales outstanding (DSO) at the end of the year was 58 days, compared with 61 days a year earlier;
- negative **cash flow from investing activities** of €45.6 million over the year (vs. -€36.1 million in 2017), mainly due to:
 - disbursements related to subsidiary acquisitions (net of cash acquired) amounting to €46.3 million;
 - disbursements related to the Group's operational investments amounting to €6.0 million;
 - net inflow related to the disposal of subsidiaries for €7.8 million;
- negative **cash flow from financing activities** of €6.9 million, which includes in particular:
 - net inflow of €1.0 million linked to minority interest transactions;
 - an increase in outstanding receivables sold for €3.4 million;
 - the payment of dividends of €10.7 million, of which €7.2 million was paid to Group shareholders and €3.5 million to minority shareholders.

The Group's financial position remains sound, as **the cash position net of borrowings** stands at €40.3 million. This breaks down as follows:

<i>In millions of euros</i>	31 December 2018	31 December 2017
Short-term investments	0.2	0.1
Cash at bank	75.3	82.1
Bank overdrafts (liability)	(0.8)	(2.7)
Cash and cash equivalents	74.6	79.6
Cash management assets	0.4	0.3
Bonds	(29.9)	(29.8)
Obligations under finance leases	(0.1)	(0.1)
Draw-downs on bank and similar facilities and other borrowings	(3.4)	(1.0)
Long-term borrowings	(33.4)	(30.9)
Bonds	(0.4)	(0.4)
Obligations under finance leases	(0.0)	(0.8)
Draw-downs on bank and similar facilities and other borrowings	(0.9)	(0.3)
Short-term borrowings	(1.3)	(1.5)
Total borrowings	(34.7)	(32.4)
Derivative instruments	-	-
Net cash *	40.3	47.5
Of which cash from discontinued operations	-	1.8
Total Equity	187.6	162.0
Debt to equity ratio	-21.5%	-29.3%

* For 2018, net cash includes the positive impact (net of guarantee deposits) of agreements to transfer non-recourse trade receivables amounting to €16.9 million, compared to €13.8 million in 2017.

Business model

Our resources	Our value proposition	Our achievements
Our human resources <ul style="list-style-type: none">- Consultants skilled in our technologies- A strong back office team- In 18 countries (Europe / EMEA) Our external stakeholders <ul style="list-style-type: none">- Our subcontractors and suppliers- Our strategic partners Our multi-disciplinary compliance policy <ul style="list-style-type: none">- Compliance and environmental strategy	Our vision <p>Technology to serve society #TechForPeople</p> Our aim <p>Devoteam is a major player in innovative technology and management consulting for businesses.</p> Our 7 products and services <ul style="list-style-type: none">- Transformation Management- Agile IT- Digital Workplace- Data as a Service- Business Process Excellence- Customer Experience- Cybersecurity	Development of our human resources <ul style="list-style-type: none">- Training- School relations- Work/life balance- Diversity Regulatory updates and environmental achievements Control of our supply chain

2.1.4 Progress made and outlook

Financial outlook for 2019

Considering stable economic environment, scope, exchange rates and accounting method, the Group aims at achieving consolidated revenues of €770 million in 2019, primarily through:

- an organic growth above 12%;
- a contribution from the 2018 acquisitions (net of disposals) of €38 million.

The Group expects to maintain the operating margin at 11.3% of the revenue and the restructuring costs at 0.5% of the revenue.

Summary of the financial objectives of the Scale! plan

On 19 January 2017, the Group announced its medium-term strategic plan for 2020, known as Scale! As part of this plan, the Group set itself ambitious growth and operational performance targets, namely:

- average annual organic growth (excl. Between) of 7% to 10% from 2016 to 2020;
- continued improvement in the operating margin, to reach a minimum of 10% in 2020;
- double-digit average annual growth in diluted earnings per share over the period;
- normative free cash flow of approx. 5% of revenue.

In addition to these organic targets, the Group plans to carry out external growth transactions to add at least €200 million to its consolidated revenue in 2020, and maintain current levels of profitability. The Group is therefore looking to generate revenue of at least €1 billion in 2020, including the impact of these potential acquisitions.

2.1.5 Events subsequent to year-end

None.

2.2 Presentation of the separate financial statements and appropriation of income

2.2.1 Proposed appropriation of income

It is proposed to the General meeting to allocate the profits for the year ended 31 December 2018, in the amount of €27,788,187, as follows:

- distribution of a dividend of €1.00 per share, representing a total of €8,058,148;
- the balance of €19,730,039 to be allocated to retained earnings.

It should be noted that this appropriation will be subject to minor modification according to the percentage of treasury shares held at the time of the payment on 5 July 2019 through an adjustment to retained earnings.

In respect of the past three financial years, the company has paid the following dividends:

Year	Dividend per share
2015	€0.50
2016	€0.60
2017	€0.90

2.2.2 Related-party agreements

Pursuant to Article L. 225-86 of the French Commercial Code, we hereby ask you to approve the related-party agreements, already approved by your Supervisory Board during the year just ended and referred to by the Statutory Auditors in their special report.

2.2.3 Non-deductible expenses

In accordance with the provisions of Article 223 quinquies and Article 39-5 quater of the French General Tax Code, we would like to point out that the financial statements for the financial year just ended include a total amount of non-deductible expenses, within the meaning of Article 39-4 of said Code, of €315,585. This amount corresponds to the share of non-deductible rental payments on passenger vehicles hired by the Group in the course its business.

2.2.4 Table of company results over the past five years

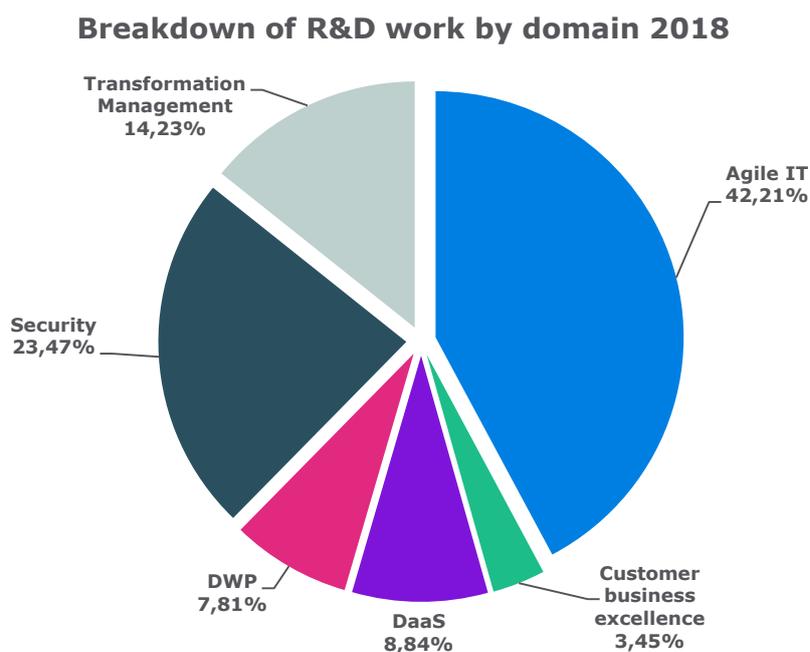
SHARE CAPITAL AT YEAR-END	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Share capital	1,238,973	1,242,576	1,262,340	1,263,015	1,263,015
Number of shares	8,172,128	8,196,149	8,327,907	8,332,407	8,332,407
TRANSACTIONS AND PROFIT FOR THE YEAR	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Revenue before tax	159,916,969	173,439,481	189,471,479	217,908,500	265,602,014
Profit (loss) before taxes, profit-sharing, depreciation, amortisation and provisions	(6,290,193)	8,546,296	9,456,174	14,095,051	33,432,650
Amortisation and provision	(5,371,602)	1,155,775	(153,977)	(4,112,216)	4,992,836
Employee profit-sharing due in respect of the year	-	-	-	-	-
Corporate income taxes	(2,319,185)	(1,535,830)	(1,665,619)	830,413	651,627
Profit (loss) after taxes, depreciation, amortisation and provisions	1,400,594	8,926,351	11,275,770	17,376,854	27,788,187
Earnings distributed	2,250,415	3,812,161	4,726,589	7,189,333	8,058,148
EARNINGS PER SHARE	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Profit (loss) after taxes but before depreciation, amortisation and provisions	(0.49)	1.23	1.34	1.59	3.93
Profit (loss) after taxes, depreciation, amortisation and provisions	0.17	1.09	1.35	2.09	3.33
Dividend allocated to each share	0.30	0.50	0.60	0.90	1.00
PERSONNEL	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Average headcount	1,458	1,304	1,358	1,453	1,663
Total payroll	66,386,079	63,971,981	65,941,947	70,937,736	84,186,838
Amount paid in employee benefits	29,629,306	28,333,224	29,482,461	31,677,313	38,154,578

2.2.5 Research and development activity

Created in 2012, "Devoteam Research and Innovation" (DRI) is responsible for supporting the definition of innovative and high value solutions in line with the Group's strategy. Its work is underpinned by the desire to support our clients in the digital transformation battle.

In 2018, in coordination with the Devoteam experts and using feedback from our clients, we launched a number of themes based on Artificial Intelligence and Machine Learning, with a particular focus on HR and the handling of complex IT requests as well as graph-based usages. DRI continued its work to improve our clients' infrastructures, and in particular their access to hybrid cloud and Move2Cloud solutions, and container performance. Lastly, DRI has also been working hard on security and risk management tools, complemented by transformation solutions and agility in particular.

The graph below presents a breakdown of activities by domain:



Lastly, the Group also works as an outsourced R&D provider for its clients on innovation projects, particularly in France and Belgium. Some of these projects are eligible for research tax credits.

2.2.6 Other information

The presentation rules and valuation methods used in the preparation of the consolidated financial statements are compliant with current regulations, and in particular IFRS, as described in notes 2 and 3 to the consolidated financial statements. New standards and interpretations have come into force, such as those described in Note 2.1. to the financial statements.

The inventory value of the equity securities and goodwill in the Devoteam SA separate financial statements is determined using the discounted future cash flow method. With regard to equity securities, this value is then adjusted for the cash and/or net debt of the companies in question.

2.3 Subsidiaries and investments

2.3.1 Consolidated companies

The companies included in the scope of consolidation at 31 December 2018 are listed in Note 4.1 to the consolidated financial statements.

2.3.2 Contribution of operating segments to the Group's results

The operating segments are presented in detail in Note 3.19.

Results by geographical area

<i>In millions of euros</i>	2018	2017 restated*
France		
Contribution to revenue	319.4	246.1
Operating margin	50.1	34.5
In % of Group contribution	15.7%	14.0%
Northern Europe & Benelux		
Contribution to revenue	165.4	129.6
Operating margin	13.8	9.8
In % of Group contribution	8.4%	7.6%
Central Europe		
Contribution to revenue	60.8	46.1
Operating margin	6.8	5.7
In % of Group contribution	11.2%	12.3%
Iberia & Latam		
Contribution to revenue	43.0	28.5
Operating margin	4.1	1.6
In % of Group contribution	9.5%	5.6%
Rest of the world		
Contribution to revenue	43.2	40.7
Operating margin	4.2	4.0
In % of Group contribution	9.8%	9.8%
Corporate & other		
Contribution to revenue	(3.1)	0.7
Operating margin	(7.2)	(2.7)
Divestments		
Contribution to revenue	23.8	21.1
Operating margin	1.8	1.1
In % of Group contribution	7.4%	5.4%
Total		
Contribution to revenue	652.4	512.7
Operating margin	73.5	54.0
In % of Group contribution	11.3%	10.5%

* Restated following the application of IFRS 15 on Revenue.

Change in revenue by geographical area

<i>In millions of euros</i>	2018	2017 restated*
France	319.4	246.1
Variation	29.8%	
L-f-l variation	24.8%	
Northern Europe & Benelux	165.4	129.6
Variation	27.6%	
L-f-l variation	13.5%	
Central Europe	60.8	46.1
Variation	32.1%	
L-f-l variation	7.1%	
Iberia & Latam	43.0	28.5
Variation	50.9%	
L-f-l variation	10.3%	
Rest of the world	43.2	40.7
Variation	6.2%	
L-f-l variation	11.2%	
Corporate & other	(3.1)	0.7
Divestments	23.8	21.1
Total	652.4	512.7
Variation	27.2%	
L-f-l variation	17.7%	
Currency impact	-0.6%	
Perimeter impact	10.2%	

Of which impact of significant acquisitions:

<i>In millions of euros</i>	2018
France	12.3
D2SI, consolidated as of 1 October 2017	10.9
Progis, fully consolidated as of 1 January 2018	0.4
Altius Services, consolidated as of 1 February 2018	1.0
Northern Europe & Benelux	19.2
TMNS, consolidated as of 1 July 2017 (estimated)	11.9
Paradigmo, consolidated as of 1 July 2018	0.6
Jayway, consolidated as of 1 October 2018	6.7
Central Europe	11.4
Alegri, consolidated as of 1 September 2018	11.4
Iberia & Latam	11.8
New BIC, consolidated as of 1 July 2018	1.8
Bold, consolidated as of 1 September 2018	10.0

2.4 Information on the share capital

2.4.1 Changes in share capital and number of shares during 2018

Number of shares	2018	2017
Shares outstanding as of 1 January	8,332,407	8,327,907
Exercise of options, BCE and BSA	-	4,500
Shares outstanding as of 31 December	8,332,407	8,332,407
Par value	€0.15	€0.15

2.4.2 Changes in shareholding

The main identified shareholders in the company at year-end are as follows:

	31 December 2016			31 December 2017			31 December 2018		
	Shares	% of share capital	% of voting rights	Shares	% of share capital	% of voting rights	Shares	% of share capital	% of voting rights
S. de Bentzmann ⁽¹⁾	1,280,137	15.36%	21.49%	1,101,232	13.22%	18.22%	1,066,230	12.80%	18.33%
G. de Bentzmann ⁽¹⁾	942,581	11.31%	15.75%	837,616	10.05%	14.84%	726,377	8.72%	13.96%
Lazard Frères Gestion	579,312	6.95%	5.67%	579,312	6.95%	5.75%	579,312	6.95%	5.67%
Amiral Gestion	521,609	6.26%	5.10%	551,043	6.61%	5.47%	551,043	6.61%	5.40%
Allianz	-	-	-	532,673	6.39%	5.29%	532,673	6.39%	5.22%
Tabag ⁽²⁾	517,004	6.20%	10.12%	470,402	5.65%	9.34%	418,402	5.02%	8.20%
La Financière de l'Echiquier	-	-	-	-	-	-	-	-	-
Other holders	315,112	3.78%	5.46%	316,006	3.79%	5.38%	229,099	2.75%	4.64%
Treasury shares	450,259	5.41%	0.00%	344,259	4.13%	-	274,259	3.29%	-
Free float	3,721,893	44.69%	36.41%	3,599,864	43.20%	35.72%	3,955,012	47.47%	38.58%
Total	8,327,907	100%	100%	8,332,407	100%	100%	8,332,407	100%	100%

(1) 115,000 shares held by Godefroy de Bentzmann and 25,000 shares held by Stanislas de Bentzmann have been pledged to banks.

(2) Held by Yves de Talhouët, linked to the Management board members by a Dutreil Pact as presented hereunder.

Dutreil Pact signed during the 2018 financial year

Clause	2018 Dutreil Pact
Date of signature	28 June
Duration of the collective commitment	2 years
Contractual duration of the pact	2 years
Terms and conditions for renewal	Tacit renewal for periods of 3 months
Percentage of share capital covered by the pact (date of signature of pact)	24.48%
Percentage of voting rights covered by the pact (date of signature of pact)	37.35%
Names of Executive Corporate Officer signatories	Messrs Stanislas and Godefroy de Bentzmann
Names of signatories directly related to the Executive Corporate Officers	Maxime, Sophie, Louis, Adelaïde and Constantin de Bentzmann
Names of signatories holding at least 5% of the share capital and/or voting rights of the Company	Mr Stanislas de Bentzmann, Mr & Mrs Godefroy de Bentzmann and Tabag

On 18 May 2018, Mr Godefroy de Bentzmann declared that he had fallen below the threshold of 10% of DEVOTEAM's share capital, following an on and off-market sale of shares, and that at this date, he held 741,337 Devoteam shares representing 1,330,677 voting rights, i.e. 8.90% of the share capital and 12.67% of voting rights in the Company.

At this time, Messrs Stanislas and Godefroy de Bentzmann (and their children), acting in concert, had not crossed any threshold and confirmed that they held, on 18 May 2018, 1,842,569 DEVOTEAM shares, representing 3,335,884 voting rights, i.e. 22.11% of the share capital and 31.75% of voting rights in the Company.

2.4.3 Transactions performed in 2018

Transactions on own shares

Over the course of the financial year, the Company did not carry out any transactions on the treasury shares. At 31 December 2018, the Company held 274,259 shares, i.e. 3.29% of the share capital, representing a purchase value of €2.5 million and a market value of €22.6 million.

2.4.4 Changes in market price

The Devoteam share price rose 10.22% in 2018, compared to a 10.70% decrease for the CAC Technology Index and a 21.57% decrease for the CAC Mid & Small Index.

Date	31/12/2017	02/01/2018 (*)	13/09/2018 (*)	31/12/2018
Market price (€)	74.85	73.5	116.6	82.5
Market capitalisation (€M)	623.7	589.4	935.0	687.4

* Highest and lowest prices for the period. Capitalisation is calculated on the weighted average number of shares for the year.

2.5 Internal control and risk management

2.5.1 Internal control objectives

The aims of the internal control procedures in place at the company are:

- to oversee the completion and optimisation of transactions;
- to check that the accounting, financial and management information communicated to the shareholders and to third parties (financial markets, banks, Devoteam corporate bodies, etc.) is reliable and accurately reflects the position and activity of Devoteam;
- to ensure that management procedures and employee behaviours are in line with the guidelines applicable to the activities of Devoteam and set by its management, by applicable laws and regulations, and by the values, standards and internal regulations of the company;
- to contribute to the protection of its assets and the detection of fraud.

However, the internal control procedures in place do not constitute an absolute guarantee against the risks identified.

Similarly, although subject to regular updates, risk mapping cannot protect the Group against unidentified risks.

2.5.2 General organisation, the main internal control parties and their role

2.5.2.1 The Steering Committee

The Steering Committee has four members:

- the Chief Operations Officer;
- both members of the Management board;
- the Executive Vice-Chairman of the Group.

This Committee is responsible for the operational application of the strategy defined by the Supervisory Board.

The Steering Committee reports to the Audit Committee and the Supervisory Board on the key features of the internal control procedures, as well as the effectiveness thereof.

2.5.2.2 The Executive Committee

The Executive Committee is currently composed of 12 members, including the Chairman and CEO of the Management board, the Group CFO, the COO, the Group Vice-Chairmen, as well as the representatives of the largest entities and countries of the France, Europe and Middle East regions.

The Executive Committee establishes the internal control procedures, sets the rules applicable to the entire Group and defines the limitations of powers.

These are communicated to the subsidiaries so that they may be incorporated within all local procedures.

2.5.2.3 The Group's Finance Department

The Group CFO assists the Management board in the areas of accounting and finance.

The Group CFO oversees a small team at the head office. This team handles accounting and consolidation, Group management control and internal audit functions:

- the Group Accounts Department is responsible for preparing the consolidated financial statements, for defining the accounting principles applicable within the Group and the proper application thereof. It is also responsible for ensuring the Group's accounting principles comply with IFRS, and for monitoring accounting techniques, taxation and cash management at Group level;
- the Group's management control and reporting team (Financial Planning & Analysis) oversee the process and are responsible for ensuring and implementing a smooth budgetary process;
- the Internal Audit Department carries out assessments and provides recommendations on the Group's internal control procedures. Although hierarchically reporting to the Group CFO, it also reports to the Management board and the Audit Committee on its work.

With regard to the relationship between the Group CFO and the regional and subsidiary Financial Directors, the Group has always favoured and encouraged a hierarchical relationship so as to maintain a certain degree of independence between the Financial Directors and the Executive boards of these subsidiaries.

As such, all regional and subsidiary Financial Directors report directly to the Group CFO. In particular, the latter is responsible for ensuring that the finance-related resources in place (tools and human resources) are sufficient to meet the requirements and development of the Group.

2.5.2.4 The Group's Operations Department

The Group COO assists the Management board in the steering of all commercial activity in France and internationally. He reports on the operational performance of the Group at Steering Committee meetings.

The Operations Department is in charge of steering and evaluating the Group's performance. The local Finance Departments report functionally to the Operations Department on the performance of their businesses at business reviews. The Country Managers and operational entities report either directly or functionally to the Operations Department.

2.5.2.5 The operational entities

Each operational entity is headed by a CEO (or country manager for foreign subsidiaries). The operational entities are grouped into a limited number of regions, each of which is led by an EVP or dedicated CEO with clear responsibilities. In particular they are in charge of implementing the decisions and strategy defined by the Group's Steering Committee and Executive Committee, as well as the organisation of internal control procedures in their own entities.

In 2018, no organisational changes took place and entities are still divided into operational sectors: France, Northern Europe and Benelux, Central Europe, Iberia & Latam, Rest of the World, Corporate & Others, and Divested entities. These scopes are presented in note 3.19 to the consolidated financial statements.

The entities presented in the "Corporate & other" region in section 3.19 operate independently or as "venture capital" and are managed separately. The management of this operational sector is based on financial indicators and is specially monitored by the Group Chief Financial Officer, who is a member of the Executive Committee.

Each operational entity, depending on its size, may be structured into several business units, so as to facilitate the management thereof.

2.5.2.6 The Group's functional departments

The Group's Human Resources Department has the following responsibilities:

- to identify the needs and new expectations of employees and incorporate these into the new Group HR policy;
- to coordinate the work carried out by regional and subsidiary HR Managers with the strategic objectives set by the Steering Committee;
- to prepare and update the mapping of potential high flyers within the Group;
- to initiate senior recruitments within the Group;
- to monitor the compensation of the Corporate team, the EVPs and the Country Managers.

The Management board, with the support of the Group Finance Department, is also responsible for researching opportunities for external growth and overseeing all financial communication.

The Group's General Secretary is responsible for all Group legal matters, insurance and general services (including property portfolio management). The General Secretary plays an important role in the evaluation of risks and the solutions to be implemented.

2.5.2.7 The functional departments of the entities

Depending on its size, each region and/or operational entity has its own cross-functional departments known as support services. Generally speaking, there are a number of support services that also play an important role in internal control:

- the finance department and notably management control;
- the human resources department (including recruitment, training and payroll functions);
- marketing;
- general services;
- internal IT.

2.5.3 Brief description of internal control procedures

2.5.3.1 The internal control environment

Generally speaking, the organisational structure of the Devoteam Group is decentralised for the operational entities, and centralised for the so-called support and functional entities, wherever possible. The Corporate teams are in charge of the steering and auditing of all Group entities. They are primarily composed of the following two bodies: the Operations Department and the Finance Department. The global strategy is defined at Steering Committee meetings and communicated throughout the Group via Executive Committee meetings.

A transparent strategy, shared by all managers

The Devoteam Group formally manages the implementation of the Group's strategy:

- every two weeks, the aforementioned Steering Committee meets to set objectives, clarify strategic development priorities and redefine the boundaries in accordance with the current circumstances;
- every month, the Executive Committee meets to share the decisions of the Steering Committee with the various operational entities and to manage the organisation.

2.5.3.2 Risk management related to the preparation and processing of accounting and financial information

The AMF (French financial market authority) has defined an internal control reference framework that French companies subject to the obligations provided for by the Financial Security Law are recommended to use and apply in their subsidiaries. The Devoteam Group refers to the reference framework for small and medium-sized companies.

Major risks

Risks related to the reliability of financial information that could mislead third parties about the position and performance of the company.

Control activities

- **Accounting and financial organisation**

Each entity or operational region has its own Finance Department that records its financial data and a Management Control Department that performs controls of transactions and financial planning.

The Group Finance Department has established permanent reporting procedures that enable it to monitor and steer the activity of each entity.

- **Performance management processes within the Devoteam Group**

Performance management is organised around three pillars:

- definition of goals;
- measurement of performance indicators (KPI): revenue, gross margin, operating margin, operating result, changes in headcount, resource utilisation rate, selling price, average cost of productive

headcount, seniority pyramid, client outstandings and invoices to be prepared, contribution of strategic offers and partnerships, etc.;

- review meetings and presentation to the Executive board.

This structure is repeated for three types of deadlines (multi-year, annual, monthly) and at all levels of consolidation (by BU, country, region, etc.).

- *A multi-year business plan process*

The Group's business plan is constructed by the Management Control Department, the Operations Department and the management of the subsidiaries. It is based on the operational levers (KPIs) of the Group's strategic plan and validated for each entity by one of the members of the Group Executive Committee and at the consolidated level by one of the members of the Management board. Each subsidiary provides information on its own business plan within the Group's reporting tool. These business plans are reviewed annually.

- *The annual budgetary process*

A monthly budget is prepared each year by each operational entity (based on the first year of their business plan) and by the shared service centres (which provide support services for several operational entities). The main indicators are subject to comparative analyses by the Group's management in relation to the objectives initially set and are compared to previous financial years or similar units.

The business plan and the budget are formalised in a document called the budget management cockpit.

- *Monthly reporting process*

Each month, all of the operating entities prepare a monthly results report and a forecast update for the year. This is integrated into the Group's reporting tool and consolidated by the Group's Management Control Department.

The monthly reporting is analysed and discussed with the entities at a monthly meeting (the business review). It is formalised in a document called the monthly management cockpit, which provides an analysis of the performance of each subsidiary in relation to targets so that past deviations from them can be understood, future ones anticipated and corrective action plans put in place.

- **Control process for ongoing projects**

- *Monitoring the stage of advancement of projects*

Each project has an appointed person in charge of monitoring the development and execution of the project. For fixed-rate projects, a project manager is systematically appointed and reports to his/her hierarchical manager on the stage of advancement of the project and the delivery thereof to the client. For cost reimbursement projects, a commercial engineer is usually in charge of monitoring the service provided by the consultant.

- *Project quality control*

Every operational entity has a process for monitoring the quality of its projects, which usually consists of sending a questionnaire to a selection of clients to determine their satisfaction with the services provided. This process is generally the responsibility of each entity.

- *Financial control of projects*

Each operational entity has its own Finance Director, and when required due to its size, one or more Management Controllers who are responsible for ensuring the financial monitoring of each project.

The main controls concern fixed-rate projects. The Management Controller monitors the costs charged (mainly the time spent by consultants) against the initial budget. He then compares this ratio with the technical progress of the project and calculates what still needs to be done for it to reach completion, provided by the Project Manager.

The invoicing status is another indicator that is monitored, particularly the amount outstanding and the reasons for this.

- *Controlling the contractual aspects of the project*

Generally speaking, each business unit manager checks the client contracts and purchase orders received or due to be received.

For projects requiring the drafting of more complex contracts, the Legal Department provides advice and recommendations for the Group's commitments vis-à-vis its clients and third parties.

- **The accounts consolidation process in the Devoteam Group**

- *Accounts consolidation process*

This is carried out every quarter. The instructions, information to be provided and tasks to be carried out are automatically sent to each Group entity before the end of each quarter.

The Group places particular emphasis on deadlines that require financial communication, especially those required by the Statutory Auditors (half-yearly and annual financial statements), and ensures that the reported accounts and those included in the audit scope have indeed been audited.

Every legal entity closes their own accounts and sends its income statement and balance sheet to the Group Finance Department as part of the consolidation process.

The monthly reports are systematically matched against the statutory financial statements provided by each entity. Any variations are investigated by the reporting unit or the Group's Consolidation Department.

Accounting restatements, particularly those linked to differences in the way local accounting standards are treated compared to international financial standards, are checked by the Group's Consolidation Department.

- *Process for the auditing of subsidiary financial statements*

The definitive individual financial statements of subsidiaries, once approved and audited, by local auditors where appropriate, are sent to the Group's Finance Department to be archived. They are reconciled with the accounts used to prepare the consolidated financial statements, and any variations must be explained.

- **Accounting and financial information systems**

- *Local accounting and financial information systems*

Each country has its own accounting and financial information system. However, the Group ensures that these systems meet professional standards so as to be able to produce both statutory financial statements (in compliance with local standards) and reporting (in compliance with Group standards).

In France, the accounting and financial oversight of the projects are performed in the Oracle e-business suite application, the data of which is stored on Oracle servers in Germany.

- *The reporting system*

The consolidation of statutory financial statements is performed using SAP BusinessObjects Financial Consolidation software, published by SAP, the market leader in reporting tools. The Group's Consolidation Department checks the consistency of the information received and the compliance thereof with the Group's accounting policies manual.

Management reporting is also produced using the same software (since 2009), which enables rapid consolidation and more effective controls.

- **The Group's accounting guidelines**

An accounting policies manual describes the rules applicable within the Group.

Each entity may have its own chart of accounts and specific accounting guidelines depending on its characteristics and local obligations. However, in the interests of consistency, the Group asks that all entities adopt the Group's chart of accounts wherever possible.

Changes in accounting methods as well as specific options at year-end are subject to approval by the Executive board (or the Group CFO, by delegation of members of the Management board) and the Statutory Auditors (for half-yearly and annual financial reports).

- **Financial communication**

The Group's financial communication is the responsibility of the Management board, once it has been prepared by the Group's Finance Department.

Every year, the schedule of deadlines is provided to the Group's Finance Department, which must ensure that this schedule is adhered to.

Documents intended for third parties must be read and validated by the Executive board and/or members of the Group's Finance Department. The annual and half-yearly financial reports are checked by the Statutory Auditors and presented to the Supervisory Board before being shared with any third parties.

2.5.4 Risk factors

The Management board has conducted a review of the risks that could have a significant adverse effect on its activity, financial position or performance (or its ability to achieve its targets) and considers that there are no significant risks other than those presented.

In addition, the market and exchange rate risks as defined by IFRS 7 are presented in Note 8.1 to the consolidated financial statements.

- **Legal risks**

- *Risks related to liability action*

Devoteam conducts IT projects, many of which are crucial to its clients' businesses. Any service provided by Devoteam that does not meet its clients' expectations (data integrity, data confidentiality, poor workmanship, etc.) is liable to have a significant impact on the business of the client, which in turn could damage the reputation of Devoteam, increase the risk of litigation and/or payment delays, or even result in the need to completely re-design the project, leading to a loss in revenue.

- *Risks related to fixed-price contracts*

Certain Devoteam services are invoiced on fixed-price contracts (fixed price and where applicable, fixed period of time), with an obligation to deliver.

On these contracts, the margin, and hence the Group's earnings may be negatively impacted should there be a misjudgement in the amount of time required to complete the project, leading to:

- increased costs being incurred with no compensation therefor;
- potential delays that could result in financial penalties, depending on the consequences of these delays for the client.

A specific internal control procedure for fixed-rate contracts enables these risks to be assessed throughout the life of a project. This procedure is described in section 2.5.3.2 of the Management board's report on the Group's business and management.

- *Risks related to illegal employment*

This type of risk mainly applies to technical assistance services. The risk relates to having this work carried out using the unlawful lending of personnel. This practice is illegal except under specific conditions relating to temporary employment.

With this in mind, Devoteam pays careful attention to:

- the content of all contracts it signs;
- the monitoring process for employees providing this type of service (assignment order, activity report, etc.).

- *Legal and arbitration proceedings*

As at the date hereof, aside from those described in Note 5.14 to the consolidated financial statements, there are no governmental, legal or arbitration proceedings, including any proceedings of which the company is aware, that are currently pending or threatened and likely to have or which have had, over the past 12 months, a significant impact on the financial position or profitability of the Group.

- **Operational risks**

- *Risks related to the duration of client projects*

The majority of the Group's revenue is non-recurring. Consulting and systems integration services are provided over relatively short periods of time (three to six months on average) and may therefore be terminated by the client without any significant period of notice. As such, the activity and valuation of Devoteam are more sensitive to an economic downturn than those of certain competitors for whom the percentage of recurring and guaranteed revenue may be much higher.

- *Risks related to the attrition of consultants*

Devoteam's production capacity relies heavily on the Group's employees. However, structurally speaking, Devoteam operates within an employment market where the supply of IT engineers is inferior to the demand.

In this pressurised context, the Group is exposed to the risk of losing some of its production capacity and expertise.

The average turnover rate for productive headcount amounted to 25.9% in 2018 compared to 26.9% in 2017. This indicator is constantly monitored so as to ensure that it stays within industry norms. It is, however, strongly linked to the economic climate and as such, an upturn in economic activity would lead to a boost in occupational mobility and, consequently, higher turnover rates.

- *Risks related to the activity of consultants*

The optimisation of the resource utilisation rate is fiercely dependent on the level and performance of commercial activity. This rate relies on the Group's ability to adjust the size and profile of its teams in line with market demand. There is no guarantee that the Group will continue to maintain this rate in the future. The risk is that there may be a certain number of consultants without projects to work on and therefore incurring expenditure without any associated revenue. If the cost base remains unchanged, failure to generate revenue will have a significant impact on operating result.

The resource utilisation rate, which measures the percentage of working hours (excluding paid holidays) of billable employees that were directly charged against services provided to a client, is broken down below:

Utilisation rate of internal resources, excluding divestments									
Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018
83.1%	84.4%	85.4%	85.5%	84.6%	85.6%	84.4%	84.2%	82.7%	84.2%

- *Risks related to pricing pressure*

The majority of Devoteam clients have implemented price schedules, depending on the services sold. These schedules are regularly reviewed and are subject to negotiation with the clients upon renewal of their master contracts.

Consequently, Devoteam, as per the majority of players in the IT market, is subject to significant pricing pressure when a master contract reaches maturity. The duration of these contracts varies, but the average term is between 18 and 24 months, usually with the option to terminate early on contract anniversary dates.

- *Risks related to salary inflation*

In an employment market where the supply of IT engineer positions exceeds the number of engineers, consultant salaries tend naturally to rise faster than price inflation. However, costs associated with salaries and payroll expenses, including social security expenses, represented 61.6% of the Group's consolidated revenue in 2018. Coupled with the aforementioned risk of pricing pressure, the result is a scissor effect, potentially leading to erosion of Devoteam's margin.

- *Risks related to client dependency*

The concentration of the client portfolio has developed as follows over the past three years:

As a % of revenue *	2016	2017	2018
Top client	4%	5%	5%
Top 5 clients	17%	19%	19%
Top 10 clients	27%	31%	31%

* Non-accounting information.

At Group level, the top client represents approximately 5% of consolidated revenue. However, at local level, the impact of just one client can represent a significant percentage and risk.

- *Risk related to suppliers and sub-contractors*

In some circumstances, Devoteam may call upon sub-contractors with specific skills that Devoteam does not possess but which it requires to carry out services sold to clients. Subcontracting revenue represented approximately 13.0% of total revenue in 2018 (vs. 15.0% in 2017 restated following the application of IFRS 15 on revenue). In terms of volume, therefore, Devoteam is not exposed to any great risk. Nevertheless, Devoteam applies the same principle of monitoring its sub-contractors as it does to its own employees.

- **Risks related to a takeover bid**

Generally speaking, hostile takeovers in the IT services industry are fairly rare insofar as the economic performance of service companies is highly dependent upon key executive and management staff.

With regard to Devoteam, any takeover that could potentially change the Chairmanship of the Management board could induce certain key members to leave the organisation, particularly the "country managers" of foreign subsidiaries.

- **Risks related to the economic climate**

As a cyclical industry, the IT market is heavily reliant on the levels of investment and spending by the major economic players. In difficult conditions, clients tend to reduce their IT investment budget. Devoteam's activity is therefore strongly linked to the economic climate.

- **Risks related to competition**

The consulting and IT services market is relatively fragmented and does not require much in terms of capital-intensive investments, making it subject to fierce competition and increasing numbers of new competitors. Several of Devoteam's competitors have stronger financial, technical and commercial support, a larger client base, a longer history and greater market recognition.

- **Risks related to the departure of key personnel**

Given the nature of Devoteam's business, its success is dependent upon its ability to retain key personnel and management. The potential departure of these people from the Group could have a negative impact on the business, particularly if they decide to work for a competitor or start up their own rival business. Furthermore, if key individuals leave Devoteam, there is no guarantee that they will not disclose Group information or go on to use Group technologies or methods.

- **IT risks (related to the Group's internal IT structure)**

Devoteam considers that, by the very nature of its business, the risks related to its own IT system to be minimal. The Group prioritises the security of its internal communication networks which are protected by security rules and firewalls. A security policy has also been established. Systems and networks dedicated to specific projects or clients are also subject to enhanced, contractually defined, protection measures.

- **Risks related to international expansion and acquisitions**

Until 1999, Devoteam's development was focused on internal growth in France. Since then, it has expanded internationally, mainly through acquisitions. Today, the Group generates 50% of its revenue internationally and has set up a system of internal control procedures to monitor the activity of its foreign subsidiaries.

This strategy may incur financial risks associated with cultural, operational and managerial differences between the Group and the acquired companies. These risks could materialise through a drop in performance by the acquired entities (reflected in the consolidated financial statements as impairment of the intangible assets and goodwill associated with these entities).

Goodwill from these acquisitions, at the end of 2018, represented €129.9 million i.e. 26.0% of the total Group balance sheet (21.4% in 2017) and 74.0% (60.9% in 2017) of equity attributable to the Group. The Group therefore ensures that it regularly monitors these entities and impairment indicators including a significant drop in revenue, a decline in operating profitability and any other major events that could have a material impact on future cash flow. The valuation parameters and the way in which we test sensitivity to these parameters are set out in Note 5.1 to the financial statements.

- **Country risks**

Devoteam has a stable presence in 18 countries. The majority of its revenue is generated in Europe, a relatively stable zone in terms of politics and economics.

Outside of Europe, the Group generates approximately 6% of its revenue mainly in the Middle East, North Africa and Turkey. The political tensions experienced in some of these areas since early 2011 means that the Group is exposed to higher geopolitical risk. However, to date, the Group has not encountered any major problems in these areas but continues to carefully monitor local developments.

Sending employees to countries in which the Group has no presence, and especially countries considered to be "at risk", is subject to a strict approval process.

- **Environmental risks**

Although its exposure to environmental risks is very low, the Group presents its Corporate Social Responsibility Report in Part 5 of the financial report.

The draft resolutions submitted to you summarise the main points contained in this report. We hereby ask you to approve these resolutions and thank you for your trust and collaboration.

The Management board

3 DEVOTEAM GROUP CONSOLIDATED FINANCIAL STATEMENTS

3.1 Consolidated statement of financial position

ASSETS <i>In thousands of euros</i>	Note	31 December 2018	31 December 2017
Goodwill	5.1	129,886	91,791
Other intangible assets	5.2	1,855	2,513
Tangible assets	5.3	9,684	5,955
Non-current financial assets	5.4	6,050	2,934
Investments in associates	5.5	5,206	3,508
Investments property	5.6	914	1,370
Deferred tax assets	5.10	6,072	6,196
Other non-current assets	5.7	299	254
TOTAL NON-CURRENT ASSETS		159,965	114,521
Trade receivables	5.8	211,673	176,025
Other receivables	5.8	38,201	33,024
Tax receivables	5.8	12,037	14,570
Other current financial assets	5.9	2,247	1,766
Cash management assets	5.9	351	346
Cash and cash equivalents	5.9	75,484	82,239
TOTAL CURRENT ASSETS		339,992	307,970
Non-current assets held for sale	4.3	-	6,852
TOTAL ASSETS		499,958	429,344

EQUITY & LIABILITIES <i>In thousands of euros</i>	Note	31 December 2018	31 December 2017
Share capital	5.11	1,263	1,263
Share premium		1,934	1,934
Consolidated reserves		139,137	128,420
Treasury shares		(2,500)	(3,139)
Translation reserves		(2,367)	(2,721)
Profit for the year		38,131	25,043
EQUITY ATTRIB. TO EQUITY HOLDERS OF PARENT COMPANY		175,597	150,800
Non-controlling interests	5.12	12,009	11,209
TOTAL EQUITY		187,606	162,009
Loans and borrowings	5.13	33,352	30,908
Provisions	5.14	1,439	1,606
Pension liabilities	5.15	4,085	3,984
Deferred tax liabilities	5.10	702	750
Other liabilities	5.7	17,158	8,110
TOTAL NON-CURRENT LIABILITIES		56,735	45,358
Loans and borrowings	5.13	2,191	4,187
Provisions	5.14	7,290	6,735
Trade payables	5.8	51,475	40,287
Tax and social security liabilities	5.8	118,845	98,832
Income tax payable	5.8	5,782	3,785
Other liabilities	5.8	70,033	63,640
TOTAL CURRENT LIABILITIES		255,616	217,465
Non-current liabilities held for sale	4.3	-	4,512
TOTAL LIABILITIES		312,351	267,335
TOTAL EQUITY & LIABILITIES		499,958	429,344

3.2 Consolidated income statement

<i>In thousands of euros, except earnings per share</i>	Note	31 December 2018	31 December 2017 restated*	31 December 2017 presented
<u>Continuing operations</u>				
NET REVENUE	6.2	652,379	512,724	540,372
Other income		-	-	-
CURRENT OPERATING INCOME		652,379	512,724	540,372
Purchase of merchandise		(1,572)	(2,271)	(8,865)
Other purchase and external charges	6.4	(166,016)	(137,010)	(158,063)
Taxes		(4,840)	(4,125)	(4,125)
Payroll expenses	6.3	(401,642)	(311,627)	(311,627)
Fixed assets depreciation		(4,006)	(3,223)	(3,223)
Increase in provision from current assets		(749)	(505)	(505)
Other expenses		(17)	(1)	(1)
CURRENT OPERATING EXPENSES		(578,842)	(458,762)	(486,410)
OPERATING MARGIN		73,537	53,962	53,962
Cost of share-based payment	6.3	(2,325)	(1,957)	(1,957)
Amortisation of customer relationships acquired under business combinations		(710)	(537)	(537)
CURRENT OPERATING PROFIT		70,502	51,468	51,468
Other operating income	6.5	7,626	1,213	1,213
Other operating expenses	6.5	(13,625)	(8,779)	(8,779)
OPERATING PROFIT		64,504	43,902	43,902
Financial income	6.6	452	585	585
Financial expenses	6.6	(2,971)	(2,844)	(2,844)
FINANCIAL RESULT		(2,520)	(2,259)	(2,259)
Share of profit of associates		1,100	70	70
PROFIT BEFORE INCOME TAX		63,084	41,714	41,714
Income tax expense	6.7	(18,868)	(14,980)	(14,980)
PROFIT FROM CONTINUING OPERATIONS		44,216	26,734	26,734
<u>Discontinued operation</u>				
Profit (loss) from discontinued operation, net of tax	6.8	-	2,550	2,550
PROFIT FOR THE YEAR		44,216	29,284	29,284
<i>Attributable to:</i>				
Equity holders of the parent company		38,130	25,043	25,043
Non-controlling interests		6,086	4,241	4,241
Basic earnings per share (euro)	5.11	4.75	3.15	3.15
Diluted earnings per share (euro)	5.11	4.64	3.06	3.15
Basic earnings per share - continuing operations (euro)	5.11	4.75	2.83	2.83
Diluted earnings per share - continuing operations (euro)	5.11	4.64	2.75	2.83

* Restated following the application of IFRS 15 on revenue and free shares for diluted earnings per share.

3.3 Consolidated statement of total comprehensive income

<i>In thousands of euros</i>	31 December 2018	31 December 2017 restated*	31 December 2017 presented
Profit for the year	44,216	29,284	29,284
Defined benefit plan actuarial gains (losses)	257	180	180
Deferred taxes on defined benefit plan actuarial gains (losses)	(66)	(43)	(43)
Items that will never be reclassified to profit or loss	192	137	137
Foreign currency translation differences	453	(2,836)	(2,836)
Items that are or may be reclassified subsequently to profit or loss	453	(2,836)	(2,836)
Other comprehensive income (loss) for the year, net of income tax	644	(2,699)	(2,699)
Comprehensive income for the period	44,860	26,585	26,585
<i>Attributable to:</i>			
Equity holders of the parent company	38,695	22,590	22,590
Non-controlling interests	6,165	3,994	3,994

* Restated following the application of IFRS 15 on Revenue.

3.4 Consolidated statement of cash flows

<i>In thousands of euros</i>	Note	31 December 2018	31 December 2017
Profit for the year		44,216	29,284
Adjustments for :			
Share of profit of associates		(369)	(70)
Income tax expense		18,868	14,980
Amortisation and provision		11,869	9,277
Other transactions without impact on cash and cash equivalents		811	1,363
Income from asset disposals		(7,443)	(3,219)
Net interests income		1,923	1,688
Change in net working capital		(9,624)	(5,518)
Income tax paid		(12,977)	(13,591)
Cash flow from operating activities	7.1	47,274	34,193
Purchase of fixed assets		(5,955)	(3,115)
Purchase of financial assets		(1,339)	(723)
Proceed from sale of fixed assets		41	112
Dividends received		40	14
Proceed from sale of financial assets		967	2,059
Proceed of subsidiaries, net of cash divested		7,874	(8,035)
Acquisition of subsidiaries, net of cash acquired		(47,205)	(26,441)
Cash flow from investing activities	7.2	(45,576)	(36,130)
Proceeds from issue of share capital		-	90
Repayments of borrowings		(2,469)	(1,050)
Proceeds from borrowings		2,901	121
Change in factored receivables (net of security deposit)		3,356	3,497
Interests paid		(1,740)	(1,592)
Acquisition of non-controlling interests		(1,275)	(11,063)
Reduction in ownership interests while retaining control		2,319	4,646
Dividends paid		(10,700)	(6,302)
Transactions on own shares		669	5,638
Cash flow from financing activities	7.3	(6,940)	(6,015)
Net change in cash and cash equivalents		(5,242)	(7,951)
Net cash and cash equivalents at year start		79,587	91,013
Effect of non-current assets held for sale		95	(1,841)
Effect of exchange rate fluctuation on cash held		203	(1,633)
Net cash and cash equivalents at year end	5.9	74,643	79,587
<u>Reconciliation with cash and cash equivalents in the balance sheet</u>			
Cash and cash equivalents in the balance sheet		75,485	82,240
Bank overdrafts		(842)	(2,652)
Cash and cash equivalents in the consolidated statement of cash flows	5.9	74,643	79,587

3.5 Consolidated statement of changes in equity

<i>In thousands of euros, except per share data</i>	Number of shares	Share capital	Share premium	Treasury shares	Consolidated reserves	Translation reserves	Total equity - Owners of the company	Non-controlling interests	Total equity
Balance at 1 January 2018	8,332,407	1,263	1,934	(3,139)	153,463	(2,721)	150,800	11,209	162,009
Comprehensive income for the period									
Profit for the year					38,130		38,130	6,086	44,216
Other comprehensive income ⁽¹⁾					196	369	565	80	644
Comprehensive income for the period					38,326	369	38,695	6,165	44,860
Transactions with owners of the Company									
<u>Contributions and Distributions</u>									
Dividends to equity holders for the profits of 2017					(7,205)		(7,205)	(3,338)	(10,544)
Share-based payment transactions					1,542		1,542		1,542
Operations on equity instruments					-		-		-
Adjustment related to the number and value of own shares				638	20		658		658
Capital increase through exercise of options							-		-
Total contributions and distributions	-	-	-	638	(5,643)	-	(5,005)	(3,338)	(8,343)
<u>Changes in ownership interests</u>									
Acquisition and disposal of NCI without change in control					(9,623)		(9,623)	717	(8,906)
NCI on the acquisition/creation/disposal of subsidiaries					-		-	(2,062)	(2,062)
Total changes in ownership interests	-	-	-	-	(9,623)	-	(9,623)	(1,346)	(10,969)
Other movements ⁽²⁾					745	(15)	730	(681)	49
Total transactions with owners of the Company	-	-	-	638	(14,522)	(15)	(13,898)	(5,365)	(19,263)
Balance at 31 December 2018	8,332,407	1,263	1,934	(2,501)	177,267	(2,367)	175,597	12,009	187,606

(1) Details provided in the statement of comprehensive income

(2) Mainly corresponds to the adjustment to the goodwill of the Scandinavia CGU and the TMNS put option

<i>In thousands of euros, except per share data</i>	Number of shares	Share capital	Share premium	Treasury shares	Consolidated reserves	Translation reserves	Total equity - Owners of the company	Non-controlling interests	Total equity
Balance at 1 January 2017	8,327,907	1,262	1,845	(11,839)	145,030	42	136,341	9,778	146,119
Comprehensive income for the period									
Profit for the year					25,043		25,043	4,241	29,284
Other comprehensive income ⁽¹⁾					117	(2,569)	(2,452)	(247)	(2,699)
Comprehensive income for the period					25,159	(2,569)	22,590	3,994	26,585
Transactions with owners of the Company									
Contributions and Distributions									
Dividends to equity holders for the profits of 2016					(4,785)		(4,785)	(1,516)	(6,302)
Share-based payment transactions					1,347		1,347		1,347
Operations on equity instruments ⁽²⁾					-		-		-
Adjustment related to the number and value of own shares				1,041	3,000		4,042		4,042
Capital increase through exercise of options	4,500	1	89				90		90
Total contributions and distributions	4,500	1	89	1,041	(438)	-	694	(1,516)	(823)
Changes in ownership interests									
Acquisition and disposal of NCI without change in control					(9,678)		(9,678)	(1,393)	(11,072)
NCI on the acquisition/creation/disposal of subsidiaries					-		-	575	575
Total changes in ownership interests	-	-	-	-	(9,679)	-	(9,679)	(818)	(10,496)
Other movements ⁽²⁾				7,658	(6,611)	(194)	854	(229)	624
Total transactions with owners of the Company	4,500	1	89	8,700	(16,727)	(194)	(8,131)	(2,563)	(10,695)
Balance at 31 December 2017	8,332,407	1,263	1,934	(3,139)	153,463	(2,721)	150,800	11,209	162,009

(1) Details provided in the statement of comprehensive income

(2) Primarily relate to the reclassification of transactions of own shares in previous periods from consolidated reserves to treasury shares

3.6 Notes to the consolidated financial statements

Note 1 – Nature of the business and significant events

1.1 Company references

Devoteam SA (the company), the parent company of the Group, founded in 1995, is a limited liability company (société anonyme) with share capital of 1,263,015 euros, governed by the provisions of French law. The company is registered in the Nanterre Trade and Companies Register under number 402 968 655; its registered office is located at 73 rue Anatole France – 92300 Levallois-Perret.

Devoteam SA has been traded on Euronext Paris (ISIN FR 0000073793) since 28 October 1999 (Eurolist compartment B).

1.2 Overview of the business

Devoteam, a European consulting and engineering group, is a major player in business consulting in the fields of innovative technologies and management. With 20 years of experience in innovative and disruptive technologies, the Group supports its clients through the digital transformation of their organisational structure and their businesses.

1.3 Significant events in 2018

In 2018, the Group continued to pursue its growth strategy and confirm its positioning as the go-to expert in Digital Transformation, with a high added value, notably on Cloud solutions and Artificial Intelligence (AI). On the combined strength of AI and other areas of expertise such as Digital Workplace and ITSM (Information Technology Service Management) in partnership with Google and ServiceNow, the Group seeks to offer its clients improved operational efficiency through the automation of simple tasks, and to help boost creation and innovation.

This strategy is reinforced by the further development of strategic partnerships with Amazon AWS, Google GCP and Microsoft Azure which have enabled the Group to consolidate its reputation as an expert in digital transformation and the Cloud.

Over the course of the year, the Group pressed ahead with its external growth strategy, notably acquiring the Alegri group in Germany, the Jayway group in Sweden, and the Bold group in Portugal, enhancing its Agile IT, Digital Workplace and Cloud Transformation offerings.

The Company's consolidated financial statements for the year ended 31 December 2018 include the company and its subsidiaries ("the Group"), as well as the Group's share of the results of associates and jointly controlled companies.

The financial statements were approved by the Management board on 11 March 2019, and will be submitted to the General meeting for approval on 14 June 2019.

Note 2 – Consolidation principles and methods

2.1 Statement of compliance

The financial statements were prepared in accordance with IFRS as adopted by the European Union and published in the *Official Journal of the European Union* before 31 December 2018. They are available on the website of the European Commission (https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/law-details_en) and comply with IFRS as issued by the IASB.

International accounting standards include International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), as well as interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The annual consolidated financial statements to 31 December 2018 prepared in compliance with the IFRS published by the IASB and adopted by the European Union are consistent with those of the previous year, with the exception of the mandatory standards, amendments and interpretations applicable with effect from ¹January 2018 having an impact on the Group and as detailed below:

Application of IFRS 15 “Revenue from contracts with customers”

IFRS 15 sets out the new reference framework for revenue recognition from 1 January 2018. It introduces a five-step revenue recognition model based on the transfer of control of performance obligations identified in customer contracts. It replaces IAS 18 “Revenue” and IAS 11 “Construction contracts” and their interpretations.

With regard to the analysis of its activities, the main impact identified in relation to IFRS 15 concerns the resale of third-party licences and SaaS (Software as a Service) platform access subscription rights as part of integration projects. Under the new standards, the Group is now considered to act as principal if it controls the goods or services before transferring them to customers. Otherwise, the Group acts as agent in the transaction.

With the exception of the distinction between “agent” and “principal”, the application of IFRS 15 has had no material impact on the other services sold by the Group. The Group's accounting methods for the recognition of revenue are described in Note 3.12.

The Group has adopted the retrospective method on a transitional basis, with the information presented for 2017 being restated accordingly. The retrospective application of the standard led to a reduction in the revenue presented, as detailed below. This reduction has had no impact on operating margin, net income, equity or cash flows.

In thousands of euros	H1 2017			H2 2017			FY 2017		
	H1 2017	Adjustments for	IFRS 15	H2 2017	Adjustments for	IFRS 15	2017	Adjustments for	IFRS 15
Revenue	256.5	(12.7)	243.8	283.9	(15.0)	268.9	540.4	(27.6)	512.7
Operating margin	25.4		25.4	28.5		28.5	54.0		54.0
Operating margin (%)	9.9%	0.5%	10.4%	10.0%	0.6%	10.6%	10.0%	0.5%	10.5%

Application of IFRS 9 “Financial Instruments: Recognition and Measurement”

IFRS 9 replaced IAS 39 “Financial Instruments: Recognition and Measurement” with effect from 1 January 2018.

Classification of financial assets:

IFRS 9 defines a new approach to the classification and measurement of financial assets based on three categories: those measured at amortised cost, those measured at fair value through profit or loss, and those measured at fair value through other comprehensive income.

The new provisions have no significant impact on how the Group accounts for its trade receivables, loans and short-term investments.

Impairment – financial assets and contract assets:

IFRS 9 replaces the “losses incurred” model under IAS 39 with an “expected credit losses” model. Following analysis, the Group has concluded that the new model has no significant impact on the financial statements, by comparison with the IAS 39 model.

Other new standards not yet applicable at 1 January 2018

The Group has not applied standards and interpretations not yet approved by the European Union at 31 December 2018. Similarly, the Group has not opted for the early application of standards and interpretations applicable to financial years beginning on or after 1 January 2019.

IFRS 16: Leases

This standard is applicable starting 1 January 2019 and replaces IAS 17 – Leases.

In light of its activities, the main expected impacts relate to the recognition in the Group's balance sheet of intangible assets (user rights) and associated debts relating to property leases and other equipment used in the Group's operational activities. In addition, the nature of the expenses related to such leases will change from rent expenses to amortisation charges for right of use and financial interest on associated debts, which will have an impact on the Group's operating income. The Group is currently examining the expected impacts which will be presented in the publication of the 2019 half-yearly financial statements, but does not believe that the application of this standard will have a significant impact on the comprehension of its operational performance.

Regarding the other standards, amendments and interpretations published by the IASB but not yet approved by the European Union and not mandatory at 1 January 2018, no significant impact is expected.

2.2 Basis of measurement and presentation currency

The financial statements are presented in euros (the company's functional currency), rounded to the nearest thousand. They are based on historical cost, except for the following:

- derivative financial instruments measured at fair value;
- financial instruments at fair value through profit or loss;
- available-for-sale financial assets measured at fair value;
- contingent considerations arising from business combinations;
- investment property measured at fair value;
- liabilities arising from share-based payments settled using treasury shares measured at fair value;
- net liabilities (assets) in respect of defined-benefit plans.

The methods used to measure fair value are described in note 3.1.

2.3 Use of estimates and judgements

The preparation of financial statements under IFRS requires the use of analyses based on measurements and assumptions bearing on the Group's income, expenses, assets and liabilities. These measurements are based on the experience gained by the Group and other factors considered reasonable under the prevailing circumstances. Actual amounts may differ from these estimates. Estimates have particular importance:

- in determining the amount of intangible assets recognised as part of business combinations (notes 3.1, 5.2);
- in recognising revenue on fixed-price contracts under the percentage-of-completion method (note 3.12);
- in performing impairment tests of fixed assets, bearing in mind that testing of this nature involves the calculation of a recoverable amount derived from projected future cash flows, as well as growth and discount rate assumptions (notes 3.2, 5.1);
- in measuring earn-outs (notes 3.2, 5.7);
- in estimating provisions for litigation (notes 3.11, 5.14);
- in calculating pension liabilities and other long-term benefits, which requires actuarial assumptions to be taken into account (notes 3.10, 5.15);

- in calculating deferred taxes, and notably when assessing the recoverability of deferred tax assets (notes 3.18, 5.10, 6.7);
- in measuring derivative financial instruments (note 3.7).

The significant judgements made by management to apply the Group's accounting policies in preparing the 2018 consolidated financial statements and the principal sources of uncertainty in the estimates did not differ significantly from those affecting the consolidated financial statements for the year ended 31 December 2017.

2.4 Consolidation principles

2.4.1 Business combinations

Business combinations are accounted for in accordance with IFRS 3 on the basis of the following principles:

- goodwill represents the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree), plus the amount recognised for any non-controlling interest in the acquiree, less the net amount recognised (generally at fair value) for the identifiable assets acquired and liabilities assumed, all of which are measured at the acquisition date. When the difference is negative, the resulting gain is recognised immediately in profit or loss;
- the Group has the option of measuring any non-controlling interest (e.g. minority interests) held in the acquiree either on the basis of the NCI's proportionate share of identifiable net assets of the acquiree or at fair value. This option is available on a case-by-case basis for each acquisition;
- any adjustment in the purchase price is recognised at fair value as of the acquisition date. Subsequent changes are recognised in "other operating income" or "other operating expenses";
- acquisition costs resulting from a business combination are recognised as incurred in "other operating expenses".

For business combinations achieved in stages, the previously held interest in the acquiree is remeasured at fair value as of the acquisition date, and any resulting gain or loss is recognised in "other operating income" or "other operating expenses".

2.4.2 Acquisitions of and commitments to acquire non-controlling interests

Acquisitions prior to 1 January 2010

Commitments to acquire non-controlling interests are treated by the Group as anticipated acquisitions. Put options on non-controlling interests are accordingly recorded as "financial liabilities" at the date of the business combination at the present value of the best estimate of the purchase value resulting from the contract. On initial recognition, the Group records the difference between the carrying amount of non-controlling interests and the present value of the put against goodwill.

Subsequently, the effects of the changes in assumptions taken into account in this measurement have an impact on the liability offsetting goodwill, while the effects of accretion have an impact on net financial income or expense and the liability.

However, changes in the percentage interest or newly issued puts in a subsidiary already controlled by the Group and the loss of control of a subsidiary occurring after 1 January 2010 are dealt with under the new provisions applicable below.

Acquisitions after 1 January 2010

Acquisitions of non-controlling interests or the issuance of minority puts on non-controlling interests are accounted for as transactions with owners acting in this capacity. As a result, no goodwill is recognised. The difference between the price paid (including direct transaction costs) and the carrying amount of the interest in the net assets acquired at the date of the transaction is recognised in shareholders' equity. Subsequently, the effects of changes in assumptions taken into account in the measurement of the transaction price also have an impact on consolidated shareholders' equity.

2.4.3 Subsidiaries

A subsidiary is an entity controlled by the Group. Control exists when the Group is exposed or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that are currently exercisable or convertible are taken into consideration insofar as such rights are material. The consolidated financial statements include the financial statements of acquired entities from the date control is obtained until the date control ceases.

2.4.4 Associates and joint ventures

Associates are entities in which the Group has significant influence in respect of financial and operating policy decisions, but not control. Significant influence is presumed to exist when the Group holds between 20% and 50% of an entity's voting rights. Joint ventures are entities over which the Group exercises joint control by virtue of a contract under which strategic financial and operational decisions are subject to unanimous agreement.

Associates and joint ventures are accounted for under the equity method ("associates"), and are initially recognised at cost. The Group's interest includes the goodwill identified at the time of the acquisition, less accumulated impairment losses.

The consolidated financial statements therefore include the Group's share of the total comprehensive income of associates and joint ventures (after taking into account adjustments made to align accounting policies with those of the Group), from the date when significant influence or joint control is obtained until the date it ceases.

If the Group's share of losses exceeds its equity interest, the carrying amount of investments consolidated under the equity method is reduced to zero (including any investment that is substantially part of the net investment), and the Group ceases to recognise its share of future losses unless the Group has a legal or constructive obligation to bear a portion of future losses or to make payments on behalf of the associate or joint venture.

2.4.5 Elimination of intra-Group transactions

All transactions, with the exception of impairment losses, and reciprocal assets and liabilities between fully consolidated companies are eliminated.

Gains arising from transactions with associates are eliminated through equity-consolidated securities in proportion to the Group's interest in the company in question. Losses are eliminated in the same way as earnings, but only insofar as they are not indicative of an impairment loss.

2.4.6 Translation of the financial statements of foreign companies and transactions in foreign currency

The financial statements of foreign subsidiaries are translated into euros as follows:

- assets and liabilities (including goodwill and fair value adjustments arising on the acquisition) are translated at the exchange rates prevailing on the balance sheet date;
- income statement items are translated at the exchange rate prevailing on the date of the respective transactions or, in practice, at a price that is close to that rate and which corresponds, except in the case of significant fluctuations, to the average over the year;
- translation differences resulting from this conversion process are accumulated in equity, in the translation reserve.

The Group does not operate in hyperinflationary economies.

Foreign currency transactions are translated into the respective functional currencies of the Group's various entities using the exchange rate prevailing on the date of the respective transactions. Monetary assets and liabilities denominated in foreign currencies as of the balance sheet date are translated into the functional currency using the exchange rate on that date.

Exchange differences on monetary assets and liabilities denominated in foreign currencies are recognised in the operating margin or in financial income or expense, depending on the nature of the underlying transaction.

Non-monetary items denominated in foreign currencies and measured at historical cost are translated using the exchange rate at the date of the transaction.

Non-monetary items denominated in foreign currencies and measured at fair value are translated using the exchange rate at the date on which fair value was determined.

Note 3 – Accounting policies and methods

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements. They have been applied in a uniform manner by all Group entities.

3.1 Fair value

Certain of the Group's accounting policies and disclosures require the fair value of financial and non-financial assets and liabilities to be measured. Fair values have been determined for measurement or disclosure purposes in accordance with the following methods (additional information on the assumptions used to determine fair value is provided in the notes to the relevant assets or liabilities in the financial statements):

- intangible assets: the fair value of business relationships and backlogs acquired in a business combination is calculated using the multi-period excess earnings method. This method involves measuring the asset in question after deducting a reasonable return for other cash-generating assets derived from business relationships and backlogs. The fair value of technology (software) acquired in a business combination is calculated using the royalty method, which involves measuring the asset in question on the basis of the royalties that could be obtained if the asset were licensed;
- investment property: the fair value of investment properties is based on valuations made by independent appraisers, and reflects the market price at which the investment property could be sold or exchanged between well-informed, willing parties in an arm's length transaction. The Group determines fair value without deducting any prospective transaction costs on a sale or any other form of exit;
- investment in equity and debt securities: financial instruments at fair value through profit or loss and available-for-sale financial assets are determined by reference to the most recent bid price available as of the balance sheet date;
- derivative instruments: call options on non-controlling interests are valued according to commonly used option valuation methods, taking into account the particular conditions of the options in question;
- loans and receivables are measured at amortised cost. Due to the short-term nature of such assets, the carrying amount of trade and other receivables and cash is an estimate of fair value;
- non-derivative financial liabilities are measured at amortised cost. Due to the short-term nature of such assets, the carrying amount of current bank borrowings, trade and other payables is an estimate of fair value;
- the fair value of loans and borrowings is based on the value of future cash flows generated by the repayment of principal and interest, discounted at market interest rates as of the balance sheet date;
- for finance leases, the market interest rate is determined by reference to similar leases;
- share-based payment transactions: the fair value of stock options granted free of charge to employees is generally measured using standard option valuation models, such as Black-Scholes, Hull & White and Monte Carlo.

3.2. Business combinations and goodwill

In a business combination, goodwill represents the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree), plus the amount recognised for any non-controlling interest in the acquiree, less the net amount recognised (generally at fair value) for the identifiable assets acquired and liabilities assumed, all of which are measured at the acquisition date.

In the event of a takeover by successive purchases of securities of a subsidiary, goodwill is only recognised when control is obtained.

Commitments in respect of additional payments or reductions in the purchase price contingent on financial performance (revenue, operating margin) are recognised at fair value as of the acquisition date. Changes (other than discounting effects) arising from facts and circumstances existing at the acquisition date and occurring within the allocation period are recorded against goodwill. Other changes are recognised in financial income or expense.

Recognition and measurement

Goodwill is treated as an intangible asset. Gains from bargain purchases are recognised immediately in profit or loss under "other operating income" after a review of the assets and liabilities identified and measured and the assessment of the cost of the combination.

Goodwill is not amortised. It is tested for impairment at least once each year, and whenever events or changes in the internal or external environment indicate a risk of loss of value. In subsequent years, it is recorded at cost less accumulated impairment losses.

For the purpose of impairment testing, assets are grouped together in cash-generating units (CGU), and goodwill is allocated to the various CGUs. CGUs are homogeneous groups of assets whose continued use generates cash inflows that are largely independent of cash inflows generated by other groups of assets. The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. The value in use of a CGU is the present value of discounted future net cash flows, which are estimated on the basis of parameters resulting from the budgetary and forecasting process, extended over a five-year timeframe, using growth and profitability rates deemed reasonable. Discount and long-term growth rates, determined with reference to the industry in which the Group operates, are used to estimate the value of CGUs. When the recoverable amount of a CGU is less than its carrying amount, the resulting impairment loss is allocated first to goodwill and recognised in operating result under "other operating expenses".

Impairment losses on goodwill cannot subsequently be reversed.

For the Group, CGUs generally correspond to a legal entity. However, when entities are operationally merged in terms of commercial offerings, when they share the same management and when their teams are interdependent and interchangeable, they are grouped together in a single CGU. Homogeneous groups of assets formed within the Group are:

- the Scandinavia CGU, which covers Devoteam Consulting AS, (including HNCO International, HNCO Danmark AS and Forretningssystemer ApS, which were taken over by this company in 2017) Globicon and Devoteam Fornebu Consulting AS;
- the Belux CGU covers Devoteam Belgium, Devoteam Luxembourg and Paradigmo acquired in 2018;
- the Alegri CGU covers the four Alegri group companies acquired in 2018 and operating in Germany, Austria and Switzerland;
- the Bold CGU covers the seven companies of Portuguese group Bold acquired in 2018;
- the Jayway CGU covers the nine Jayway group companies acquired in 2018 and operating in Sweden, Denmark and the United States;
- the Devoteam G Cloud CGU covers Devoteam G Cloud and MyG;
- the German CGU covers the Devoteam Germany and Q-Partners Consulting und Management entities;
- the Netherlands CGU covers Devoteam Nederland BV and the TMNS group companies;
- the Tunisia CGU covers the two Tunisian companies;

3.3 Tangible and intangible assets

3.3.1 Intangible assets

Intangible assets other than goodwill consist mainly of software acquired by the Group, recognised at purchase cost (external and internal) less accumulated amortisation and any loss of value, as well as business relationships, backlogs and technology capitalised pursuant to the acquisition method (IFRS 3 and IFRS 3R), measured at fair value at the acquisition date. Intangible assets are amortised on a straight-line basis over their expected useful life, usually between three and five years for software and business relationships. The backlog is generally amortised over the first year of consolidation within the Group, as regards orders covering less than 12 months.

3.3.2 Tangible assets

Tangible assets are initially recognised at cost, which corresponds to the purchase price plus costs directly attributable to bringing the asset to its place of operation and the purchase of the asset. It is not subject to value adjustments. Subsequently, tangible assets are carried at cost less accumulated depreciation and any impairment losses.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the item will flow to the entity, and when the cost can be measured reliably. All other expenses are expensed as incurred.

Depreciation is calculated using the straight-line method taking as a basis the estimated useful lives of the assets, determined as follows:

Asset category	Duration
Buildings	15 years
Fixtures and fittings	10 years
Transportation equipment	2 to 4 years
Office equipment	5 years
IT equipment	3 to 5 years
Office furniture	3 to 10 years

Contracts and agreements signed by the Group are analysed to determine whether they are, or contain, lease contracts. Assets financed by finance leases, as defined by IAS 17 "Leases", are initially recorded in assets and liabilities at amounts equal to the present value of minimum future payments, or at fair value if lower. The amount of the asset is subsequently reduced in the amount of accumulated depreciation and impairment losses.

Such assets are depreciated using the methods and useful lives described above, unless there is no reasonable certainty that the Group will obtain ownership at the end of the contract and if the term of the contract is less than the useful life. In this case, the term of the contract is used.

3.4 Investment property

Investment properties are initially recognised at cost, which corresponds to the purchase price plus transaction costs.

After initial recognition, investment properties are measured at fair value, reflecting market conditions as of the reporting date. Gains or losses resulting from changes in the fair value of investment property are recognised in the income statement in "other operating income and expenses" in the period when they occur. As they are measured at fair value, investment properties are not subject to impairment.

Exceptionally, after initial recognition, if it is not possible to determine the fair value of an investment property in a reliable and constant manner, the property in question is measured using the cost model described in IAS 16 "Property, Plant and Equipment" until its exit.

This scenario may occur when there are no or only a small number of comparable transactions in the investment property market, making the asset in question illiquid.

3.5 Non-current financial assets

Non-current financial assets mainly consist of guarantees related to premises rented by the Group for the purposes of its operations, as well as medium-term advances to non-consolidated subsidiaries. Upon initial recognition, these assets are measured at fair value, and subsequently at amortised cost.

3.6 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity instruments and debt securities, trade receivables and other receivables, cash and cash equivalents, loans, borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value plus, for instruments not at fair value through profit or loss, directly attributable transaction costs.

3.6.1 Trade and other receivables, trade and other payables

These items are initially recognised at fair value, and subsequently at amortised cost. The fair value of trade receivables and payables is deemed to be their face value given the short payment terms.

Credit risk is assessed periodically, at each reporting date, on the basis of a case-by-case review of receivables; in an event leading to impairment loss (default or significantly overdue payment by a debtor), impairment is determined by comparing future cash flows, discounted at the appropriate historical rates, with the carrying amount. Impairment is recognised in the income statement; if a subsequent event later reduces the loss of value, the impairment is reversed through profit or loss.

The new prospective impairment model based on expected credit losses, introduced by IFRS 9, has had no impact on the level of impairment of trade receivables calculated using the methodology described above.

3.6.2 Other current financial assets

This item essentially contains the reserve fund related to the contract governing the assignment of trade receivables.

3.6.3 Cash management assets

This item mainly contains investments at fair value through profit or loss, i.e. investments either held for trading or designated as such upon initial recognition. Financial assets are designated as being held at fair value through profit or loss if the Group manages such investments and makes buying and selling decisions based on their fair value. On initial recognition, directly attributable transaction costs are expensed as incurred. Financial assets at fair value through profit or loss are measured at fair value, and any resulting change is recognised in financial income or expense.

3.6.4 Cash and cash equivalents

Cash and cash equivalents include demand deposits and short-term investments (three months maximum at origin), highly liquid, readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

Such items, classified as current assets, are measured at fair value through profit or loss. Fair value represents the net asset value at the closing date. The effect of changes in fair value is recorded in financial income or expense.

Bank overdrafts repayable on demand, and which form part of the Group's cash management, are a component of cash and cash equivalents for the purposes of the statement of cash flows.

3.6.5 Loans and borrowings

Borrowings mainly include:

- debts resulting from the issue of unlisted bonds, whose characteristics are described in note 5.13;
- debts resulting from the recognition of the value of property taken under finance leases and loans from credit institutions. Borrowings resulting from the treatment of property taken under finance leases are initially recognised as described in note 3.3.2 "tangible assets", then at amortised cost;
- short-term credit facilities such as revolving credit facilities (RCF). Draws on such facilities are subject to covenants and compliance with classic financial ratios for loans of this type.

3.6.6 Other non-current liabilities

Other non-current liabilities mainly include liabilities arising from commitments to buy out non-controlling interests, as well as residual earn-outs related to business combinations.

3.7 Derivative financial instruments

The Group may use financial instruments to hedge its exposure to fluctuations in interest or exchange rates. Its hedging instruments are traded with front-ranking banking counterparties. Derivative financial instruments are initially measured at fair value. With the exception of the cases of hedging described below, changes in the fair value of derivatives, estimated based on market prices or values given by banking counterparties, are recognised through profit or loss.

Derivatives may however be designated as hedging instruments in a fair value or cash flow hedge in accordance with the criteria defined in IAS 39 "Financial Instruments: Recognition and Measurement".

Hedge accounting is then applied as follows:

- for fair value hedges, any gain or loss resulting from the remeasurement of the hedging instrument is recognised in profit or loss;
- for cash flow hedges, changes in the fair value of the derivative instrument are broken down between the effective portion, recorded in other comprehensive income, and the ineffective portion, recognised immediately in profit or loss. Related gains and losses that were recognised directly in other comprehensive income are subsequently reclassified to profit or loss in the period in which the hedged item affects profit or loss.

The effectiveness of the hedge is demonstrated by prospective and retrospective effectiveness tests performed when the hedge is implemented and at each reporting date.

When the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold or terminated, the Group continues to practise hedge accounting prospectively. Cumulative gains and losses that were recognised directly in other comprehensive income are subsequently reclassified to profit or loss in the period in which the hedged item affects profit or loss.

3.8 Capital

Ordinary shares

Ordinary shares are classified as equity instruments. Incidental costs directly attributable to the issuance of ordinary shares or equity options are recognised as a deduction from equity, net of tax.

Treasury shares

All treasury shares held by the Group are deducted from equity at their acquisition cost. Any gains (or losses) on the disposal of treasury shares directly increase (or decrease) equity net of tax. As such, any gains (or losses) on disposals do not affect net earnings for the year.

3.9 Share-based payments

Stock options, free shares and performance shares are granted to certain employees of the Group. In accordance with IFRS 2 "share-based Payments", options are measured at fair value as of their grant date. The Group typically uses the Black-Scholes, Hull & White or Monte Carlo models, depending on the characteristics of the plan in question.

The resulting amount is recorded between operating margin and recurring operating profit, on a straight-line basis between the grant date and the end of the vesting period, with a corresponding increase in equity.

The amount recognised as an expense is adjusted to reflect the number of rights for which it is considered that off-market conditions of service and performance will be met, so that the amount ultimately expensed is based on the actual number of rights fulfilling off-market conditions of service and performance as of the vesting date. For share-based payment entitlements carrying other conditions, the fair value at the grant date reflects such conditions, and differences between the estimate and the actual amount do not result in any subsequent adjustment.

3.10 Employee benefits

3.10.1 Defined-contribution pension and benefit plans

Upon their retirement, Group employees receive, in addition to pension payments under local legislation, pension supplements and/or retirement bonuses. The Group offers these benefits through defined-contribution or defined-benefit plans.

Under defined-contribution plans, the Group has no obligations other than the payment of premiums; the expense corresponding to premiums paid is reflected in the income statement.

In accordance with IAS 19 "employee benefits", the Group's net obligation under defined-benefit plans is measured separately for each plan by estimating the amount of future benefits earned by employees in exchange for services rendered during the current period and previous periods. Pension and similar obligations are measured using the actuarial projected unit credit method. Under this method, each period of service gives rise to the recognition of an additional unit of benefit entitlement, and each unit is measured separately to obtain the final obligation.

The final obligation is then discounted and subjected to probability analysis comprising the following main points:

- a retirement date assumption;
- a discount rate equal to the yield of blue chip bonds with a maturity profile similar to that of the Group's commitments at the closing date;
- an inflation rate;
- assumptions relating to salary increases, mortality and staff turnover rates.

Measurements of this nature are carried out annually, except when changes in assumptions require projections to be performed more frequently.

Actuarial gains and losses are generated by changes in assumptions or adjustments for experience (difference between projected and actual) on commitments or on the plan's financial assets. Adjustments of this nature are recognised directly in equity.

The Group determines the net interest expense (income) for the period of the net liability (asset) in respect of defined-benefit plans by applying the discount rate used at the start of the year to assess the obligations in respect of net defined-benefit liabilities (assets) determined at the beginning of the year. The calculation then takes into account any change in the net defined-benefit liability (asset) resulting from the payment of contributions and benefits payment during the period.

As a result, net interest on the net defined-benefit liability (asset) now comprises the following:

- financial cost on the obligation in respect of defined-benefit plans;
- financial income generated by plan assets;
- interest on the effect of the asset ceiling.

3.10.2 Employment contract termination benefits

Employment contract termination benefits are recognised as expenses when the Group is demonstrably committed, without the realistic possibility of withdrawing from its commitment, to a formal and detailed plan, either for layoffs before the normal retirement or offers encouraging voluntary departures in order to downsize. If full payment of compensation is not expected in the 12 months following the closing date, such obligations are discounted.

3.11 Provisions

In accordance with IAS 37 "provisions, contingent liabilities and contingent assets", a provision must be recognised when the company has a present obligation (legal or constructive) resulting from a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when the amount of the obligation can be reliably estimated. If these conditions are not met, no provision is required.

In the case of restructuring expenses, an obligation is only recognised when the restructuring has been the subject of a detailed plan and an expectation on the part of the people affected (the plan is announced or its implementation has begun). Provisions are not set aside to cover future operating expenses.

The estimate of the amount recorded under provisions is the expense the company is likely to incur to fulfil the obligation. If a reliable estimate of the amount can be obtained, no provision is recorded; a note is in that case provided. Because of the uncertainties inherent to the risks borne, provisions are estimated on the basis of information available as of the valuation date. Provisions are discounted when the effect of the time value of money is significant.

In a business combination, the acquirer recognises a contingent liability assumed at the acquisition date if it is a present obligation of the acquiree resulting from past events and whose fair value can be measured reliably. This is the case even if these current obligations were not recognised in the liabilities of the acquiree prior to the takeover, in accordance with IAS 37 "provisions, Contingent Liabilities and Contingent Assets", because the outflow of resources was not deemed likely. After initial recognition and until its settlement, cancellation or expiry, a contingent liability is the greater of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised less, where appropriate, cumulative depreciation and amortisation recognised in accordance with IAS 18 "Revenue".

3.12 Revenue recognition

The Group has applied IFRS 15 since 1 January 2018. The impacts of this transition are described in Note 2.1.

Revenue is calculated based on the compensation specified in a contract signed with a client and recognised upon the transfer of control of the good or service, i.e. either on a given date or continuously.

Subcontracting services

Subcontracting services are resource-based contracts invoiced according to time spent. Subcontracting revenue and expenses are recognised as and when the service is performed, assuming the client benefits immediately from the services provided by the Group. Services performed but not yet invoiced are recorded as contract assets (unbilled work). Services invoiced but not yet performed are recorded as contract liabilities (deferred income).

Fixed-price services

Fixed-price services are contracts based on deliverables and billing milestones according to which the Group undertakes to transfer to the client a series of goods or services based on a fixed price which may be adjusted according to the different criteria of each contract. Fixed-price contracts are generally recognised using the percentage of completion method as either the Group's service improves an asset over which the client obtains control as and when the service is performed, or the Group manufactures specifically for the client an asset with no alternative use and therefore has an irrevocable right to payment for the service provided to date in the event that the contract is terminated by the client. Stage of completion is determined by comparing the costs incurred at closing with the total expected costs over the term of the contract. The total costs of a contract, in particular those still to be incurred, are regularly monitored and estimated to determine whether the stage of completion of the contract and the level of margin to be recognised need to be revised. When it is probable that total contract costs will exceed total contract revenue, the expected loss is expensed immediately. The Group contractually acquires the right to invoice at contractual milestones or upon acceptance by the client of work carried out. If the difference between the cumulative revenue and invoices is positive, this is presented in contract assets. If it is negative, it is presented in contract liabilities.

Resale activity

Within the context of its integration projects, the Group may resell equipment, licences and other services acquired from third-party suppliers. In these cases, and when the asset or service is distinct from other services provided by the Group, analysis is required to determine whether the Group is acting as agent or principal in the transaction. The Group acts as principal if it has control of the goods or services prior to their transfer to the client. In this situation, the transaction is recorded on a gross basis in the income statement at the time of the transfer of control to the client. On the other hand, the Group acts as agent and the transaction is recorded on a net basis (the amount invoiced by the supplier is deducted from the revenue invoiced to the client) when the Group fulfils its performance obligation as agent.

More specifically, the Group applies the following principles as part of its resale activity of perpetual licences or licences in SaaS mode:

- in the case of a sale of third-party perpetual publisher licences representing a separate performance obligation, the Group decided that it did not obtain control of the licence prior to its transfer to the customer, since it was not authorised to make changes to that licence, and noted that in the majority of cases, the licence was transferred directly by the publisher to the customer. In this case, the Group acts as agent and only recognises the sales margin in revenue. Conversely, if the licence is an integral part of a complex integration solution overseen by the Group, the Group considers that it acts as principal for the entire project, including the licence;
- in the case of the sale of a subscription to a software platform in "Cloud or SaaS" mode, as an integral part of an overall solution in which, for the term of the contract, the Group is responsible for operational performance on the customer's behalf, the Group considers that it acts as principal for the entire solution. Otherwise, the Group acts as agent in the resale of access rights to the platform.

Rental income from investment property or subletting income

Rental income from investment properties or income from partial subletting of buildings occupied by the Group are recognised on a straight-line basis over the term of the lease or sublease. This revenue is recorded as a reduction of the costs relating to the buildings concerned.

Breakdown of revenue

The Group is structured by geographical areas and reports its revenue according to this axis for analysis of segment information. Revenue is mainly derived from consultancy and integration services broken down into seven major domains (Cybersecurity, Digital Workplace, Agile IT, Transformation Management, Customer Experience, Business Process Excellence and Data as a Service). Each of these domains is deployed in every region in which the Group operates. Currently, the Group monitors its volume of business by domain at the level of commercial commitment but does not yet have an accounting breakdown of this distribution.

The majority of revenue is generated through subcontracting or fixed-price contracts, including sometimes the sale of licences or access rights.

3.13 Operating leases and finance leases

Lease payments under operating leases are expensed on a straight-line basis over the term of the lease. Rent-free periods and discounts on rents granted by lessors are recognised over the term of the lease as a reduction of the related expenses.

Minimum payments under finance leases are apportioned between the financial expense and the reduction of the outstanding liability. The financial expense is allocated to each period of the lease so as to allow the recognition of a constant interest rate over the term of the lease.

IFRS 16 Leases will be applied with effect from 1 January 2019 (see Note 2.1).

3.14 Subsidies and grants

As part of its regular operating management, and in the various countries where it operates, the Group is liable to sign agreements with governments or public bodies enabling it to obtain support in the form of public funding.

In accordance with IAS 20, subsidies and grants are recognised when there is reasonable assurance that the entity will comply with the conditions attached to them and that the funds will be received. When these conditions are met, subsidies and grants are recognised in the income statement net of the expenses to which they are linked.

Moreover, certain tax incentives, mainly the French research tax credit (CIR) and the competitiveness and employment tax credit (CICE), share certain of the characteristics of public subsidies insofar as the amount is receivable even in the absence of a tax payment, is not used in determining taxable income and is not confined to the tax liability. When these conditions are met, subsidies and grants are accounted for in accordance with IAS 20 and presented to the income statement net of the expenses to which they are linked. In the Group's case, such expenses are mainly personnel costs.

3.15 Definition of recurring operating profit and operating margin

Operating margin, the chief indicator of the Group's business performance, is recurring operating profit (as defined below) before the impact of share-based compensation and the amortisation of assets recognised as part of business combinations, including business relationships acquired in business combinations.

Recurring operating profit reflects activities undertaken by the company in the normal course of its business, as well as any related activities that are incidental to or consistent with normal activities.

Recurring operating profit is net profit before taking into account:

- other operating income and expenses, as defined below;
- financial income and expense;
- current and deferred taxes;
- income from equity associates;
- income from discontinued operations.

3.16 Other operating income and expenses

Other operating income and expenses reflect unusual, abnormal and infrequent events or transactions of a material nature in relation to the consolidated performance, as advocated by recommendation ANC 2013-03 of 7 November 2013.

Other income and expense mainly includes:

- restructuring and/or downsizing expenses or provisions related to business combinations occurring between the acquisition date and the end of the year following the acquisition;
- restructuring expenses, other than those referred to above, relating to plans approved by the Group's management bodies and having been disclosed to the relevant third parties;

- severance payments to the Group's senior management, namely: managers in charge of an operational entity (legal entity or an autonomous entity in terms of management and reporting within it) or a cross-cutting function;
- gains or losses on the sale of securities of subsidiaries;
- gains or losses on disposal of tangible and intangible assets, and impairment of non-financial assets;
- profits on a bargain purchase as part of a business combination;
- acquisition costs incurred as part of a business combination;
- the revaluation at fair value of any non-controlling interests following the acquisition of the companies in question;
- the revaluation at fair value of investment property;
- the revaluation at fair value of assets held for sale under IFRS 5.

3.17 Financial income and expenses

Financial income notably includes interest on investments, gains on disposal of available-for-sale financial assets, increases in the value of financial assets at fair value through profit or loss, foreign exchange gains and profits on hedging instruments recognised in profit or loss. Interest income is recognised in profit or loss as earned, using the effective interest rate method.

Financial expense comprises interest payable on borrowings and finance leases, the reversal of provisions, the effect of accretion and/or changes in assumptions in relation to earn-outs payable on business combinations, foreign exchange losses, decreases in the fair value of financial assets through profit or loss, and losses on hedging instruments recognised in profit or loss. All expenses related to loans and finance leases are recognised in profit or loss using the effective interest rate method.

Financial income and expense also includes net interest determined under defined-benefit plans (see Note 3.10.1).

3.18 Income taxes

The tax expense included in the determination of income for the year is equal to the total amount of tax payable plus deferred tax. The tax expense is generally recognised in the income statement, with the exception of the portion of tax relating to items recognised in equity or other comprehensive income.

Current tax is the amount of income tax payable in respect of taxable profit for the year. It is calculated based on tax rates enacted or substantively enacted as of the reporting date, and is adjusted for adjustments to tax due for prior years.

The Group recognises its deferred taxes using the liability method, which is an approach based on the balance sheet. This means that deferred tax assets and liabilities reflect reductions or increases in future tax liabilities resulting from temporary differences between the carrying amount and the tax basis of assets and liabilities (excluding specific cases covered by IAS 12), as well as tax losses and credits carried forward. Deferred tax assets and liabilities are measured by tax entity or tax group on the basis of tax rates applicable to the years in which any temporary differences are liable to be repaid or settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and if the Group intends to settle current assets and tax liabilities based their net amount or to realise the assets and settle the tax liabilities simultaneously.

Deferred tax assets for deductible temporary differences and tax losses are recognised only insofar as the Group expects to generate future taxable income against which temporary differences and related tax losses can be offset. The Group estimates its future profits over a three-year timeframe. Deferred tax assets are reassessed at each reporting date. They are cancelled if their realisation is no longer probable.

Tax loss and tax credit carryforwards resulting from a business combination are recognised in profit or loss unless they are estimated during the evaluation period, on the basis of information existing as of the acquisition date.

Following the introduction of the territorial economic contribution (*contribution économique territoriale* – CET) applicable to French companies under the 2010 Budget, the Group opted to classify the contribution component of the corporate value-added contribution (*cotisation sur la valeur ajoutée des entreprises* – CVAE) of the CET as income tax under IAS 12 as of 31 December 2009. The Group considers that the CVAE satisfies the characteristics of income tax, as its calculation is based on a net amount of income and expenses, and its net amount is potentially different from net income, insofar as value added is the intermediate level of income systematically used, under French tax rules, to determine the amount due in respect of the CVAE.

3.19 Operating segments

Under IFRS 8, operating segments must be based on internal reporting regularly reviewed by the chief operating decision maker. This decision maker is in charge of the allocation of resources and the evaluation of the operating segments' performance. He/she has been identified as being the members of the Management board who take strategic decisions within the Executive Committee.

The Group is structured by geographical region in accordance with various criteria ensuring consistency of the various regions:

- revenue in the region: each region is the sum of countries that generate a certain volume of revenue;
- a natural central point for the region (e.g. a "large" country and a number of "smaller" countries) or an appropriate split between entities (a number of "small" countries);
- geographical, linguistic and cultural proximity between countries of the same region;
- synergy between offers: capturing growth opportunities by developing synergy between offers (e.g. by extending an offer from one country to another country within the same region).

The regions thus created are as follows:

- "**France**", which includes the French entities, as well as service centres in Morocco and Spain;
- "**Northern Europe & Benelux**", which consolidates entities in the United Kingdom, Scandinavian countries, Luxembourg, Belgium and the Netherlands;
- "**Central Europe**", which consists of Germany, Austria, Poland, Czech Republic and Switzerland;
- "**Iberia and Latam**", which comprises entities in Latin America (mainly Mexico), Spain and Portugal;
- "**Rest of the world**", which consists of the Middle East, Algeria, Spain (excluding service centres), Italy, Morocco (excluding service centres), Mexico, Tunisia, Turkey and Panama;
- the "**Corporate & other**" sector covers head office activities that cannot be directly allocated to operational regions, and residual elements of discontinued operations (mainly outsourcing);
- the "**Divested entities**" segment in 2018, which includes divestments (Shift by S'Team) and Siticom GmbH consolidated by the equity method at 31 December 2018. In 2017, this segment included the activities of Between which was deconsolidated on 1 January 2017.

The definition of the “geographical splits” in 2017 and 2018 is presented below for the entire scope.

Entity	Country	31-Dec-18	31-Dec-17	Entity	Country	31-Dec-18	31-Dec-17
Devoteam Germany	Germany	Central Europe	Central Europe	Energy Dynamics	France	Corporate & Other	Corporate & Other
Siticom GmbH	Germany	Divested entities	Central Europe	D2SI	France	France	France
Q-Partners Consulting & Management	Germany	Central Europe	Central Europe	D2SI Group	France	France	France
TMNS Germany	Germany	Northern Europe & Benelux	Northern Europe & Benelux	Devoteam nexDigital	France	France	France
Alegri International Service GmbH	Germany	Central Europe	Not applicable	Altius Services	France	France	France
Alegri Personal Service GmbH	Germany	Central Europe	Not applicable	Devoteam Modern Applications	France	France	Not applicable
Devoteam Consulting Austria	Austria	Central Europe	Central Europe	Vox Pilot	Ireland	Corporate & Other	Corporate & Other
Alegri International Austria GmbH	Austria	Central Europe	Not applicable	Devoteam Italy	Italy	Rest of the world	Rest of the world
Devoteam Belgium	Belgium	Northern Europe & Benelux	Northern Europe & Benelux	Devoteam Luxembourg	Luxembourg	Northern Europe & Benelux	Northern Europe & Benelux
DFSJ	Belgium	Corporate & Other	Corporate & Other	Devoteam Consulting Holding	Luxembourg	Corporate & Other	Corporate & Other
Devoteam Management Consulting Belgique	Belgium	Northern Europe & Benelux	Northern Europe & Benelux	Devoteam Communication SARRL	Luxembourg	Corporate & Other	Corporate & Other
Paradigmo SA/NV	Belgium	Northern Europe & Benelux	Not applicable	Devoteam Morocco	Morocco	Rest of the world	Rest of the world
Devoteam A /S	Denmark	Northern Europe & Benelux	Northern Europe & Benelux	Devoteam Services Morocco	Morocco	Rest of the world	Rest of the world
Devoteam Globicon	Denmark	Northern Europe & Benelux	Northern Europe & Benelux	Devoteam Consulting Morocco	Morocco	Corporate & Other	Rest of the world
Jayway ApS	Denmark	Northern Europe & Benelux	Not applicable	Devoteam Mexico	Mexico	Iberia & Latam	Rest of the world
Devoteam Middle East FZ LLC	United Arab Emirates	Rest of the world	Rest of the world	Devomex Cloud Services	Mexico	Iberia & Latam	Rest of the world
Devoteam Fringes S.A.U.	Spain	Iberia & Latam	Rest of the world	Devoteam Fornebu Consulting AS	Norway	Northern Europe & Benelux	Northern Europe & Benelux
Keivox	Spain	Corporate & Other	Corporate & Other	Drago Solutions Corp.	Panama	Iberia & Latam	Rest of the world
Desarrollo de procesos de implantacion S.L.	Spain	Iberia & Latam	Rest of the world	Devoteam Netherlands	Netherlands	Northern Europe & Benelux	Northern Europe & Benelux
Drago Solution S.A.U.	Spain	Iberia & Latam	Rest of the world	TMNS Netherlands	Netherlands	Northern Europe & Benelux	Northern Europe & Benelux
Softoro Development Center S.A.U.	Spain	Iberia & Latam	Rest of the world	Between Staffing Group B.V	Netherlands	Corporate & Other	Corporate & Other
Devoteam Cloud Services ES	Spain	Iberia & Latam	Rest of the world	Devoteam Poland	Poland	Central Europe	Central Europe
myG for work Spain	Spain	Corporate & Other	Rest of the world	Bold International SA	Portugal	Iberia & Latam	Not applicable
Devoteam Drago S.L.U.	Spain	Iberia & Latam	Not applicable	Bold Wealth Lda	Portugal	Iberia & Latam	Not applicable
New Business Intelligence Company S.L.	Spain	Iberia & Latam	Not applicable	DiamondbyBold Lda	Portugal	Iberia & Latam	Not applicable
Jayway Inc	United States	Northern Europe & Benelux	Not applicable	Neos Lda	Portugal	Iberia & Latam	Not applicable
Devoteam SA	France	France	France	Precise Lda	Portugal	Iberia & Latam	Not applicable
Devoteam Management Consulting FR	France	France	France	NauOn SA	Portugal	Iberia & Latam	Not applicable
Devoteam Outsourcing	France	Corporate & Other	Corporate & Other	OutFit	Portugal	Iberia & Latam	Not applicable
Exaprobe ECS EM	France	Corporate & Other	Corporate & Other	TechSensys Lda	Portugal	Iberia & Latam	Not applicable
S'Team Management	France	France	France	EHC Lda	Portugal	Iberia & Latam	Not applicable
Inflexys	France	Corporate & Other	Corporate & Other	Devoteam Czech Rep.	Czech Republic	Central Europe	Central Europe
Axance	France	France	France	Devoteam UK	United Kingdom	Northern Europe & Benelux	Northern Europe & Benelux

RVR PARAD	France	France	France	TMNS UK	United Kingdom	Northern Europe & Benelux	Northern Europe & Benelux
Shift by S'Team	France	Divested entities	France	Media-Tel LLC	Russia	Corporate & Other	Corporate & Other
Siticom	France	France	France	TMNS Serbia	Serbia	Northern Europe & Benelux	Northern Europe & Benelux
Devoteam G Cloud	France	France	France	HNCO AB	Sweden	Corporate & Other	Corporate & Other
Be Team	France	France	France	Jayway Malmö AB	Sweden	Northern Europe & Benelux	Not applicable
Progis	France	France	France	Jayway Halmstad AB	Sweden	Northern Europe & Benelux	Not applicable
Progis EM	France	Corporate & Other	Corporate & Other	Jayway Stockholm	Sweden	Northern Europe & Benelux	Not applicable
Axance People	France	France	France	Jayway Services AB	Sweden	Northern Europe & Benelux	Not applicable
Devoteam Business Service Excellence	France	France	France	Jayway Holding AB	Sweden	Northern Europe & Benelux	Not applicable
Devoteam Digital Factory	France	France	France	Øredrev AB	Sweden	Northern Europe & Benelux	Not applicable
myG	France	France	France	Sädesmagasinet Förvaltnings AB	Sweden	Northern Europe & Benelux	Not applicable
Marfiie	France	Corporate & Other	Corporate & Other	TMNS Switzerland	Switzerland	Northern Europe & Benelux	Northern Europe & Benelux
Technologies & Opérations	France	France	France	Alegri AG	Switzerland	Central Europe	Not applicable
Devoteam Customer Effectiveness	France	France	France	Devoteam Tunisia	Tunisia	Rest of the world	Rest of the world
Fi-Makers	France	France	France	Devoteam Technology Consulting Tunisia	Tunisia	Rest of the world	Rest of the world
Myfowo.com	France	Corporate & Other	Corporate & Other	Devoteam Turkey	Turkey	Rest of the world	Rest of the world

Comparative segment information in respect of 2017 has been restated to match the new structure of operating segments.

The key performance indicators set out below are used by the Group in its internal reporting and are identical to those applied at the 2017 reporting date (see note 3.19 to the 2017 financial statements):

- first, operating margin is defined as recurring operating profit before the impact of share-based compensation and the amortisation of business relationships acquired in business combinations;
- second, the group contribution is defined as the total revenue (internal and external) of an operating segment less the cost of internal subcontracting acquired from other Group entities. This indicator reflects the segment's contribution to consolidated revenue from its own resources. The sum of group contributions of the operating segments is the Group's consolidated revenue.

3.20 Earnings per share

In accordance with IAS 33 "earnings per share", earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. The average number of shares outstanding is calculated based on the various changes in share capital adjusted for treasury shares.

Diluted earnings per share is the ratio between net income (attributable to equity holders of the parent) and the diluted weighted average number of shares outstanding during the period, adjusted by the number of treasury shares, taking into account the dilutive effect generated by stock options and founders' warrants.

3.21 Non-current assets held for sale

Non-current assets whose sale is approved during the period are shown on a separate line of the balance sheet, since the sale is considered highly probable and must be made within twelve months.

Non-current assets (or groups of assets and liabilities held for sale) whose carrying amount will be recovered chiefly by means of a sale transaction rather than through continuing use are classified as assets held for sale.

Immediately before classification as being held for sale, the assets (or components of a group of assets held for sale) are measured using the Group's accounting policies. Subsequently, the assets (or groups of assets held for sale) are recorded at the lesser of their carrying amount and fair value less costs to sell.

Any impairment loss in respect of a group of assets held for sale is initially allocated to goodwill and other assets in proportion to their carrying amount, with the exception of inventories, financial assets, deferred tax assets, assets generated by employee benefits and investment properties, which continue to be measured using the accounting principles applicable to them. Impairment losses resulting from the classification of an asset (or group of assets and liabilities held for sale) as being held for sale and gains and losses on subsequent measurements are recognised in profit or loss. The gain recognised cannot exceed accumulated impairment losses.

As a result of their classification as non-current assets held for sale, tangible or intangible assets cease to be amortised or depreciated.

Note 4 – Scope of consolidation

4.1 Scope of consolidation

The 2018 consolidated financial statements include the financial statements of Devoteam SA and the financial statements of companies controlled directly or indirectly by the Group, as well as companies over which the Group has significant influence.

The main companies included in the scope of consolidation of the Devoteam Group as of 31 December 2018 are set out below. Entities without activity are not included below.

Companies (SIREN)	% share of capital held (1)		Consolidation method	
	2018	2017	2018	2017
FRANCE				
Devoteam S.A.	Parent company	Parent company	Parent company	Parent company
Devoteam Consulting	80.20%	80.20%	FC	FC
Devoteam Outsourcing	100%	100%	FC	FC
Exaprobe ECS	35.00%	35.00%	EM	EM
S'team Management	100%	100%	FC	FC
Inflexsys	20.00%	20.00%	EM	EM
Axance	72.62% ⁽²⁾	76.60%	FC	FC
RVR Parad	95.00%	95.00%	FC	FC
Shift by S'Team	0% ⁽³⁾	65.50%	NC	FC
Siticom	68.47% ⁽⁴⁾	65.00%	FC	FC
Devoteam G Cloud	100%	100%	FC	FC
Be Team	61.20% ⁽⁵⁾	70.00%	FC	FC
Progis	87.48% ⁽⁶⁾	24.89%	FC	EM
Axance People	72.62% ⁽⁷⁾	76.60%	FC	FC
DBSE	73.33%	73.33%	FC	FC
Devoteam Digital Factory	69.20%	69.20%	FC	FC
My-G	100%	100%	FC	FC
Marfile	0% ⁽⁸⁾	100%	NC	FC
Technologies & Opérations	70.47%	70.47%	FC	FC
Devoteam Customer Effectiveness	57.37% ⁽⁹⁾	58.97%	FC	FC
Fi-makers	66.96%	66.96%	FC	FC
Myfowo.com	99.73% ⁽¹⁰⁾	96.63%	FC	FC
Energy Dynamics	34.97% ⁽¹¹⁾	34.86%	EM	EM
D2SI	82.06%	82.06%	FC	FC
D2SI Group	0% ⁽¹²⁾	82.06%	NC	FC
Devoteam nexDigital	75.00%	75.00%	FC	FC
Altius Services	0% ⁽¹³⁾	0.00%	NC	NC
Devoteam Modern Applications	75.00% ⁽¹⁴⁾	0.00%	FC	NC
GERMANY				
Devoteam GmbH	100%	100%	FC	FC
Siticom GbmH	35.00%	35.00%	EM	FC
Q-Partners Consulting & Management	88.30%	88.30%	FC	FC
TMNS GmbH	80.00%	80.00%	FC	FC
Alegri International Service GmbH	100% ⁽¹⁵⁾	0.00%	FC	NC
Alegri Personal Service GmbH	100% ⁽¹⁵⁾	0.00%	FC	NC
AUSTRIA				
Devoteam Consulting GmbH	100%	100%	FC	FC
Alegri International Austria GmbH	100% ⁽¹⁵⁾	0%	FC	NC
BENELUX				
Devoteam N/V	99.71%	99.71%	FC	FC
DFSJ	45.00%	45.00%	EM	EM
Devoteam Consulting Belux	60.00%	60.00%	FC	FC
Paradigmo SA/NV	99.71% ⁽¹⁶⁾	0.00%	FC	NC
Devoteam S.A. (Luxembourg)	100%	100%	FC	FC
Devoteam Consulting Holding	100%	100%	FC	FC
Devoteam Communication	100%	100%	FC	FC
Devoteam Nederland BV	80.00%	80.00%	FC	FC
TMNS BV	80.00%	80.00%	FC	FC
Between Staffing Group	32.38% ⁽¹⁷⁾	35.00%	EM	EM
UNITED ARAB EMIRATES				
Devoteam Middle East FZ LLC	76.00%	76.00%	FC	FC
SPAIN				
Devoteam Fringes S.A.U.	100%	100%	FC	FC
Keivox	35.01%	35.01%	EM	EM
DPI	84.75% ⁽¹⁸⁾	67.50%	FC	FC
Drago Solution S.A.U.	84.75% ⁽¹⁸⁾	67.50%	FC	FC
Softoro Development Center S.A.U.	84.75% ⁽¹⁸⁾	67.50%	FC	FC
Devoteam Cloud Services	80.30%	80.30%	FC	FC
My-G work for Espana	100%	100%	FC	FC
Devoteam Drago S.L.U.	84.75% ⁽¹⁹⁾	0.00%	FC	NC
New Business Intelligence Company S.L.	84.75% ⁽²⁰⁾	0.00%	FC	NC

FC: Full Consolidation; EM: equity method; NC: not consolidated

Companies (SIREN)	% share of capital held (1)		Consolidation method	
	2018	2017	2018	2017
UNITED STATES				
Jayway Inc	75.01% ⁽²¹⁾	0.00%	FC	NC
IRELAND				
Voxpilot Limited	100%	100%	FC	FC
ITALY				
Devoteam Italy SRL	20.00%	20.00%	FC	FC
MOROCCO				
Devoteam SARL	51% ⁽²²⁾	100%	FC	FC
Devoteam Services SARL	100%	100%	FC	FC
Devoteam Consulting Maroc	75.00%	75.00%	FC	FC
MEXICO				
Devoteam Mexico	99.00%	99.00%	FC	FC
Devomex Cloud Services	98.00%	98.00%	FC	FC
Panama				
Drago Solutions Corp. Panama	84.75% ⁽¹⁸⁾	67.50%	FC	FC
POLAND				
Devoteam S.A. (formerly Wola Infr SA)	61.59%	61.59%	FC	FC
PORTUGAL				
Bold International SA	58% ⁽²³⁾	0.00%	FC	NC
Bold Wealth Lda	58% ⁽²⁴⁾	0.00%	FC	NC
DiamondbyBold Lda	37.70% ⁽²⁴⁾	0.00%	FC	NC
Neos Lda	37.70% ⁽²⁴⁾	0.00%	FC	NC
Precise Lda	44.66% ⁽²⁴⁾	0.00%	FC	NC
NauOn SA	43.50% ⁽²⁴⁾	0.00%	FC	NC
OutFit	23.20% ⁽²⁴⁾	0.00%	EM	NC
TechSensys Lda	20.24% ⁽²⁴⁾	0.00%	EM	NC
EHC Lda	44.66% ⁽²⁴⁾	0.00%	FC	NC
CZECH REPUBLIC				
Devoteam s.r.o	80.00%	80.00%	FC	FC
UNITED KINGDOM				
Devoteam UK Limited	100%	100%	FC	FC
TMNS Digitisation Solutions Limited	80.00%	80.00%	FC	FC
RUSSIA				
Media-Tel LLC	32.50%	32.50%	EM	EM
SCANDINAVIA				
Devoteam A/S	90.00%	90.00%	FC	FC
Devoteam Globicon	90.00%	90.00%	FC	FC
Jayway ApS	75.01% ⁽²¹⁾	0.00%	FC	NC
HNCO AB	30.00%	30.00%	EM	EM
Jayway Malmö AB	75.01% ⁽²¹⁾	0.00%	FC	NC
Jayway Halmstad AB	75.01% ⁽²¹⁾	0.00%	FC	NC
Jayway Stockholm	75.01% ⁽²¹⁾	0.00%	FC	NC
Jayway Services AB	75.01% ⁽²¹⁾	0.00%	FC	NC
Jayway Holding AB	75.01% ⁽²¹⁾	0.00%	FC	NC
Øredev AB	75.01% ⁽²¹⁾	0.00%	FC	NC
Sädesmagasinet Förvaltnings AB	75.01% ⁽²¹⁾	0.00%	FC	NC
Fornebu Consulting AS	100%	100%	FC	FC
SERBIA				
TMNS Empiry d.o.o.	80.00%	80.00%	FC	FC
SWITZERLAND				
TMNS GmbH	80.00%	80.00%	FC	FC
Alegri AG	100% ⁽¹⁵⁾	0.00%	FC	NC
TUNISIA				
Devoteam Tunisia	75.00%	75.00%	FC	FC
Devoteam Technology Consulting	75% ⁽²⁵⁾	0.00%	FC	NC
TURKEY				
Devoteam Information Technology and Consultancy A.S. (formerly Secura)	100.00%	100.00%	FC	FC

- (1) Represents the percentage of capital held directly or indirectly by Devoteam SA.
- (2) Restructuring of the Axance, Axance People and S'Team Management scope. The Group's equity interest in Axance is now 72.62%.
- (3) Sale of Shift by S'Team.
- (4) Acquisition of an additional 3.47% of the share capital of Siticom. The Group's equity interest is now 68.47%.
- (5) Disposal of 8.80% of the capital of BeTeam. The Group's equity interest is now 61.20%.
- (6) The Group increased its stake in Progis from 24.89% to 87.48%.
- (7) Restructuring of the Axance, Axance People and S'Team Management scope. The Group's equity interest in Axance is now 72.62%.
- (8) Complete transfer of Marflie assets to Devoteam SA.
- (9) Disposal of 2% of the capital of Devoteam Customer Effectiveness, held via the subsidiary Devoteam Consulting. The Group's equity interest is now 57.37%.
- (10) Acquisition of an additional 3.10% of the share capital of Myfowo.com. The stake held now stands at 99.73%.
- (11) Increase in stake held following the additional acquisition of Myfowo.com. The Group's equity interest is now 34.97%.
- (12) Merger of D2SI Group and D2SI.
- (13) Acquisition and transfer of all assets of Altius Services to Devoteam Customer Effectiveness.
- (14) Creation of Devoteam Technology Modern Applications, 75% owned.
- (15) The Group acquired 100% of Alegri International Service GmbH, parent company of the Alegri group.
- (16) The Group acquired 100% of Paradigmo SA/NV, via its subsidiary Devoteam Belgium. The Group's equity interest is 99.71%.
- (17) Dilution of the Group's equity interest in Between Staffing Group following a reserved capital increase. The Group's equity interest is now 32.38%.
- (18) Acquisition of an additional 17.25% of the share capital of DPI, the parent company of the Drago group.
- (19) Creation of Devoteam Drago S.L.U, subsidiary of DPI, parent company of the Drago group.
- (20) The Group acquired 100% of New Business Intelligence Company via its Spanish subsidiary DPI. The Group's equity interest is 84.75%.
- (21) The Group acquired 75.01% of Sädesmagasinet Förvaltnings AB, holding company of the Jayway group.
- (22) Disposal of 49% of the share capital of Devoteam SARL. The Group's equity interest is now 51%.
- (23) The Group acquired a 58% interest in Bold International SA.
- (24) The Group acquired a 58% interest in Bold Wealth Lda, holding company of seven operational entities.
- (25) Creation of Devoteam Technology Consulting, 75% owned by Devoteam SA.

4.2 Movements during the year

4.2.1 Acquisitions

The Group made the following acquisitions in 2018:

- on 15 January 2018, the Group acquired 100% of the securities of Altius through its subsidiary Devoteam Customer Effectiveness. Altius generated revenue of €1 million in its last financial year ended 31 January 2018 and has 12 employees. This acquisition has been fully consolidated since 1 February 2018;
- the Group also increased its stake in Progis in January 2018 from 27.87% to 87.48%, giving the Group control. In its last financial year, Progis generated revenue of €1.3 million. Previously consolidated by the equity method, the company has been fully consolidated since 1 January 2018;
- on 18 July, the Group acquired 100% of the share capital of Belgian company Paradigmo via its local subsidiary Devoteam N.V. with a view to boosting its cybersecurity offering. Paradigmo is a leader in the field of identity and access management (IAM). This company has 13 employees and generated revenue of €2.2 million during the 2017 financial year. This acquisition was consolidated from 1 July 2018;
- on 19 July 2018, the Group acquired 100% of the share capital of Spanish company New Business Intelligence Company via its local holding company. New BIC, which specialises in Big Data, has 50 employees and generated revenue of €4 million in 2017. This acquisition was consolidated from 1 July 2018;
- on 23 August 2018, the Group acquired 58% of the share capital of Portuguese company Bold International, a leader in IT consultancy and technological expertise in Portugal, specialising in DevOps and cloud transformation. This has strengthened the Devoteam Group's range of Agile IT services. Bold has in the region of 630 employees and generated revenue of €20 million for the 2017 financial year. The acquisition was consolidated from 1 September 2018;

- on 30 August 2018, the Group acquired 100% of the share capital of German company Alegri International Services GmbH to strengthen its position and transformation capacity in Germany. Alegri, the head office of which is in Munich, has offices in Germany, Switzerland and Austria. It employs 240 people and generated revenue in the region of €36 million in 2017. The acquisition was consolidated from 1 September 2018;
- on 18 September 2018, the Group acquired 75.01% of Swedish company Jayway, a major player in "Creative Technology" in Scandinavia. This company helps major international groups create new and innovative value propositions and improve their business efficiency, combining the creativity and innovative spirit of a digital design agency with strong technological expertise. Jayway, whose head office is in Malmö in Sweden, has 240 employees and generated revenue of €19 million in 2017. The acquisition was consolidated at 1 October 2018.

Net assets of the acquired companies

<i>In thousands of euros</i>	Altius	Progis	Paradigmo	New BIC	Alegri	Bold	Jayway
Fixed assets	70	16	106	349	4,619	1,871	2,410
Trade and other receivables	356	1,679	491	1,219	6,622	9,655	6,775
Cash and cash equivalents	-	41	684	1,298	1,266	4,093	2,953
Current and non-current provisions	-	-	-	-	(81)	-	-
Trade and other payables	(281)	(2,224)	(585)	(1,839)	(11,223)	(12,611)	(15,367)
Net assets and liabilities	146	(489)	695	1,027	1,203	3,009	(3,229)

Goodwill

Goodwill arising from acquisitions was calculated as follows:

<i>In thousands of euros</i>	Altius	Progis	Paradigmo	New BIC	Alegri	Bold	Jayway
Consideration transferred as part of the takeover	459	33	2,026	6,799	24,138	6,960	6,760
- Of which contingent consideration	57	-	680	2,423	-	1,080	-
Non-controlling interest measured as a share of the net identifiable assets recorded	62	(61)	2	157	-	1,143	(807)
Fair value of the interest previously acquired	-	-	-	-	-	-	-
Less fair value of net identifiable assets	(146)	489	(695)	(1,027)	(1,203)	(3,009)	3,229
Goodwill	375	461	1,333	5,928	22,935	5,094	9,182

Expenses related to these acquisitions amounted to €817 thousand and are recorded in "other current operating expenses".

The nature of the Group's business results in the recognition of significant goodwill. In a business combination, the Group primarily acquires human capital.

Acquisition accounting and evaluation period

The allocation of the purchase price of Altius in 2018 resulted in the recognition of deferred tax assets on tax loss carryforwards for an amount of €48 thousand.

The allocation of the purchase prices of the other companies acquired in 2018 is being analysed and will be finalised in 2019.

Comparable basis information

The impact on the 2018 financial statements of entries into the scope of consolidation (acquisitions and purchases of interests) conducted in 2018 is presented below:

<i>In thousands of euros</i>	Transactions in 2018
Revenue	31,101
Current operating profit	2,234
Profit for the year	(606)
Total assets	26,789
Change in net working capital	7,935

As a result of internal restructuring in the Netherlands, the impact of entries into the scope of consolidation in 2017 on the 2018 financial statements is not identifiable.

4.2.2 Disposals and losses of control

In September 2018, the Group finalised the sale of its entire equity interest (65.50%) in Shift by S'Team to the minority shareholders. At 31 December 2017, the Group presented this business under assets held for sale. This transaction generated a capital gain, net of sale-related costs, of €7,581 thousand. This entity was deconsolidated on 31 August 2018, having contributed €4.6 million to Group revenue over the 8 months of 2018 (€4.7 million over 12 months in 2017).

At 31 December 2018, following an MBO transaction (Management Buy-Out), the Group lost control of its subsidiary Siticom GmbH in Germany and now holds only a 35% stake in this business. This remaining equity interest has been measured at fair value and generated a profit of €731 thousand, recorded in the income statement under "Share of profit of associates". Siticom GmbH contributed €16.1 million to Group revenue. This entity will continue to be consolidated under the equity method from 1 January 2019.

Impact of disposals and losses of control on the Group's financial position

<i>In thousands of euros</i>	Siticom GmbH	Shift by S'Team
Fixed Assets	(855)	(84)
Trade and other receivables	(5,420)	(2,264)
Cash and cash equivalents	(3,901)	(1,478)
Current and non-current provisions	-	-
Trade and other payables	9,001	1,437
Net assets and liabilities	(1,175)	(2,388)
Consideration received in cash	-	9,170
Cash and cash equivalents	(3,901)	(1,478)
Inflow net of cash and cash equivalents	(3,901)	7,692

4.3 Assets held for sale

At 31 December 2017, the Group was in advanced talks for the sale of its subsidiaries Shift by S'Team in France and Devoteam Morocco. The Group has therefore classified these two subsidiaries as assets held for sale. The transfer of control over Shift by S'Team was finalised on 4 September 2018 (see above).

However, as a change to its initial strategy, on 28 August 2018, the Group decided to transfer only 49% of the share capital of Devoteam Morocco to a strategic local partner via a reserved capital increase. As the Group retained control of the entity, Devoteam Morocco was reintegrated into the scope of consolidation with effect from 1 September 2018.

Note 5 – Information on the consolidated statement of financial position

5.1 Goodwill

<i>In thousands of euros</i>	31 December 2017	Acquisitions/impairment	Other	Disposals	Foreign currency translation differences	31 December 2018
Goodwill	101,908	45,494	899		(471)	147,830
Impairment losses	(10,117)	(5,960)	(2,039)	-	172	(17,944)
Net goodwill	91,791	39,534	(1,140)	-	(299)	129,886

Net goodwill increased by €38,095 thousand in 2018. The change is attributable primarily to:

- the increase in goodwill for €45,494 thousand, linked to the takeover of the Alegri group in Germany for €22,935 thousand (Alegri CGU), Bold based in Portugal for €5,094 thousand (Bold CGU) and Jayway for €9,182 thousand (Jayway CGU), as well as the New BIC company in Spain for €5,928 thousand, Paradigmo in Belgium for €1,333 thousand (Belux CGU), Progis for €461 thousand and Altius for €375 thousand;
- the adjustment to goodwill of the Scandinavia CGU for -€612 thousand;
- the reclassification of the goodwill of Siticom GmbH to the equity method following the loss of control of this company on 31 December 2018 for -€528 thousand;
- the recognition of impairment losses for the Alegri CGU for -€1,983 thousand in Germany and of Devoteam UK in the United Kingdom for -€3,977 thousand. These impairments resulted from the deteriorated outlook for growth and profitability;
- currency effects (mainly recorded for Turkey) amounting to -€275 thousand.

In the year ended 31 December 2017, movements were as follows:

<i>In thousands of euros</i>	31 December 2016	Acquisitions/impairment	Other	Disposals	Foreign currency translation differences	31 December 2017
Goodwill	92,121	15,850	82	(5,722)	(423)	101,908
Impairment losses	(10,966)	(1,960)	-	2,957	(148)	(10,117)
Net goodwill	81,154	13,890	82	(2,765)	(571)	91,791

The impairment loss for the 2017 financial year related to the Devoteam Netherlands CGU for -€972 thousand and Siticom GmbH in Germany for -€882 thousand.

Goodwill, allocated by country as of 31 December 2018 and 2017, breaks down as follows:

<i>In thousands of euros</i>	31 December 2018			31 December 2017		
	Goodwill gross	Cumulative impairment losses	Goodwill net	Gross goodwill	Cumulative impairment losses	Goodwill net
Scandinavia CGU (*)	24,019	-	24,019	24,693	-	24,693
Alegri CGU	22,935	(1,983)	20,952	-	-	-
Netherlands CGU	13,916	(1,533)	12,382	13,916	(1,533)	12,382
Germany CGU	14,401	(2,049)	12,352	14,401	(2,049)	12,352
Jayway CGU	9,230	-	9,230	-	-	-
Devoteam Consulting France	8,405	-	8,405	8,405	-	8,405
D2SI	8,297	-	8,297	8,297	-	8,297
Belux CGU (*)	6,860	-	6,860	5,527	-	5,527
New BIC Spain	5,928	-	5,928	-	-	-
Devoteam G Cloud CGU	5,911	-	5,911	5,911	-	5,911
Bold CGU	5,094	-	5,094	-	-	-
Devoteam UK	8,439	(4,923)	3,516	8,449	(946)	7,503
Other net goodwill under €2,200 thousand	14,394	(7,455)	6,939	12,309	(5,588)	6,720
Total	147,830	(17,944)	129,886	101,908	(10,117)	91,791

(1) Details of the entities are provided in Note 3.2.

Earn-out clause

On 31 December 2018, the commitment recognised for the earn-out clauses was €7,079 thousand (versus €3,159 thousand at 31 December 2017) and related to New BIC, HNCO, Bold, Paradigmo, Devoteam G Cloud and Q-Partners GmbH. These earn-outs are based on the future performance of the acquired entities.

Evaluation of the recoverable amount of the CGUs

The method used for assessing the recoverable amount of the CGU is described in note 3.2. The key assumptions used in 2018 and 2017 to determine the recoverable amount are described below, broken down on the basis of the geographies in which the Group operates:

2018 key assumptions	Discount rate	Long-term growth rate	Normative rate of return ⁽¹⁾
France	7.6%	2%	between 3% and 10%
Other European countries	7.3% to 10.6%	2%	between 1.75% and 9% ⁽²⁾
Middle East	8.2% to 13.5%	2.50%	between 5% and 9%
North Africa	10.8% to 11.9%	2.50%	between 4% and 9%

(1) Long-term operating margin.

(2) With the exception of New BIC whose normative rate of return is 20%.

2017 key assumptions	Discount rate	Long-term growth rate	Normative rate of return ⁽¹⁾
France	7.70%	2%	between 3% and 10%
Other European countries	7.40% to 9.70%	2%	between 7% and 9%
Middle East	8.20% to 11.70%	2.50%	between 6% and 9%
North Africa	10.90% to 11.00%	2.50%	between 4% and 9%

(1) Long-term operating margin.

The key assumptions were determined as follows:

- discount rate: set by an independent firm on the basis of averages observed over the last ten years as regards the risk premium and over the last five years as regards the beta. The risk-free rate is the average of the last ten years of ten-year French government bonds;
- the normative profitability of the CGUs used to calculate the terminal value was determined based on the Group's historical data;
- the long-term growth rate for the calculation of the terminal value is derived from OECD forecasts backed up by the average used by financial analysts in the industry.

Sensitivity testing was performed on these key assumptions:

- a 0.5-point increase in the discount rate would have negatively impacted results by €1,978 thousand;
- a 0.5-point decrease in the growth rate to infinity would have negatively impacted results by €2,602 thousand;
- a 0.5-point decrease in the normative rate of return would have negatively impacted results by €1,297 thousand.

The projection of future cash flows is based on parameters resulting from the budgetary and forecasting process, extended over a five-year timeframe, using growth and profitability rates deemed reasonable and in line with management expectations.

Sensitivity testing was performed on the parameters underpinning these projections:

- a 1-point decrease in revenue growth would have had positively impacted results by €180 thousand, due to the positive impact on the future cash flows of a reduction in the change in WCR associated with slower growth;
- a 1-point decrease in operating margin would have negatively impacted results by €1,945 thousand;
- a combination of the two decreases above would have negatively impacted results by €1,724 thousand.

Excluding the CGUs subject to impairment over the period, no CGUs had a recoverable amount close to their carrying amount at year-end 2018.

5.2 Intangible assets

The main movements recorded in 2018 are as follows:

<i>In thousands of euros</i>	Software and trademarks	Other intangible assets	Total
Gross value			
At 1 January 2018	6,611	9,159	15,770
Change in scope (1)	206	738	944
IFRS 5 reclassification	-	6	6
Acquisitions over the year	113	186	300
Disposals over the year	(0)	0	0
Reclassification and scrapping	(34)	(879)	(913)
Foreign currency translation differences	(13)	(15)	(28)
At 31 December 2018	6,884	9,195	16,079
Accumulated depreciation and impairment losses			
At 1 January 2018	(6,301)	(6,957)	(13,258)
Change in scope	(151)	(615)	(766)
IFRS 5 reclassification	-	(4)	(4)
Net additions	(225)	(909)	(1,134)
Reductions	0	0	0
Reclassification and scrapping	31	879	910
Foreign currency translation differences	13	15	28
At 31 December 2018	(6,633)	(7,591)	(14,224)
Net value at 31 December 2018	251	1,605	1,855
Of which net value of finance leases at 31 December 2018	-	-	-

(1) Corresponds to the entry into the scope of consolidation of Bold, New BIC, Paradigmo, Alegri and Progis.

The main movements recorded in 2017 are as follows:

<i>In thousands of euros</i>	Software and trademarks	Other intangible assets	Total
Gross value			
At 1 January 2017	6,508	7,988	14,496
Change in scope (1)	44	1,575	1,619
IFRS 5 reclassification	-	(6)	(6)
Acquisitions over the year	64	35	99
Disposals over the year	-	0	0
Reclassification and scrapping	(21)	(439)	(460)
Foreign currency translation differences	17	5	22
At 31 December 2017	6,611	9,159	15,770
Accumulated depreciation and impairment losses			
At 1 January 2017	(6,068)	(6,871)	(12,939)
Change in scope	(20)	383	362
IFRS 5 reclassification	-	4	4
Net additions	(222)	(899)	(1,122)
Reductions	-	-	-
Reclassification and scrapping	26	434	460
Foreign currency translation differences	(16)	(7)	(24)
At 31 December 2017	(6,301)	(6,957)	(13,258)
Net value at 31 December 2017	311	2,202	2,513
Of which net value of finance leases at 31 December 2017	-	73	73

(1) Corresponds mainly to the commercial relationship of the TMNS group and the entity MyFowo.com with a gross value of €2,012 thousand and the deconsolidation of Between.

5.3 Tangible assets

The main movements recorded in 2018 are as follows:

<i>In thousands of euros</i>	Land and buildings	Fixtures and fittings	Office and computer equipment and furniture	Other tangible assets	Total
Gross value					
At 1 January 2018	1,012	6,599	15,353	1,114	24,078
Change in scope ⁽¹⁾	776	426	1,269	128	2,598
IFRS 5 reclassification	-	2	294	-	296
Acquisitions over the year ⁽²⁾	120	865	4,465	206	5,655
Disposals over the year	(0)	(8)	(38)	(18)	(64)
Reclassification and scrapping	10	(211)	(607)	(9)	(817)
Foreign currency translation differences	15	37	(23)	2	31
At 31 December 2018	1,934	7,709	20,713	1,422	31,778
Accumulated depreciation and impairment losses					
At 1 January 2018	(436)	(5,251)	(11,569)	(866)	(18,123)
Change in scope	(162)	(135)	(978)	(79)	(1,354)
IFRS 5 reclassification	-	(2)	(257)	-	(259)
Net additions	(368)	(750)	(2,337)	(128)	(3,582)
Reductions	0	8	32	18	58
Reclassification and scrapping	256	291	598	37	1,181
Foreign currency translation differences	(12)	(29)	25	1	(15)
At 31 December 2018	(722)	(5,870)	(14,486)	(1,017)	(22,094)
Net value at 31 December 2018	1,212	1,840	6,227	405	9,684
Of which net value of finance leases at 31 December 2018	-	0	0	25	25

(1) Mainly corresponds to the entry into the scope of consolidation of the Bold, Jayway and Alegri groups, and the company New BIC.

(2) Mainly corresponds to improvements to business premises and IT equipment upgrades for the Group's operational needs.

The main movements recorded in 2017 are as follows:

<i>In thousands of euros</i>	Land and buildings	Fixtures and fittings	Office and computer equipment and furniture	Other tangible assets	Total
Gross value					
At 1 January 2017	1,042	6,244	14,549	1,179	23,015
Change in scope ⁽¹⁾	-	193	462	129	783
IFRS 5 reclassification	-	(58)	(338)	-	(396)
Acquisitions over the year ⁽²⁾	15	546	2,132	10	2,702
Disposals over the year	-	-	(133)	(81)	(214)
Reclassification and scrapping	-	(231)	(1,169)	(114)	(1,513)
Foreign currency translation differences	(45)	(95)	(151)	(10)	(300)
At 31 December 2017	1,012	6,599	15,353	1,114	24,078
Accumulated depreciation and impairment losses					
At 1 January 2017	(375)	(4,995)	(11,295)	(879)	(17,544)
Change in scope	-	(69)	(350)	(56)	(475)
IFRS 5 reclassification	-	13	275	-	288
Net additions	(335)	(708)	(1,671)	(68)	(2,781)
Reductions	-	0	20	80	99
Reclassification and scrapping	245	428	1,324	55	2,052
Foreign currency translation differences	29	79	128	3	239
At 31 December 2017	(436)	(5,251)	(11,569)	(866)	(18,123)
Net value at 31 December 2017	575	1,347	3,784	248	5,955
Of which net value of finance leases at 31 December 2017	-	-	-	34	34

(1) Corresponds mainly to the TMNS group entry into the scope of consolidation and the deconsolidation of Between.

(2) Mainly purchases of computer equipment as part of the "digitisation" of the head office and upgrades of premises.

5.4 Non-current financial assets

<i>In thousands of euros</i>	31 December 2018	31 December 2017
Loans, guarantees and other receivables	2,360	2,131
Other financial assets	3,690	803
Total	6,050	2,934

Non-current financial assets mainly comprise security deposits. Other non-current financial assets consist mainly of cash advances to associates. The increase in this item is predominantly linked to the reclassification of the €1.9 million loan to Siticom GmbH following the loss of control of this entity (see Note 4.2.2).

5.5 Investments in associates

<i>In thousands of euros</i>	31 December 2018	31 December 2017
Investments in associates	5,206	3,508

The change is essentially the result of the reclassification of the Group's equity interest in Siticom GmbH in Germany at 31 December 2018 (see Note 4.2.2).

The financial information below relates to investments in associates: Keivox (Spain), Siticom GmbH (Germany), DFSJ (Belgium), Between Staffing Group B.V. (Netherlands), HNCO AB (Sweden), Media-Tel LLC (Russia), Inflexsys, Energy Dynamics and Exa ECS (France), Outfit and Techsensys (Portugal).

Recorded amounts <i>In thousands of euros</i>	31 December 2018	31 December 2017
Non-current assets	2,321	1,901
Current assets	21,321	9,702
Non-current liabilities	1,344	849
Current liabilities	15,449	5,317
100% of net assets	6,849	5,437
Net assets attributable to equity holders of the parent	2,301	3,455
Goodwill	581	53
Other	2,323	-
Carrying amount of interests in associates	5,205	3,508
Income *	135,136	14,662
Profit after tax from continuing operations	1,125	442
100% of other comprehensive income	-	-
100% of total comprehensive income	1,125	442
Total comprehensive income attributable to equity holders of the parent	1,100	70

* The increase is mainly due to the integration of Between Staffing Group B.V. for €108,582 thousand.

5.6 Investment property

Assets <i>In thousands of euros</i>	31 December 2018	31 December 2017
Investment property measured at amortised cost	914	1,370
Investment property measured at fair value	-	-
Total	914	1,370

Following the discontinuation of the outsourcing activity on the Castres site, the Group reclassified a building complex to "investment property" in 2015. The reclassification was performed in the net carrying amount, as the Group was not able to reliably determine the fair value of the complex, in large part due to the lack of comparable transactions for similar properties in the area.

Thus, the building complex will be carried at amortised cost until its exit. The complex consists of an office building with total floor space of 4,122 square metres and an 894-square-metre data centre. It is depreciated on a straight-line basis over a period of 15 years. The table below summarises the carrying amounts of the complex:

<i>In thousands of euros</i>	31 December 2018	31 December 2017
Gross value	5,955	5,955
Accumulated depreciation	(5,043)	(4,585)
Net carrying amount	914	1,370

The building complex generated subletting income in the amount of €529 thousand and operating expenses in the amount of €676 thousand.

5.7 Other non-current assets and liabilities

Assets <i>In thousands of euros</i>	31 December 2018	31 December 2017
Other	299	254
Total	299	254

Other non-current assets consist primarily of non-current prepaid expenses recognised by Devoteam Belgium.

Liabilities <i>In thousands of euros</i>	31 December 2018	31 December 2017
Other non-current liabilities	17,154	8,110
Deferred income	4	-
Total	17,158	8,110

Other non-current liabilities break down as follows:

- earn-out liabilities for €2,631 thousand, of which €692 thousand for Paradigmo and €1,939 thousand for New BIC;
- put-option liabilities for €13,803 thousand, of which €3,667 thousand for TMNS, €3,864 thousand for Bold and €6,271 thousand for Jayway;
- non-current liabilities related to mandatory severance pay in the event of departures of employees in Italy in the amount of €718 thousand.

5.8 Other current assets and liabilities

Assets <i>In thousands of euros</i>	31 December 2018	31 December 2017
Trade receivables	167,497	137,843
Contract assets	44,177	38,182
Tax and social security receivables	11,019	9,327
Tax receivables	12,037	14,570
Other receivables	2,343	5,671
Prepaid expenses	24,839	18,027
Total	261,911	223,619

Trade receivables and contract assets

The increase of €35,648 thousand in trade receivables and contract assets partly stems from the growth in the business (organic and external), as well as the reduction in the Group's DSO at 31 December 2018 which stands at 58 days, compared to 61 days at 31 December 2017 (note that the DSO calculation has been adjusted following the application of IFRS 15).

Calculation of days of sales outstanding (DSO)

<i>(amounts in thousands of euros, except for number of days)</i>	31 December 2018	31 December 2017
Trade receivables and contract assets excl. taxes	194,479	166,154
Accounts receivable and contract liabilities	(61,471)	(58,661)
Net client position excl. taxes	133,008	107,493
Q4 revenue excl. taxes	207,540	158,674
DSO (days)*	58	61

*Impacts from factoring & IFRS 5 neutralised

Current tax receivables

Current tax receivables include an increase in receivables in respect of the French research tax credit (CIR) and competitiveness employment tax credit (CICE) during the year in the total amount of €5,654 thousand for the French scope, offset by the repayment of CIR and CICE receivables for prior years in the amount of €3,290 thousand.

Other receivables

The decrease in other current receivables is due to the receipt of the deferred portion of the sale price of Between for €2,338 thousand and the reclassification of a portion of the long-term receivable relating to the sale of Bengs in other non-current assets for €1,125 thousand.

Prepaid expenses

The change in prepaid expenses is consistent with growth in the Group's business.

Liabilities (excluding current provisions, loans and short-term borrowings) <i>In thousands of euros</i>	31 December 2018	31 December 2017
Trade payables	51,473	40,285
Tax and social security liabilities	118,845	98,832
Income tax payable	5,782	3,785
Debt on acquisition of fixed assets	2	2
Other current liabilities	15,558	10,858
Contract liabilities	54,475	52,782
Total	246,135	206,543

Trade payables

The change in trade payables is consistent with the internal and external growth in the business.

Tax and social security liabilities

Tax and social security liabilities increased by €20,013 thousand. This was partly attributable to the Group's organic growth (€12,934 thousand) and partly due to changes in the scope (€7,079 thousand).

Other current liabilities

Other current liabilities amount to €15,558 thousand and break down as follows:

- advance payments from customers and customer credit notes to be prepared for €8,390 thousand (versus €6,949 thousand at the end of 2017), mainly for the French entities for €6,430 thousand and for Devoteam Denmark for €1,521 thousand;
- current liabilities in respect of earn-outs and put options on non-controlling interests in a total amount of €6,250 thousand (compared with €2,483 thousand in 2017) relating to acquisitions;
- the current portion of contingent considerations in the amount of €169 thousand;
- dividends payable to minority shareholders for €103 thousand.

Contract liabilities

The increase in deferred income is consistent with growth in the Group's business.

5.9 Other current financial assets and net cash

Other current financial assets

This item mainly includes a security deposit in the context of the disposal of receivables contract for €1,800 thousand (compared to €1,655 thousand at the end of 2017) and short-term loans and guarantees for €447 thousand (compared to €111 thousand at the end of 2017).

Net cash

Cash in the statement of cash flows consists of cash and cash equivalents (short-term investments and cash), net of bank overdrafts.

Net cash includes cash, as defined above, as well as cash management assets (assets presented separately in the statement of financial position due to their characteristics), less short- and long-term financial liabilities. It also takes into account, where appropriate, the impact of hedging instruments as they relate to borrowings and treasury shares.

<i>In thousands of euros</i>	31 December 2018	31 December 2017
Short-term investments	162	145
Cash at bank	75,322	82,095
Bank overdrafts (liability)	(842)	(2,652)
Cash and cash equivalents	74,643	79,587
Cash management assets ⁽¹⁾	351	346
Bonds	(29,862)	(29,811)
Obligations under finance leases	(55)	(101)
Draw-downs on bank and similar facilities and other borrowings	(3,435)	(996)
Long-term borrowings	(33,352)	(30,908)
Bonds	(446)	(446)
Obligations under finance leases	(47)	(752)
Draw-downs on bank and similar facilities and other borrowings	(857)	(336)
Short-term borrowings	(1,349)	(1,534)
Total borrowings ⁽²⁾	(34,701)	(32,442)
Derivative instruments	-	-
Net cash	40,292	47,491
of which cash from discontinued operations	-	1,841

(1) Cash management assets correspond to the euro-denominated capitalisation contract signed in 2006 with a leading insurer, which fulfils the characteristics enabling the Group to use the fair value option through profit or loss (IAS 39.9). The carrying amount was €351 thousand at 31 December 2018 (compared with €346 thousand at the end of 2017).

(2) Details of borrowings are disclosed in Note 5.13.

Cash held in countries subject to foreign exchange control mechanisms amounts to €589 thousand.

The main changes in the Group's cash position are described in note 7.

5.10 Deferred tax assets and liabilities

Recognised deferred tax

This table describes the various items before offsetting consolidated deferred tax assets and liabilities.

In thousands of euros	31-Dec-17	Recognised in profit or loss	Foreign currency translation differences	OCI*	Change in scope	Other	31-Dec-18	31-Dec-18	
								Assets	Liabilities
Retirement benefits	1,097	105	-	(66)	-	(2)	1,134	1,134	-
Misc. provisions	1,695	43	(1)	-	-	-	1,737	1,737	-
Other temporary differences	827	76	9	-	5	3	920	1,281	(361)
Tax loss carryforwards	1,313	(80)	(1)	-	37	-	1,269	1,269	-
Customer relationships	(532)	201	-	-	(0)	-	(331)	-	(331)
Treasury shares	(0)	11	-	(11)	-	-	(0)	-	(0)
Finance leases	(218)	(75)	(0)	-	-	-	(293)	-	(293)
Cancellation of goodwill	(316)	0	4	-	-	(2)	(314)	168	(483)
Other	1,580	(382)	(9)	-	49	10	1,249	1,774	(525)
TOTAL	5,446	(102)	2	(76)	91	9	5,370	7,363	(1,993)

* Other comprehensive income.

In thousands of euros	31-Dec-16	Recognised in profit or loss	Foreign currency translation differences	OCI*	Change in scope	Other	31-Dec-17	31-Dec-17	
								Assets	Liabilities
Retirement benefits	1,049	101	-	(43)	-	(10)	1,097	1,097	-
Misc. provisions	1,432	238	5	-	-	20	1,695	1,696	(1)
Other temporary differences	813	(195)	(2)	-	4	205	827	1,149	(322)
Tax loss carryforwards	1,886	(917)	1	-	343	-	1,313	1,313	(0)
Customer relationships	(157)	158	0	-	(535)	2	(532)	-	(532)
Treasury shares	(862)	1,423	-	(561)	-	-	(0)	-	(0)
Finance leases	(148)	(67)	-	-	-	(3)	(218)	1	(219)
Cancellation of goodwill	(589)	(46)	20	-	-	299	(316)	168	(484)
Other	2,179	(134)	(4)	-	-	(462)	1,580	1,838	(258)
TOTAL	5,603	561	20	(604)	(187)	52	5,446	7,263	(1,816)

* Other comprehensive income.

The company established a tax consolidation group in France on 1 January 2004. The companies operating within the tax group as of 31 December 2018 are Devoteam SA (parent company), Devoteam G Cloud, Devoteam Outsourcing, RVR Parad, S Team Management and MyFowo.

The Group recognised a deferred tax asset on its tax loss carryforwards of €1,269 thousand, mainly in Germany for €773 thousand, France for €325 thousand and Belgium for €106 thousand. These amounts represent 68%, 20% and 100% respectively of tax losses available in the relevant jurisdictions.

The recoverability of these tax assets is backed up by tax planning covering a period of three years, based on the same growth and profitability assumptions as those used to determine the recoverable amount of the relevant CGU.

Change in deferred taxes during the year breaks down as follows:

<i>In thousands of euros</i>	31 December 2018	31 December 2017
Profit/(loss)	(102)	561
Foreign currency translation differences	2	20
Other comprehensive income	(66)	(43)
Change in the scope of consolidation	91	(187)
Other	(2)	(508)
Total	(76)	(157)

Maturity of deferred tax assets before offsetting:

<i>In thousands of euros</i>	31 December 2018			31 December 2017		
	Total	Less than one year	More than 1 year	Total	Less than one year	More than 1 year
Deferred tax assets	7,363	4,480	2,883	7,262	2,934	4,328
Deferred tax liabilities	1,993	768	1,225	1,816	709	1,107
Net deferred tax	5,370	3,712	1,658	5,446	2,225	3,221

Unrecognised deferred tax

The Group has tax loss carryforwards in various tax jurisdictions. Deferred tax assets have not been recognised in respect of these tax losses, as there is not sufficient probability that taxable profit will allow their use within a reasonable timeframe.

<i>In thousands of euros</i>	2018	2017
Unrecognised tax loss carryforwards	9,152	12,120

Unrecognised tax losses at 31 December 2018 relate mainly to MyFowo.com (€2,810 thousand), Devoteam France (€1,666 thousand), Devoteam Poland (€1,246 thousand) and Devoteam GmbH Germany (€1,207 thousand).

The Devoteam SA Poland tax losses expire between 2019 and 2023. The others can be carried forward indefinitely.

The amounts of other comprehensive income included in the change in deferred taxes during the year are explained below:

<i>In thousands of euros</i>	31 December 2018	31 December 2017
Tax expense on the remeasurement of liabilities related to defined-benefit plans	(66)	(43)
Total	(66)	(43)

5.11 Equity

5.11.1 Share capital

At 31 December 2018, the share capital of Devoteam SA amounted to €1,263,015, divided into 8,332,407 ordinary shares. Change in the number of shares is as follows:

<i>Number of shares</i>	2018	2017
Shares outstanding as of 1 January	8,332,407	8,327,907
Exercise of stock options and founders' warrants (BCE)	-	4,500
Shares outstanding as of 31 December	8,332,407	8,332,407
Par value	€0.15	€0.15

5.11.2 Treasury shares

Devoteam SA holds treasury shares as described and measured below. All movements relating to these shares are restated in equity. As such, they do not impact the Group's results.

<i>Number of shares</i>	2018	2017
Shares held at 1 January	344,259	450,259
Purchase/sale of shares	-	(80,000)
Exercise of stock options	(70,000)	(26,000)
Shares held at 31 December	274,259	344,259
of which to cover stock options	230,170	300,170
Other purposes	44,089	44,089
Acquisition price in thousands of euros	2,501	3,139
Valuation at closing price in thousands of euros	22,626	25,768

Treasury shares represented 3.29% of the share capital at 31 December 2018 and 4.13% of the share capital at 31 December 2017.

5.11.3 Earnings per share (EPS)

	31 December 2018	31 December 2017 restated*
Consolidated profit/(loss) Group share (in thousands of euros)	38,130	25,043
Weighted average number of shares	8,019,130	7,949,726
EPS (€)	4.75	3.15
Diluted earnings per share (€)	4.64	3.06
Earnings per share from continuing operations (€)	4.75	2.83
Diluted earnings per share from continuing operations (€)	4.64	2.75

* Free shares restated for diluted earnings per share.

The principles underlying this calculation are described in note 3.20.

The weighted average number used in the denominator is 8,019,130 shares for basic earnings per share and 8,220,486 for diluted earnings per share.

At 31 December 2018, 220,300 purchase options and dilutive free shares were outstanding.

5.12 Non-controlling interests

At 31 December 2018, the main non-controlling interests related to the share of minority interests held in Devoteam Middle East, Devoteam Netherlands, Axance, Bold, Siticom, Devoteam Italy and D2SI.

Change in non-controlling interests over the year reflects:

- profits of entities with non-controlling interests;
- distribution of dividends to minority shareholders for €3,338 thousand;
- buyouts of non-controlling interests and other changes in scope for -€1,346 thousand.

The following table summarises disclosures relating to subsidiaries with significant non-controlling interests before intra-Group eliminations.

<i>In thousands of euros</i>	31 December 2018	31 December 2017 restated*
Non-current assets	34,922	49,254
Current assets	200,413	166,738
Non-current liabilities	(48,093)	(33,641)
Current liabilities	(134,140)	(110,327)
Net assets	53,103	72,024
Reclassification of non-controlling interests	2,313	1,255
Carrying amount of non-controlling interests	12,009	11,209
Income ⁽¹⁾	366,789	283,862
Profit for the year	28,660	21,173
Other comprehensive income	-	-
Total comprehensive income	28,660	21,173
Net income allocated to non-controlling interests	5,527	4,241
Other comprehensive income allocated to non-controlling interests	-	-
Cash flow from operating activities	34,019	27,299
Cash flow from investing activities ⁽²⁾	(6,148)	(23,636)
Cash flow from financing activities	(19,638)	(11,412)
Effect of non-current assets held for sale	95	(1,745)
Effect of exchange rate fluctuation on cash held	314	(1,104)
Net increase (decrease) in cash and cash equivalents	8,642	(10,598)

(1) Restated following the application of IFRS 15 (see Note 2.1).

The Group presents aggregate information on non-controlling interests due to the immaterial impact of these interests taken individually, with the largest representing less than 1.5% of the Group's consolidated equity.

5.13 Loans and borrowings

<i>In thousands of euros</i>	31 December 2018	Portion due in less than 1 year	Portion due in 1 to 5 years	Portion due in more than 5 years
Bonds	30,308	446	29,862	-
Loans from credit institutions	4,292	857	3,435	-
Finance lease liabilities	102	47	55	-
Bank overdrafts	842	842	-	-
Total loans and borrowings	35,543	2,191	33,352	-

<i>In thousands of euros</i>	31 December 2017	Portion due in less than 1 year	Portion due in 1 to 5 years	Portion due in more than 5 years
Bonds	30,257	446	29,811	-
Loans from credit institutions	1,332	336	996	-
Finance lease liabilities	853	752	101	-
Bank overdrafts	2,652	2,652	-	-
Total loans and borrowings	35,094	4,187	30,908	-

Change in loans and borrowings

In thousands of euros	31 December 2017	Change in cash	Change not affecting cash			31 December 2018
			Change in scope	Currency effect	Other movements	
Bonds	29,811				51	29,862
Loans from credit institutions	996	2,260	756	0	(569)	3,490
Finance lease liabilities	101	(54)				47
Non-current loans and borrowings	30,908	2,206	756	0	(518)	33,352
Bonds	446					446
Loans from credit institutions	336	(1,077)	1,014	(0)	575	903
Finance lease liabilities	752	(697)				55
Bank overdrafts	2,652	(1,771)	20	(59)	-	842
Current loans and borrowings	4,187	(3,545)	1,034	(59)	575	2,191
Total loans and borrowings	35,094	(1,339)	1,791	(59)	57	35,543

of which change in borrowings on the cash flow statement 432
of which change in bank overdrafts on the cash flow statement (1,771)

Bonds

As a reminder, on 17 July 2015, Devoteam Group issued an unlisted Euro Private Placement bond in a nominal amount of €30 million bearing interest at a fixed rate of 3.25% per year, for an initial term of six years maturing on 17 July 2021. The bonds were initially subscribed by two investors by virtue of contracts including default covenants, the criteria of which are assessed at the balance sheet date.

The table below presents the ratios set out in the bond contracts:

	Required covenant	Date
R1 Ratio (consolidated net debt / consolidated EBITDA)	< 2.5	Until 17/07/2021
R2 Ratio (consolidated net debt / consolidated equity)	< 1	Until 17/07/2021

Consolidated net debt is the portion of current and non-current liabilities among "borrowings and financial liabilities" less the amount of "cash and cash equivalents" or other financial investments useable or transferable in a period of less than 30 days, as such items are recognised in the consolidated statement of financial position.

Consolidated equity is the amount of "equity attributable to owners of the parent" plus "non-controlling interests", as such items are recognised in the consolidated statement of financial position.
Consolidated EBITDA is the Group's "recurring operating profit" before deducting "net allowances to and reversals of depreciation, amortisation and provisions".

The features of this bond are as follows:

	17 July 2015 bond
Number of bonds issued	300
Par value/issue price (€)	100,000
Issue price (€)	100,000
Total amount of the issue in par value, July 2015 (€)	30,000,000
Initial interest rate	3.25% *
Number of bonds redeemed during the year	-
Number of bonds still outstanding at 31 December 2018	300
Expected date of redemption	17/07/2021

* A step-up coupon mechanism is applied if R1 is greater than 1:

- if $1 > R1 < 2$: the rate will be 3.5%;

- if $2 > R1 < 2.5$: the rate will be 4%.

Taking into account the issue costs, the effective interest rate on this bond is 3.44%.

Finance lease liabilities

Minimum lease payments under non-cancellable finance leases are as follows:

In thousands of euros	31 December 2018			31 December 2017		
	Minimum payments	Interest	Principal	Minimum payments	Interest	Principal
Portion due in less than 1 year	49	2	47	757	5	752
Portion due in 1 to 5 years	55	1	55	103	3	101
Portion due in more than 5 years	-	-	-	-	-	-
Total	104	3	102	861	8	853

The characteristics of finance lease contracts are:

In thousands of euros	31 December 2018	31 December 2017
Net value of assets under finance leases	939	1,477
Total value of future minimum payments	104	861
Present value of future minimum payments	102	853

5.14 Provisions

The following table sets out changes in provisions and their amounts broken down by category:

In thousands of euros	At 31/12/2017	Change in scope ⁽¹⁾	Charges	Reversals		Other changes ⁽²⁾	IFRS 5 ⁽³⁾	At 31/12/2018
				Used	Not used			
Provisions – non-current portion	1,606	(20)	1,004	(37)	-	(1,148)	34	1,439
Provisions – current portion	6,735	(32)	3,887	(3,824)	(587)	1,111	-	7,290
Total	8,341	(52)	4,891	(3,862)	(587)	(37)	34	8,729

(1) Corresponds to the deconsolidation of Siticom GmbH (see Note 4.2.2).

(2) Mainly includes reclassifications of current/non-current provisions for restructuring and employee disputes.

(3) Corresponds to the reclassification of Devoteam Morocco within the scope of consolidation (see Note 4.3).

Current provisions and non-current (excluding pension commitments)

Current and non-current provisions amounted to €8,729 thousand (versus €8,341 thousand in 2017) and break down as follows:

- Restructuring provisions in the amount of €1,090 thousand (compared with €2,213 thousand at 31 December 2017), split between Germany (€749 thousand), Morocco (€114 thousand), Spain (€96 thousand), France (€71 thousand) and Switzerland (€60 thousand).
The change over the year was attributable chiefly to:
 - an increase in provisions for restructuring, mainly in Germany (€290 thousand) and Switzerland (€59 thousand),
 - the reversal of provisions for restructuring in Germany (€1,128 thousand), Spain (€287 thousand) and France (€44 thousand);
- Provisions for employee disputes for €980 thousand (compared to €1,110 thousand at 31 December 2016), mostly recognised in France;
- Provisions for liabilities and charges for €6,659 thousand (compared to €5,018 thousand at 31 December 2017).
The change over the year predominantly reflects an increase in provisions relating to the dispute with minority shareholders in Poland (€1,516 thousand).

Contingent liabilities

- In January 2013, the Group was accused by an industry player of unfair competition. The initial amount of the claim was €9.55 million. More than one year later and on several occasions since then, the opposing party produced an independent expert report in support of its claims and significantly increased its initial demands. While disputing the very basis of the accusation, the Group had the report analysed by another expert appointed by it, who concluded that the private report produced by the other party contained methodological and factual errors that totally call into question the valuation of the alleged damage.

In December 2016, the Commercial Court of Paris, while holding that it could note the existence of acts of unfair competition on the part of the Group, did not determine the amount of the damage and appointed its own court-appointed expert, who was tasked with giving an opinion on the amount of the alleged damage. The Group has appealed this judgement. In early March 2018, the court-appointed expert delivered his final report, which concluded that there was damage of €10.1 million.

After consulting with its counsel, the Group believes that it has solid legal and technical arguments to refute the existence of acts of unfair competition and challenge the serious and numerous errors in the report by the court-appointed expert.

In December 2018, following discussions with the opposing party and without changing the basis for its initial position, the Group agreed to sign a settlement agreement to definitively and irrevocably resolve the dispute, through the payment by the Group of a fixed sum of €3 million. The various procedures associated with this dispute have now been closed.

- When it acquired Wola Info (now Devoteam Poland) in 2010, Devoteam S.A. granted a put option on 38.4% of the remaining capital. Wola's actual net position – and the company's overall condition in general – was deliberately concealed by the sellers. Devoteam SA took them to court, refusing to recognise the put option which had been exercised in the meantime.

In May 2018, a Polish court ordered Devoteam S.A. to pay €1.5 million for the put option, in addition to penalties for delay and court fees for a total amount of €4.2 million. Devoteam S.A. immediately appealed the judgment. In agreement with its counsel, Devoteam S.A. believes it has a solid case, particularly regarding the disproportionate nature of the penalties for delay compared with the principal amount.

At 31 December 2018, the Devoteam Group therefore recognised, in addition to the exercise price of the option classified in liabilities since 2010, the amount of €1.5 million in respect of statutory interest and procedural costs which could be due in the event that it loses the appeal.

5.15 Pension liabilities

Group employees in certain countries receive retirement benefits paid in a lump sum on retirement. The main countries in this respect are France, Austria and Germany. The corresponding expense is included in the profit for the year, except for actuarial gains and losses, which are recognised in other comprehensive income.

In thousands of euros	At 31/12/2017	Change in scope ⁽¹⁾	Charges	Reversals		Other changes ⁽²⁾	At 31/12/2018
				Used	Not used		
Provisions for pensions and retirement benefits – non-current portion	3,984	(6)	496	(132)		(257)	4,085

(1) Corresponds to the deconsolidation of Shift by S'Team (see Note 4.2.2).

(2) Other changes correspond to actuarial differences.

Valuation assumptions used

Key assumptions	2018	2017
Discount rate	1.50%	1.45%
Inflation rate	1.50% to 1.75%	1.75% to 3%
Average rate of salary increases	0% to 3%	0% to 3%

The retirement age is generally assumed to be 67. Mortality and staff turnover assumptions take into account the economic conditions specific to each Group country or company. The Group takes employers' contributions into account in these calculations. The benchmarks used to determine discount rates in 2018 are identical to those used in previous years.

Change in the present value of the obligation

In thousands of euros	At 31 December 2018			At 31 December 2017		
	France	International	Total	France	International	Total
Present value of benefits for services rendered						
At the beginning of the year	3,187	3,226	6,413	2,886	3,248	6,134
Service costs	382	52	433	395	52	447
Interest cost	52	46	98	43	42	84
Benefits paid over the year	(63)	(93)	(156)	(48)	(85)	(133)
Contributions from participants	-	-	-	-	-	-
Actuarial gains (losses) recognised directly in equity	(360)	156	(203)	(99)	(31)	(130)
Changes in scope *	(6)	-	(6)	11	-	11
Other changes	-	-	-	-	-	-
At the end of the year	3,192	3,387	6,580	3,187	3,226	6,413
Fair value of plan assets	-	(2,495)	(2,495)	-	(2,429)	(2,429)
Ceiling on plan assets (IAS 19.58b)	-	-	-	-	-	-
Liability recognised in respect of defined benefits	3,192	893	4,085	3,187	797	3,984

* Corresponds to the deconsolidation of Shift by S'Team (see Note 4.2.2).

The Group's pension obligations (excluding plan assets) amounted to €6,580 thousand (compared with €6,413 thousand in 2017). This involves entities in France (€3,192 thousand), Germany (€1,072 thousand) and Austria (€2,315 thousand).

Cumulative actuarial gains and losses recognised in equity at 31 December 2018 amount to €1,998 thousand.

Change in the fair value of plan assets

In thousands of euros	At 31 December 2018			At 31 December 2017		
	France	International	Total	France	International	Total
At the beginning of the year	-	2,429	2,429	-	2,361	2,361
Expected return on plan assets	-	35	35	-	31	31
Contributions	-	65	65	-	69	69
Benefits paid over the year	-	(89)	(89)	-	(82)	(82)
Actuarial difference on plan assets	-	54	54	-	51	51
Change in the scope of consolidation	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
At the end of the year	-	2,495	2,495	-	2,429	2,429

Plan assets relate mainly to defined-benefit plans in Germany and Austria. The plans are financed through a fund invested in the general fund of an insurance company, with the capital and a minimum rate of return guaranteed.

Sensitivity to assumptions (France only)

The projected change in the annual discount rate would not have a significant effect on the amounts recognised in the income statement.

A variation of 1 percentage point of the annual discount rate would have the following impacts:

In thousands of euros	Increase of one percentage point in the annual discount rate	Decrease of one percentage point in the annual discount rate
Aggregate effect on the service cost and interest cost	(44)	52
Effect on the value of the obligation	(453)	551

The projected change in the retirement age would not have a significant effect on the amounts recognised in the income statement.

A change of one year in the retirement age would have the following impacts:

In thousands of euros	One-year increase in the retirement age	One-year decrease in the retirement age
Aggregate effect on the service cost and interest cost	(10)	10
Effect on the value of the obligation	(69)	69

Expenses recognised

In thousands of euros	At 31 December 2018			At 31 December 2017		
	France	International	Total	France	International	Total
Cost of services rendered during the year	(382)	(52)	(433)	(395)	(52)	(447)
Interest cost	(52)	(46)	(98)	(43)	(42)	(84)
Expected return on plan assets	-	35	35	-	31	31
Benefits paid over the year	63	-	63	(48)	-	(48)
Total	(370)	(63)	(433)	(485)	(63)	(548)

The cost of services rendered by employees during the year and the benefits paid during the year are recognised in personnel expenses in the income statement. Returns on plan assets and interest cost are recognised in financial income.

Estimated contributions in 2019 are as follows:

<i>In thousands of euros</i>	France	International	Total
Cost of services rendered during the year	(404)	(54)	(458)
Interest cost	(54)	(34)	(88)
Expected return on plan assets	-	23	23
Benefits paid over the year	-	324	324
Total	(458)	258	(199)

Note 6 – Information on the income statement

6.1 Comparative information

The impact of acquisitions made in 2018 on the financial statements is presented in note 4.2. Pursuant to AMF Instruction No. 2007-05 dated 2 October 2007, pro-forma financial statements must be prepared if the scope of consolidation varies by more than 25% during the year. As the impact is less than 25%, the Group has no obligation to prepare pro-forma financial statements for the year ended 31 December 2018.

6.2 Operating segments

The description of the operating segments and the changes made to their composition during the year are provided in note 3.19. Comparative information has been restated to correspond to the new structure of operating segments.

The results and assets of the various operating segments are presented below:

In thousands of euros	France		Northern Europe & Benelux		Iberia & Latam		Central Europe		Rest of the world		Corporate & other		Divested entities		Total Group	
	2018	2017 restated	2018	2017 restated	2018	2017 restated	2018	2017 restated	2018	2017 restated	2018	2017 restated	2018	2017 restated	2018	2017 restated
Group contribution*	319,363	246,075	165,377	129,629	42,974	28,484	78,987	46,070	43,178	40,658	(3,112)	713	5,611	21,094	652,379	512,724
Depreciation and amortisation of tangible and intangible assets	(1,553)	(1,301)	(965)	(647)	(273)	(133)	(435)	(373)	(191)	(253)	(481)	(485)	(107)	(31)	(4,006)	(3,223)
Operating margin*	50,059	34,511	13,825	9,793	4,088	1,599	7,679	5,650	4,227	3,978	(7,229)	(2,715)	888	1,145	73,537	53,962
Operating income	48,006	32,494	13,334	16,985	3,532	648	7,612	5,165	4,091	4,000	(12,959)	(16,535)	888	1,145	64,504	43,902

(1) See definition in Note 3.19 of the 2017 financial report

Net financial income/(loss)	(2,520)	(2,259)
Income from associates	1,100	70
Income tax expense	(18,868)	(14,980)
Net income from continuing operations	44,216	26,734
Profit/(loss) from discontinued operations, net of tax	0	2,550
Profit for the year	44,216	29,284

Impairment losses on goodwill recognised in the period (see note 5.1) are allocated to the "Corporate" operating segment and reflect a weaker-than-expected outlook for growth and profitability.

In thousands of euros	France		Northern Europe & Benelux		Central Europe		Iberia & Latam		Rest of the world		Corporate & other		Divested entities		Total consolidated assets	
	31 December 2018	31 December 2017 restated	31 December 2018	31 December 2017 restated	31 December 2018	31 December 2017 restated	31 December 2018	31 December 2017 restated	31 December 2018	31 December 2017 restated	31 December 2018	31 December 2017 restated	31 December 2018	31 December 2017 restated	31 December 2018	31 December 2017 restated
Segment assets*	175,038	174,825	132,585	118,617	63,647	33,773	39,065	14,053	51,990	43,922	37,635	31,929	0	12,226	499,958	429,344

* Assets shared by two segments are broken down in proportion to the "group contribution" generated during the period.

Information by geographical area:

In thousands of euros	France		International		Consolidated total	
	31/12/2018	31/12/2017*	31/12/2018	31/12/2017*	31/12/2018	31/12/2017*
Revenue with external customers	326,302	256,457	326,077	256,268	652,379	512,724
Non-current assets	42,204	35,632	117,761	78,889	159,965	114,521

* Restated following the application of IFRS 15 on revenue.

The results and assets of the various operating segments are presented below in comparison with the disclosures for 2017.

In thousands of euros	France		Northern Europe & Benelux		Iberia & Latam		Central Europe		Rest of the world		Corporate & other		Divested entities		Total Group	
	2017 restated	2017 presented	2017 restated	2017 presented	2017 restated	2017 presented	2017 restated	2017 presented	2017 restated	2017 presented	2017 restated	2017 presented	2017 restated	2017 presented	2017 restated	2017 presented
Group contribution*	246,075	273,788	129,629	132,445	28,484	0	46,070	59,878	40,658	73,847	713	414	21,094	0	512,724	540,372
Depreciation and amortisation of tangible and intangible assets	(1,301)	(1,317)	(647)	(647)	(133)	0	(373)	(387)	(253)	(394)	(485)	(477)	(31)	0	(3,223)	(3,223)
Operating margin*	34,511	35,884	9,793	9,793	1,599	0	5,650	5,422	3,978	5,270	(2,715)	(2,408)	1,145	0	53,962	53,962
Operating income	32,494	33,867	16,985	16,985	648	0	5,165	4,936	4,000	4,244	(16,535)	(16,130)	1,145	0	43,902	43,902

(1) See definition in Note 3.19 of the 2017 financial report

Net financial income/(loss)	(2,259)	(2,259)
Income from associates	70	70
Income tax expense	(14,980)	(14,980)
Net income from continuing operations	26,734	26,734
Profit/(loss) from discontinued operations, net of tax	2,550	2,550
Profit for the year	29,284	29,284

In thousands of euros	France		Northern Europe & Benelux		Central Europe		Iberia & Latam		Rest of the world		Corporate & other		Divested entities		Total consolidated assets	
	31 December 2017 restated	31 December 2017 presented	31 December 2017 restated	31 December 2017 presented	31 December 2017 restated	31 December 2017 presented	31 December 2017 restated	31 December 2017 presented	31 December 2017 restated	31 December 2017 presented	31 December 2017 restated	31 December 2017 presented	31 December 2017 restated	31 December 2017 presented	31 December 2017 restated	31 December 2017 presented
Segment assets*	174,825	178,304	118,617	118,617	33,773	42,521	14,053	0	43,922	58,400	31,929	31,503	12,226	0	429,344	429,344

(1) See definition in Note 3.19.

(2) Assets shared by two segments are broken down in proportion to the "group contribution" generated during the period.

Order backlog

The amount of the transaction price assigned to performance obligations not yet fulfilled at 31 December 2018 is determined by application of the exemptions provided for by the standard. These are performance obligations that form part of a contract of which the original expected duration is less than one year and those completed on the basis of the actual consumption of services giving rise to invoicing (subcontracting contracts).

Revenue not yet recognised assigned to performance obligations not yet fulfilled, as presented below, therefore concerns only fixed-price contracts and sales of subscriptions in SaaS mode not yet transferred to the client. Its value at 31 December 2018 was at least €41,002 thousand.

Major customers

No customer accounts for more than 5% of the Group's revenue.

6.3 Personnel expenses and share-based payments

As at 31 December 2018, 6,000 stock options, 20,500 warrants to purchase existing redeemable shares (BAAER) and 193,800 free shares were outstanding, and all in the money.

Based on the parameters used in measuring the fair value, the total amount to be amortised between 2019 and 2021 under allocations within the scope of IFRS 2 amounts to -€1,676 thousand.

Change covering all stock option and free share plans is summarised in the table below:

	2018		2017	
	Number of options	Average exercise price	Number of options	Average exercise price
Number of shares available for subscription at beginning of year	308,500	3.14 €	309,500	4.39 €
Number of options cancelled during the year	18,200	3.14 €	20,500	4.39 €
Number of options exercised during the year	70,000	10.50 €	30,500	12.44 €
Number of options issued during the year	-	-	50,000	-
Number of shares available for subscription at year-end	220,300	1.36 €	308,500	3.14 €

The summary of stock option and free share plans in force in 2018 and 2017 is provided below:

Date of plan	Granted	Number of options outstanding at 31/12/2018	Number of options outstanding at 31/12/2017	Exercise price	Earliest exercise date	Expiry date	Zero coupon rate
18/10/2012	400,000	20,500	33,500	12.00 €	18/10/2014	18/10/2019	1.35%
30/11/2012	100,000	6,000	63,000	9.00 €	30/11/2016	30/11/2019	1.25%
17/06/2016	182,000	147,800	162,000	-	01/03/2019	01/03/2019	N/A
04/09/2017	50,000	46,000	50,000	-	01/03/2021	01/03/2021	1%
TOTAL	732,000	220,300	308,500				

Plan characteristics and calculation assumptions

Fair value of shares granted and impact on the financial statements

Depending on the method and calculation parameters used (described above), and on the basis of a staff turnover rotation assumption, the expense recognised under "share-based payments" in the income statement in the year ended 31 December 2018 was €2,325 thousand, compared with €1,957 thousand in 2017. This expense mainly includes the impact of the free share plan.

Characteristics of the 2012 stock option plan

On 30 November 2012, the Management board, making use of the authorisation given by the Extraordinary General meeting of 11 April 2012, introduced a new stock option plan, the main characteristics of which are set out in the table below.

Summary	30 November 2012 plan
Total number of shares that may be granted	100,000
Start of plan	30 November 2012
End of plan	30 November 2019
Exercise price of options	€9.00
Vesting period	Between 4 and 6 years
Market performance condition	Yes
Individual performance condition	No
Effective presence at the vesting date	Yes
Share price at grant date	7% premium over the 20-day average: €8.40
Range of fair values	€0.42 - €0.78

The detailed characteristics of the plan and the calculation parameters are set out in the 2012 financial statements.

Features of the 2016 free performance share plan

On 17 June 2016, the Management board, making use of the authorisation given by the Combined General meeting of the same date, introduced a new free performance share plan, the main characteristics of which are set out in the table below:

Summary	17 June 2016 plan
Total number of shares that may be granted	182,000
Start of plan	17 June 2016
End of plan (vesting date)	1 March 2019
Exercise price of options	€0.00
Vesting period	32 months
Market performance condition	Yes
Individual performance condition	Yes
Effective presence at the vesting date	Yes
Share price at grant date	€40.60
Fair value	€19.84

The detailed characteristics of the plan and the calculation parameters are set out in the 2016 financial statements.

Features of the 2017 free performance share plan

On 4 September 2017, the Management board, making use of the authorisation given by the Combined General Meeting of 17 June 2016, introduced a new free performance share plan, the main characteristics of which are set out in the table below:

Summary	4 September 2017 plan
Total number of shares that may be granted	50,000
Start of plan	4 September 2017
End of plan (vesting date)	1 March 2021
Exercise price of options	€0.00
Vesting period	42 months
Market performance condition	Yes
Individual performance condition	Yes
Effective presence at the vesting date	Yes
Share price at grant date	€75.75
Fair value	€59.03

Valuation model

The main parameters used are set out in the table below:

Key valuation parameters	4 September 2017 plan
Model used to determine fair value	Monte Carlo
Share price volatility	37.00%
Risk-free interest rate	-0.447%
Anticipated dividend yield	1%

Terms relative to the performance condition

Market performance condition: Free shares vest in annual increments of 33% if the market performance of the Devoteam share is greater than that of the CAC 40 in the years preceding the vesting date (1 January 2017 to 31 December 2020).

The detail of personnel expenses is as follows:

In thousands of euros	2018	2017
Wages and salaries	(313,103)	(242,825)
Social security contributions	(86,447)	(67,035)
Expenses for retirement benefits	(381)	(420)
Employee profit-sharing	(1,711)	(1,347)
TOTAL	(401,642)	(311,627)

The increase in personnel expenses is attributable chiefly to the effect of changes in scope and the Group's organic growth. It also takes into account the effect of the French competitiveness employment tax credit (CICE) in the amount of €3,554 thousand at 31 December 2018, compared with €3,237 thousand at 31 December 2017, and the research tax credit (CIR) in the amount of €3,343 thousand at 31 December 2018, compared with €3,179 thousand at 31 December 2017.

6.4 Other purchases and external charges

In the year ended 31 December 2018, other purchases and external expenses break down as follows:

In thousands of euros	2018	2017 restated*	2017 presented
Subcontracting	(105,723)	(90,668)	(111,722)
Lease and rent payments	(16,976)	(13,576)	(13,576)
Business travel and receptions	(14,968)	(10,655)	(10,655)
Other purchases	(28,348)	(22,110)	(22,110)
TOTAL	(166,016)	(137,010)	(158,063)

(1) Restated following the application of IFRS 15 (see Note 2.1).

6.5 Other operating income and expenses

The main components of other operating expenses and income are as follows:

Other operating expenses (in thousands of euros)	2018	2017	Other operating income in thousands of euros	2018	2017
Restructuring expenses	(1,564)	(3,076)	Income from the reversal of unused provisions for restructuring	-	-
Net value of fixed assets sold	(114)	(40)	Net value of fixed assets sold	27	4
Net loss on disposals of subsidiaries	-	(536)	Net gain on disposal of subsidiaries	7,581	932
Impairment of goodwill	(6,427)	(2,783)			
Impairment of other assets	-	(501)	Gains on acquisitions	-	165
Acquisition cost of securities	(817)	(223)			
Other expenses	(4,704)	(1,620)	Other income	19	113
Total	(13,625)	(8,779)	Total	7,626	1,213

At 31 December 2018, restructuring expenses and income related mainly to the adjustment of resources and the costs of downsizing, particularly in France (€706 thousand) and Belgium (€343 thousand).

Net gain on disposal of subsidiaries corresponds to the sale of Shift by S'Team.

Impairment of goodwill relates to the impairment of the Alegri CGU in Germany (€1,983 thousand) and the Devoteam UK entity (€3,977 thousand) (see Note 5.1), as well as a loss related to the adjustment to fair value of the Morocco CGU assets (€467 thousand).

Other expenses primarily cover:

- a provision for the dispute with non-controlling interests in Poland for €1,516 thousand;
- the resolution of the dispute with an industry player for €2,545 thousand (see Note 5.14);
- miscellaneous risks and legal fees for ongoing disputes for €512 thousand.

6.6 Financial income and expenses

At 31 December 2018, the main components of financial income and expenses were as follows:

Financial expenses (in thousands of euros)	2018	2017	Financial income in thousands of euros	2018	2017
Negative exchange rate differences	(285)	(586)	Positive exchange rate differences	-	-
Interest on bonds measured at the effective interest rate	(1,026)	(1,024)	Interest on bonds measured at the effective interest rate	-	-
Capital loss on assets at fair value through profit or loss (fair value option)	-	-	Capital gain on assets at fair value through profit or loss (fair value option)	5	-
Interest on finance leases measured at the effective interest rate	(3)	(13)			
Discounting of long-term financial liabilities	(325)	(307)			
Provisions on financial assets	(342)	(80)	Provisions on financial assets	76	-
Other financial expenses	(989)	(834)	Other financial income	371	585
Total	(2,971)	(2,844)	Total	452	585

Net financial income for the year fell by €261 thousand compared to 2017, primarily due to:

- the negative impact of provisions on financial assets for €330 thousand (versus €80 thousand at 31 December 2017);
- the positive impact of foreign exchange rate differences for -€285 thousand at 31 December 2018 (versus -€586 thousand at 31 December 2017), related mainly to intra-Group receivables and loans in currencies not hedged by the Group;
- the positive impact of the changes in assumptions related to the earn-out clauses for €112 thousand at 31 December 2018 (compared to €433 thousand at 31 December 2017).

Interest on the bond issued in July 2015 remained stable at €1,026 thousand.

The Group's net borrowing costs break down as follows:

In thousands of euros	2018	2017
Interest expense on financing operations at the effective interest rate	(2,019)	(1,871)
Income and expense from interest rate hedges on financial debt	-	-
Gross borrowing costs	(2,019)	(1,871)
Interest income from cash and cash equivalents	106	97
Capital gains on assets at fair value through profit or loss	5	-
Net borrowing costs	(1,907)	(1,774)

Foreign exchange items recognised in other comprehensive income:

<i>In thousands of euros</i>	2018	2017
Gains on available-for-sale assets	-	-
Translation differences	369	(2,569)
Total	369	(2,569)
Recognised in consolidated reserves	-	-
Recognised in translation reserves	369	(2,569)

6.7 Income tax expense

6.7.1 Breakdown by type of tax

- Current tax: the income tax expense is equal to the amount of income taxes due to tax authorities for the year, based on the rules and effective tax rates in the various countries.
- Deferred taxes: the deferred tax expense is determined in accordance with the method described in note 3.18.

The breakdown by type of taxes is as follows:

<i>In thousands of euros</i>	2018	2017
Current tax	(18,766)	(15,541)
Change in deferred taxes	(102)	561
Total	(18,868)	(14,980)

Deferred tax expense and credits:

<i>In thousands of euros</i>	2018	2017
Retirement benefits	105	101
Misc. provisions	43	238
Other temporary differences	76	(195)
Tax loss carryforwards	(80)	(917)
Customer relationships	201	158
Treasury shares	11	1,423
Finance leases	(75)	(67)
Cancellation of goodwill	0	(46)
Other	(382)	(134)
Total	(102)	561

The change in deferred taxes resulted primarily from:

- Temporary differences in provisions, especially in France (€117 thousand);
- The negative effect of tax loss carryforwards (-€80 thousand), comprised of -€190 thousand in France and -€116 thousand in Luxembourg, and the additional activation in Germany for €182 thousand;
- The positive impact of customer relationships in France and the Netherlands (€201 thousand);
- Other movements mainly correspond to:
 - Provisions for restructuring and other deferred taxation items in Germany for -€484 thousand,
 - Deferred taxes on the acquisition cost of subsidiaries for €147 thousand.

6.7.2 Reconciliation of total tax expense with theoretical tax expense

The reconciliation between income tax expense in the income statement and theoretical tax expense is as follows:

<i>In thousands of euros</i>	2018	2017
Consolidated net income	44,216	26,734
Income tax expense	18,868	14,980
Earnings before tax	63,084	41,714
Tax rate applicable in France	34.43%	34.43%
Theoretical tax	21,720	14,362
Tax loss carryforwards previously unrecognised	(692)	(306)
Use of unrecognised prior tax losses	(240)	(250)
Unrecognised tax losses created over the year and derecognition during the year	401	360
Permanent differences and other items (1)	(2,135)	915
Additional local taxes (2)	2,608	2,010
Tax rate difference between countries (3)	(2,794)	(2,109)
Total tax calculated	18,868	14,980
Tax recorded	18,868	14,980

(1) Relates primarily to the absence of tax on the following:

- the CICE and CIR in France in the negative amount of -€1,947 thousand;
- Impairment of goodwill in the amount of €1,393 thousand;
- capital gains on the sale of equity securities for -€2,200 thousand;
- the share-based tax expense of €400 thousand;

(2) Additional local taxes consist primarily of the CVAE, included in taxes as explained in Note 3.18, in the amount of €2,569 thousand.

(3) Mainly Denmark (-€653 thousand), Luxembourg (-€484 thousand), the United Arab Emirates (-€282 thousand), Spain (-€266 thousand), the Czech Republic (-€206 thousand) and Serbia (-€201 thousand).

6.8 Profit/(loss) from discontinued operations

None.

Note 7 – Statement of cash flows

The Group uses the indirect method for the presentation of its statement of cash flows. Bank overdrafts repayable on demand, and which form part of the Group's cash management process, are a component of cash and cash equivalents for the purposes of the statement of cash flows.

The main changes in the Group's cash over the year are described below.

7.1 Cash flow from operating activities

Operating cash flows

Operating cash flows, representing operating cash flows before changes in working capital and taxes paid, improved significantly to €69.9 million in 2018, compared with €53.3 million a year earlier as a result of the improvement in the Group's operating profitability.

Change in net working capital

The change in WCR represents -€9.6 million, compared to -€5.5 million in 2017. This decrease is principally due to the strong growth in the Group's business. The days of sales outstanding (DSO) at the end of the year was 58 days, compared with 61 days a year earlier.

Taxes paid

Despite the improvement in the Group's results, taxes paid remained stable at €13.0 million, compared to €13.6 million in 2017, as a result of the gradual decrease in tax rates, especially in France and Belgium.

7.2 Cash flow from investing activities

Acquisitions and disposals of fixed assets

The increase in this item corresponds to the operating investments carried out by the Group, mainly on fittings for new premises and the purchase of IT equipment.

Acquisitions and sale of financial assets

This item mainly represents movements in bank term deposits with initial maturity of more than three months and loans to entities not fully consolidated by the Group.

Proceed of subsidiaries, net of cash divested

This item mainly corresponds to the proceeds from the disposal of Shift by S'Team, net of cash transferred (see Note 4.2).

Acquisition of subsidiaries, net of cash acquired

This item mainly corresponds to the disbursements, net of available cash, relating to the acquisitions of the Alegri group in Germany, the Jayway group in Sweden and the Bold group in Portugal, as well as the entities Paradigmo in Belgium and New BIC in Spain (see Note 4.2). It also includes the payment of earn-outs or contingent considerations on previous acquisitions.

7.3 Cash flow from financing activities

Acquisition of non-controlling interests

The disbursement of €1.3 million corresponds to the buyout of non-controlling interests in the Group.

Change in factored receivables (net of security deposit)

During the year, the Group increased the end-of-period amount outstanding with the factor by €3.4 million.

Interests paid

Interest paid amounted to €1.7 million. It mainly includes interest related to the bond, disbursed annually in arrears, and commissions related to the factoring contract.

Dividends paid

The amount of dividends paid was €10.7 million, of which €7.2 million was paid to Group shareholders and €3.5 million to minority shareholders.

Transactions on own shares

Net cash related to these transactions includes the proceeds from the sale of treasury shares or stock options exercised by employees in a net amount of €0.7 million.

7.4 Effect of exchange rate fluctuations on cash

The impact of changes in foreign exchanges rates on cash or cash equivalents held in foreign currencies is as follows:

<i>In thousands of euros</i>	31 December 2018	31 December 2017
Norway	0	(426)
Switzerland	20	(10)
United Kingdom	(11)	(10)
Middle East	321	(993)
Turkey	(101)	(63)
Other	(26)	(131)
Total	203	(1,633)

Note 8 – Information on financial risk management

8.1 Financial risk management policy

The Group is exposed to credit, liquidity and market risk due to its use of financial instruments. This note discloses information about the Group's exposure to these risks and the way in which the Group monitors and manages such risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to fulfil its obligations. The main sources of credit risk identified by the Group are trade receivables and investments of surplus cash.

Trade receivables

The Group's exposure to credit risk reflects above all the individual characteristics of the various customers with which the Group trades. The Group's customer portfolio consists mainly of international key accounts with significant financial resources. No major customer represents more than 5% of the Group's annual revenue, and the five biggest customers together account for approximately 20% of consolidated revenue, meaning that concentration risk is extremely limited. The Finance Departments of the various Group entities manage customer credit risk directly. The Group's Finance Department nevertheless performs regular reviews of trade receivables due when examining the monthly results. Every significant delay in payment is monitored, and an action plan is initiated if necessary. Credit studies are performed when new business relationships are formed, taking into account the size of the new customer.

The Group assesses its credit risk at each closing date. This assessment is based on an individual analysis of each receivable at risk of non-recovery, and a provision is recorded in the amount of the best estimate of the probable loss that will be incurred by the Group. In addition, following the entry into force of IFRS 9, the Group ensures that expected credit losses on trade receivables remain insignificant.

Since 2014, the Group has adopted the principle of routine provisioning, save in exceptional circumstances duly justified and documented, of all receivables outstanding for more than 360 days. However, and owing to the quality of its customer portfolio, the Group has not seen a significant increase in bad debts.

Investments of surplus cash

The Group limits its exposure to credit risk by limiting its investments to bank deposits with a capital guarantee and regular money market funds issued by leading banking counterparties, as well as capitalisation contracts with a capital guarantee issued by leading insurers. The liquidity of these investments was not in question at 31 December 2018.

Given the quality of the counterparties, the Group does not expect any of its counterparties to fail to fulfil its obligations.

Sureties and guarantees given

The Group only stands as guarantor for its subsidiaries. However, in the normal course of business, the Group may be required to provide guarantees in favour of its business partners (mainly customers and suppliers), either directly or through banks. The main sureties and guarantees given are described in note 9.3.

Liquidity risk

Liquidity risk is the risk of the Group failing to meet its financial obligations. The Group's approach to managing this risk is to ensure that it at all times has sufficient funds to meet its liabilities as they fall due.

The Finance Department has established a prospective cash flow monitoring system (monthly and annual) for each Group operating entity, which gives it sufficient visibility to manage its liquidity risk.

The Group has conducted a specific review of its liquidity risk, and considers itself able to meet its future payments. At the closing date, the Group did not represent a liquidity risk, since its cash net of bank overdrafts, including cash management assets, amounted to €75.0 million, exceeding its €34.7 million in financial liabilities.

In addition, the Group has senior confirmed revolving credit facilities (RCFs) with leading banking counterparties in the amount of €30 million for a period of three years, expiring at the end of 2018. These facilities were renewed between March and April 2019 for a five-year period. Their total amount was increased to €105 million.

Draws on such facilities are subject to covenants and compliance with classic financial ratios for loans of this type.

	Required covenant	Achieved
G Ratio (net debt/equity)	< 1	(0.2)
L Ratio (net debt/EBITDA)	< 2.5	(0.5)

At year-end, the Group had not drawn down any sums on these credit facilities, and the covenants had all been met.

Lastly, the factoring agreement established in 2013 was still in effect at the closing date. The maximum authorised drawdown line is €33 million, of which €18.7 million was used at 31 December 2018.

Market risk

Market risk is the risk of market price change in certain parameters, such as foreign exchange rates, interest rates and share prices, potentially impacting the Group's results and equity.

Currency risk

The Group's business is mainly conducted in the euro area (79.6% of revenue in 2018). Bearing that in mind, the individual markets of each of the Group's entities are predominantly local, which means that revenue and expenses are for the most part denominated in the same currency. The Group is therefore not exposed to significant currency risk, and does not use currency hedging instruments.

The main currencies other than the euro (EUR) are the Danish krone (DKK), Norwegian krone (NOK), UAE dirham (AED) and pound sterling (GBP), each representing between 2.2% and 5.6% of consolidated sales.

Loans and borrowings are almost exclusively denominated in euros, and as such do not present any currency risk.

As regards other assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure remains insignificant, and conducts foreign exchange purchases/sales at the spot price as necessary to cover its commitments.

Interest rate risk

Interest rate risk is managed by the Group's Finance Department in connection with its main bank counterparties. The Group's policy is to hedge against an increase in its future repayments. To this end, it is liable to use financial derivative instruments contracted with leading banks. At 31 December 2018, most of the Group's financial debt was at fixed rates, and no hedging instruments were in place.

Risk on own shares

The Group holds 3.29% of its own shares. The main purpose of these shares is to finance external growth and to cover incentives offered to employees in the form of stock options, BCE, BAAER and free performance share allocations. The Group's results are not sensitive to changes in the share price, since such variations are charged against equity. Decisions to buy or sell treasury shares are made by the Management board on a case-by-case basis.

Capital management

Employee shareholders

Devoteam has consistently sought to promote employee shareholdings, notably through stock option plans and employer contributions to the Devoteam company savings plan. At 31 December 2018, employees, former employees and directors of subsidiaries held 2.75% of the share capital (i.e. 229,099 shares).

Share buybacks

The Group has established a share buyback programme that enables it to:

- hold and subsequently use these shares to pay for acquisitions;
- grant shares to employees and directors under the terms and conditions provided by law.

8.2 Significance of financial instruments on the Group's performance

8.2.1 Presentation of financial instruments by category

The table below shows the breakdown of financial assets and liabilities by accounting category and their market value (or fair value). This table does not include non-financial assets and liabilities.

<i>In thousands of euros</i>	Note	Assets at fair value through profit or loss (trading)	Assets measured at amortised cost	Assets at fair value through profit or loss (fair value option)	Loans and receivables	Available-for-sale assets	Liabilities at amortised cost	Liabilities at fair value through OCI	Liabilities at fair value through profit or loss	Total net carrying amount	Fair value
Deposits and guarantees	5.4	-	-	-	5,503	-	-	-	-	5,503	5,503
Unconsolidated equity securities	5.4	-	-	-	197	-	-	-	-	197	197
Loans	5.4	-	-	-	350	-	-	-	-	350	350
Other financial assets	5.7	-	914	-	299	-	-	-	-	1,213	1,213
Non-current financial assets		-	914	-	6,349	-	-	-	-	7,262	7,262
Trade receivables	5.8	-	-	-	211,673	-	-	-	-	211,673	211,673
Other receivables	5.8	-	-	-	50,238	-	-	-	-	50,238	50,238
Other financial assets	5.9	-	-	-	2,247	-	-	-	-	2,247	2,247
Cash management assets	5.9	-	-	351	-	-	-	-	-	351	351
Cash and cash equivalents	5.9	-	-	-	75,484	-	-	-	-	75,484	75,484
Current financial assets		-	-	351	339,642	-	-	-	-	339,992	339,992
Total financial assets		-	914	351	345,991	-	-	-	-	347,255	347,255
Bonds	5.13	-	-	-	-	-	29,862	-	-	29,862	29,862
Bank loans	5.13	-	-	-	-	-	3,435	-	-	3,435	3,435
Finance leases	5.13	-	-	-	-	-	55	-	-	55	55
Put options on non-controlling interests and earn-outs	5.7	-	-	-	-	-	-	13,803	2,631	16,434	16,434
Other non-current financial liabilities	5.7	-	-	-	-	-	724	-	-	724	724
Non-current financial liabilities		-	-	-	-	-	34,076	13,803	2,631	50,509	50,509
Bonds	5.13	-	-	-	-	-	446	-	-	446	446
Bank loans and bank overdrafts	5.13	-	-	-	-	-	1,698	-	-	1,698	1,698
Finance leases	5.13	-	-	-	-	-	47	-	-	47	47
Trade and other payables	5.8	-	-	-	-	-	51,475	-	-	51,475	51,475
Tax and social security liabilities	5.8	-	-	-	-	-	118,845	-	-	118,845	118,845
Other liabilities	5.8	-	-	-	-	-	63,614	1,490	4,929	70,033	70,033
Current financial liabilities		-	-	-	-	-	236,125	1,490	4,929	242,544	242,544
Total financial liabilities		-	-	-	-	-	270,200	15,293	7,560	293,054	293,054

The methods used to measure fair value are described in note 3.1.

The fair values of financial assets have been determined in accordance with Level 1 methodology, based on quoted prices in an active market, or with Level 2 methodology, based on models incorporating observable market data.

8.2.2 Presentation of gains and losses by category in the income statement

The table below sets out the income, expenses, gains and losses on financial assets and liabilities on the basis of their category: In thousands of euros

<i>In thousands of euros</i>	31 December 2018	31 December 2017
Income from financial assets at fair value (trading)	112	433
Income from financial assets at fair value (fair value option)	5	-
Income from loans and receivables	334	152
Income from available-for-sale assets	-	-
Income from available-for-sale assets transferred from equity	-	-
Total financial income	452	585
Expenses on financial liabilities at fair value	-	159
Expenses on financial liabilities at amortised cost	2,971	2,685
Expenses on available-for-sale assets	-	-
Total financial expense	2,971	2,844
Net financial income/(loss)	(2,520)	(2,259)

8.3 The Group's exposure to financial risks

8.3.1 Credit risk

The carrying amount of financial assets represents the maximum credit risk to which the Group is exposed. The table below summarises carrying amounts by asset category: In thousands of euros

<i>In thousands of euros</i>	31 December 2018	31 December 2017
Deposits and guarantees	5,503	2,578
Unconsolidated equity securities	197	6
Loans	350	350
Other long-term assets	1,213	1,624
Trade receivables and contract assets	211,673	176,025
Other receivables	50,238	47,594
Other financial assets	2,247	1,766
Cash management assets	351	346
Cash and cash equivalents	75,484	82,239
Total	347,255	312,528

The main sources of credit risk identified by the Group, as defined in note 8.1, are trade receivables and investments of cash surpluses. Cash is invested exclusively in bank deposits, money market funds and capitalisation contracts with reputable counterparties.

The table below presents the total trade receivables due and not due by tranche:

Trade receivables	31 December 2018				31 December 2017			
	Gross	Provision	Net	%	Gross	Provision	Net	%
<i>In thousands of euros</i>								
Not past due and invoices to be issued	152,084	86	151,999	72%	138,431	30	138,401	79%
Past due less than 1 month	27,231	289	26,942	13%	16,687	-	16,687	9%
Past due between 1 and 3 months	18,549	-	18,549	9%	11,068	18	11,050	6%
Past due between 3 and 6 months	13,380	26	13,354	6%	6,691	50	6,641	4%
Past due more than 6 months	5,187	4,357	830	0%	5,881	2,636	3,245	2%
Total	216,431	4,758	211,673	100%	178,759	2,734	176,025	100%

Receivables more than six months past due not covered by provisions correspond mainly to our subsidiary Devoteam Middle East, as settlement periods are significantly longer than the Group average in the Middle East.

Impairments of trade receivables were as follows during the year:

<i>In thousands of euros</i>	31 December 2017	Change in scope	Charges	Reversals	IFRS 5*	Other	Translation differences	31 December 2018
Provisions for trade receivables	(2,734)	(486)	(1,692)	1,261	(861)	(252)	5	(4,758)

* Corresponds to the reclassification of Shift by S'Team and Devoteam Morocco as assets held for sale

Based on past experience and a case-by-case review, the Group does not believe that any additional provision is required on due and outstanding receivables, and particularly on receivables more than six months past due. These receivables are identified and monitored by management.

By geographical area, impairment of receivables breaks down as follows:

<i>In thousands of euros</i>	31 December 2018	31 December 2017
France	604	602
International	4,154	2,132
Total	4,758	2,734

By geographical area, customer risk breaks down as follows:

<i>In thousands of euros</i>	31 December 2018	31 December 2017
France	100,587	86,589
International	115,844	92,170
Total	216,431	178,759

In 2013, the Group concluded a securitisation agreement with a leading banking counterparty covering the implementation of a factoring assignment capped at €33 million. This programme was concluded for an indefinite period, on the Group's French scope, with possible extension to other European entities. Receivables are sold without recourse, allowing the Group to transfer substantially all the risks and benefits related to receivables to the transferee, and to derecognise the receivables in question immediately. Outstanding receivables sold at 31 December 2018 totalled €18,717 thousand (vs. €15,472 thousand at 31 December 2017).

Derecognised assets with continuing involvement:

Continuing involvement <i>In thousands of euros</i>	Carrying amount of continuing involvement				Fair value of continuing involvement	Maximum exposure
	Amortised cost	Held until maturity	Available for sale	Financial liabilities at fair value		
Factoring security deposit	1,800	-	-	-	1,800	1,800

The "other receivables" line does not contain any significant impairment risk.

8.3.2 Liquidity risk

The table below shows undiscounted repayment flows (principal and interest) of financial liabilities (excluding current and non-current provisions and deferred tax liabilities) based on the remaining contractual maturities:

2018 <i>In thousands of euros</i>	Net carrying amount	Residual contractual amount	Six months or less	Six to twelve months	One to five years	More than five years
Bonds	30,308	32,925	-	975	31,950	-
Finance leases	102	104	24	24	55	-
Other loans and borrowings	4,292	4,292	857	-	3,435	-
Bank overdrafts	842	842	842	-	-	-
Trade payables and related accounts	51,475	51,475	51,475	-	-	-
Tax and social security liabilities	118,845	118,845	118,845	-	-	-
Other liabilities	87,191	87,191	66,493	3,541	17,158	-
Total	293,054	295,673	238,535	4,540	52,598	-

The Group does not expect the cash flows included in this maturity analysis to take place much earlier or in significantly different amounts.

2017 <i>In thousands of euros</i>	Net carrying amount	Residual contractual amount	Six months or less	Six to twelve months	One to five years	More than five years
Bonds	30,257	33,900	-	975	32,925	-
Finance leases	853	861	379	379	103	-
Other loans and borrowings	1,332	1,332	336	-	996	-
Bank overdrafts	2,652	2,652	2,652	-	-	-
Trade payables and related accounts	40,287	40,287	40,287	-	-	-
Tax and social security liabilities	98,832	98,832	98,832	-	-	-
Other liabilities	71,750	71,750	60,931	2,709	8,110	-
Total	245,963	249,614	203,417	4,063	42,134	-

8.3.3 Foreign exchange risk

Currency risk, as described in note 8.1, is focused chiefly on the Norwegian krone (NOK), UAE dirham (AED), Danish krone (DKK), and pound sterling (GBP).

The table below provides the rates of these currencies against the euro applied during the year:

Currency	Average rate		Closing rate	
	2018	2017	2018	2017
NOK	9.59750	9.32700	9.94830	9.84030
AED	4.33710	4.14880	4.20501	4.40443
DKK	7.45320	7.43860	7.46730	7.44490
GBP	0.88470	0.87670	0.89453	0.88723

Sensitivity

The table below shows the impact on the balance sheet and the income statement of a variation of plus or minus 10% by the exchange rate (average and closing) applied to the above currencies:

<i>In thousands of euros</i>	2018		2017	
	+10%	-10%	+10%	-10%
Impact on equity	(3,414)	4,172	(3,154)	3,855
Impact on profit or loss	(695)	849	(548)	670

8.3.4 Interest rate risk

The Group's exposure to interest rate risk breaks down between fixed and floating rates as follows:

<i>In thousands of euros</i>	2018	2017
Floating rate		
Other current financial assets	-	-
Cash and cash equivalents	75,484	82,239
Short-term credit facilities	-	-
Bank overdrafts	(842)	(2,652)
Net exposure before hedging	74,643	79,587
Fixed rate		
Other current financial assets	2,247	1,766
Cash management assets	351	346
Bonds	(30,308)	(30,257)
Finance leases	(102)	(853)
Other borrowings	(4,292)	(1,332)
Net exposure before hedging	(32,104)	(30,330)
Total exposure before hedging	42,538	49,257

The main terms and conditions of loans and borrowings are as follows:

<i>In thousands of euros</i>	Curren y	Interest rate	Maturity	31 December 2018		31 December 2017	
				Original amount	Carrying amount	Original amount	Carrying amount
Credit facilities ⁽¹⁾	EUR	E3M + 1% to 1.20%	2018	-	-	-	-
Bonds ⁽²⁾	EUR	3.25%	2021	30,000	29,862	30,000	29,811
Finance leases	EUR	3.04% to 4.20%	2019 and 2020	6,007	102	6,655	853
Bank overdrafts	EUR	Floating	Short term	842	842	2,652	2,652

(1) The Group renewed its available credit lines of €100 million for 5 years.

(2) The characteristics of the bonds are described in Note 5.13.

Note 9 – Miscellaneous information

9.1 Breakdown of the workforce

The end-of-period workforce amounted to 6,975 employees, compared with 5,195 at the end of 2017, consisting almost entirely of managers.

9.2 Related parties

9.2.1 Information on compensation and benefits allocated to management bodies

The remuneration of the members of the Management board is as follows:

<i>In thousands of euros</i>	31 December 2018	31 December 2017
Short-term employee benefits	1,403	1,110
Post-employment benefits	-	-
Employment contract termination benefits	-	-
Directors' fees	200	200
Share-based payments	-	-
Total	1,603	1,310

These amounts include total gross remuneration, including benefits in kind and the value of stock options granted during the period. Executive corporate officers are not eligible for any long-term benefits.

Total directors' fees paid in 2018 to members of the Supervisory Board amounted to €139 thousand, compared with €120 thousand in 2017.

9.2.2 Information on associates and other related parties

Sales and purchases with related parties are made at market prices. The following table sets out the total amount of transactions with related parties in 2018 and 2017:

Recorded amounts <i>In thousands of euros</i>	31 December 2018			31 December 2017		
	Associates (1)	Joint ventures	Other related parties (2)	Associates (1)	Joint ventures	Other related parties (2)
Sales to related parties	30	-	-	126	-	-
Purchases from related parties	5,597	-	2,750	747	-	2,078
Purchases of assets from related parties	-	-	-	-	-	-
Dividends and other investment income	38	-	-	14	-	-
Interest and financial expense	93	-	-	20	-	-
Other operating expenses	-	-	-	-	-	-
Other operating income	-	-	-	-	-	-
Receivables from related parties	3,375	-	672	1,193	-	537
Payables to related parties	982	-	802	127	-	-

(1) DFSJ, Siticom GmbH, Keivox, Media-Tel LLC, HNCO AB, Inflexsys, Exa ECS, Between Staffing Group BV, Outfit and Techsensys or FY 2018; and DFSJ, Keivox, Media-Tel LLC, HNCO AB, Inflexsys, Exa ECS, Progis and Bengs for FY 2017

(2) Relates to SCI 73 rue Anatole France as described below.

SCI 73 rue Anatole France

In July 2005, the Group signed a subletting agreement for a new building with SCI 73 rue Anatole France. It plans to relocate its registered office to these premises. As SCI 73 rue Anatole France and the Group have a number of directors in common, the Group appointed two independent appraisers to ensure that the transaction was carried out on an arm's length basis. The agreement took effect from 1 May 2008, the effective date of occupancy.

In November 2008 and June 2012, the Group signed two new subletting agreements with SCI 73 rue Anatole France for premises located at 113 rue Anatole France in Levallois and at 1 rue Galvani in Massy respectively, previously occupied under a lease between the Group and another owner. The terms of the new agreements are identical to those of the leases signed with the previous owners.

In November 2017, the Group signed a new sub-lease agreement with SCI 73 rue Anatole France for premises located at 43 boulevard Barbès.

The above subletting agreements do not carry any off-balance sheet commitments.

9.3 Off-balance sheet commitments

9.3.1 Guarantees given

The main sureties, endorsements and guarantees given by the Group at 31 December 2018 are described below:

<i>In thousands of euros</i>	31 December 2018	31 December 2017
Commitments given related to the implementation of customer contracts	4,227	2,879
Commitments given related to the guarantee of trade payables	-	-
Commitments given related to the guarantee of payment of commercial leases	160	-
Other commitments given	-	160
Total	4,387	3,039

9.3.2 Operating leases

Minimum lease payments under non-cancellable operating leases are as follows:

In thousands of euros	Less than one year	One to five years	More than five years
31 December 2018	10,447	25,789	8,751
31 December 2017	8,256	11,403	19

Operating leases commit the Group to the payment of future minimum rents. The calculation of these future payments has been adjusted in line with the information presented for 2017 and has not been restated. In order to align with IFRS 16, the Group has used a minimum 9-year term for its property leases in France, without taking into account, as it did before, the possibility of early cancellation every three years.

The future minimum payments stated on 31 December 2018 are a good indication of the total lease liabilities (excl. discount effect) that will be recognised upon the implementation of IFRS 16 from 1 January 2019.

Moreover, in its capacity as lessor, the Group receives minimum lease payments, which break down as follows:

In thousands of euros	Less than one year	One to five years	More than five years
Minimum lease payments	509	1,501	-

For 2018, subletting income amounted to €483 thousand (compared to €514 thousand in 2017) and rental expense to €16,976 thousand (compared to €13,576 thousand in 2017).

9.4 Statutory Auditors' fees

The table below presents the detailed amounts of Statutory Auditors' fees paid for the 2018 and 2017 financial years:

In thousands of euros	2018							2017						
	KPMG	%	Grant Thornton	%	NSK	%	Total	KPMG	%	Grant Thornton	%	NSK	%	Total
<i>Certification and half-yearly limited review of separate and consolidated financial statements</i>														
Issuer	135	45%	120	35%	0	0%	255	92	33%	93	37%	0	0%	185
Fully consolidated subsidiaries	164	55%	184	53%	70	100%	418	159	57%	129	51%	79	100%	367
<i>Services other than certification of financial statements</i>														
Issuer	0	0%	9	3%	0	0%	9	27	10%	30	12%	0	0%	57
Fully consolidated subsidiaries	0	0%	35	10%	0	0%	35	0	0%	0	0%	0	0%	0
Total	299	100%	348	100%	70	100%	717	278	100%	252	100%	79	100%	609

Note 10 – Subsequent events

None.

3.7 Statutory Auditors' report on the consolidated financial statements

Year ended 31 December 2018

To the General meeting of Shareholders of Devoteam S.A.,

Opinion

In compliance with the engagement entrusted to us by your General meeting, we have audited the accompanying consolidated financial statements of Devoteam SA for the year ended 31 December 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of opinion

Auditing framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our responsibilities under these standards are set out in the "Responsibilities of the Statutory Auditors in the auditing of the consolidated financial statements" section of this report.

Independence

We conducted our audit engagement in accordance with independence rules applicable to us, for the period from 1 January 2018 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (code de déontologie) for Statutory Auditor.

Observation

Without qualifying the opinion expressed above, we draw your attention to the following point stated in Note 2 "Consolidation principles and methods" in the notes to the consolidated financial statements which describes the effects of the mandatory application at 1 January 2018 of IFRS 15 "Revenue from Contracts with Customers".

Justification of assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatements which, in our professional judgment, were the most important for the audit of the consolidated financial statements for the year, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of goodwill

(Notes 3.2 and 5.1 to the consolidated financial statements)

Risk identified

As part of its development, the Group conducts external growth transactions and is required to recognise goodwill as an asset in its financial statements.

Goodwill is the difference between the purchase price and the net carrying amount of identifiable assets acquired and liabilities assumed. It is allocated to the various cash-generating units (CGUs).

As indicated in Note 3.2 "Business combinations and goodwill" to the consolidated financial statements, goodwill is tested for impairment in order to ensure that its net carrying amount, which is recognised as assets in the amount of €129,886 thousand at 31 December 2018, is not greater than its recoverable amount. However, any unfavourable change in the activities to which goodwill has been allocated due to internal or external factors that may be related to the economic and financial environment of the markets in which the Group operates may significantly affect the recoverable amount of the goodwill and require recognition of impairment. Such a development would result in a reappraisal of the relevance of all of the assumptions used for the determination of recoverable amounts as well as the reasonableness and consistency of the calculation parameters used.

The terms of the impairment test used and the details of the assumptions retained are described in Notes 3.2 and 5.1 to the consolidated financial statements. The recoverable amount was determined by reference to the value in use calculated from the present value of the cash flows of each cash-generating unit.

We considered the valuation of goodwill to be a key audit matter, given the weight of these assets in the consolidated balance sheet, the importance of the judgments of the management in the determination of the assumptions retained, in particular regarding cash flow forecasts, discount rates, long-term growth rates and normative profitability, as well as the sensitivity of the assessment of their recoverable value to those assumptions.

Response given

We reviewed the work relating to the impairment tests carried out by the Group and the conclusions that emerged from them.

Our work consisted mainly of:

- reviewing and evaluating the process implemented by Management to estimate the recoverable value of goodwill;
- assessing, in accordance with applicable accounting standards, the manner in which the Group allocated goodwill to CGUs during the acquisitions made during the year and the grouping level of the CGUs selected for goodwill impairment tests;
- assessing the reasonableness of the valuation of the recoverable amount of the CGUs identified for the goodwill impairment tests.

This analysis consisted of:

- interviews with management,
- a comparison of the cash flow projections resulting from the budget and forecasting process for the years 2019 to 2022 with the projections used in the impairment test for the previous year,
- a comparison of the 2018 results projections used in the previous year's impairment test with actual results to assess their reliability,
- an assessment of the reasonableness of the assumptions used in the projections in the light of our knowledge of the economic environment in which the Group operates, and
- an assessment, with the support of our valuation experts, of the reasonableness of the financial parameters used in the impairment tests, the model used to determine value in use and the method used to determine the discounting and long-term growth rates;

- analysing the sensitivity of impairment tests to changes in assumptions used in the business plans and financial parameters applied.

Recognition of revenue from fixed-price service contracts and first application of IFRS 15 for the resale of third-party publisher licences and subscriptions to software platforms in "Cloud or SaaS" mode

(Note 2 Consolidation principles and methods and Note 3.12 to the consolidated financial statements)

Risk identified

The Devoteam Group operates in the professional IT services and innovative technology consultancy market. It provides services through subcontracting or fixed-price contracts. These may include other services, including in particular the resale of perpetual third-party publishing licences and subscription access to software platforms in "Cloud or SaaS" mode as part of comprehensive solutions.

As stated in Note 3.12 to the consolidated financial statements, the recognition of revenue and associated costs varies according to the type of service provided:

- for fixed-price services, revenue is generally recognised using the percentage of completion method, as either the Group's service improves an asset of which the client obtains control as and when the service is performed, or the Group manufactures specifically for the client an asset with no alternative use and therefore has an irrevocable right to payment for the service provided to date in the event that the contract is terminated by the client. Stage of completion is determined by comparing the costs incurred at closing with the total expected costs over the term of the contract;
- the total costs of a contract, in particular those still to be incurred, are regularly monitored and estimated to determine whether the stage of completion of the contract and the level of margin to be recognised need to be revised;
- for the resale of third-party licences and access rights to platforms in "Cloud or SaaS" mode:
 - in the case of a sale of third-party perpetual publisher licences representing a separate performance obligation, the Group decided that it obtains control of the licence prior to its transfer to the customer, since it was not authorised to make changes to that licence, and noted that in the majority of cases, the licence was transferred directly by the publisher to the customer. The Group acts as an agent and recognises only the net sales margin in revenue. Conversely, if the licence forms an integral part of a complex integration solution managed by the Group, the Group considers that it acts as principal for the entire project, including the licence,
 - in the case of the sale of a subscription to a software platform in "Cloud or SaaS" mode, as an integral part of an overall solution in which, for the term of the contract, the Group is responsible for operational performance on the customer's behalf, the Group considers that it acts as principal for the entire solution. Otherwise, the Group acts as agent in the resale of access rights to the platform.

We considered the recognition of revenue from fixed-price service contracts to be a key audit matter because the estimated costs for those contracts are based on operational assumptions and their estimation has a direct impact on the level of revenue and margin recognised in the financial statements.

We also considered the recognition of sales of third-party licences and subscription access to platforms in "Cloud or SaaS" mode as a key focus of the audit, in the context of the first application of the new IFRS 15 on recognition of revenue.

Response given

We reviewed the internal control systems relating to the recognition of fixed-price contracts and licence resale contracts.

We tested the effectiveness of the key controls put in place by the management controllers, in particular those relating to the allocation of costs.

For a selection of contracts based on quantitative and qualitative criteria, we performed the following audit procedures:

- for the fixed-price contracts:
 - we reconciled the financial data (revenue, invoicing, costs and work in progress) included in the monitoring sheet for the contract prepared monthly by management control, with the accounting,
 - on the basis of interviews with the management controllers and/or operational managers, we assessed the remaining costs to be incurred and the stage of completion of the contract that they have determined and on which the accounting of the revenue figure and the recognition of the margin is based;
- for sales of third-party licences and subscriptions to platforms in "Cloud or SaaS" mode:
 - we reviewed the criteria used by the group for the recognition of these sales against the provisions of the new IFRS 15,
 - we reviewed the processes for identifying these types of sales within the Group,
 - we tested, using sampling techniques, the proper application of the criteria used for the accounting of these sales.

We also verified the appropriateness of the information provided in the appendices to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Management board.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce), is included in the Group's management report [or in the Group's information given in the management report], it being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information must be reported by an independent third party.

Information resulting from other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Devoteam S.A. by the General meeting of 26 July 1999 for KPMG and 20 June 2014 for Grant Thornton.

As of 31 December 2018, KPMG S.A. was in the second year of its mission without interruption and Grant Thornton in the fifth year.

Moreover, KPMG SA and KPMG Audit IS, members of the KPMG network; and previously Statutory Auditors of the entity from 1999 to 2000 and from 2001 to 2016, respectively.

Responsibilities of the management and corporate governance officers with respect to the consolidated financial statements

It is the responsibility of management to prepare consolidated financial statements that present a true and fair view in accordance with IFRS as adopted in the European Union and to implement the internal controls that it deems necessary for the preparation of consolidated financial statements that are free of material misstatements, whether due to fraud or error.

In the preparation of the consolidated financial statements, management is responsible for evaluating the ability of the company to continue as a going concern, to present in those financial statements, as appropriate, the necessary information relating to the continuity of operations and apply the going concern accounting policy unless it is planning to wind up the company or cease operations.

The Audit Committee is responsible for overseeing the financial reporting process and monitoring the effectiveness of the internal control and risk management systems and, as applicable, the internal audit with respect to procedures relating to the preparation and processing of accounting and financial information.

The consolidated financial statements have been approved by the Management board.

Responsibilities of the Statutory Auditors with respect to the auditing of the consolidated financial statements

Audit objective and process

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain any material misstatements. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit performed in accordance with the standards of professional practice can consistently detect any significant anomalies. Anomalies may arise from fraud or error and are considered significant where it can reasonably be expected that they, taken individually or cumulatively, may influence the economic decisions that readers of the statements take based thereon.

As specified by Article L. 823-10-1 of the French Commercial Code, our mission to certify the financial statements does not constitute a guarantee of the viability or quality of the management of your company.

In the context of an audit conducted in accordance with the professional standards applicable in France, Statutory Auditors exercise their professional judgment throughout the audit. Moreover:

- they identify and assess the risks that the consolidated financial statements contain material misstatements, whether due to fraud or error, define and implement audit procedures to address those risks, and collect items they consider sufficient and appropriate for the formation of their opinion. The risk of not detecting a material misstatement due to fraud is higher than for a material misstatement resulting from an error, as the fraud may involve collusion, falsification, voluntary omissions, misrepresentation or circumventing of internal controls;
- they review the internal controls relevant to the audit in order to define appropriate audit procedures in the circumstances, not to express an opinion on the effectiveness of the internal controls;
- they assess the appropriateness of the accounting methods used and the reasonableness of accounting estimates made by management, as well as the information concerning them provided in the consolidated financial statements;
- they assess the appropriateness of management's application of the going concern accounting policy and, depending on the evidence gathered, the existence or non-existence of significant uncertainties related to events or circumstances that may call into question the company's ability to continue as a going concern. This assessment is based on the information gathered up to the date of its report, but it should be noted that subsequent circumstances or events could jeopardise the continuity of operations. If they conclude that there is significant uncertainty, they draw the attention of readers of their report to the information provided in the consolidated financial statements about such uncertainty or, if the information is not provided or is irrelevant, they formulate a qualified certification or a refusal to certify;
- they assess the overall presentation of the consolidated financial statements and assess whether the consolidated financial statements reflect the underlying transactions and events such that they give a true and fair view of them;
- concerning the financial information of the persons or entities included in the scope of consolidation, they collect the information that they deem sufficient and appropriate to express an opinion on the consolidated financial statements. They are responsible for the management, supervision and performance of the audit of the consolidated financial statements and of the opinion expressed on the financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee that outlines the scope of the audit work and the programme implemented, as well as the conclusions arising from our work. We also disclose, where appropriate, the significant weaknesses in the internal controls that we identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the elements disclosed in the report to the Audit Committee are the risks of material misstatement that we consider to have been the most important for the audit of the consolidated financial statements for the year, and which therefore constitute the key points of the audit that it is our responsibility to describe in this report.

We also provide the Audit Committee with the declaration mentioned in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as laid down in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for the profession of Statutory Auditor. As appropriate, we discuss the risks to our *independence* and the safeguards applied with the Audit Committee.

The Statutory Auditors

Paris La Défense, 30 April 2019

Neuilly-sur-Seine, 30 April 2019

KPMG Audit
Department of KPMG SA

Grant Thornton
*French member of Grant Thornton
International*

Jean-Pierre Valensi
Partner

Vincent Papazian
Partner

4 DEVOTEAM SA SEPARATE FINANCIAL STATEMENTS

4.1 Devoteam SA balance sheet

ASSETS <i>In thousands of euros</i>	<i>Note</i>	31 December 2018	31 December 2017
Intangible assets	3.1	13,424	13,307
Tangible assets	3.1	3,278	1,588
Financial assets			
Equity securities and associated receivables	3.2	169,455	143,103
Other financial assets	3.2	9,731	1,197
FIXED ASSETS		195,889	159,195
Trade and other receivables	3.3	63,119	58,772
Other receivables	3.3	59,777	53,563
Marketable securities	3.7	2,472	3,105
Cash assets		19,171	33,434
Prepaid expenses	3.3	3,943	1,874
CURRENT ASSETS		148,482	150,748
Foreign currency translation differences - assets		376	199
TOTAL ASSETS		344,747	310,142

LIABILITIES <i>In thousands of euros</i>	<i>Note</i>	31 December 2018	31 December 2017
Share capital		1,263	1,263
Share premium		52,933	52,933
Legal reserves		160	160
Other reserves		-	-
Retained earnings		99,688	89,517
Profit for the year		27,788	17,377
Regulated provisions		685	565
EQUITY	3.9	182,517	161,815
Provisions for liabilities		2,571	2,512
Provisions for charges		5,320	4,196
PROVISIONS FOR LIABILITIES AND CHARGES	3.4	7,891	6,708
<u>Total borrowings</u>			
Bonds	3.3	30,446	30,446
Loans from credit institutions and misc. borrowings	3.3	31,519	30,182
<u>Operating liabilities</u>			
Trade payables and related accounts	3.3	31,114	27,868
Tax and social security liabilities	3.3	40,253	34,945
<u>Other liabilities</u>			
Other liabilities	3.3	9,681	8,610
Deferred income	3.3	11,199	9,557
LIABILITIES		154,213	141,609
Foreign currency translation differences - liabilities		126	10
TOTAL LIABILITIES		344,747	310,142

4.2 Devoteam SA income statement

<i>In thousands of euros</i>	<i>Note</i>	31 December 2018	31 December 2017
NET REVENUE	4.1	265,602	217,909
Operating subsidies			
Reversals of depreciation, amortisation and provisions, expense reclassification		2,507	2,151
Other income		163	160
OPERATING INCOME		268,272	220,219
Purchase of raw materials and goods		(32)	(213)
Other purchase and external charges		(128,903)	(103,423)
Taxes		(5,032)	(4,299)
Wages and salaries		(84,187)	(70,938)
Social security contributions		(38,155)	(31,677)
Fixed assets depreciation and provisions		(1,017)	(793)
Provisions for current assets		-	-
Provisions for liabilities and charges		(686)	(1,822)
Other expenses		(1,411)	(1,452)
CURRENT OPERATING EXPENSES		(259,423)	(214,618)
OPERATING PROFIT		8,849	5,601
Financial income		19,102	19,902
Financial expenses		(5,926)	(5,977)
FINANCIAL RESULT	4.5	13,176	13,925
CURRENT PROFIT		22,024	19,526
Extraordinary income		11,614	13,137
Extraordinary expenses		(5,199)	(14,456)
EXTRAORDINARY LOSS	4.6	6,415	(1,319)
Employee profit-sharing		-	-
Corporate income taxes	4.8	(652)	(830)
PROFIT FOR THE YEAR		27,788	17,377

4.3 Notes to the Devoteam SA financial statements

Note 1 - PRESENTATION AND DESCRIPTION OF THE COMPANY

Devoteam SA (the company), created in 1995, is a limited liability company (*société anonyme*) governed by French law.

Devoteam, a European consulting and engineering group, is a major player in business consulting in the fields of innovative technologies and management. With 20 years of experience in innovative and disruptive technologies, the Group supports its clients through the digital transformation of their organisational structure and their businesses.

In 2018, the Group continued to pursue its growth strategy and confirm its positioning as the go-to expert in Digital Transformation, with a high added value for its clients, notably on Cloud solutions and Artificial Intelligence (AI). On the combined strength of AI and other areas of expertise such as Digital Workplace and ITSM (Information Technology Service Management) in partnership with Google and ServiceNow, the Group seeks to offer its clients improved operational efficiency through the automation of simple tasks, and to help boost creation and innovation.

This strategy is reinforced by the further development of strategic partnerships with Amazon AWS, Google GCP and Microsoft Azure which have enabled the Group to consolidate its reputation as an expert in digital transformation and the Cloud.

Over the course of the year, the Group press ahead with its external growth strategy, notably acquiring the Alegri group in Germany, the Jayway group in Sweden, and the Bold group in Portugal, enhancing its Agile IT, Digital Workplace and Cloud Transformation offerings.

Note 2 - ACCOUNTING PRINCIPLES, RULES AND METHODS

2.1 General principles applied

The accounting policies have been applied in accordance with the prudence principle and in compliance with the underlying assumptions of going concern, consistency of accounting methods, and independence of financial years, and with general rules on the preparation and presentation of annual financial statements in France.

The method used in the valuation of accounting items is that of historical cost.

Assets whose value is calculated in reference to mid- and long-term outlooks, in particular, intangible assets and equity securities in particular, have been valued on the basis of parameters set in accordance with the budgetary and forecasting process. The discount rate was set by an independent firm on the basis of averages observed over the last ten years as regards the risk premium and over the last five years as regards the beta. The risk-free rate is the average of the last ten years of ten-year French government bonds.

2.2 Fixed assets

2.2.1 Intangible assets

The gross value of intangible assets is essentially determined by the value of goodwill arising on mergers between Devoteam SA and the following companies:

- Devoteam SI and Dataverse in June 2001;
- Apogée Communications in July 2005.

Since 2005, goodwill is no longer amortised but is tested for impairment.

At each year-end, the net book value is compared to the value in use, so as to ensure that the value of the goodwill remains higher than or equal to its book value. Where appropriate, a provision for impairment is made. Since 1 January 2016, in accordance with the entry into force of ANC regulation No. 2015-06, past impairment is no longer reversed.

The value in use of goodwill is calculated using the discounted future cash flow method. This method is applied on the basis of parameters resulting from the budgetary and forecasting process, extended over a five-year timeframe, using growth and profitability rates deemed reasonable. Discounted and long-term growth rates over the period beyond five years, determined with reference to the industry in which the Group operates and on historical data, are applied to the valuations of all entities that generate their own cash flow. This value is then weighted by one or more discount coefficient in accordance with the specifics of each of the funds.

The values of the main parameters used are:

- a discounted future cash flow rate of 7.6%;
- a long-term growth rate of 2%;
- a standard rate of return of 8%.

2.2.2 Tangible assets

Tangible assets are recorded at their cost price, which corresponds to their purchase price (cost of acquisition plus ancillary costs) as well as costs directly incurred to ensure the establishment and operation of the asset. The depreciation periods used correspond to the estimated useful life of the assets within the company and are determined in accordance with the following:

Asset category	Duration	Method
Fixtures and fittings	10 years	Straight line
Office equipment	3 to 5 years	Straight line
IT equipment	3 years	Straight line
Transportation equipment	2 to 4 years	Straight line
Office furniture	3 to 10 years	Straight line

2.3 Financial assets

2.3.1 Equity securities

The value in use of equity securities is calculated either based on the share held in the net assets (mainly for non-controlling interests), or using the discounted future cash flow method, adjusted to reflect the cash and/or net debt of the companies in question. The latter is applied on the basis of parameters resulting from the budgetary and forecasting process, extended over a five-year timeframe, using growth and profitability rates deemed reasonable. Discounted and long-term growth rates over the period beyond five years, determined with reference to the industry in which the Group operates and on historical data, are applied to the valuations of all entities that generate their own cash flow.

The values of the main parameters used for the discounted future cash flow method are:

- a discount rate of between 7.30% and 13.50% depending on the geographical area;
- a long-term growth rate of 2% (2.50% for emerging markets);
- a normative rate of return of between 3% and 10% according to the activity of each entity.

Any negative difference recorded against the subscription value is the subject of a provision for impairment.

In the case of certain acquisitions, incremental earn-outs are scheduled for the following financial years in accordance with the performance of the companies in question. At year-end, the earn-outs amounted to €3,453 thousand and related to the acquisition of Devoteam G Cloud for €443 thousand, the Herbert Nathan & Co (HNCO) group for €1,930 thousand and the Bold group for €1,080 thousand.

2.3.2 Treasury shares

Treasury shares purchased under a buyback scheme for which the earmarking targets are unknown are recorded as fixed securities. At year-end, the inventory value is determined using the average market price over the previous month. A provision for impairment is recorded when the inventory value is below the purchase value.

2.4 Receivables and payables

Receivables and payables are recorded at their par value after taking into account, where applicable, any translation differences for foreign currency balances at the closing rate.

2.5 Doubtful receivables

The credit risk is periodically assessed based on a case-by-case analysis of receivables and a provision is made for any potential losses on non-recoverable debt.

2.6 Marketable securities

The gross value is made up of the purchase price excluding ancillary costs. When the inventory value is below the gross value, a provision for impairment is made for the difference.

For treasury shares purchased and earmarked for employees, a provision for impairment is recognised when the average market price over the last month of the year is below the average purchase price of shares bought by the company.

In accordance with CRC Regulation No. 2008-15 of 4 December 2008 and CNC Notice 2008-17 of 6 November 2008, the shares allocated to a stock purchase option plan are valued at their entry cost and are no longer subject to impairment based on their market value, due to the commitment to allocate them to employees. As counterparty, a liability is recognised when the obligation to distribute shares to employees is likely or certain to result in an outflow of resources without consideration of at least equal value.

2.7 Provisions

In accordance with CRC Regulation No. 2000-06, the major liabilities and charges identified at the closing date of the financial statements is subject to a provision when the company has, at year-end, an obligation towards a third party which is likely or certain to result in an outflow of resources in favour of this third party, without consideration of at least equal value.

2.8 Loans and borrowings

On 17 July 2015, the Group issued an unlisted Euro Private Placement ("Euro PP") bond in a nominal amount of €30 million bearing interest at a fixed rate of 3.25% per year, for an initial term of six years maturing on 17 July 2021. The bonds were initially subscribed by two investors by virtue of contracts including default covenants, the criteria of which are assessed at the balance sheet date.

The table below presents the ratios set out in the bond contracts:

	Required covenant	Date
R1 Ratio (consolidated net debt / consolidated EBITDA)	< 2.5	Until 17/07/2021
R2 Ratio (consolidated net debt / consolidated equity)	< 1	Until 17/07/2021

Consolidated net debt is the portion of current and non-current liabilities among "borrowings and financial liabilities" less the amount of "cash and cash equivalents" or other financial investments useable or transferable in a period of less than 30 days, as such items are recognised in the consolidated statement of financial position.

Consolidated equity is the amount of "equity attributable to owners of the parent" plus "non-controlling interests", as such items are recognised in the consolidated statement of financial position.

Consolidated EBITDA is the Group's "recurring operating profit" before deducting "net allowances to and reversals of depreciation, amortisation and provisions".

The features of this bond are as follows:

	17 July 2015 bond
Number of bonds issued	300
Par value/Issue price (€)	100,000
Issue price (€)	100,000
Total amount of the issue in par value, July 2015 (€)	30,000,000
Initial interest rate	3.25% *
Number of bonds redeemed during the year	-
Number of bonds still outstanding at 31 December 2018	300
Expected date of redemption	17/07/2021

* A step-up coupon mechanism is applied if R1 is greater than 1:

- if $1 > R1 < 2$: the rate will be 3.5%;
- if $2 > R1 < 2.5$: the rate will be 4%.

Furthermore, the company has a number of revolving credit facilities (RCF) with leading banks, amounting to €30 million over a period of three years, due to mature in 2018. These facilities were renewed between March and April 2019 for a five-year period. Their total amount was increased to €105 million.

Draws on such facilities are subject to covenants and compliance with classic financial ratios for loans of this type.

	Required covenant	Achieved
G Ratio (net debt/equity)	< 1	(0.2)
L Ratio (net debt/EBITDA)	< 2.5	(0.5)

As of the year-end, the Group had not drawn down any sums on these credit facilities, and the covenants were all met.

2.9 Pension commitments

The amount of commitments in terms of pensions, supplementary pensions, compensation, allowances for retirement and other similar benefits for members of staff and corporate officers are valued at each year-end in accordance with Article 22 of the Syntec Collective Agreement and IAS 19 "Employee Benefits", as reiterated in CNC Notice No. 2003-R-01.

Within the framework of defined-benefit schemes, pension and retirement commitments are calculated using the projected unit credit method. Under this method, each period of service gives rise to the recognition of an additional unit of benefit entitlement, and each unit is measured separately to obtain the final obligation. The final obligation is then discounted and subjected to probability analysis.

These calculations comprise the following main points:

- an assumed voluntary retirement age of 67 years for executive staff and 62 years for non-executive staff;
- a financial discount rate of 1.50%;
- an inflation rate of 1.50%;
- assumptions relating to salary increases, mortality and staff turnover rates.

At 31 December 2018, pension commitments were valued at €2,587 thousand.

2.10 Revenue

Income from work undertaken on a cost reimbursement basis is recorded as and when the work is completed. Services not yet invoiced are recorded as unbilled work. Services invoiced but not yet performed are recorded as deferred revenue.

Fixed-price contracts that span more than one financial year are accounted for using the percentage of completion method. Stage of completion is determined by comparing the costs incurred at closing with the total expected costs over the term of the contract. The total costs of a contract, in particular those still to be incurred, are regularly monitored and estimated to determine whether the stage of completion of the contract and the level of margin to be recognised need to be revised.

When the amount of foreseeable costs incurred for the completion of a contract is likely to result in a loss on completion, a provision for liability is made in the estimated amount of the loss at year-end. No loss on completion has been recorded to date.

2.11 Personnel expenses

Following the entry into force of the tax credit for competitiveness and employment (CICE - *crédit d'impôt compétitivité emploi*) on 1 January 2013 and in accordance with the position of the French Accounting Standards Authority of 28 February 2013, the company recognises CICE as a credit to a dedicated sub-account of account 64 "Personnel expenses". This tax credit may be applied against the corporate income taxes owed by the company or refunded after a period of three years.

2.12 Employee profit-sharing

An agreement to delegate the administrative and financial management of the employee savings plan has been entered into with AXA.

2.13 Extraordinary income

Extraordinary income is generated as a result of unusual events or transactions either separate from the business or not considered likely to occur frequently or regularly.

In accordance with French National Accounting Council (CNC) Notice No. 2000-D of 21 December 2000, in the event of a failed acquisition transaction, the costs incurred shall be fully and directly recorded as extraordinary expenses.

NOTE 3 – INFORMATION ON THE BALANCE SHEET

3.1 Tangible and intangible assets

Movements affecting fixed asset items

<i>In thousands of euros</i>	Gross value at the beginning of the year	Net acquisitions during the year	Transfers between items	Disposals over the year	Gross value at year-end
Research and development costs	-				-
Software and trademarks	4,658	18			4,676
Goodwill	47,233	186			47,419
Other intangible assets	348				348
Assets in progress	-				-
Subtotal	52,239	204	-	-	52,443
Machinery, tools and equipment	-				-
Fixtures and fittings	2,830	424			3,254
Transportation equipment	4				4
Office and IT equipment	3,138	1,535			4,673
Office furniture	1,063	663			1,726
Advance payments on fixed assets	-				-
Subtotal	7,035	2,622	-	-	9,657
Total	59,274	2,826	-	-	62,100

Amortisation and provision

Depreciation and amortisation are calculated based on the estimated useful life of the assets, in accordance with the conditions set out in paragraphs 2.2.1 and 2.2.2 above. The following table presents, for each category of intangible and tangible asset, the amount of depreciation and amortisation recorded in 2018:

<i>In thousands of euros</i>	Value at the beginning of the year	Charges	Reversals	Value at year-end
Research and development costs	-			-
Software and trademarks	4,460	87		4,547
Goodwill	34,124			34,124
Other intangible assets	348			348
Assets in progress	-			-
Subtotal	38,932	87	-	39,019
Machinery, tools and equipment	-			-
Fixtures and fittings	2,210	180		2,390
Transportation equipment	4			4
Office and IT equipment	2,398	656		3,054
Office furniture	836	94		930
Advance payments on fixed assets	-			-
Subtotal	5,448	930	-	6,378
Total	44,380	1,017	-	45,397

3.2 Financial assets

3.2.1 Changes in financial assets

a) Movements affecting fixed asset items

<i>In thousands of euros</i>	Gross value at the beginning of the year	Increases	Decreases	Transfers between items	Gross value at year-end
Merger losses on financial assets ⁽¹⁾	-			8,416	8,416
Security deposits	740	264	146		859
Other loans ⁽²⁾	406			115	521
Equity securities	154,621	40,041	1,309	(10,928)	182,425
Devoteam Belgium	7,146				7,146
Devoteam Fringes ⁽³⁾	2,370	23		(1,041)	1,352
Devoteam Netherlands	20,519				20,519
Devoteam Consulting	27,618				27,618
Devoteam Consulting AS ⁽⁴⁾	11,399			(28)	11,371
Devoteam UK	3,762				3,762
Devoteam Middle East	367				367
Devoteam Outsourcing	2,908				2,908
Devoteam Czech Republic	5				5
Devoteam Morocco	3,499				3,499
Devoteam Italy	20				20
Devoteam Services	8				8
Devoteam Tunisia	8				8
Devoteam Information Technology and Consultancy A.S.	2,665				2,665
Devoteam GmbH	11,975				11,975
Exa ECS	1,050				1,050
Devoteam S.A Poland	3,399				3,399
Fornebu	9,696				9,696
Siticom GmbH	100				100
Devoteam Consulting Holding	3,001				3,001
Steam Management ⁽¹⁾	300			200	500
Keivox Enterprise Mobility	65				65
RVR Parad	1				1
Inflexys	70				70

Axance ⁽⁵⁾	3,769		909		2,860
Shift by S'Team ⁽⁶⁾	400		400		-
Siticom ⁽⁷⁾	98	452			550
Devoteam G Cloud	10,207				10,207
Be Team ⁽⁸⁾	140	44			184
DPI ⁽⁹⁾	1,132	775		1,041	2,949
Devoteam Digital Factory	115				115
DBSE - formerly Devoteam Cloud Services	220				220
Devoteam Cloud Services Spain	140				140
Marflie Management ⁽¹⁾	11,016			(11,016)	-
Technologies et Operations	106				106
DFSJ	450				450
FI-Makers	167				167
Globicon ⁽¹⁰⁾	2,717			(84)	2,633
HNCO AB	12				12
Devoteam Consulting Belgium	180				180
My-G	295				295
MyFowo.com ⁽¹¹⁾	42	3			46
Energy Dynamics	9				9
D2SI Group ⁽¹²⁾	11,266			(11,266)	-
D2SI ⁽¹²⁾	-			11,266	11,266
Devoteam nexDigital	188				188
Devomex Cloud Services	2				2
Devoteam Modern Application ⁽¹³⁾	-	188			188
Alegri International Service GmbH ⁽¹⁴⁾	-	24,713			24,713
Bold International ⁽¹⁵⁾	-	7,045			7,045
Bold Wealth ⁽¹⁶⁾	-	10			10
Sadesmagasinet Forvaltnings AB ⁽¹⁷⁾	-	6,788			6,788
Investment-related receivables ⁽¹⁸⁾	810	2,735	742		2,802
Treasury shares ⁽¹⁹⁾	400				400
Total	156,978	43,040	2,197	(2,397)	195,424

- (1) Complete transfer of the assets of Marflie Management, holding company owning 40% of the shares in Steam Management, to its sole shareholder Devoteam SA. The losses resulting from this merger totalled €8,416 thousand.
- (2) Reclassification of current assets item to non-Group loans in the amount of €115 thousand.
- (3) Exchange of Fringes securities as compensation for the partial transfer of assets of Devoteam Drago (NewCo) against securities of holding company DPI, owner of NewCo.
- (4) Movement related to the adjustment of the Devoteam Consulting A/S earn-out.
- (5) Capital increase, with a dilutive effect of -36.08%, in favour of Steam as compensation for the partial transfer of assets to Axance People following the sale of 15% of shares in Axance by Devoteam SA. Following these transactions, Devoteam SA directly holds 25.52% of shares in Axance People.
- (6) Disposal by S'Team of all shares held in Shift.
- (7) Additional acquisition of 3.47% of shares in Siticom.
- (8) Capital increase, with a dilutive effect of -36.08%, in favour of one minority shareholder and sale of 8.80% of shares in Be Team. Following these transactions, Devoteam SA holds 61.20% of shares in Be Team.
- (9) Exchange of DPI securities, with an accretive effect of 8.13% (see 3) followed by an additional acquisition of 9.12%. Following these transactions, Devoteam SA holds 84.75% of shares in DPI.
- (10) Movement related to the adjustment of the deferred portion of the Globicon A/S acquisition price.
- (11) Additional acquisition of 3.10% of shares in MyFowo.com.
- (12) Merger of D2SI Group with D2SI.
- (13) Subscription of 75% of the share capital in Devoteam Modern Application.
- (14) Acquisition of 100% of shares in Alegri International Service GmbH.
- (15) Acquisition of 58% of shares in Bold International.
- (16) Acquisition of 58% of shares in Bold Wealth.
- (17) Acquisition of 75.01% of shares in Sadesmagasinet Forvaltnings AB, holding company of the Jayway group.
- (18) Dividends receivable from Steam Management (€2,400 thousand), Devoteam Czech Republic (€295 thousand) and Devoteam Tunisia (€68 thousand).
- (19) Number of shares: 43,913; average purchase price: €9.12. Due to the fact that the average price during December was €86.39, no provision was made for the impairment of treasury shares at year-end.

The following transactions affecting the treasury shares were carried out over the course of the financial year:

	Quantity	Value (€ thousands)
Balance at 01/01/18	43,913	400
Purchase of shares	-	-
Sale of shares	-	-
Balance at 31/12/18	43,913	400

b) Provisions

<i>In thousands of euros</i>	Value at the beginning of the year	Charges	Reversals	Value at year-end
Equity securities ⁽¹⁾	12,328	3,445		15,773
Loans ⁽²⁾	350	115		465
Treasury shares	-			-
Total	12,678	3,560	-	16,238

(1) These movements concern the valuation of equity securities using the method described in paragraph 2.3.1:

Charges: Alegri (€2,972 thousand), Devoteam Information Technology and Consultancy (€470 thousand) and MyFowo.com (€3 thousand).

The provision at year-end can be broken down as follows: Devoteam Outsourcing for €2,908 thousand, Alegri for €2,972 thousand, Exa ECS for €1,050 thousand, MyFowo.com for €46 thousand, Keivox Enterprise Mobility for 65 thousand, Devoteam Morocco for €3,499 thousand, Devoteam Services Morocco for €8 thousand, Devoteam SA Poland for €3,399 thousand and Devoteam Information Technology and Consultancy for €1,825 thousand.

(2) Provisions for impairment of non-Group loans in the amount of €115 thousand.

3.2.2 List of subsidiaries and investments

The following information is presented to satisfy the requirements for the list of subsidiaries and investments (Article of the Decree of 23 March 1967) and is valid at 31 December 2018:

<i>In thousands of euros</i>	Share capital	% of share capital held	Gross carrying amount of shares held	Net carrying amount of shares held	Loans and advances granted - not repaid	Guarantees and pledges made by the company	Dividends received by the company during the year
Devoteam Belgium	6,065	99.71%	7,146	7,146	-	-	1,174
Devoteam Fringes	60	100%	1,352	1,352	-	-	-
Devoteam Netherlands	20	80%	20,519	20,519	7,474	-	1,360
Devoteam Consulting	902	80.20%	27,618	27,618	2,289	-	2,614
Devoteam Consulting AS	67	90%	11,371	11,371	-	-	1,909
Devoteam UK	13	100%	3,762	3,762	1,957	-	732
Devoteam Outsourcing	38	100%	2,908	-	889	-	-
Devoteam Middle East	218	76%	367	367	-	-	-
Devoteam Czech Republic	8	80%	5	5	-	-	430
Devoteam Morocco	37	51%	3,499	-	1,022	-	-
Devoteam Italy	100	20%	20	20	-	-	60
Devoteam Services	9	100%	8	-	456	-	-
Devoteam Tunisia	15	75%	8	8	227	-	-
Devoteam Information Technology and Consultancy A.S.	122	75%	2,665	840	134	-	-
Devoteam GmbH	3,000	100%	11,975	11,975	4,988	-	-
Exa ECS	150	35%	1,050	-	64	-	-
VoxPilot	5,219	100%	-	-	394	-	-
Devoteam S.A Poland	1,001	62%	3,399	-	7,346	-	-
Fornebu	20	100%	9,696	9,696	-	-	1,051
Siticom GmbH (formerly Fontanet)	286	35%	100	100	1,913	-	-

Devoteam Consulting Holding	3,000	100%	3,001	3,001	3,166	-	-
Steam Management	500	100%	500	500	-	-	3,600
Keivox Enterprise Mobility	129	36%	65	-	246	-	-
RVR Parad	50	95%	1	1	-	-	-
Inflexsys	188	20%	70	70	-	-	-
Axance	125	25.52%	2,860	2,860	-	-	1,484
Siticom	150	68.47%	550	550	-	-	1,950
Devoteam G Cloud	300	100%	10,207	10,207	-	-	-
Be Team	278	61.20%	184	184	413	-	-
Technologies & Opérations	150	70.47%	106	106	-	-	-
FI-Makers	250	66.96%	167	167	258	-	-
DPI	1,467	84.75%	2,949	2,949	5,173	-	-
Devoteam Digital Factory	167	69.20%	115	115	-	-	-
DBSE (formerly Dvt Cloud Services)	300	73.33%	220	220	191	-	-
Devoteam Cloud Services Spain	203	68.97%	140	140	-	-	-
DFSJ	450	45%	450	450	355	-	-
Globicon	75	90%	2,633	2,633	-	-	1,356
HNCO AB	10	30%	12	12	-	-	38
Devoteam Consulting Belgium	300	60%	180	180	130	-	-
My-G	50	100%	295	295	-	-	-
MyFowo.com	1,080	99.73%	46	-	660	-	-
Energy Dynamics	31	31.45%	9	9	354	-	-
D2SI	35	82.06%	11,266	11,266	-	-	821
Devoteam nexDigital	250	75%	188	188	-	-	-
Devomex Cloud Services	2	98%	2	2	-	-	-
Devoteam Modern Application	250	75%	188	188	-	-	-
Alegri International Service GmbH	60	100%	24,713	21,741	2,320	-	-
Bold International	63	58%	7,045	7,045	-	-	-
Bold Wealth	-	58%	10	10	-	-	-
Sadesmagasinet Forvaltnings AB	5	75.01%	6,788	6,788	8,155	-	-

Certain information about the subsidiaries and investments is not provided given the potentially harmful effects of its disclosure.

3.3 Additional information on receivables and payables

The following is a breakdown of receivables and payables according to their schedule to maturity:

Receivables <i>In thousands of euros</i>	Gross amount	Maturity in less than 1 year	Maturity in more than 1 year	Maturity in more than 5 years
Fixed asset receivables				
Investment-related receivables	2,763	2,763	-	-
Loans	521	521	-	-
Other financial assets ⁽¹⁾	9,675	1,259	-	8,416
Current asset receivables				
Advances and prepayments made	63	63	-	-
Trade and other receivables	63,204	63,204	-	-
Other receivables ⁽²⁾	19,095	18,345	750	-
Group and associated companies' current accounts	51,215	51,215	-	-
Prepaid expenses	3,943	3,943	-	-
Total	150,479	141,313	750	8,416

Payables <i>In thousands of euros</i>	Gross amount	Maturity in less than 1 year	Maturity in more than 1 year	Maturity in more than 5 years
Bonds	30,446	446	30,000	-
Borrowings from credit institutions	223	223	-	-
Miscellaneous Borrowings ⁽³⁾	31,297	31,297	-	-
Trade payables	31,114	31,114	-	-
Tax and social security liabilities	40,253	40,253	-	-
Fixed asset liabilities	-	-	-	-
Other liabilities ⁽⁴⁾	9,681	9,681	-	-
Deferred income	11,199	11,199	-	-
Total	154,213	124,213	30,000	-

(1) Including €8,416 of merger losses on financial assets from the complete transfer of holding company Marflie Management assets to Devoteam SA.

(2) Of which €1,707 thousand in guarantee deposits on receivables sold to the Factor and €1,125 thousand in receivables on disposal of financial assets.

(3) Of which €29,944 thousand in current account advances granted by related companies.

(4) Of which €3,453 thousand in earn-out liabilities and €169 thousand related to the deferred portion of the purchase price of subsidiaries.

3.4 Provisions

The following table sets out changes in provisions and their amounts broken down by category:

<i>In thousands of euros</i>	At 1 January 2018	Charges	Reversals (provision used)	Reversals (provision not used)	Transfers between items	At 31 December 2018
Provisions						
Provisions for foreign exchange losses	199	376	199			376
Provisions for retirement benefits	2,673		63	23		2,587
Provisions for restructuring	-					-
Miscellaneous provisions ⁽¹⁾	3,837	2,284	619	573		4,929
TOTAL	6,708	2,660	881	596	-	7,891
Provisions for impairment						
Provisions for marketable securities	-					-
Provisions for current accounts ⁽²⁾	10,104	555		63		10,596
Provisions for doubtful receivables	86					86
TOTAL	10,190	555	-	63	-	10,682

(1) Of which provision of €775 thousand for employee disputes, provision of €295 thousand for legal fees on disputes, provision of €1,516 thousand for the dispute with minority shareholders in Poland, provision of €751 thousand for other risks, provision of €922 thousand related to the free share allocation plan and €669 thousand for Group risks.

(2) Charges: Devoteam Outsourcing (€177 thousand), MyFowo.com (€29 thousand), Devoteam Services (€134 thousand) and Media-Tel LLC (€215 thousand).
Reversals: Devoteam SA Poland (€63 thousand).

The provisions at year-end breaks down as follows: Devoteam Outsourcing for €889 thousand, MyFowo.com for €29 thousand, Voxpilot for €394 thousand, Devoteam Morocco for €1,021 thousand, Devoteam Services for €456 thousand, Devoteam SA Poland for €7,347 thousand, Keivox for €246 thousand and Media-Tel LLC for €215 thousand.

Contingent liabilities

- In January 2013, the Group was accused by an industry player of unfair competition. The initial amount of the claim was €9.55 million. More than one year later and on several occasions since then, the opposing party produced an independent expert report in support of its claims and significantly increased its initial demands. While disputing the very basis of the accusation, the Group had the report analysed by another expert appointed by it, who concluded that the private report produced by the other party contained methodological and factual errors that totally call into question the valuation of the alleged damage.

In December 2016, the Commercial Court of Paris, while holding that it could note the existence of acts of unfair competition on the part of the Group, did not determine the amount of the damage and appointed its own court-appointed expert, who was tasked with giving an opinion on the amount of the alleged damage. The Group has appealed this judgement. In early March 2018, the court-appointed expert delivered his final report, which concluded that there was damage of €10.1 million.

After consulting with its counsel, the Group believes that it has solid legal and technical arguments to refute the existence of acts of unfair competition and challenge the serious and numerous errors in the report by the court-appointed expert.

In December 2018, following discussions with the opposing party and without changing the basis for its initial position, the Group agreed to sign a settlement agreement to definitively and irrevocably resolve the dispute, through the payment by the Group of a fixed sum of €3 million, of which €1.5 million to be borne by Devoteam SA. The various procedures associated with this dispute have now been closed.

- When it acquired Wola Info (now Devoteam Poland) in 2010, Devoteam S.A. granted a put option on 38.4% of the remaining capital. Wola's actual net position – and the company's overall condition in general – was deliberately concealed by the sellers. Devoteam SA took them to court, refusing to recognise the put option which had been exercised in the meantime.

In May 2018, a Polish court ordered Devoteam S.A. to pay €1.5 million for the put option, in addition to penalties for delay and court fees for a total amount of €4.2 million. Devoteam S.A. immediately appealed the judgment. In agreement with its counsel, Devoteam S.A. believes it has a solid case, particularly regarding the disproportionate nature of the penalties for delay compared with the principal amount.

At 31 December 2018, Devoteam SA therefore recognised, in addition to the exercise price of the option classified in liabilities since 2010, the amount of €1.5 million in respect of statutory interest and procedural costs which could be due in the event that it loses the appeal.

3.5 Accrued expenses

<i>In thousands of euros</i>	2018
Supplier invoices not yet issued	6,475
Credit notes to be prepared	4,915
Personnel - accrued expenses	9,875
Social security bodies - accrued expenses	8,001
State - accrued expenses	846
Interest accrued on bonds	446
Interest accrued on other loans	2
Interest accrued on misc. borrowings	6
Total	30,566

3.6 Accrued income

<i>In thousands of euros</i>	2018
Client invoices to be issued	16,133
Total	16,133

3.7 Marketable securities

3.7.1 Treasury shares

Treasury shares were bought and earmarked for allocation to employees as part of the free share and share purchase option plan. For this reason, these shares are not available.

The following transactions affecting the treasury shares were carried out over the course of the financial year:

	Quantity	Value (€ thousands)
Balance at 01/01/18	300,346	2,739
Treasury shares granted to employees as part of share purchase option plans	(70,000)	(638)
Balance at 31/12/18⁽¹⁾	230,346	2,100

(1) Of which 230,170 shares with a total value of €2,099 thousand classified as "Shares to be granted to employees".

The company was first listed on 28 October 1999 with a share price of €16.10. On 31 December 2018, the average price of Devoteam shares was €86.39. No provision for amortisation had been made at year-end.

3.7.2 Other marketable securities

These correspond to units in UCITS (€21 thousand) and a capitalisation contract (€351 thousand). The net asset value at 31 December 2018 was €372 thousand.

3.8 Deferred charges

None.

3.9 Net position

3.9.1 Share capital

At 31 December 2018, the share capital of Devoteam SA was made up of 8,332,407 ordinary shares representing a total of €1,263,015.

Below is a summary of the changes recorded in 2018:

	Number of shares
At 1 January 2018	8,332,407
Exercise of BSPCE and share subscription options	-
At 31 December 2018	8,332,407

At 31 December 2018, all founders' warrants (BCEs) had been exercised.

3.9.2 Analysis of changes in equity

The change in net position over the 2018 financial year is as follows:

In thousands of euros	Beginning of the year	Approp. of 2017 earnings	Capital increase	Capital decrease	Other changes	Dividends distributed	2018 Earnings	Year-end
Share capital	1,263							1,263
Share premium	1,934							1,934
Legal reserve	160							160
Other reserves	-							-
Gain on merger	50,999							50,999
Retained earnings (credit balance)	89,517	17,377				(7,206)		99,687
Profit (loss) for FY 2017	17,377	(17,377)						-
Profit (loss) for FY 2018	-						27,788	27,788
Other regulated provisions *	565				119			685
Equity	161,815	-	-	-	119	(7,206)	27,788	182,517

* Accelerated depreciation on the acquisition cost of securities.

NOTE 4 - INFORMATION ON THE INCOME STATEMENT

4.1 Breakdown of net revenue

The breakdown of revenue by geographical area is presented below:

<i>In thousands of euros</i>	2018
France	257,932
International	7,670
Total	265,602

The company operates in only one industry segment.

4.2 Incentives

No incentive agreement was established during the 2018 financial year.

4.3 Employee profit-sharing

There is no employee profit-sharing due to insufficient taxable income compared to the amount of equity at year-end.

4.4 Tax Credit for Competitiveness and Employment (CICE - *crédit d'impôt compétitivité emploi*)

The CICE recognised as a deduction from personnel expenses and corresponding to eligible compensation for the 2018 financial year, stands at €1,877 thousand. This tax credit is used to improve the competitiveness of the company and in particular to support our investment in research and innovation, the marketing and development of new solutions, recruitment and the digitisation of our internal processes.

4.5 Financial income and expenses

The main components of financial income and expenses are as follows:

Financial expenses (in thousands of euros)	2018
Provisions for financial assets ⁽¹⁾	3,445
Provisions for treasury shares	-
Provisions for current assets ⁽²⁾	989
Provisions for financial risks ⁽³⁾	115
Losses on investment-related receivables	-
Investment-related expenses	92
Interest on finance transactions ⁽⁴⁾	1,197
Other financial expenses	88
Total	5,926

Financial income (in thousands of euros)	2018
Net income from the sale of marketable securities	-
Financial income from capitalisation contracts	5
Investment-related income ⁽⁵⁾	18,555
Reversal of provisions on financial assets	-
Reversal of provisions on treasury shares	-
Reversal of provisions on current assets ⁽⁶⁾	63
Reversal of provisions on liabilities and charges ⁽⁷⁾	209
Other financial income	269
Total	19,102

- (1) These movements concern the valuation of equity securities using the method described in paragraph 2.3.1.
- (2) Of which €613 thousand in provisions for impairment of current accounts and subsidiary risks.
- (3) Of which €115 thousand in provisions for the impairment of non-Group loans.
- (4) Of which €975 thousand in interest expenses on bonds.
- (5) Of which €18,139 thousand in dividends received from subsidiaries and €416 thousand in interest received from subsidiaries on current account advances.
- (6) Of which €63 thousand in provisions for impairment on subsidiary current accounts.
- (7) Of which €10 thousand in reversals of provisions for subsidiary liabilities.

4.6 Extraordinary income and expenses

The main components of extraordinary income and expenses are as follows:

Operating expenses (in thousands of euros)	2018
On management transactions ⁽¹⁾	2,222
On capital transactions ⁽²⁾	1,316
Exceptional provision for liabilities ⁽³⁾	1,661
Total	5,199

(1) Of which €686 thousand in restructuring costs corresponding to redundancy and support expenses, €1,500 thousand linked to the dispute with an industry player and €36 thousand related to contract penalties.

(2) Of which €1,309 thousand from the sale of equity securities.

(3) Of which €25 thousand in provisions for redundancy costs, €1,516 thousand relating to the dispute with minority shareholders in Poland and €119 thousand in accelerated depreciation allowances.

Operating income (in thousands of euros)	2018
On management transactions	-
On capital transactions ⁽¹⁾	11,474
Exceptional reversal of provisions for liabilities ⁽²⁾	140
Total	11,614

(1) Of which €11,437 thousand from the disposal of equity securities and €37 thousand in gains on the disposal of treasury shares.

(2) Reversals of provisions for restructuring in respect of redundancy and support costs for €140 thousand. The charges were recorded under extraordinary expenses.

4.7 Increases and decreases in deferred tax liabilities

Nature of differences	Tax Basis		Tax *	
	Start of the year	Year-end	Start of the year	Year-end
Organic	295	375	102	129
Construction effort	310	366	107	126
Unrealised gains on marketable securities	-	-	-	-
Foreign currency translation differences - liabilities	10	376	3	129
Provisions for pensions and retirement benefits	2,673	2,587	690	668
Provisions for Group current accounts	10,104	10,596	2,609	2,736
Provisions for misc. risks	1,436	1,816	494	625
Incentives and profit-sharing	-	-	-	-
Total relief	14,828	16,116	4,005	4,413
Total increase	-	-	-	-

*In accordance with the 2018 Finance Bill which provides for a gradual reduction in corporate income tax rates, the tax rate used for "Provisions for pensions and retirement benefits" and "Provisions for Group current accounts" items is 25.825%.

For all other items, the corporate income tax rate used is 34.43%.

4.8 Breakdown of tax

Earnings before tax		Taxes payable		Profit for the year
Recurring	22,024	2,629		20,512
		(1,117)	Tax credit	
Short-term extraordinary	6,415	(860)		7,275
Total	28,439	652		27,788

Recurring profit after tax is that which would have been obtained without any extraordinary income. The tax restatements have been split between recurring and extraordinary income. The tax credits essentially come from personnel expenses that are eligible for research tax credits.

4.9 Tax consolidation

4.9.1 Tax consolidation scope

The company has, with effect from 1 January 2004, opted for the French tax consolidation regime. As such, the companies that form part of this consolidation group as at 31 December 2018 are as follows:

Name	Siren No.	Date of entry	Company type
Devoteam SA	402 968 655	01/01/2004	Parent company
Devoteam Outsourcing SAS	443 486 667	01/01/2011	Subsidiary
RVR Parad SAS	752 364 851	01/01/2016	Subsidiary
Devoteam G Cloud SAS	512 085 036	01/01/2017	Subsidiary
Steam Management	539 263 657	01/01/2018	Subsidiary
Marflie Management *	792 398 786	01/01/2018	Subsidiary
MyFowo.com	493 895 296	01/01/2018	Subsidiary

* Marflie Management was the subject of a complete transfer of assets in favour of its sole shareholder, Devoteam SA, on 1 October 2018.

4.9.2 Income tax for the year

In accordance with the tax consolidation agreement between the parties, the additional tax expense generated in respect of the 2018 financial year as a result of this tax consolidation is recorded on the Company's income statement in the amount of €53 thousand. The tax expense for the year, calculated on the taxable profits of the tax consolidation group, amounts to €3,518 thousand.

4.9.3 Consequences of the deconsolidation by the Group of one of the consolidated companies

The consolidating company shall be solely liable for the additional tax that it may need to pay in the event of the deconsolidation of one of the consolidated companies. Advance tax payments that the company may need to pay on behalf of the deconsolidated subsidiary during the 12 months following the beginning of the year of deconsolidation, shall be repaid to it by the deconsolidated subsidiary within the same time periods as those applicable to the consolidating company. This repayment shall not exceed the amount of advance payments determined on the basis of the taxable income. In the event of a tax audit on the financial years during which the deconsolidated subsidiary was a member of the Group, the former shall repay to the consolidating company any tax surcharges and/or penalties for late payment that it would have owed had it been taxed separately.

NOTE 5 - COMMITMENTS GIVEN AND RECEIVED

5.1 Commitments received

The shareholders' agreements with the following subsidiaries and investments provide for call options under which Devoteam SA may acquire additional shares at market price or based on performance conditions. The table below summarises the options available:

Company	% of share capital	Exercisability
Devoteam Consulting Belux (BE)	25.00%	Immediate
Devoteam Globicon As (Denmark)	10.00%	From 01/01/2021
DPI (Holding Drago Group)	15.25%	Between 2018 and 2020
Axance	15.00%	From 01/04/2020
Siticom	31.53%	From 01/01/2019 for one half, from 01/01/2020 for 15% and from 01/01/2021 for the remainder
Devoteam Digital Factory	30.80%	Immediate
Technologies & Opérations	29.53%	Immediate
Devoteam Customer Effectiveness	28.47%	Immediate
FI-Makers	33.04%	Immediate
D2SI	17.94%	From 31/12/2021
Devoteam nexDigital	25.00%	immediate
Devoteam Modern Applications	30.00%	immediate
Devoteam Italy	50.00%	Immediate
Devoteam Netherlands*	20.00%	From 01/01/2021 for one half and from 01/01/2022 for the remainder
Bold International	42.00%	From 01/01/2022 for one half and from 01/01/2023 for the remainder
Jayway	24.99%	From 01/01/2020 for the first third, from 01/01/2021 for the second third and from 01/01/2022 for the remainder

* The minority shareholders also have a put option on their shares.

5.2 Commitments given

5.2.1 Options granted to employees

Share purchase options, founders' warrants (BCE) and warrants to acquire existing redeemable shares (BAAER) have been granted to Group employees. At 31 December 2018, 6,000 purchase options, 20,500 BAAER and 193,800 free shares are outstanding, as detailed below:

Date of plan	Granted	Number of options outstanding at 31/12/2018	Number of options outstanding at 31/12/2017	Exercise price	Earliest exercise date	Expiry date	Zero coupon rate
18/10/2012	400,000	20,500	33,500	12.00 €	18/10/2014	18/10/2019	1.35%
30/11/2012	100,000	6,000	63,000	9.00 €	30/11/2016	30/11/2019	1.25%
17/06/2016	182,000	147,800	162,000	-	01/03/2019	01/03/2019	N/A
04/09/2017	50,000	46,000	50,000	-	01/03/2021	01/03/2021	1%
TOTAL	732,000	220,300	308,500				

The changes to the option plans are summarised in the table below:

	2018		2017	
	Number of options	Average exercise price	Number of options	Average exercise price
Number of shares that may be subscribed at the beginning of the year	308,500	3.14 €	309,500	4.39 €
Number of options cancelled during the year	18,200	3.14 €	20,500	4.39 €
Number of options exercised during the year	70,000	10.50 €	30,500	12.44 €
Number of options issued during the year	-	-	50,000	-
Number of shares that may be subscribed at year-end	220,300	1.36 €	308,500	3.14 €

Devoteam SA does not recognise any liabilities with regard to its commitment to grant shares as part of the BAAER and share purchase plans. All of these option plans are covered by shares previously reclassified at a price lower than the option exercise price (see Note 3.7.1).

5.2.2 Interest rate hedging instruments

No interest rate hedging instruments are in place at 31 December 2018.

5.2.3 Commitments linked to factoring

In December 2013, the company entered into a factoring agreement, of unlimited duration, with the credit institution BNP Paribas Factor, for a total authorised amount of €29,700 thousand. The agreement is based on the periodic transfer of the balance of factored receivables accepted by the factor. To be eligible, commercial receivables must be certain, liquid and due, and have an initial credit period of no more than 60 days, in accordance with current legislation. In the case of a contract with a management and collection mandate, Devoteam remains responsible for all transactions necessary to ensure the payment of the receivables transferred into an account opened in the name of the factor.

The sum of receivables transferred and not collected at year-end stands at €18,135 thousand.

5.2.4 Other commitments given

Guarantees given by Devoteam SA primarily concern its subsidiaries. The main securities, guarantees and warranties given by Devoteam SA to its subsidiaries guarantee ongoing rental commitments, commitments to suppliers and bank lines of credit:

Guarantees given	Amount	Type
Subsidiary		
Devoteam Information Technology and Consultancy A.S.	55	Guarantees on bank lines of credit
Devoteam Morocco	400	Guarantees on bank lines of credit
Devoteam Services	200	Guarantees on bank lines of credit
Devoteam Middle East	6,659	Guarantees on bank lines of credit
Devoteam Consulting AS	804	Guarantees on bank lines of credit
Devoteam GmbH	1,030	Guarantees on bank lines of credit
Devoteam Luxembourg	150	Guarantees on bank lines of credit
Devoteam S.A Poland	511	Guarantees on bank lines of credit
Total subsidiary guarantees	9,809	
Other		
Devoteam GmbH	80	Supplier guarantees
Devoteam Foundation	90	Subsidy payment commitment
Total other guarantees	170	
Total guarantees given	9,979	

These guarantees are given in the normal course of business of our subsidiaries. Bank guarantees are intended to guarantee local lines of credit of undetermined duration, and supplier guarantees, generally of limited duration, are intended to guarantee outstanding supplier debt. At the end of the financial year, all of our guaranteed subsidiaries are in a position to fulfil their commitments and, as such, the risk of being called upon remains low.

Certain acquisition contracts provide for earn-outs subject to financial performance (revenue, operating margin) and/or criteria linked to the Devoteam consolidation group. These commitments are recognised as soon as their payment becomes likely. At 31 December 2018, all earn-outs have been recorded.

NOTE 6 - MISCELLANEOUS INFORMATION

6.1 Breakdown of the workforce

During the 2018 financial year, the average headcount was 1,663 employees. This is mainly made up of executive personnel.

6.2 Compensation of management and supervisory bodies

The compensation of management bodies for the financial year ended 31 December 2018 amounts to €1,403 thousand. Due to the fact that the members of the Management board are not linked to the company via an employment contract, there is no commitment made in respect of their pensions.

With regard to the Supervisory Board, the amount of directors' fees recognised in 2018 was €140 thousand for nine members.

6.3 Individual Training Account (CPF)

French Law No. 2014-288 of 5 March 2014 on vocational training, employment and social democracy introduced, with effect from 1 January 2015, the Individual Training Account (CPF) which replaces the previous Individual Right to Training (DIF). The new scheme means that every employee has the right, throughout their career, to 20 hours training per year, up to 120 hours, then 12 hours per year up to a maximum of 150 hours. Rights acquired under DIF to 31 December 2014, but not yet used, may be used under the new CPF until 31 December 2020.

NOTE 7 - EVENTS SUBSEQUENT TO YEAR-END

None.

4.4 Statutory Auditors' report on the annual financial statements

Year ended 31 December 2018

To the General meeting of Shareholders of Devoteam S.A.,

Opinion

In compliance with the engagement entrusted to us by your General meeting, we have audited the Devoteam S.A. annual financial statements for the year ended 31 December 2018, as attached to this report.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities, the financial position of the company and the results of its operations for the year ended, in accordance with French accounting principles.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of opinion

Auditing framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are set out in the "Responsibilities of the Statutory Auditors in the auditing of the annual financial statements" section of this report.

Independence

We carried out our audit mission in accordance with the independence rules applicable to us, for the period from ¹ January 2018 to the date of our report, and in particular we did not provide services prohibited by Article 5 (1) of Regulation (EU) No. 537/2014 or the Code of Ethics for the profession of Statutory Auditor.

Justification of assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatements which, in our professional judgment, were the most important for the audit of the annual financial statements for the year, as well as the responses we provided to such risks.

The assessments thus made fall within the context of the audit of the annual financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on items in these annual financial statements taken individually.

Valuation of equity securities

(Paragraphs 2.3.1 and 3.2 of the notes to the annual financial statements)

Risk identified

At 31 December 2018, the equity securities are recognised in the Devoteam S.A. statutory balance sheet for a net amount of €166,652 thousand. Equity securities are recognised at their acquisition date at acquisition cost and may be impaired on the basis of their value in use.

As stated in Note 2.3.1 "Equity securities", a provision for impairment is established when the carrying amount of equity securities is greater than their value in use. This value in use is estimated by Management, either using the discounted future cash flow method adjusted for net debt, or based on the share of net position.

The estimate of the value in use requires the exercise of judgment by Management in its choice of the items to be considered, which may correspond, where appropriate, to historical items or to projected items.

At the closing date, Management ensures that the carrying amount of equity securities does not exceed their value in use. However, any unfavourable change in the activities related to these investments due to internal or external factors that may be related to the economic and financial environment of the markets in which Devoteam SA operates may significantly affect the value in use of the equity securities and require the recognition of a provision for impairment. Such a development involves a reappraisal of the relevance of all of the assumptions used for the determination of values in use as well as the reasonableness and consistency of the calculation parameters used.

We consider the valuation of equity securities to be a key audit matter given the significant amount of equity securities in the financial statements and their sensitivity to the assumptions made by management.

Our response

Our approach consisted of:

- reviewing and evaluating the process implemented by Management to estimate value in use;
- for the equity securities for which the value in use is calculated using the discounted cash flow method, adjusted to reflect the cash and/or net debt of the companies in question, assessing the reasonableness of the valuation of the value in use, notably through:
 - interviews with management,
 - a comparison of the cash flow projections resulting from the budgetary and forecasting process for the years 2019 to 2022 with the projections used in the impairment test for the previous year,
 - a comparison of the 2018 results projections used in the previous year's impairment test with actual results to assess their reliability,
 - an assessment of the reasonableness of the assumptions used in the projections in the light of our knowledge of the economic environment in which the Group operates; and,
 - an assessment, with the support of our valuation experts, of the reasonableness of the financial parameters used, the model used to determine value in use and the method used to determine the discounting and long-term growth rates;
- for the equity securities for which the value in use is calculated using the share of net position:
 - assessing the appropriateness of the valuation method used,
 - assessing the documentation underlying the valuation of the value in use.

Recognition of revenue for fixed-price contracts

(Paragraphs 2.10 of the notes to the annual financial statements)

Risk identified

The Devoteam Group operates in the professional IT services and innovative technology consultancy market. It provides services through subcontracting or fixed-price contracts.

For fixed-price services, revenue is recognized as the service is rendered according to the stage of completion, which is determined by comparing the costs incurred at closing with the total expected costs over the duration of the contract.

The total costs of a contract, in particular those still to be incurred, are regularly monitored and estimated to determine whether the stage of completion of the contract and the level of margin to be recognised need to be revised.

We considered the recognition of revenue from fixed-price service contracts to be a key audit matter because the estimated costs for those contracts are based on operational assumptions and their estimation has a direct impact on the level of revenue and margin recognised in the annual financial statements.

Our response

We reviewed the internal control systems related to the recognition of fixed-price contracts.

We tested the effectiveness of the key controls put in place by the management controllers, in particular those relating to the allocation of costs.

For a selection of contracts based on quantitative and qualitative criteria, we performed the following due diligence:

- we reconciled the financial data (revenue, invoicing, costs and work in progress) included in the monitoring sheet for the contract prepared monthly by management control, with the accounting;
- on the basis of interviews with the management controllers and/or operational managers, we assessed the remaining costs to be incurred and the stage of completion of the contract that they have determined and on which the accounting of the revenue figure and the recognition of the margin is based.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information provided in the management report and in the other documents addressed to the Shareholders with respect to the financial position and the annual financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Management board and in the other documents addressed to the Shareholders with respect to the financial position and the financial statements.

We attest to the fair presentation and the consistency with the annual financial statements of the information relating to payment periods mentioned in Article D. 441-4 of the French Commercial Code.

Report on corporate governance

We attest that the report of the Supervisory Board on corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on these procedures, we attest the accuracy and fair presentation of this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the Shareholders and holders of the voting rights has been properly disclosed in the management report.

Information resulting from other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed statutory auditors of Devoteam SA by the General meeting of 26 July 1999 for KPMG and 20 June 2014 for Grant Thornton.

As of 31 December 2018, KPMG S.A. was in the second year of its mission without interruption and Grant Thornton in the fifth year.

Moreover, KPMG SA and KPMG Audit IS are members of the KPMG network and were previously Statutory Auditors of the entity from 1999 to 2000 and from 2001 to 2016, respectively.

Responsibilities of the management and corporate governance officers with respect to the annual financial statements

It is the responsibility of management to prepare annual financial statements that present a true and fair view in accordance with French accounting principles and to put in place the internal controls that it deems necessary for the preparation of annual financial statements that are free of material misstatements, whether due to fraud or error.

In the preparation of the annual financial statements, management is responsible for evaluating the ability of the company to continue as a going concern, to present in those financial statements, as appropriate, the necessary information relating to the continuity of operations and apply the going concern accounting policy unless it is planning to wind up the company or cease operations.

The Audit Committee is responsible for overseeing the financial reporting process and monitoring the effectiveness of the internal control and risk management systems and, as applicable, the internal audit with respect to procedures relating to the preparation and processing of accounting and financial information.

These annual financial statements have been approved by the Management Board.

Responsibilities of the Statutory Auditors with respect to the auditing of the annual financial statements

Audit objective and process

It is our responsibility to prepare a report on the annual financial statements. Our objective is to obtain reasonable assurance that the annual financial statements taken as a whole do not contain any material misstatements. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit performed in accordance with the standards of professional practice can consistently detect any significant anomalies. Anomalies may arise from fraud or error and are considered significant where it can reasonably be expected that they, taken individually or cumulatively, may influence the economic decisions that readers of the statements take based thereon.

As specified by Article L. 823-10-1 of the French Commercial Code, our mission to certify the financial statements does not constitute a guarantee of the viability or quality of the management of your company.

In the context of an audit conducted in accordance with the professional standards applicable in France, Statutory Auditors exercise their professional judgment throughout the audit. Moreover:

- they identify and assess the risks that the annual financial statements contain material misstatements, whether due to fraud or error, define and implement audit procedures to address those risks, and collect items they consider sufficient and appropriate for the formation of their opinion. The risk of not detecting a material misstatement due to fraud is higher than for a material misstatement resulting from an error, as the fraud may involve collusion, falsification, voluntary omissions, misrepresentation or circumventing of internal controls;

- they review the internal controls relevant to the audit in order to define appropriate audit procedures in the circumstances, not to express an opinion on the effectiveness of the internal controls;
- they assess the appropriateness of the accounting methods used and the reasonableness of accounting estimates made by management, as well as the information concerning them provided in the annual financial statements;
- they assess the appropriateness of management's application of the going concern accounting policy and, depending on the evidence gathered, the existence or non-existence of significant uncertainties related to events or circumstances that may call into question the company's ability to continue as a going concern. This assessment is based on the information gathered up to the date of its report, but it should be noted that subsequent circumstances or events could jeopardise the continuity of operations. If they conclude that there is significant uncertainty, they draw the attention of readers of their report to the information provided in the annual financial statements about such uncertainty or, if the information is not provided or is irrelevant, they formulate a qualified certification or a refusal to certify;
- they assess the overall presentation of the annual financial statements and assess whether the annual financial statements reflect the underlying transactions and events such that they give a true and fair view of them.

Report to the Audit Committee

We submit a report to the Audit Committee that outlines the scope of the audit work and the programme implemented, as well as the conclusions arising from our work. We also disclose, where appropriate, the significant weaknesses in the internal controls that we identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the elements disclosed in the report to the Audit Committee are the risks of material misstatement that we consider to have been the most important for the audit of the annual financial statements for the year, and which therefore constitute the key points of the audit that it is our responsibility to describe in this report.

We also provide the Audit Committee with the declaration mentioned in Article 6 of Regulation (EU) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as laid down in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for the profession of Statutory Auditor. As appropriate, we discuss the risks to our independence and the safeguards applied with the Audit Committee.

The Statutory Auditors

Neuilly-sur-Seine, 30 April 2019

Paris La Défense, 30 April 2019

Grant Thornton
*French member of Grant Thornton
International*

KPMG Audit
Department of KPMG SA

Vincent Papazian
Partner

Jean-Pierre Valensi
Partner

5 CORPORATE SOCIAL RESPONSIBILITY REPORT

5.1 Governance

The aim of the first pillar of sustainable development, the corporate governance policy, is to secure the company's long-term future through sound management and follow-up of CSR action plans.

Established in 1995, the Group is run by a Management board with two members: Stanislas de Bentzmann, Chairman, and Godefroy de Bentzmann, CEO, the founders of Devoteam.

The Group also has a number of supervisory bodies:

- a Supervisory Board chaired by Michel Bon, former Chairman of Orange (France Telecom) and Carrefour;
- an Audit Committee in charge of overseeing all matters relating to the preparation and audit of financial information;
- a Compensation Committee in charge of the compensation policy applicable to the executive staff. This committee also serves as a Nominations Committee when required to do so;
- a Strategy Committee in charge of short- and medium-term strategic decisions.

5.1.1 Message from the General Secretary

"There is an inescapable focus today on sustainable development - and CSR in particular at our level - not just for large companies, but for society as a whole. Ignoring this could put the future of our company in jeopardy, not to mention that of upcoming generations, making redundant all of the digitisation work we are currently carrying out. Devoteam is therefore actively committed to a more sustainable policy".

5.1.2 Our values

In 2005, to mark its 10th anniversary, Devoteam organised a seminar for all of its staff around the world with a view to identifying the Group's values. The Devoteam Charter can be found below.

Respect

1. Treat people you are working with as you want to be treated yourself.
2. Be professional in your daily work and fulfil commitments.
3. Consider that your colleagues' time and work are as valuable as yours.
4. Integrate new people in teams and make our guests feel welcome.
5. Feel responsible for Devoteam's resources.



Frankness

1. Give all relevant information to your teams, colleagues, and managers to offer the best view of the situation you are involved in.
2. Improve, don't just criticize. In front of an issue, give always at least one suggestion.
3. Tell what is best, highlight risks, and say if you are not qualified for a task.
4. Learn and share from positive and negative experiences.
5. Manage internal issues, not to let them impact negatively on our efficiency.



Passion

1. Bring value and new ideas, and share knowledge.
2. Be proud of your teams, your work, and the customer value you deliver.
3. Always act to protect, encourage, and strengthen long term relationships.
4. See an opportunity in any change.
5. Help to develop Devoteam.



5.1.3 Corporate governance



Audrey Le Gall, *Responsable des Affaires Sociales*

Vivien Ravy, *Auditeur Interne*



Cihan Kaya, *Responsable RSE*



Roland de Laage, *Secrétaire Général*

Dimitri Gerchenzon, *Responsable des Achats*



In January 2017, a Sustainable Development Committee was set up to implement an ambitious CSR policy based on four pillars:

- environment;
- employee-related;
- business ethics;
- responsible purchasing.

The committee meets once a month to monitor the progress of projects implemented for each of the four pillars. In addition, the CSR Officer meets with the people responsible for each pillar twice a month so that CSR initiatives can be carried out in these specific areas.

5.1.4 Awards, accreditation and certification

Since its inception, the Group has received several awards in recognition of its commitments to good governance.



Most Attractive Employer (Universum) is a ranking based on a questionnaire sent out to more than 40,000 students and professionals, which identifies the 130 most attractive companies for engineers. This ranking allows us to gauge our reputation and attractiveness and observe how these change over time. It is crucial that Devoteam measures its attractiveness in a market where talent is increasingly in demand.



Happy Trainees is a label awarded on the basis of a questionnaire sent to our trainees. This highlights both the quality of the courses we offer and the quality of support given to our trainees. For the 2017-2018 school year, we received a recommendation rate of 87%.



Diversity Charter: a commitment by the Group to promote diversity and outline its plan to tackle discrimination. It is essential that we affirm our commitment to accepting other people. Respect, and by extension respect for differences, is one of Devoteam's core values. Our employees need to feel free to be themselves and to feel accepted in spite of their differences.



NOUS SOUTENONS
LE PACTE MONDIAL

As a signatory to the *Global Compact*, we are committed to upholding the 10 principles laid down by the United Nations in 1999. These principles are wholly suited to the business and the CSR context. As a signatory to the Global Compact, we frame our CSR policy around these guiding principles.



In 2018, Devoteam was listed as one of the 20 "Most attractive employers" in France by Glassdoor, all industries combined. Glassdoor is an online platform where current and former employees of businesses can anonymously rate their working environment.



Ecovadis CSR Rating: Devoteam was awarded the Silver label in November 2018, proof of its commitment to corporate social responsibility. Devoteam hopes to continue these CSR efforts to reach Gold level. Devoteam SA (GROUP) is among the top **12%** of companies rated by EcoVadis in the computer programming, consulting and related activities business sector.



Gaia Rating: the Gaia Rating result has once again played testament to Devoteam's ambitious CSR policy. Devoteam's CSR score on this non-financial questionnaire has increased by 18%, climbing to 67th place.

5.1.5 Business model and NFPS

Devoteam's business model is set out in section 2.1 "Activity of Devoteam SA and its subsidiaries during the financial year".

Non-financial risks (2.5.4 Risk factors)	Policies	KPIs
Employee-related		
Loss of key talents	5.2.2 Training and career management	5.6.5 KPIs on the regional, economic and social impacts of the Company's activities
Decline in the appeal of our employer brand	5.1.4 Awards, accreditation and certification	5.1.4 Awards, accreditation and certification
Talent shortage	5.6.3 School relations	5.6.5 KPIs on the regional, economic and social impacts of the Company's activities
Occupational health and safety	5.2.3.2 Occupational health and safety	5.6.5 KPIs on the regional, economic and social impacts of the Company's activities
Obsolescence of skills	5.2.2 Training and career management	5.6.5 KPIs on the regional, economic and social impacts of the Company's activities
Combating discrimination and diversity	5.2.4 Combating discrimination and diversity policy	5.6.5 KPIs on the regional, economic and social impacts of the Company's activities
Business ethics		
Business ethics compliance	5.4.1 Ethics and Compliance	
Data security compliance	5.4.2 Data protection	
Environment and Responsible Purchasing		
Environmental compliance	5.3 Environment	5.3.7 Environmental KPIs
Management of environmental and social risks in the supply chain	5.5.1 Management of social and environmental risks	5.5.2 Responsible purchasing KPIs

To write its NFPS (Non-Financial Performance Statement), Devoteam assembled its financial, human resources, legal, training, school relations and CSR officers. This collaborative work enabled us to identify the main non-financial risks affecting our financial performance and to what degree. Attendees at these meetings also established the priority level of each of these risks.

Having identified the main risks linked to Devoteam's activity, the various stakeholders added their policies for the mitigation of these non-financial risks.

Lastly, to properly monitor these risks, the stakeholders then added their own key performance indicators to track the policies put in place.

5.2 Employee-related

5.2.1 Employment

5.2.1.1 Total headcount

At 31 December 2018, the Devoteam Group employed 6,975 people, compared to 5,195 people at 31 December 2017. The data presented below relates to 6,573 employees (i.e. 94.24% of total employees). Excluded from the scope: Devoteam Management Consulting Belgium, Paradigmo SA/NV (Belgium), Devoteam Denmark, D2SI, MyFowo (France), DiamondbyBold Lda, Neos Lda, Precise Lda, NauOn SA (Portugal), representing 402 employees.

5.2.1.2 Breakdown of headcount by gender, age and geographical area

At 31 December 2018, 74% of employees were men and 26% were women, compared with 76% and 24% respectively in 2017. This majority share of male employees reflects the fact that a large proportion of our new recruits come from engineering schools, traditionally attended by more males than females.

As the principal activity of Devoteam is digital transformation consulting, the vast majority of our employees work directly with our clients at their premises (mainly key accounts). These represent approximately 75% of our workforce. The remaining 25% work at our premises.

The **breakdown by age bracket** is below.

Age category	31-Dec-18		31-Dec-17		Variation by number	Variation as a percentage (2017-2018)
	Number of employees	Breakdown as a percentage	Number of employees	Breakdown as a percentage		
18 - 24	486	7%	365	7%	122	33%
25 - 34	3,257	50%	2,338	47%	917	39%
35 - 44	1,673	25%	1,266	25%	407	32%
45 - 54	867	14%	760	15%	107	14%
> 55	290	4%	251	5%	39	16%
Total	6,573	100%	4,980	100%	1,593	

The breakdown by **geographical area** reflects the fact that the Group has several sites in France and is present in 18 countries in Europe, the Middle East, North Africa and Mexico, as shown below:

Geographical area	31-Dec-18		31-Dec-17		Variation by number	Variation as a percentage (2017-2018)
	Number of employees	Breakdown as a percentage	Number of employees	Breakdown as a percentage		
France	3,073	47%	2,562	51%	511	20%
Europe	2,943	45%	1,945	39%	998	51%
Rest of the world *	557	8%	473	9%	84	18%
Total	6,573	100%	4,980	100%	1,593	

* Mainly North Africa, Mexico and Persian Gulf countries

5.2.1.3 Working arrangements

Recruitments	31-Dec-18		31-Dec-17		Variation by number	Variation as a percentage (2017-2018)
	Number of employees	Breakdown as a percentage	Number of employees	Breakdown as a percentage		
Open-ended contract	2,564	88%	1,776	98%	788	44%
Fixed-term contract	350	12%	34	2%	316	929%
Total	2,914	100%	1,810	100%	1,104	

5.2.2 Training and career management

5.2.2.1 Training

Since its creation, Devoteam has invested heavily in a comprehensive skills and knowledge management system, organised around three main areas:

- a training plan dedicated to external training;
- Devoteam Academy, a structure dedicated to the internal training designed and provided by our experts.

As a business in the digital industry, Devoteam offers consulting services on innovative technologies to support its clients through their digital transformation. This industry requires employees to develop their skills and keep them up to date through training, so as to be able to address the issues facing our clients. Devoteam SA has therefore developed an ambitious training policy and sets aside more than 2.3% of its gross payroll each year for training. This policy is based on certified technical training, a hallmark of quality in our industry, and on behavioural training, vital to meeting the needs of our clients and building strong relationships with them.

Staff training is a key lever of the business strategy, making a significant contribution towards achieving ambitious goals. It also helps us to attract new talent year after year. To this end, Devoteam created the Knowledge Up Program in 2018; a 3-year initiative to attract young graduates, offering them visibility over their professional future and the chance to develop their skills with a career path involving certifiable and behavioural training.

- **Devoteam Academy**

Devoteam Academy is central to our skills management project and to the company's strategy. It is a space in which discussion and healthy competition are encouraged. We believe that this in turn creates cohesion between employees.

Devoteam University can improve the overall performance of the Group through:

- the development and promotion of internal training;
- the growth of collective and individual skills in line with the changes in our business lines;
- the creation of standardised, consistent training programs that are tailored to our industry;
- the encouragement of sharing and learning.

Devoteam University is also an opportunity for employees to share their knowledge. In accordance with our objectives over the past three years, in 2018, Devoteam SA extended its training programme. 38% of training this year was provided in-house, representing almost 7,000 training hours.

Devoteam strongly believes in the importance of the role of local managers and has created a training plan comprised of a variety of training modules:

- management basics;
- managing in compliance with employment law;
- Devoteam tools to support them in their role.

In 2018, Devoteam SA launched a Learning Management System, My Devoteam Academy (MDA) which offers all consultants access to the training courses linked to Devoteam's positioning and strategy and therefore oriented towards SMACS (Social, Mobility, Analytics, Cloud, Security). My Devoteam Academy users can also apply for online training and monitor management approval through real-time processes and explore new learning methods.

This portal offers:

- digital training: e-learning, MOOC;
 - classroom/blended training: staff can access a brochure presenting classroom and blended training (classroom training and other forms of distance learning), including certification. Training requires management approval if it takes place during working hours;
 - training assessments;
 - an evaluation process comprising feedback from the student at the end of the training;
 - feedback from the manager within 3-6 months of the training to assess the new knowledge/skills learned and the practical application thereof;
-
- feedback from the trainer on the homogeneity of his/her group and the in-house training conditions.

Lastly, with regard to this training scheme, Devoteam can introduce positioning and/or skills acquisition tests, for instance to determine whether prerequisites have been met for the training selected and to ensure the members of each group are at a similar level to each other.

My Devoteam Academy opened in France to confirm and standardise our best practices and to establish a strong, communal space for sharing knowledge and experiences.

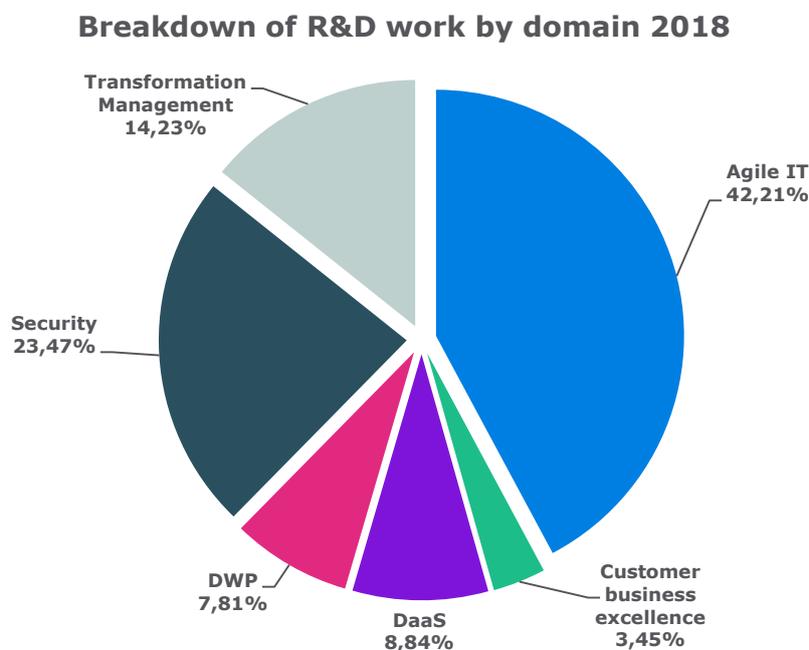
For this Academy, Devoteam has obtained quality certification which guarantees the quality of the courses provided and makes them eligible for funding from accredited training fund bodies. Since October 2018, Devoteam has had VeriSelect certification (from Bureau Veritas).

- **Devoteam Research and Innovation (DRI)**

Created in 2012, "Devoteam Research and Innovation" (DRI) is responsible for supporting the definition of innovative and high added value solutions in line with the Group's strategy. Its work is underpinned by the desire to support our clients in the digital transformation battle.

In 2018, in coordination with the Devoteam experts and using feedback from our clients, we launched a number of themes based on Artificial Intelligence and Machine Learning, with a particular focus on HR and the handling of complex IT requests as well as graph-based usages. DRI continued its work to improve our clients' infrastructures, and in particular their access to hybrid cloud and Move2Cloud solutions, and container performance. Lastly, DRI has also been working hard on security and risk management tools, complemented by transformation solutions and agility in particular.

A breakdown of these activities is shown in the following graph:



5.2.2.2 Career management

Employee satisfaction survey:

This was introduced by Devoteam in 2013 to measure the level of employee satisfaction. The surveys are completed each month following the submission of activity reports for all Devoteam SA employees.

Staff are asked three questions:

1. How would you generally describe your links with Devoteam?
2. How would you describe your relationship with Devoteam management?
3. How would you describe your project environment?

A score of 1 to 4 is given (4 being the highest)

- 1: dissatisfied
- 2: moderately satisfied

3: satisfied
4: extremely satisfied

Comments may also be added, although this is not compulsory.

In addition, employees can ask to be excluded from satisfaction surveys.

The responses to questions 1 and 2 are emailed to Human Resources Business Partners (HRBP), line manager and their line manager's superior.

Any dissatisfaction triggers a corrective action plan by HRBP and/or the Manager through a call, email or face-to-face discussion.

Each month, HRBP processes the responses to compile statistics based on curve models for the scores for each question, noting the overall trends:

- by entity;
- by sector;
- by seniority.

Employees are not obliged to respond to the questionnaire sent. If an employee does not wish to complete the questionnaire, they are excused from this monthly process.

Lastly, a presentation with satisfaction/dissatisfaction graphs is sent to all managers, department heads, HRBP (Human Resources Business Partners) and the Executive Board for a constructive follow-up to the project.

5.2.3 Working conditions

5.2.3.1 Work/life balance

- **Teleworking agreement**

As part of the extension of the teleworking agreement at Devoteam SA signed in 2017 between Devoteam and the CFDT, CFE-CGC and UNSA unions, an extension amendment was signed in 2018 for a period of two years.

Since teleworking involves a new type of working arrangement offering staff more flexibility, it can help to balance the employee's work and private life. In principal, Devoteam allows its employees to work from home twice a week. Teleworking days must be agreed between the employee and their manager.

- **Right to disconnect**

The French Labour Code gives everyone the right to disconnect and have proper daily and weekly rest periods. Since talks with the unions collapsed on this subject, Devoteam SA Management introduced a charter on the right to disconnect. Among other things, this reminds people of the right to disconnect from work. Managers must lead by example, although employees also play an important role and should take steps to enforce their right to disconnect. The charter also calls for proper rest periods and holiday, and stresses the importance of reasonable use of information and communication technologies.

Monitoring of rest periods is also carried out by way of a form which employees must complete weekly to confirm that they have taken proper periods of rest.

If an employee states that he/she has not taken proper rest periods, a meeting is immediately organised to understand why he or she has not been able to do so and to take the necessary steps to ensure that this does not happen again.

The Department has also developed a personalised e-learning module on the right to disconnect, covering the principles set out in the charter, accessible to all, such that all employees are aware of and understand this concept of the right to disconnect and how to properly use digital tools.

- **Donating paid leave**

As part of the implementation in 2017 of the scheme allowing staff to donate paid leave to colleagues with seriously ill children for one year, this scheme was extended in 2018 by a company-wide agreement signed between Devoteam SA and the CFDT, CFE-CGC and UNSA unions. This agreement, signed for one year, extended the scheme which allows staff to donate paid leave to colleagues caring for a child of less than 20 years of age suffering from an illness, disability or victim of a particularly serious accident requiring a sustained presence and intensive care, and extends it to help employees in a co-habiting relationship with someone suffering from a severe loss of independence or with a disability.

In accordance with the procedure set out by this agreement, these employees can benefit from days of paid leave donated by their colleagues.

With regard to requests for donations of paid leave to care for a seriously ill child, the agreement signed in 2018 states that Devoteam SA will also participate in the donation, granting to the employee half of the required number of paid authorised days of leave stated in his or her request.

- **Local management: Career Manager**

In early 2018, Devoteam decided to reinforce its local management to better support its employees.

As its employees are based at a variety of client premises, developing and maintaining relationships is our priority. Beyond this, their role is to support the consultants along their career path by helping define their goals and skills development plans.

This manager role was assigned to experienced consultants with natural management ability or skills. Devoteam has introduced a training programme that comprises a number of different training modules:

- management basics;
- managing in compliance with employment law;
- Devoteam tools to support them in their role.

5.2.3.2 Occupational health and safety

- **Psychosocial risk prevention policy**

To help prevent psychosocial risks, we have introduced an HR proximity policy to enable us to identify more easily and swiftly any potential difficulties faced by our employees.

Human Resources staff and managers regularly visit client premises to meet with our consultants working there.

Furthermore, the consultants are asked to complete a monthly "Consultant Satisfaction Survey" which looks at their satisfaction in a number of areas:

- the atmosphere on the project on which they are working;
- their relationship with their manager;
- their overall relationship with Devoteam.

They can also add comments to any of their answers. Depending on the scores given and/or comments made, the Head of Human Resources and their manager may be alerted, who can then meet with the employee and establish an action plan if necessary. This process also helps to highlight any potential difficulties.

Furthermore, all managers are trained by an external expert in the management of psychosocial risks (PSR). The aim of this training is to:

- inform them about what constitutes a PSR;
- inform them about what can cause PSR;
- equip them with the skills to identify and manage a PSR situation (steps to be taken/refer the employee to the most appropriate person depending on the type of PSR).

Lastly, Devoteam also has an alert procedure in place for when a colleague is suffering or suspected to be suffering from PSR. This procedure is described in a memorandum available on our intranet. It is also regularly distributed to employees. The memorandum contains a definition of PSR and a list of people to be contacted should employees experience any symptoms or suspect that a colleague is at risk.

The contact details for members of the health and safety committee and company doctors are available on notice boards and the Hive intranet.

- **Stress-reducing measures**

We have put in place stress-reducing measures with regular reminders of guidelines for behaviour in open-plan offices, so as to ensure a calm working environment.

A number of initiatives are also taken to help enable employees to protect against stress, including raising awareness among management on how to prevent PSR.

In addition, we have published an alert procedure for employees who are experiencing symptoms or who suspect that a colleague is at risk. This is also published on our Workplace intranet.

Lastly, we are currently updating our single risk assessment form (mandatory document listing the various risks facing employees, appended hereto) and are preparing the annual prevention plan to improve working conditions in light of incidents that have occurred and the areas identified for improvement.

- **Sports membership**

Keen to promote well-being at work, Devoteam SA has entered into a partnership with a company to offer employees (and two named beneficiaries each) access to a nationwide network of gyms in France.

This scheme, which requires no commitment from employees and offers very low rates compared to the usual cost of gym membership, is proving popular among staff; registration numbers are growing every month.

5.2.3.3 Accidents at work and absenteeism

During 2018, the Group recorded 1,100 days of absence in France (compared with 24 accidents and 659 days of absence in 2017).

The absenteeism rate is 3.68% for France (including maternity and paternity leave).

5.2.4 Combating discrimination and diversity policy

Since its creation in 1995, Devoteam has prohibited the application of discriminatory criteria in the recruitment of employees, particularly criteria related to origin, gender, lifestyle, sexual orientation, actual or presumed ethnicity, nationality or race, political opinions, trade union or mutualist activities, religious beliefs, physical appearance, name, health, disability, pregnancy, age, marital status or genetic characteristics.

The Devoteam Charter reflects the Group's desire to act in this way, namely to represent diversity in the workforce of all its subsidiaries. It encourages the implementation of a human resources management policy that focuses on the support and recognition of individual skills. Through this, the company wants to promote cohesion and social equality.

- **Disability policy**

Group agreement:

As part of its corporate responsibility initiative, Devoteam and the majority of the trade unions signed their third agreement on 29 January on the employment and retention within the workforce of people with disabilities. This follows the agreement signed with Agefiph covering the periods between May 2009 and May 2011 and the agreements covering the periods 2012-2014 and 2015-2017.

This three-year agreement (2018-2020) has four objectives:

- to encourage the further recruitment of employees with disabilities;
- to develop actions to retain in the workforce employees with disabilities;
- to develop the use of adapted companies (EA) and assistance centres helping disabled people into work (ESAT) to arrange subcontracting with the protected sector;

- to raise awareness among staff and management through communication and training campaigns.

The main purpose of the disability policy is to:

- educate and inform employees on disability;
- support initiatives suggested by disabled workers;
- coordinate all measures to promote the recruitment and retention within the workforce of people with disabilities;
- become a principal contact for other parties that deal with disability (Cap emploi, occupational health services, ergonomists, etc.).

As such, over each agreement period Devoteam recruits around 20 workers with disabilities and retains them in employment (via adjustments to equipment, rotas, working hours, transfers with relocation assistance, etc.).

With regard to the difficulty in recruiting disabled workers at the required levels at Devoteam, every year the Group offers support to job seekers looking to improve their skills, particularly through funding training, through the organisation Many Rivers (disabled persons' training centre in Paris) in the following areas:

- job seeking techniques and strategies;
- office skills;
- english;
- interpersonal communication.

Each year since the agreement was signed in 2009, Devoteam has been actively involved in the annual Disability Week, when it promotes various activities to employees at its premises, including for example:

- workshops including the "Day-to-day independence" workshop: presentation by and discussion with a consultant on objects and technical assistance available to disabled people to increase their everyday (personal and professional) independence, a "Working with cancer" workshop and "Talking about invisible disabilities?", where employees learn to become aware of the difficulties associated with invisible disabilities such as short-term memory loss, muscle weakness, visual impairment, dyslexia, physical pain, mental suffering, deafness, diabetes, musculo-skeletal disorders, depression, anxiety, cancer, epilepsy, etc., and discuss with consultants their experiences of and thoughts on the consequences of such disabilities;
- all Group employees could also take part in the "DevoHandiQuiz" and "DevoHandiMovies" competitions, designed to raise awareness among the teams (at both our premises and client premises in Ile-de- France and other regions) of these concepts;
- Disability awareness through inclusive companies: during European Disability Employment Week, Devoteam organised awareness-raising actions with actors in the technology and disability sector, who took part in the Handitech Awards for inclusive companies;
- to dispel stereotypical ideas about disability and encourage the integration of disabled people, Devoteam holds annual training for all HR managers on the recruitment and employment of disabled people.

Digital accessibility of our recruitment and communication channels

As part of its Disability policy, in 2017 Devoteam decided to make its French website and careers site accessible to people suffering from visual, cognitive and mobility disabilities.

The aim is to link digital transformation with disability by making Devoteam's main digital channels accessible. In seeking to create shared value, the Group wishes to indirectly tackle "the exclusion of disabled people online".

• **Women at Devoteam**

The provisions of Law No. 2018-771 of 5 September 2018 on the freedom to choose one's professional future requires that all companies evaluate the pay gap between men and women and publish the results.

Initially, this covers companies with more than 1,000 employees who must meet this requirement by 1 March 2019. Companies whose workforce is between 250 and 1,000 employees must publish their results by 1 September 2019 and those employing between 50 and 250 people have until 1 March 2020.

So that each company can carry out this evaluation, a Gender Equality Index has been created by the Government and is applicable to all companies.

Based on five indicators (gender pay gap, wage increase gap, promotion gap, percentage of employees receiving raises after maternity leave and number of employees of each gender among the company's top 10 highest-paid employees), this index gives companies a score out of a total of 100 points. This score enables companies to identify where there is room for improvement and the areas on which they can focus to ensure professional equality.

In accordance with the provisions of this Law, Devoteam SA calculated its Gender Equality Index and obtained a score of 74 points out of 100 for 2018.

Excellent scores were obtained on the first three indicators (gender pay gap, wage increase gap, promotion gap), but the index highlighted that we need to focus on our efforts on the last two indicators (percentage of employees receiving raises after maternity leave and number of employees of each gender among the company's top 10 highest-paid employees).

Measures will be taken to improve our overall score next year.

Conscious of gender disparity in the digital sector (male/female breakdown in our target schools: 74% men, 26% women – source: Devoteam), Devoteam is keen to spotlight women working in the industry to promote gender equality. With this in mind, Devoteam is launching "Devoteam au féminin" [Women at Devoteam] events to promote digital careers within all of its entities.

The event held on 8 March 2018 invited people to think about "The journey of women in the IT world" and "The transition between school and the corporate world for young female graduates in the sector".

Promotion of and compliance with the provisions of the fundamental conventions of the International Labour Organization

5.2.4.1 Means of communication and expression for employees

The Group has always encouraged communication between employees, so as to inspire the sharing of knowledge. This year, a new in-house collaborative platform, "Hive", was made available to Group employees. This platform, a veritable tool for internal communication, is somewhere that all employees can express themselves, add comments, and share knowledge or information on projects; it is the linchpin of collaborative work at Devoteam.

In addition, Devoteam has introduced an internal social network called "Workplace by Facebook", which enables employees to share news and experiences and to plan events just as they can on the Facebook social network. However, this network is only for in-house employees.

In addition, the Group regularly organises festive and social events that offer Group employees the chance to spend time together and develop bonds. Some are aimed more at consultants (six-monthly kick-off, afterwork events, etc.), while others cater for head office staff (plenary meetings, garden party, etc.). However, we make sure that all categories of employee can take part regularly in these internal events. Our main goal is for employees to embrace Devoteam's values and to develop a sense of belonging to the company.

5.2.4.2 Freedom of association and the right to collective bargaining

The Group endeavours to respect and promote collective bargaining between employers and staff representative bodies, as well as freedom of association.

In addition, Devoteam is a signatory to the Global Compact and is thus committed to respecting the freedom of association and the right to collective bargaining.

5.2.4.3 Abolition of forced labour and child labour

It goes without saying that, in light of the type of business carried out by the Group, there is no forced or compulsory labour, nor any child labour. The Group, both in France and internationally, complies with domestic laws and international conventions.

Employees enter into contracts following a clear recruitment process during which the two parties decide, of their own accord, to work together. This agreement is formalised by the signing of an employment contract that sets out the rights and obligations of both parties. The Group does not employ any children, either in France or in any of its subsidiaries.

As a signatory to the Global Compact, we are committed to eliminating all forms of forced or compulsory labour.

5.2.5 Employee-related KPIs – reporting scope

INDICATORS	UNIT	2018	2017
Headcount			
Reported headcount at 31/12	Actual headcount	6,573	4,980
Breakdown of the workforce by gender	% women	26	24
	% men	74	76
Breakdown of the workforce by age group	% of employees under 25	7	7
	% of employees between 25 and 35	50	47
	% of employees between 35 and 45	25	25
	% of employees over 45	18	21
Recruitments and departures			
Total number of hires	Number of hires	3,017	1,724
Hires on permanent contracts	Number of hires	2,564	1,561
Hires on fixed-term contracts	Number of hires	350	131
Total number of departures	Number of departures	1,752	1,193
Resignation	Number of departures	1,213	743
Redundancy	Number of departures	248	113
End of fixed-term contract	Number of departures	80	64
Retirement	Number of departures	3	4
Death	Number of departures	4	1
Other	Number of departures	204	268
Management			
Adaptation of workstations for people with disabilities ⁽³⁾	Number	8	8
Employment rate of people with disabilities ⁽³⁾	%	2	2
Training			
Training expenditure as a % of payroll ⁽²⁾	%	3	3
Total number of training hours ⁽¹⁾	hours	140,048	96,402
Percentage of people trained during the year by gender ⁽²⁾	% of women trained	68	72
	% of men trained	63	73
Internal events			
Internal and external events ⁽²⁾	Number	140	125

(1) Scope: Devoteam SA, Devoteam G Cloud, Axance, Belgium, Netherlands (excluding TMNS), Austria, Germany, Siticom GmbH, Middle East.

(2) Devoteam SA.

(3) Devoteam SA, Devoteam Consulting, S'Team, Siticom, Technologies et Operations, Devoteam G Cloud.

5.2.6 Action plan and targets

The company's employee-related policy depends very much on new regulations and changes in employment law.

Devoteam wants to focus this year on the monitoring and development of new KPIs which have been identified, so as to find ways of improving in the coming years.

Devoteam plans to develop a Group-wide Human Resources Information Systems tool (SIRH) to support the integration and skills development of employees, as well as to ensure operational effectiveness. To meet this commitment and introduce the best solution between now and 2020, Devoteam has created a dedicated internal project team.

Devoteam plans to bring back Knowledge Communities in 2019. The Knowledge Communities were set up 16 years ago to improve business performance and the day-to-day work and skills of employees. Now present in 17 countries, these 17 Communities bring together consultants and focus on skills related to Devoteam's offerings, such as the Cloud, IT Service Excellence, Digital and Mobility, IT Transformation, and Cybersecurity.

Devoteam will continue to develop its digital training programme to support international clients and encourage joint projects with other Group companies by improving employees' English-language skills.

Devoteam has plans to roll-out its LMS (Learning Machine System) abroad, especially in Germany, the Middle East, Spain and Luxembourg.

Devoteam will also continue to encourage staff to work on projects aimed at creating innovative new solutions, whether in association with Devoteam or not. To that end, Devoteam wants to set up an ideas platform in 2019 to develop these internal projects.

Furthermore, Devoteam is looking to introduce a comic strip and a "Hand'E-Passport" e-learning module covering 10 topics including "the benefit of disabled worker status", "disability-friendly managers" and learning difficulties. This tool will help raise awareness of disability-related issues among all staff and managers.

Lastly, a training plan on HR CSR issues will be launched in 2019 for the people concerned at Devoteam.

Devoteam Technology is planning to launch an e-learning module on Diversity in 2019 with a view to raising maximum awareness of this issue among its employees. Furthermore, a module will be specifically created for managers and another for recruitment.

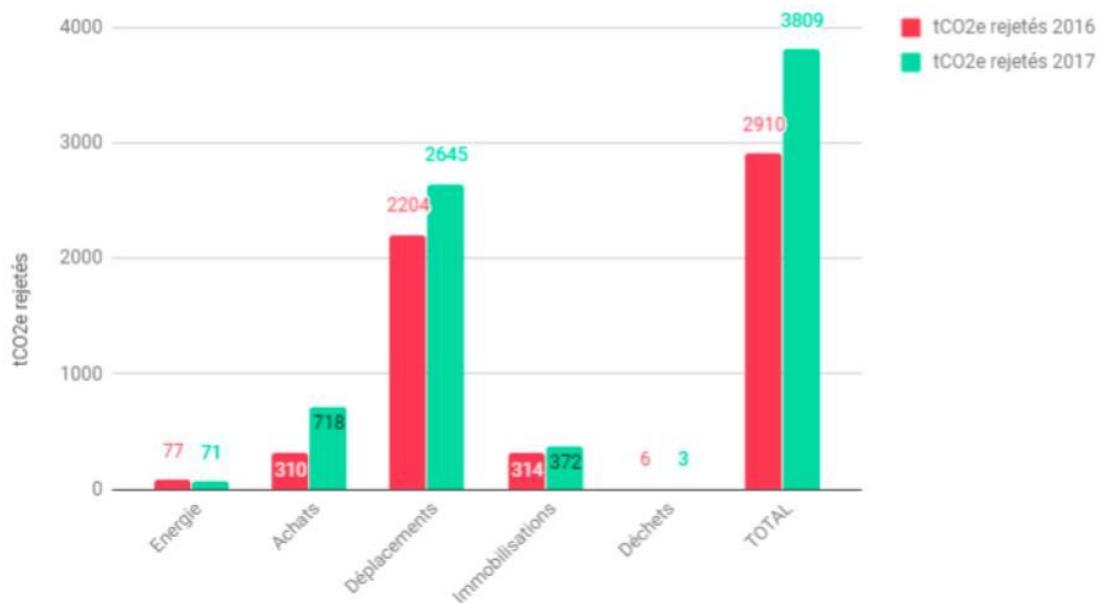
5.3 Environment

Due to the nature of the Group's business, it does not present any significant direct risks to the environment and biodiversity. The policies, measures and KPIs listed below cover the French scope.

However, the Group has long-standing initiatives in place to raise awareness of environmental issues among its staff. As such, Devoteam carried out a full review of its carbon footprint in France in 2018, so as to have a detailed overview of its emissions and prepare a comprehensive action plan to reduce its environmental impact. Below is the Devoteam carbon footprint assessment carried out in 2018, which covers emissions for 2017.

5.3.1 Carbon footprint assessment 2016/2017

Bilan Carbone Devoteam France 2016 / 2017



Carbon footprint assessment for France in 2017: 3,809 tCO₂e (2,910 en 2016) or 1.42 tCO₂e (1.39 en 2016) per employee in France

5.3.1.1 Note on methodology

The results of the carbon footprint assessment shown above are for France in 2017. The methodology consisted of taking all the data from the 2017 financial report, which includes a regulatory CSR section. All the other data were integrated with the help of the purchasing, accounting and general services departments.

A questionnaire on commuting was also sent out to all employees to learn more about the carbon impact of staff travel. More than 900 staff responded, out of a total of 2,333. We used this sample to obtain the above results. To this we added the environmental impact of our vehicle fleet; this figure was consolidated by our fleet manager.

France accounts for 46% of the workforce and 50% of the revenue of the Devoteam Group.

We want to extend the scope of the carbon calculation in future years to raise staff awareness of their impact on the environment and to respond locally to a global issue.

5.3.2 Waste

As part of its waste management policy, Devoteam is working with Elise, an adapted company (a company where at least 80% of the workforce consists of people with disabilities), to recycle our waste. Choosing this supplier thus has a twofold impact: (indirectly) promoting the employment of people with disabilities, and recycling and monitoring our waste-related impacts.

We have therefore undertaken to introduce waste sorting in all offices in France.

In addition, our employees have benefited from an awareness-raising campaign by the Elise manager on selective waste sorting. This training was filmed, with the manager's permission, by our internal communication department. It will be posted on our intranet so that all our employees can view it ahead of the roll-out of Elise recycling bins at our premises throughout France.

- **WEEE (Waste Electrical and Electronic Equipment)**

We have signed an agreement with the adapted company ATF Gaia to recycle our waste electrical and electronic equipment (WEEE). We want to broaden and develop this agreement to have a positive impact

on society by supporting the employment of people with disabilities and reducing our negative environmental impacts by recycling complex waste.

- **Paper**

In 2018, Devoteam consumed 4,658 kg of paper, 8% less than in 2017.

Conscious of the impact of this on the environment, the Group regularly organises awareness-raising campaigns to remind employees of the following best practices:

Devoteam's commitments:

- use only PEFC/Eco-label paper (this guarantees that the wood used has come from forests managed so as to avoid any negative economic, social or environmental impact)
- ensure optimum printer settings,
- use environmentally friendly printing companies;

Advice to employees:

- use double-sided printing and print multiple pages on one sheet wherever possible,
- do not automatically print documents (e.g. emails).

- **Waste reporting**

As such, in 2018, the amount of waste recycled was:

Category	Quantity of recycled waste	CO ^{2e} of avoided emissions
Cans	153 kg	4,055 kg
Plastic bottles/cups	496 kg	5,439 kg
Paper/cardboard	3,048 kg	915 kg

Source: Elise in France

Food waste: Not applicable

5.3.3 Energy

The Group's activity does not involve the use of water or electricity beyond normal use in buildings occupied for its activity. Consequently, the Group does not have any specific process for monitoring its consumption. Similarly, its consumption of raw materials is also very limited.

Nevertheless, in accordance with best practice, the Group is committed to limiting its water and electricity consumption.

The Group also introduced various measures three years ago to reduce its energy consumption in France:

- all buildings in France have been partially fitted with LED lighting;
- all lighting in buildings (offices and communal areas) is connected to a central switch on each floor and a timer to ensure all lights are turned off at night and at weekends;
- an energy audit of the buildings in France was carried out and did not reveal any significant anomalies.

These actions enabled us to reduce our consumption in 2018 to 865,018 kWh (on a like-for-like basis), representing a 4% decrease year-on-year. As the majority of our employees work at our clients' premises (BtoB), our energy consumption is based only on available data.

Lastly, Devoteam took the decision to change energy supplier and move to 100% certified green energy in March 2018.

5.3.4 Travel

As part of their work, certain Group employees use a company car and the management of this fleet of cars is closely monitored on a permanent basis.

In France, the average CO2 emissions of vehicles in the Group's fleet of company cars at 31 December 2018, was 104g/km (compared to 102g/km in 2017). This is below the threshold for a penalty to be incurred (131g/km) but above the threshold at which a bonus is paid (90g/km). For a total of approximately 4.2 million km driven (3.8 million in 2017), CO2 emissions amounted to approximately 438 tonnes of CO2 in 2018 (387 tonnes in 2017).

In accordance with its best practice commitments, the Group recommends that employees reduce their most polluting travel. Business travel by air of employees of the Group's French scope represented just over 3.2 million km (compared with 2.5 million in 2017), equal to approximately 582 tonnes of CO2 emitted in 2018 (against 461 tonnes in 2017).

Lastly, for the Group's French scope, CO2 emissions linked to rail travel in 2018 totalled 9 tonnes for 1.6 million km travelled.

5.3.5 Equipment

Conscious of the environmental impact of our purchases and the use of products purchased, Devoteam is keen to reduce the environmental impact of its supply chain and in the use of its equipment.

Devoteam Trends:

- use low-consumption options where possible (energy saving bulbs, LCD screens, energy efficient copiers, etc.);
- use of chips with the lowest TDP (Thermal Design Power, which denotes power consumption) with comparable performance;
- all our equipment (telephones, computers, etc.) is set up for teleconferencing;
- the Group's IT department ensures that it repairs all computers and mobile phones to prolong their useful life and to reduce the environmental impact of electronic equipment.

Advice to employees:

- use a mug or paper cups for drinks;
- avoid waste;
- put forward any suggestions to the CSR Officer and General Services.

5.3.6 Biodiversity

• **Beehives**

Mindful of environmental issues and biodiversity in particular, Devoteam is seeking to address these fundamental issues by installing beehives on the roofs of its head office buildings.

Bees have been on the endangered species list since 2016. Yet they play a vital role in pollination, which allows plants to reproduce. Without bees, the survival of all these plants is under threat, and ultimately so is our biodiversity.

Devoteam has set up four beehives on its roofs to raise staff awareness on this subject. Each year, the honey produced is given to employees.

• **Environmental KPIs**

INDICATORS	UNIT	2018	2017
Consumption of natural resources			
Quantity of paper consumed per employee	kg/employee	13.8	17.4
Total quantity of paper consumed	kg	4,658	5,025
% of recycled or certified paper	%	100	100
Total energy consumption	kWh	1,009,423	899,070

Business travel			
Kilograms of CO ₂ equivalent linked to the distance travelled on business by air	kg CO ₂ e	582,000	461,000
Average CO ₂ emissions per km travelled by the company's vehicle fleet	g CO ₂ /km	5.3	5.1
Kilograms of CO ₂ equivalent linked to the distance covered by company cars	kg CO ₂ e	438,000	387,000
Waste			
Total quantity of WEEE removed by an external provider	kg	1,299	0
% of areas covered by selective waste sorting	%	90	90

5.3.7 Action plan and targets

- **Travel**

Employee travel (commuting and business travel) generate the most emissions at Devoteam, as evidenced by our carbon footprint analysis. An action plan has therefore been compiled to reduce the impact of travel:

- eco-driving training: Devoteam has committed to reducing its carbon emissions linked to its fleet of vehicles by 5-10% before the end of 2019. In 2018, these emissions equalled 1.69 tCO₂e per driver;
- with regard to the company's fleet, Devoteam is committed to ensuring that at least 10% of the fleet is hybrid or electric by the end of 2020;
- in addition, Devoteam will encourage employees to use remote video-conferencing to reduce the environmental impact of business travel;
- lastly, Devoteam is keen to promote forms of soft transport such as cycling. Devoteam is committed to drafting a company-wide agreement by the end of 2019 to pay a mileage allowance to employees who cycle on work-related journeys.

- **Energy**

Lastly, insulation work will be completed by the end of 2020 to reduce the environmental impact of our buildings.

- **Waste**

Since February 2017, Devoteam has rolled out recycling bins to 90% of its premises by area, in association with recycling firm Elise. In addition to recycling plastic bottles and cups, glass and metal cans, we want to recycle at least half of the paper used by Devoteam in France by mid-2019, with a target of 90% by the end of 2020.

5.4 Business ethics

Actions linked to Devoteam's business ethics strategy are implemented at Group level and apply to all entities, including those abroad.

5.4.1 Ethics and compliance

5.4.1.1 Ethics

The Devoteam Charter outlined above is the benchmark for all employees joining the company. The charter represents Devoteam's corporate culture and expresses the company's ethics and values.

Devoteam is listed on the Paris stock exchange and operates in more than 18 countries: we follow and apply all laws and regulations in force locally in each of our French and foreign entities. The purpose of the Devoteam Group's business ethics policy is to actively tackle:

- corruption;

- anti-competitive practices;
- non-compliance;
- conflicts of interest;
- fraud;
- money laundering;
- data security;
- responsible communication.

To comply with these new regulations, Devoteam has developed charters for its employees as a way of formally endorsing these principles. Below are the main charters reflecting our commitments:

- **IT Charter**

This charter sets out the conditions for the use of and access to the Devoteam information systems. The purpose of this charter is to ensure the optimal and secure use of information system resources, within overall constraints imposed by the sharing of our infrastructures and the sensitive nature of our work. It also serves as a reminder to users of the rules for the use of IT resources as part of their professional work at Devoteam, by specifying their rights and obligations. This charter is attached to and forms an integral part of the Devoteam rules of procedure.

- **Devoteam Code of Conduct**

This charter sets out the rules on ethical conduct for employees. This charter has been signed by all Group managers:

eight ethical principles of the Devoteam Group:

- strict respect for the law, regulations and tax obligations;
- respect for human rights and environment;
- no bribery and corruption;
- non-interference in political affairs;
- no action against Devoteam interests;
- no unfair competition, be active in preventing fraud;
- approved and declared related party transactions;
- anti-money laundering policies.

three associated ethical rules:

- business performed with our shared ethical principles;
- code of Conduct communicated and approved;
- sanctions to be applied for non-respect.

- **Ethics Charter**

The Devoteam Group Supervisory Board decided at the meeting held on 28 February 2011 to adopt a charter and rules of procedure setting out the duties and obligations of its members and the general guidelines for its operation in accordance with legal and regulatory provisions.

The purpose of the charter is to set out the duties and obligations of the members of the Supervisory Board and any other persons attending the meetings thereof. It comprises 11 articles:

- Article 1. Administration and corporate interest
- Article 2. Compliance with laws and the Articles of Association
- Article 3. Independence
- Article 4. Freedom of expression
- Article 5. Conflicts of interest
- Article 6. Loyalty and good faith
- Article 7. Confidentiality
- Article 8. Insider trading
- Article 9. Attendance
- Article 10. Transparency and due diligence
- Article 11. Civil responsibility of Members of the Board

5.4.1.2 Devoteam Compliance Program

The Devoteam Group has established a strict ethical compliance program as a follow-up to the Group's ethical rules. The Internal Audit department, which reports to Devoteam's Supervisory Board, is responsible for compliance.

It is responsible for the compliance process and the continuous improvement thereof.

- **Devoteam Code of Conduct** (ethical rules and principles):

This ethics charter has been signed by all Group managers. The signed documents are kept centrally by the audit and internal control team.

- **Internal Representation Letter**

This is a formal commitment by managers of Group entities to ensure that the financial statements and various activities comply with laws and regulations as well as with the business and ethical directives of the Group.

In 2018, the Group continued to implement the Sapin II law. Devoteam's compliance and business ethics activities are being improved by the addition of various complementary aspects, and this legislation allows us to strengthen our systems and further secure our operations.

- **Data protection**

In 2018, Devoteam enhanced its ethical commitment and focused its attention on data protection, adopting a data protection policy which it published on 25 May 2018. This document sets out the Devoteam Group's GDPR governance in accordance with the requirements of Regulation (EU) 2016/279.

A data protection officer (DPO) was appointed and is systematically involved in the early stages of all Group projects to identify and manage any GDPR issues. The DPO is also the main point of contact for third parties in the context of client audits and with the French Data Protection Authority (CNIL) to answer any queries and cooperate in the event of an audit.

Furthermore, every entity has appointed their own GDPR contact who is responsible for compliance and guaranteeing that the entity's obligations under the Regulation are implemented throughout the Group (i.e. keeping a register of processes and responses to requests to exercise personal rights).

Moreover, the Devoteam Group has enhanced its ability to alert, manage and remedy any personal data breaches through the implementation of appropriate technical and organisational measures taking into account existing knowledge, the nature, scope, context and consequences of the incident, as well as any risk to the rights and freedom of individuals, so as to guarantee an acceptable level of security. In this respect, a process of cooperation between the DSI and legal teams and the DPO means that the Group is able to notify any violation no later than 72 hours of it becoming aware of such an incident.

Lastly, because data security is a major concern for the Group, Devoteam has an IT systems security team represented by the IT Systems Security Officer who is tasked with ensuring security standards, dealing with and coordinating the various security audits of Devoteam's clients and partners, and defining and maintaining the Devoteam Group Security Policy and implementing it through operational procedures and documentation.

An overview of GDPR compliance at Devoteam:

- accounting documents and procedures certified with CNIL's GOVERNANCE LABEL;
- a register of processes as Controller;
- register of processes as Subcontractor;
- a process to manage the rights of individuals;
- a process to manage data-related incidents and breaches;
- employee GDPR awareness-raising;
- contractual management of data transfers within the Group or with commercial partners;
- establishment of a compliance governance structure with the various Group entities;
- compliance of internal projects and developments "from conception" ("privacy by design" project management).

- **Preventing conflicts of interest**

All Group CEOs, COOs, CFOs and its entire management team sign an annual declaration of related-party transactions (any transaction between Devoteam and a third party related to a Devoteam employee).

Action plan and targets

- **Anti-corruption training plan**

In a bid to comply with the Sapin II law, we are committed to training our managers in corruption risks by the end of 2019. The goal is to train staff in roles where the risk of corruption is greatest. By developing this training programme, we hope to beef up our governance with a "tone at the top" approach. The training programme will also strengthen our ethical and anti-corruption standards.

- **Drafting a new IT charter**

In 2019, the Devoteam Group plans to introduce a new IT charter which will include new regulations and associated targets.

- **Anti-Corruption Charter**

An Anti-Corruption Charter was drafted and approved by the Devoteam Group management team. It will be distributed to all staff in France and at foreign subsidiaries, during 2019.

In France, in accordance with the provisions of the Sapin II law, the Charter will be appended to the rules of procedure and approved by the staff representative bodies. It is due to come into force in April 2019.

5.5 Responsible purchasing

The vast majority of our purchases are made in France, so the actions and policies decided on apply to France.

5.5.1 Supplier relations

Devoteam has identified two purchasing categories:

- productive purchases: purchases of services that enable Devoteam to progress client projects;
- non-productive purchases: purchases enabling the company to function internally (e.g. electricity, promotional merchandise, events).

In line with this responsible approach and as part of the Scale! 2020 project (target revenue of €1 billion in 2020), we have opted for the early application of the regulations pertaining to our supplier relations (with immediate effect).

5.5.2 Management of social and environmental risks

- **Drafting of a Responsible Purchasing Charter**

Devoteam has a Responsible Purchasing Charter for its suppliers and subcontractors. This charter sets out Devoteam's values and CSR commitments, as well as what is expected of suppliers, i.e. compliance with:

- the founding principles of CSR (OECD, ILO, etc.);
- the legal, social and environmental standards of the country in which the business operates.

This Charter is a means to control and audit its supply chain.

5.5.3 Responsible purchasing KPIs

INDICATORS	UNIT	2018	2017
Environmentally responsible purchases			
Certified electronic products (EnergyStar, etc.)	%	80	80
PEFC ⁽¹⁾ /Eco-Label certified paper	%	100	100
Socially responsible purchases			
ESAT/EA ⁽²⁾ supplier expenditure	€	106,368	38,271
Beneficiary units	number	5.55	1.96
Percentage of managers trained in responsible purchasing	%	0	100

(1) Programme for the Endorsement of Forest Certification

(2) Assistance centres helping disabled people into work / Adapted Companies

5.5.4 Action plan and targets

After mapping the issues and importance of CSR for suppliers using the materiality matrix, the development of supplier relations will be monitored through:

- **training on responsible purchasing:** between now and the end of 2020, Devoteam hopes to have trained all buyers in responsible purchasing (ISO 20400);
- **risk mapping:** suppliers will be asked to complete a CSR questionnaire; based on their responses, the purchasing department will draw up an inventory and mapping of supplier risks. The assessment will begin in the first half of 2019;
- **supplier audit:** after the risk mapping, Devoteam will audit companies on site to check the accuracy of the data submitted via the questionnaire. This audit plan will commence in 2019;
- **supplier action plan:** keen to improve the quality of its supplier relations, Devoteam will work closely with them to develop an action plan to mitigate the risks associated with its supply chain. Devoteam will ensure that these action plans are in place by the end of 2019;
- **responsible purchasing catalogue:** Devoteam will compile a catalogue of socially and environmentally responsible purchases by the end of 2019. It is committed to developing this in subsequent years.

5.6 Societal

The scope for the "Societal" component is France.

5.6.1 Devoteam Foundation

The Devoteam Foundation was created in 2007. Its purpose is to offer its support to all humanitarian, charitable and community projects in the fields of IT, solidarity and health.

As such, it promotes non-profit projects in the public interest carried out by company employees in association with non-profit organisations or NGOs.

For 2018, the foundation had a budget of €76,000 which enabled it to support 35 charitable projects in which Devoteam employees were involved. During 2018, we explored the role that the foundation could have in promoting the Devoteam values. As part of the #TechforPeople initiative, we have developed a new strategy to be implemented in 2019. It involves offering all Devoteam staff different levels of solidarity commitment through not-for-profit projects; providing help and support to assist them in their digital transformation. This initiative will go live during the first quarter of 2019.

- **Cravate Solidaire**

In December 2018, for the second consecutive year, Devoteam launched a campaign with Cravate Solidaire. This association collects professional attire for men and women and distributes it to those without the means to purchase such clothing, thus supporting and enabling their access to employment.

Expert volunteers (image coaches and recruiters) work with the recipients on preparing for job interviews.

The communication and CSR teams placed boxes at the head office in Levallois-Perret to collect as much clothing as possible.

At the end of the campaign, 63 kg of clothing had been collected, enabling around 31 people to receive donations.

5.6.2 Corporate philanthropy

5.6.2.1 Sponsoring the digital transformation

In 2016, Devoteam Consulting set up a skills-based sponsorship programme entitled "Give & Share". Under this programme, the company's consultants volunteer their time, in between contracts, to support and assist players in the social and solidarity economy with digital transformation matters. Through a new partnership with KOEO, a skills-based sponsorship platform, Devoteam Consulting has boosted its CSR policy and its ability to respond to challenges such as the management of its social impact through its contribution to community projects, employee commitment and well-being, and the creation of new synergies with community players.

Four missions were carried out in 2018 with the SOS Group (merging the IT systems of two associations), Espérance Banlieues (digital audit), ADIE (training plan development) and KODIKO (updating the business plan) for a total of 450 person-days since the initiative launched, thanks to the help of 24 volunteer employees.

5.6.3 School relations

- **An innovative project that helps to improve the lives of disabled people**

Devoteam, support for innovative student projects: *Devogame*

Devoteam organised a competition in which over 500 teams from all across Europe (France, Germany, Serbia, Luxembourg and the Netherlands) took part.

In teams of between two and five students, participants laid the foundations for a project addressing a disability-related issue: "How can Big Data, AI or the IoT contribute to improving the lives of disabled people?".

The finalists presented their projects in TEDx format on 14 December in front of a jury comprising Stanislas de Bentzmann, Chairman and co-founder of Devoteam, Anthony Priestman, EMEA Partner Business Development Manager Cloud at Red Hat, Osama Ghoul, Executive Vice President of the Devoteam Group and Managing Partner of Devoteam Middle East, and Leslie Marel, Chair of Biomarel which develops medical devices to help disabled people communicate and regain independence.

The CrocoSmart project proposed the creation of a smart watch which uses artificial intelligence to help deaf and hearing-impaired people in their daily tasks and to overcome everyday obstacles.

In addition, Devoteam has partnered various student initiatives such as:

- *24 Hours of innovation on disability at EPF*: In this event, fourth-year students at the EPF Engineering School take part in a 24-hour Innovation Challenge on the theme of disability. In teams, they worked on five themes non-stop for 24 hours to come up with innovative and creative solutions to the challenges that were put to them by people with disabilities;
- *Solidarity trip with Planète Urgence and EFREI*: Devoteam funded the solidarity trip of Eric Behart, a student at EFREI, who went to Benin for two weeks to give introductory computer courses in the north of the country, to help combat the digital divide. This trip was organised by Planète Urgence;
- *Campus Connexion*: Devoteam supports eight students identified as "Campus Connexions" who have taken on the role of Group ambassadors at their school. They are also supported by a HR coach and a member of the Management Committee who help them develop their skills and employability. In addition, they are given the chance to experience life at Devoteam through meetings and participating in discussions. This way, a relationship is created between Devoteam employees and young graduates.

- **Télécom SudParis GATE projects**

As part of their first year of study, in groups of five to 10 people, students can complete a GATE project (Working as a Team - Learning and Management). There are five categories: Campus, Citizenship, Humanitarian, School Promotion, Science and Technology. In 2018, Devoteam supported six projects:

- *Medical'INT (Humanitarian)*: Devoteam tutored the team to help collect medical and physiotherapy equipment for a hospital in Romania;
- *Prométh'INT (Citizenship)*: Devoteam welcomed high school students from Drancy and held workshops to introduce them to the world of employment;
- *Comput'INT (Humanitarian)*: Devoteam donated 100 computers to be redistributed to Tunisian schools;
- *ECOLomb'INT (Humanitarian)*: won the Devoteam Consulting "IT for All" competition. This project seeks to build relationships between farmers and tourists to promote ecotourism;
- *Recrut'INT (School promotion)*: interview with the head of recruitment at Devoteam to learn more about what recruiters are looking for and how to better prepare students for job interviews.

Devoteam also supports schools through academic chairs. Over the course of the year, the Group organised 250 events to support educational institutions and to advise students on their options for the future, offering for instance mock interviews, CV workshops, feedback, ongoing relationships and testimonials from graduates.

5.6.4 From CSR to shared value creation

Mindful of CSR issues and sustainable development in general, Devoteam wants to be proactive in tackling social issues. Through its business model, Devoteam seeks to address global issues and create value.

5.6.4.1 Fighting corruption and managing environmental and social risks in the supply chain

To this end, Devoteam offers innovative business models via RVR Parad, a Group subsidiary. RVR Parad, a Devoteam Group software publisher, offers integrated solutions for risk management, control & compliance, auditing and business continuity.

In 2017, RVR Parad decided to launch a study to adapt its software to the different regulations in force, including the Sapin II Law and duty of care, by asking experts to help establish the necessary guidelines.

To recap:

Sapin II law:

"The law on transparency, anti-corruption and economic modernisation ("Sapin II") is intended to bring French legislation into line with the best European and international anti-corruption standards, thus contributing France's positive image on the world stage. The bill was adopted by Parliament on 8 November 2016 and ratified by the Constitutional Council on 8 December 2016."

Duty of vigilance:

"The duty of vigilance is an obligation imposed on companies to prevent the social, environmental and governance risks associated with their operations. However, it may also extend to the activities of their subsidiaries and business partners (subcontractors and suppliers)."

Following the adoption of these regulations, the Devoteam Group decided to adapt its risk management tool for the purposes of CSR. The CRM tool developed by RVR Parad addresses the key stages of these laws, namely:

- optimisation of governance;
- self-assessment;
- risk mapping and management;
- internal control;
- audit planning and follow-up;
- reporting and whistle-blowing;
- implementation of action plans to mitigate risks.

The aim is to be able to respond directly to the Sustainable Development Goals (SDG 16, Target 16.5: "Substantially reduce corruption and bribery in all their forms") and one of the ten principles of the United Nations Global Compact: "Businesses should work against corruption in all its forms, including extortion and bribery".

5.6.4.2 Data protection

In late 2017, Devoteam SA's Risk and Security business unit implemented a solution designed to address data protection issues, and more specifically the GDPR.

To recap:

"The General Data Protection Regulation (GDPR) is a new European regulation that will enter into force on 25 May 2018. The new law has various objectives:

- *to give individuals more rights;*
- *To make the actors that handle data more accountable;*
- *to lend credibility to the regulation."*

The Data Privacy solution is part of Devoteam's wider portfolio of cybersecurity products (both in France and the rest of Europe). Specifically, it forms part of the Data Protection value proposition, providing comprehensive support on legal and regulatory matters, economic intelligence and the protection of our clients' strategic information.

By making their cybersecurity strategy an integral part of their digital transformation plan, our clients can meet compliance requirements and achieve their cost reduction targets.

In 2018, the Data Privacy service represented 9% of total Devoteam Group revenue.

Devoteam has vast experience in protecting personal data and offers the following services:

- services tailored to the GDPR compliance needs of organisations, such as a full upgrade based on a maturity study and the implementation of a comprehensive action plan or targeted support for the DPO to reach the standard required under the GDPR;
- one-off specialised services, such as data protection impact assessments (DPIA)
- specific services, such as the external DPO function.

Devoteam's Data Privacy team, led by the Group's Data Protection Officer (DPO), offers clients the benefit of its expertise gained from various projects. Its consultants have undertaken specific data protection training, including for instance a Masters in the management and protection of personal data from the Institut Supérieur d'Electronique in Paris; a Masters in digital law from the Université Paris 1 Panthéon – Sorbonne; and data protection occupations certification from CNAM. They have all of the skills and knowledge required to meet the data protection needs of Devoteam's clients.

According to the World Economic Forum, two of the five biggest risks in 2018 in terms of likelihood are the risks of cyber fraud and cyberattacks. Two of the ten biggest risks in terms of impact are cyberattacks and the failure of infrastructure containing critical data. Devoteam therefore offers a solution to businesses looking to mitigate this risk.

5.6.5 KPIs of the regional, economic and social impact of the company's business

The Group has decentralised regional agencies in France and in other key countries in which it operates, so as to stay close to its clients. It therefore tries to recruit local staff and restrict the amount of travel required for its activities.

INDICATORS	UNIT	2018	2017
Devoteam Foundation			
Foundation budget	€	76,000	60,000
Number of projects funded	Number of projects	35	27
School relations			
% of recruitment from our target schools	%	40	36
Number of target schools	Number of schools	40	40
Number of school events	Number of events	250	188

5.7 CSR compliance principles

5.7.1 GRI Compliance, Global Compact, Sustainable Development Goals and summary table

The following table underlines our commitment to the GRI guidelines which, like the Global Compact, shape our CSR policy through key performance indicators. All the data and commitments contained in this document will be reiterated in the CSR section of our 2018 Annual Financial Report. All the data shown below are the relevant data for Devoteam's business.

CSR information	Principles of the Global Compact and the Sustainable Development Goals	GRI	Chapter of the CSR Report
Environmental information			
Energy			
Energy consumption of the organisation	7. Support a precautionary approach to environmental challenges	G4-EN3	5.3.3 / 5.3.1
Energy consumption outside of the organisation	8. Undertake initiatives to promote greater environmental responsibility	G4-EN4	5.3.3 / 5.3.1
Reduction of energy consumption	9. Encourage the development and diffusion of environmentally friendly technologies. SDG 7 – Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix	G4-EN6	5.3.8
Emissions			
Direct greenhouse gas emissions (Scope 1)	7. Support a precautionary approach to environmental challenges	G4-EN15	5.3.1
Indirect greenhouse gas emissions (Scope 2) related to energy	8. Undertake initiatives to promote greater environmental responsibility	G4-EN16	5.3.1
Other indirect greenhouse gas emissions (Scope 3)	9. Encourage the development and diffusion of environmentally friendly technologies.	G4-EN17	5.3.1
Reduction in greenhouse gas emissions	SDG 13 – Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	G4-EN19	5.3.8
Effluents and waste			
Total weight of waste by type and disposal method	7. Support a precautionary approach to environmental challenges	G4-EN23	5.3.2
	8. Undertake initiatives to promote greater environmental responsibility		
	9. Encourage the development and diffusion of environmentally friendly technologies.		
	SDG 13 – Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.		

Transport			
Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce	<p>7. Support a precautionary approach to environmental challenges 8. Undertake initiatives to promote greater environmental responsibility 9. Encourage the development and diffusion of environmentally friendly technologies.</p> <p>SDG 11 – Target 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p>	G4-EN30	5.3.4
Overall			
Total environmental protection expenditures and investments by type	<p>7. Support a precautionary approach to environmental challenges 8. Undertake initiatives to promote greater environmental responsibility 9. Encourage the development and diffusion of environmentally friendly technologies.</p> <p>SDG 13 – Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	G4-EN31	5.6.3
Social information			
Employment			
Total number and rates of new employee hires and employee turnover by age group, gender and region		G4-LA1	5.2.1.3
Labour/management relations			
Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	<p>3. Respect the freedom of association and the right to collective bargaining</p> <p>SDG 8 – Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	G4-LA4	Fédération Syntec collective agreement/ Social Dialogue Agreement
Occupational health and safety			
Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	<p>1. Support and respect the protection of internationally proclaimed human rights 2. Make sure that it is not complicit in human rights abuses.</p> <p>SDG 8 – Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	G4-LA5	Social Dialogue Agreement
Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	<p>2. Make sure that it is not complicit in human rights abuses</p> <p>SDG 8 – Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	G4-LA6	5.2.3.5
Health and safety topics covered in formal agreements with trade unions	<p>3. Respect the freedom of association and the right to collective bargaining</p> <p>SDG 8 – Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women</p>	G4-LA8	Social Dialogue Agreement

	migrants, and those in precarious employment		
Training and education			
Average hours of training per year per employee by gender, and by employee category	SDG 4 – Target 4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.	G4-LA9	5.2.2.1
Percentage of employees receiving regular performance and career development reviews, by gender and professional category		G4-LA11	5.2.2.1
Diversity and equal opportunity			
Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	6. Eliminate discrimination in respect of employment and occupation SDG 8 – Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value SDG 5 – Target 5.c: Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.	G4-LA12	5.2.4
Equal compensation for men and women			
Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	6. Eliminate discrimination in respect of employment and occupation SDG 8 – Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value SDG 5 – Target 5.c: Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.		5.2.3.1
Non-discrimination			
Total number of incidents of discrimination and corrective actions taken	6. Eliminate discrimination in respect of employment and occupation SDG 8 – Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	G4-HR3	5.2.4
Freedom of association and collective bargaining			
Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	3. Respect the freedom of association and the right to collective bargaining SDG 8 – Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	G4-HR4	5.2.5.2
Child labour			
Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	5. Effective abolition of child labour	G4-HR5	5.2.5.3
Forced or compulsory labour			
Sites and suppliers identified as presenting a significant risk for incidents of forced or compulsory labour to abolish it in all its forms	4. Eliminate all forms of forced or compulsory labour	G4-HR6	5.2.5.3

Information on business ethics

Anti-corruption

Communication and training on anti-corruption policies and procedures	10. Work against corruption in all its forms, including extortion and bribery SDG 16 – Target 16.5: Substantially reduce corruption and bribery in all their forms	G4-S04	5.4.3
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5.8 Audit report

Year ended 31 December 2018

To the Shareholders,

In our capacity as Statutory Auditors of the company DEVOTEAM, appointed independent third party, accredited by COFRAC under No. 3-1080¹, we hereby present to you our report on the consolidated non-financial performance statement for the year ended 31 December 2018 (hereafter the "Statement"), presented in the management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Corporate Responsibility

It is the responsibility of the Management board to prepare a Statement that complies with legal and regulatory provisions and that includes a presentation of the business model, a description of -the main non-financial risks, a presentation of the policies applied in relation to these risks and the results of these policies, including key performance indicators.

The Statement was prepared in accordance with company procedures (hereinafter the "Guidelines"), the key elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the provisions set out in Article L. 822-11-3 of the French Commercial Code and the Code of Ethics of our profession. In addition, we have in place a quality control system which covers the documented policies and procedures to ensure compliance with ethical rules, professional standards and applicable legal and regulatory documents.

Responsibility of the appointed independent Statutory Auditor

It is our role, on the basis of our work, to present a reasoned opinion expressing moderate assurance of:

- the Statement's compliance with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information presented pursuant to paragraph 3 of I and II of Article R. 225-105 of the French Commercial Code, namely the results of policies including key performance indicators, and the actions relating to the principal risks, hereinafter the "information".

However, it is not our duty to comment on:

- the company's compliance with other applicable laws and regulations, particularly with regard to the duty of care plan, anti-corruption and combatting tax evasion;
- the compliance of products and services with applicable regulations.

Nature and scope of the audit

Our work described hereunder has been carried out in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code, laying down the procedures to be implemented by the

¹ Scope of accreditation available at www.cofrac.fr.

independent third party as part of its audit and in accordance with international standard ISAE 3000 - *Assurance engagements other than audits or reviews of historical financial information*.

We have carried out work to allow us to assess the compliance of the Statement with regulatory provisions and the fairness of the information presented:

- we have reviewed the activity of all companies included in the scope of consolidation, and their exposure to major social and environmental risks associated with these types of activity;
- we have assessed the appropriateness of the Guidelines in terms of relevance, completeness, reliability, neutrality and clarity, taking into the account, where applicable, best industry practices;
- we have checked that the Statement covers all information categories listed in paragraph III of Article L. 225-102-1 with regard to social and environmental matters;
- we have checked that the Statement presents the business model and the main risks associated with the activities of all entities included in the scope of consolidation, including where relevant and proportionate, the risks incurred as part of its business relationships, products and/or services, as well as policies, actions and results, including key performance indicators;
- we have verified, where relevant to the principal risks and policies presented, that the Statement presents the information required under paragraph II of Article R. 225-105;
- we have assessed the process for the selection and validation of the principal risks;
- we have inquired about the existence of internal control procedures and implemented risk management procedures;
- we have reviewed the consistency of the results and key performance indicators used with respect to the principal risks and policies presented;
- we have verified that the Statement covers the consolidated scope, namely all companies included in the scope of consolidation, in accordance with Article L. 233-16 within the limits set out in the Statement;
- we have assessed the data collection process set up by the entity to ensure the completeness and fairness of the Information;
- we have implemented, for the key performance indicators and the other quantitative results that we have deemed the most significant²:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes thereto,
 - detailed tests, using sampling techniques, to verify the proper application of definitions and procedures and to reconcile the data with supporting documentation. This work was carried out on a selection of contributory entities³ and covers between 41% and 100% of the consolidated data on the key performance indicators and results selected for these tests;

² **Quantitative social information:** total workforce and breakdown by gender, age and geographic region; total number of recruitments; total number of departures; rate of absenteeism; employment rate of people with disabilities; total number of training hours. **Quantitative environmental information:** quantity of waste by category; total energy consumption; travel-related CO₂ emissions.

³ *Devoteam France and Devoteam Germany.*

- we have consulted the documentary sources and carried out interviews to corroborate the qualitative information (actions and results) that we considered to be the most significant⁴;
- we have assessed the consistency between the Statement and our knowledge of the Company.

We believe that the work we have carried out, exercising our professional judgement, allows us to express moderate assurance; a more extensive audit would be required to guarantee a higher level of assurance.

Methods and resources

Our work was carried out by four people between November 2018 and April 2019.

To assist us in the performance of our work, we called upon the help of our experts in the fields of sustainable development and corporate responsibility. We carried out interviews with the people responsible for preparing the Statement.

Conclusion

On the basis of our work, we have not discovered any significant misstatements likely to have an effect on the compliance of the non-financial performance statement with applicable regulatory provisions, not on the fact that the information, taken as a whole, is presented accurately and in accordance with the Guidelines.

Neuilly-sur-Seine, 30 April 2019

One of the Statutory Auditors

Grant Thornton
French member of Grant Thornton International

Vincent Papazian
Partner

⁴ **Qualitative information** relating to the following parties: "Awards, accreditation and certification"; "Career management"; "Working conditions"; "Combating discrimination and diversity policy"; "Carbon footprint assessment 2016/2017"; "Biodiversity"; "Business ethics"

6 CORPORATE GOVERNANCE

To the Shareholders,

This report has been prepared for the 2018 financial year in accordance with the new Order No. 2017-1162 of 12 July 2017 and Decree No. 2017-1174 of 18 July 2017. The Supervisory Board therefore presents to the General meeting the "Corporate Governance Report" accompanying the Management Report (Articles L. 225-37 and L. 225-68 of the French Commercial Code).

This report was drawn up in consideration of legislation enacted in France in 2018. The presentation of the various internal control procedures, in accordance with the "Financial Security" Act 2003, is included in the management report.

It endeavours to comply with the general principles of internal control, in accordance with the simplified guide for the implementation of the AMF's internal control framework published on 9 January 2008 for small and medium-sized companies. An updated version was published on 22 July 2010.

The Company also refers to the AFEP-MEDEF Corporate Governance Code for Listed Companies (revised version of June 2018). It decided to adopt, from its publication, this code as a benchmark for corporate governance. The AFEP-MEDEF Code is available on the AFEP website at www.afep.com under the heading Governance.

The aim of this report is:

- to present and define the organisation and responsibilities of the supervisory bodies in accordance with the general principles of the corporate governance code adopted by the Devoteam Group and to explain any differences, in accordance with Article L. 225-37 of the French Commercial Code (as amended by Order No. 2017-1162 of 12 July 2017);
- present the compensation criteria for corporate officers and members of the Supervisory Board.

The concept of "Group" as mentioned in this report comprises the company Devoteam SA as well as all subsidiaries within its scope of consolidation.

For the Supervisory Board,
Michel Bon, Chairman of the Supervisory Board.

6.1 Organisation and duties of the management and supervisory bodies

In 2003, AFEP and MEDEF published recommendations on the principles of corporate governance, which were later updated in 2007 and 2008. These recommendations were combined by AFEP and MEDEF in December 2008 to create the AFEP-MEDEF Corporate Governance Code, to which the Devoteam Group refers.

The AFEP-MEDEF Code was revised in full in November 2016, and more recently in June 2018. The recommendations are taken into account in the organisation of the Devoteam Group's governance. Any points of non-compliance are presented and any deviations from the Code are explained in accordance with the "comply or explain" principle.

6.1.1 The Supervisory Board

6.1.1.1 Composition

Members of the Supervisory Board are elected by the General meeting for four-year terms.

In 2018, Devoteam's Supervisory Board was comprised of three women and four men, taking the percentage of female members to 43%. In this respect, Devoteam complies with Law No. 2011-103 of 27 January 2011, known as the Zimmermann-Copé Law, and with Article L. 225-69-1 of the French Commercial Code on the balanced representation of men and women on Boards of Directors and Supervisory Boards and on equal opportunities. During 2018, one member of the Supervisory Board resigned from their position to become an observer. No other changes occurred within the Supervisory Board.

Members of the Supervisory Board are elected by General meeting for a four-year term. At 31 December 2018, the composition of the Board was as follows:

Name and year of birth	Date of appointment	Expiry date of the term of office	Primary role	Other ongoing terms of office and terms expired during the past five years (date of expiry) *
Roland de Laage de Meux (1959)	17 June 2016	OGM 2020	General Secretary of Devoteam Technology	France: none International: DV Fringes (D), DV SA (D), Voxpilot Ltd (D), member of the SB of DV Netherlands, DV Technology Consulting Tunisia (M), DV Consulting Morocco (C), QPCM (CEO), DVS Morocco (M), DVT Tunisia (M) External: Fibelaage (SB), Hôtel Gril du Parc (M), Société ICF (D), SNC Imbelaage (M), Cinehotel d'Épinay (M), Canalt Gestion (D) Expired: DV Belgium (D, 2014), DV AB (D, 2014), DV IT & consultancy (D, 2014), DV AusystemsSpa (D, 2014), DV NV/SA (D, 2015)
Michel Bon (1943)	17 June 2016	OGM 2020	Consultant independent	Ongoing: Phitrust (D) Expired: RLD (D, 2016), Les Éditions du Cerf (C, 2013), Lafarge (D, 2013), SONAE (D, Portugal, 2015), Sonepar (D, 2018)
Valérie Kniazeff (1968)	17 June 2016	OGM 2020	Chairperson of ALCIMED	Ongoing: CentraleSupélec (A)
Vincent Montagne (1959)	17 June 2016	OGM 2020	Chairman of Média Participations	Ongoing: ESL Holding (SB), Mage invest (C), Média Participations Group (various mandates including Chairman and Director), Sages (VC), Secom (D), Siparex Associés (D), Ulysse Invest (C), Martinière Group (C) Expired: SITC (D, 2016)
Elisabeth de Maulde (1952)	17 June 2016	OGM 2020	Chairperson of Confluence Consulting	Ongoing: Les Nouveaux Robinson (CSB)
Yves de Talhouët (1958)	20 June 2013	OGM 2021	Chairman of Faïencerie de Gien	Ongoing: Tinubu (D), Axway SA (D), Kwerian (D), Tabag (CEO), Pont aux Choux SAS (C) Expired: Tabag SARL (M, 2012), Union Prod (C&CEO, 2014)
Carole Desport (1961)	19 June 2015	OGM 2021	Senior Vice President - Global Accounts OBS	Ongoing: N/A Expired: NRS (Network Related Services) (D)

* Abbreviations: C (Chairperson), D (Director), SB (Supervisory Board), DV (Devoteam), BD (Board of Directors), C&CEO (Chairman & Chief Executive Officer), M (Manager), CEO (Chief Executive Officer).

6.1.1.2 Rules of Procedure, Ethics Charter and Diversity Charter of the Supervisory Board

The Devoteam Group Supervisory Board decided at the meeting held on 28 February 2011 to adopt a charter as well as rules of procedure setting out the duties and obligations of its members and the general guidelines for its operation in accordance with legal and regulatory provisions.

Ethics Charter of the Supervisory Board

The purpose of the charter is to set out the duties and obligations of the members of the Supervisory Board and any other persons attending the meetings thereof. It comprises 11 articles:

- Article 1. Administration and corporate interest
- Article 2. Compliance with laws and the Articles of Association
- Article 3. Independence
- Article 4. Freedom of expression
- Article 5. Conflicts of interest
- Article 6. Loyalty and good faith
- Article 7. Confidentiality
- Article 8. Insider trading
- Article 9. Attendance
- Article 10. Transparency and due diligence
- Article 11. Civil responsibility of Members of the Board

Rules of procedure of the Supervisory Board

The rules of procedure set out the guiding principles for the operation of the Supervisory Board in accordance with legal and regulatory provisions. It comprises six articles:

- Article 1: Appointment of members of the Supervisory Board
 - a. *Appointment*
 - b. *Duration of mandates*
 - c. *Age limit*
- Article 2. Operation of the Board
- Article 3. Duties and obligations of the Supervisory Board
- Article 4. Option to confer a duty on a member of the Supervisory Board
- Article 5. Supervisory Board committees
 - a. *Audit Committee*
 - b. *Compensation Committee*
- Article 6. Inside information - Securities transactions

- **Diversity Charter of the Supervisory Board**

- *Presentation of the Diversity Charter of the Supervisory Board*

Pursuant to the Order of 19 July 2017 and its implementing decree, Devoteam's Supervisory Board defined and adopted at the meeting on 5 March 2018 the "Diversity Charter of the Supervisory Board", a companion charter to the "Charter of Members of the Supervisory Board", which is already appended to the Board's Rules of Procedure.

This new Charter outlines the various objectives of the Board's diversity policy on the appointment and re-election of directors. It defines and explains the various criteria that can apply.

The Board has confirmed the qualification and experience criteria. However, the use of criteria such as age or gender is also explained.

- *Scope of the Diversity Charter of the Supervisory Board*

This charter concerns the operation of the Board. The diversity requirements applied to the recruitment of employees are presented in the Group's 2018 CSR Report in section 5.2.4 Anti-discrimination and Diversity Policy.

- *Implementation of the Diversity Charter of the Supervisory Board*

The Supervisory Board of Devoteam SA did not re-elect or appoint any new members in 2018.

However, the Board complies with the various statutory diversity requirements, including the percentage of women on the Board. The principles of the AFEP-MEDEF Code are also upheld.

The selection criteria for future directors will be formally documented.

6.1.1.3 Independence of the Supervisory Board

Devoteam is a company with a controlled shareholding, in which a group of shareholders act in concert. At 31 December 2018, four of its seven members met the independence criteria recommended by the AFEP-MEDEF Code, taking the percentage of independent directors on the Board to 57%, and therefore compliant with the AFEP-MEDEF Code's recommendation of at least one-third independent members for controlled companies.

During this year, the composition of the Supervisory Board underwent the following changes:

- resignation of Georges Vialle from his position as director and accession with approval from the Management board to the position of observer;
- loss of independence of Michel Bon due to exceeding twelve years in office at Devoteam on 18 May 2018.

Mr Bertrand de Bentzmann is not included in the quorum but attends the meetings as an Honorary Chairman.

Name, Surname	Position	Appointed since	Duration	Date of re-election	Independence
Roland de Laage de Meux	Member	1999	19	GM of 2020	Non-independent member
Yves de Talhouët	Member	2001	17	GM de 2021	Non-independent member
Michel Bon	Chairman	2006	12	GM of 2020	Non-independent member
Vincent Montagne	Member	2008	10	GM of 2020	Independent member
Elisabeth de Maulde	Member	2012	6	GM of 2020	Independent member
Carole Desport	Member	2015	3	GM de 2021	Independent member
Valérie Kniazeff	Member	2016	2	GM of 2020	Independent member
<i>Bertrand de Bentzmann</i>	<i>Honorary Chairman</i>	-	-	-	<i>N/A</i>

6.1.1.4 Supervisory Board meetings

In 2018, the Board met four times. The attendance rate of directors was 89% for the year (one absence for Ms Kniazeff, one absence for Mr Montagne, one absence for Ms de Maulde during 2018 as a whole).

Over the course of these four meetings, the main work carried out by the Board was as follows:

- the Chairman's report on the Audit and Compensation Committees, and on the internal control procedures;
- reading and assessment of the Management board's report on the running of the company and the separate and consolidated financial statements for the financial year ended 31 December 2017;
- the 2018 budget;
- presentation of 1st quarter 2018 results;
- renewal of authorisations related to securities, guarantees and warranties;
- information on the consultations with the Devoteam SA Works Council;
- reading and assessment of the Management board's report on the financial statements for the 1st half of 2018 and the Audit Committee's report on the half-yearly financial statements;
- reading and assessment of the Management board's report on the financial statements for the 3rd quarter of 2018;

Miscellaneous matters, including discussions about the purchase of companies as part of the Group's external growth strategy, the confirmation of annual targets to be disclosed to the market, and the schedule of meetings for 2018.

6.1.1.5 Self-assessment of the Supervisory Board

The AFEP-MEDEF Code provides for an annual self-assessment of the Board. A self-assessment form is made available to the directors. These assessments are an annual opportunity to evaluate the work carried out by the Board and the organisation thereof. The questions are based around four main themes:

- organisation of meetings;
- independence of directors;

- information presented to members of the Board;
- transparency and comprehensiveness of discussions.

At the end of 2018, the self-assessment report was sent to members of the Supervisory Board so that they could consider any improvements to be made to the functioning of the non-executive body.

6.1.1.6 The duties of the Chairman of the Supervisory Board

The duties of the Supervisory Board are set out in Article 15.4 of the Articles of Association (version of 27 February 2017).

The role of the Chairman of the Supervisory Board is to conduct the Board meetings. He is in charge of convening and planning the Board meetings. He keeps in regular contact with the Management board so as to stay immediately abreast of any recurring or, in particular, exceptional events that may call for an Extraordinary Meeting of the Supervisory Board.

6.1.1.7 Committees of the Board: Audit Committee

Since its creation, the Supervisory Board has followed the principles of good governance, with an Audit Committee in place since 12 September 2001.

The members of this Committee are appointed by the Supervisory Board.

In accordance with European Directive 2006/43/EC and specifically the transposition thereof into French law with Article L. 823-19 of the French Commercial Code, the Supervisory Board has tasked the Audit Committee with oversight of all issues related to the preparation and auditing of accounting and financial information.

The Audit Committee regularly reports to the Supervisory Board on the performance of its duties and promptly informs it of any difficulties encountered.

This Committee had two members in 2018:

- Michel Bon, Chairman of the Supervisory Board (100% attendance for the year);
- Carole Desport (100% attendance for the year).

Georges Vialle is no longer a member of the Audit Committee, given that he resigned from his position as director at the start of the 2018 financial year. He still sits on this committee as an observer. All members of the Audit Committee have specialist financial or accounting expertise.

Over the course of 2018, Michel Bon lost his independent status as a member of the Supervisory Board. In accordance with AMF regulations, the Chairman of the Accounts Committee cannot be a non-independent member. The situation was brought to the attention of the committee, and a resolution will be made during the first quarter 2019 to comply with the AMF.

This Committee met twice in 2018. The attendance rate was 100%.

At its meetings, the Audit Committee primarily heard the Group's Finance Department, the Group's Statutory Auditors and the Internal Audit Department in relation to the following:

- **Annual and half-yearly financial statements**
 - review of the financial statements for the 2017 financial year and the 1st half of 2018;
 - review of the Statutory Auditors' reports and any recommendations carried out;
 - assessment of the main assumptions used in the preparation of the financial statements and in particular the calculation of "goodwill impairment tests";
 - full audit of the recognition of tax loss carry-forwards;
 - review of capital gains and losses resulting from various disposals during the year.
- **Internal audit**
 - review of the Chairman's report on internal control procedures;
 - work carried out in 2018-2018 and the 2019 audit plan;
 - internal control review and in particular a review of the IT audit and recommendations for the 2019 financial year;
 - review of customer risk and historical debts.
- **Oversight of the Statutory Auditors**
 - review of the coverage by Group subsidiary of the statutory audit of the annual financial statements;
 - audit of the recognition of Devoteam revenue in accordance with IFRS 15;
 - prior analysis of the process to be implemented by Devoteam upon application of IFRS 16.

6.1.1.8 Committees of the Board: Compensation Committee

- **Operating method of the Committee**

In 2018, this Committee had two members:

- Vincent Montagne, Chairman of the Committee (100% attendance for the year);
- Michel Bon, Chairman of the Supervisory Board (100% attendance for the year).

The Committee is comprised of one independent director and one non-independent director, and is therefore compliant with the AFEP-MEDEF Code which recommends that the committee is made up of a majority of independent directors.

It prepares the Supervisory Board's review of the compensation of corporate officers. It also serves as a Nominations Committee when a new director is required.

The compensation policy proposed by the Committee is based on five principles recommended by the AFEP-MEDEF Code:

- comprehensiveness: the determination of compensation must be comprehensive. All components of the compensation must be taken into account in the overall assessment of compensation;
- balance between the components of compensation: each component of compensation must be justified and must be in the corporate interest;
- the compensation must be comparable with that offered by other similar-sized companies in the same industry;
- consistency: the compensation of the executive corporate officers must be consistent with that of other company executives and employees;
- clear rules: the rules must be simple, sustainable and transparent. The performance criteria used must correspond to the company's objectives, must be of a high standard, explicit and wherever possible, sustainable.

This Committee met twice in 2018. The attendance rate was 100%.

At its two meetings, the Compensation Committee primarily examined and proposed:

- determination of the variable compensation payable to the members of the Management board in respect of the 2018 financial year;
- determination of the allocation criteria for the variable compensation payable to the members of the Management board in respect of the 2018 financial year;
- proposal for the fixed compensation of the members of the Management board for 2019;
- proposal for variable compensation in 2019;
- compensation of directors.

- **Compensation of directors**

The members of the Devoteam Supervisory Board receive directors' fees in accordance with their responsibility within the Board and on its various committees.

- **Compensation of corporate officers**

Corporate officers receive compensation of which the details are presented below.

In addition, on 11 March 2008, based on the recommendation of the Compensation Committee of the same date, the Supervisory Board reviewed the position of each of the members of the Management board in relation to the provisions of the law of 21 August 2007 in favour of labour, employment and purchasing power (known as the "TEPA" law). The Supervisory Board noted that, insofar as no member of the Management board is entitled to the payment of any compensation of any kind whatsoever in relation to the termination of his or her duties as a corporate officer of the Devoteam Group, the provisions of this law are not applicable to it.

The Supervisory Board has applied the AFEP-MEDEF recommendations since 2008. Furthermore, the Board refers to the provisions presented in the updated AFEP-MEDEF Code of November 2015, which further sets out the procedures for the compensation of corporate officers.

The Supervisory Board considers that these recommendations form part of the company's corporate governance policy. Consequently, in application of the law of 3 July 2008 transposing European Directive 2006/46/EC of 14 June 2006, the AFEP-MEDEF Code as amended is that to which the company refers for the preparation of the report provided for in Articles L. 225-37 and L. 225-68 of the French Commercial Code with effect from the 2008 financial year.

A shareholders' consultation was held at the Combined General meeting of 18 May 2018 on the individual compensation of executive corporate officers. The Devoteam Group applied the "Say on Pay" principle

presented in the updated AFEP-MEDEF recommendations published in June 2013 and in the Sapin II law, which entered into force on 1 June 2016 and which ratifies the principle.

6.1.1.9 Committees of the Board: Strategy Committee

The Group's Strategy Committee reports to the Supervisory Board. This committee was composed of five members in 2018, following the resignation of one member during the year:

- Carole Desport;
- Elisabeth de Maulde;
- Michel Bon;
- Valérie Kniazeff;
- Yves de Talhouët.

It was chaired by Yves de Talhouët. Meetings are held in the presence of corporate officers. They are an opportunity to discuss the short- and medium-term strategies and strategic direction of the Group for the coming years. This committee met once on 29 June 2018. All members were present at this meeting. At this committee meeting, the Management board presented the major changes expected over the next five years in terms of market developments and competition, as well as the way in which the portfolio of SMACS-related offers could evolve, particularly in favour of Artificial Intelligence data. The committee discussed the impact that these changes could have on Devoteam's strategy. The Strategy Committee will meet once again in 2019 to continue these discussions and to outline the main elements of the 2021-2025 plan that will follow Scale! 2020.

6.1.2 The Management board

6.1.2.1 Role of the Management board

The role of the Management board is defined in Article 14 of the Articles of Association: Article 14.5 states that: "The Management board exercises its powers collectively. It is entrusted with the broadest powers to act in any circumstances on behalf of the company, within the limits of the corporate purpose, and subject to those expressly granted by law to the Supervisory Board and to the General Shareholders' Meetings".

6.1.2.2 Composition

The Management board has two members: Stanislas de Bentzmann, Chairman, and Godefroy de Bentzmann, CEO.

They were appointed by the Supervisory Board meeting of 5 September 2016 for a period of four years, i.e. until the General meeting called to approve the 2020 financial statements. They may be dismissed by a General meeting on a proposal from the Supervisory Board.

6.1.2.3 Executive appointments of members of the Management board

The members of the Management board have the following mandates within the Group:

- **Godefroy de Bentzmann**

Chairman of Devoteam Consulting SAS and Devoteam Consulting AS (Denmark);
Co-Manager of Devoteam Consulting Holding (Luxembourg);
Chairman of the Supervisory Board of Devoteam Holding BV (Netherlands).

- **Stanislas de Bentzmann**

Chairman of Devoteam N/V SA (Belgium);
Co-Manager of Devoteam Consulting Holding (Luxembourg);
Director of Devoteam Fringes S.A.U (Spain), Devoteam Consulting AS (Denmark) and Devoteam SA (Poland).

In addition, the members of the Management board have mandates outside of the Group, listed below:

- **Godefroy de Bentzmann**

Chairman of Syntec Numérique

- **Stanislas de Bentzmann**

Chairman of Kedge Business School

6.1.2.4 Management board meetings

The Management board met five times in 2018. The following key points were discussed:

- exercise of founders' warrants in 2017;
- review and approval of the separate financial statements for the year ended 31 December 2017;
- review and approval of the consolidated financial statements for the same period;
- proposed appropriation of income;
- proposed allocation of directors' fees to members of the Supervisory Board;
- preparation and adoption of documents on the prevention of business difficulties (Law No. 84-148 of 1 March 1984);
- group interim management report and approval of the consolidated financial statements to 30 June 2018;
- acquisition of Alegri International Service GmbH in Germany;
- acquisition of BOLD Int and BOLD Wealth in Portugal;
- acquisition of Jayway in Sweden;
- proposal to renew the authorisations related to securities, guarantees and warranties in favour of the DEVOTEAM subsidiaries.

6.1.3 Table of non-compliance with the AFEP-MEDEF Corporate Governance Code for listed companies

The Devoteam Group complies with the consolidated recommendation on corporate governance and executive pay under the AFEP-MEDEF Code (DOC 2012-02 updated on 25 January 2016). It also refers to the reference framework for small and medium-sized companies established by the AMF and MiddleNext in 2007.

Subject	Principle	Compliance 2018	Comments for 2018	2019 Action Plan
The Audit Committee	Each Board must have an Accounts Committee whose duties are inseparable from those of the Board of Directors which is legally obliged to approve the annual separate financial statements and to prepare the annual consolidated financial statements. Composition of the Committee: at least two-thirds independent members, no executive corporate officers, appointment of the Chairperson to be approved by the Appointments Committee.	Non-compliant	Following Michel Bon's loss of independent status and the resignation of Georges Vialle during 2018, the Audit Committee is now comprised of two members, and the independence rate is 50%.	The Nominations Committee is due to examine the independent director status of members of the Supervisory Board.
Independence of the Chairman of the Audit Committee	Following an AMF vote, the regulation on the composition of the Audit Committee has changed, and the Chairman of the Audit Committee must now be considered independent under AMF criteria, while complying with the AFEP-MEDEF Code's recommendation for two-thirds of directors on the committee to be independent.	Non-compliant	The Chairman of the Audit Committee, originally an independent director, became a non-independent director in May 2018 due to his exceeding 12 years in office. He is still the Chairman of the Audit Committee.	Discussions on the appointment of a new member to the Accounts Committee.

6.1.4 Table of AMF non-compliance

In accordance with AMF recommendations on the "comply or explain" principle, the following areas of non-compliance were identified with respect to the 2018 financial year:

AMF subject	Recommendations	Compliance 2018	Notes
<p>Corporate governance considerations</p> <p>2.8 Committees of the Board and their chairmanship</p>	<p>With regard to the composition of the committees and of the Audit Committee in particular, the AMF encourages companies to have independent directors chair these committees and to increase the presence of independent directors on all committees. The AMF also discourages companies, wherever possible, from having executive corporate directors as members of their committees and in particular, from acting as chairs of such committees.</p>	<p>Non-compliant (non-independent Chairman)</p>	<p>Michel Bon's loss of independence following his exceeding 12 years of service on the Devoteam Supervisory Board: Chairman of the Supervisory Board, Chairman of the Accounts Committee, member of the Compensation Committee.</p>
<p>Corporate governance</p> <p>6. Specialised committees of the Board</p> <p>6.3 The Appointments and Compensation Committee(s)</p>	<p>The AMF recalls that the AFEP-MEDEF Code recommends that committees of at least four members are at least 50% comprised of independent directors. Any company not meeting this requirement is obliged to explain its reasons for non-compliance.</p>	<p>Non-compliant (2 members on the Compensation Committee, of which one non-independent)</p>	<p>See the 2019 action plans on the table of AFEP-MEDEF compliance.</p>
<p>Independent directors</p> <p>Quota of independent directors</p>	<p>The AMF states that the quota of independent directors on the Audit Committee must be at least two-thirds. When a company does not meet this quota, it must explicitly explain its deviation from the code's recommendation and state its non-compliance.</p>	<p>Non-compliant (50% independent directors at end-2018)</p>	<p>The appointment of a new independent member to the Accounts Committee is recommended to achieve a quota of two-thirds independent members.</p>

6.2 Compensation of corporate officers and members of the Supervisory Board

6.2.1 Compensation of corporate officers

6.2.1.1 Summary of compensation paid to corporate officers

Name and position of executive corporate officer	Stanislas de Bentzmann Chairman of the Management board		Godefroy de Bentzmann CEO		Roland de Laage de Meux General Secretary	
	2017	2018	2017	2018	2017	2018
Compensation due for the financial year (detailed in Table 2)	703,636	748,636	706,528	751,528	193,825	178,199
Value of options allocated during the financial year (detailed in Table 4)	-	-	-	-	-	-
Value of performance shares allocated during the financial year (detailed in Table 6)	-	-	-	-	-	-
TOTAL	703,636	748,636	706,528	751,528	193,825	178,199

Name and position of executive corporate officer	Stanislas de Bentzmann				Godefroy de Bentzmann				Roland de Laage de Meux			
	2017		2018		2017		2018		2017		2018	
	Due	Paid	Due	Paid	Due	Paid	Due	Paid	Due	Paid	Due	Paid
Fixed compensation	215,000	215,000	215,000	215,000	215,000	215,000	215,000	215,000	118,800	118,800	118,800	118,800
Variable compensation	325,000	145,000	370,000	325,000	325,000	145,000	370,000	325,000	40,687	45,500	40,250	40,687
Exceptional compensation	0	0	0	0	0	0	0	0	15,000	0	0	15,000
Benefits in kind (car)	3,636	3,636	3,636	3,636	6,528	6,528	6,528	6,528	4,356	4,356	4,041	4,041
Overseas allowance	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	0	0	0	0
Directors' fees	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	12,000	11,000	12,000	12,000
Provision for retirement benefits	na	na	na	na	na	na	na	na	2,983	0	3,108	0
TOTAL	703,636	523,636	748,636	703,636	706,528	526,528	751,528	706,528	193,825	179,656	178,199	190,528

The fixed compensation of the members of the Management board totalled €275,000 (including an expatriation allowance of €60,000). It has not changed since the 2011 financial year. It was approved by the General meeting of 18 May 2018 under the 8th and 9th resolutions.

In 2018, the members of the Management board received performance-related variable compensation based on an annual target of €275,000. The maximum payment is capped at 135% of the target variable compensation in the event of overperformance. There is no minimum payment.

To recap, the type and weighting of each indicator comprising the 2018 variable compensation of the members of the Management board are as follows:

- 70% on achieving quantitative targets based on two criteria:
 - two-thirds subject to the achievement of a specific operating margin;
 - one-third subject to the achievement of Group organic growth;
- 30% on achieving qualitative targets based on three criteria:
 - Innovation and the launch of new products and services;
 - The completion of at least one key acquisition in a strategic country;
 - Accelerated development of "speed boats" in France and abroad.

A speed boat is a new entity that offers a promising or potentially promising product or service, outside of the Group's current range of activities in a given country, which receives accelerated development assistance from one or more dedicated managers with a view to reaching a critical size within three to five years.

The achievement of the criteria and the resulting annual variable compensation were approved by the Supervisory Board at its meeting on 11 March 2019. It amounted to €370,000 or 135% of the fixed compensation.

	Weighting	Payment
Quantitative targets	70%	150%
Qualitative targets	30%	100%
Payment as a % of target variable compensation	100%	135%

With regard to the 2018 financial year, the achievement rate of the quantitative portion was 150% and of the qualitative portion was 100%, representing total variable compensation of €370,000.

The target variable compensation of Mr de Laage was €35,000, based on the following criteria:

- 30% subject to the achievement of a specific group clean EBIT;
- 70% subject to the achievement of qualitative targets.

With regard to the 2017 financial year, the achievement rate of the quantitative portion was 115% and of the qualitative portion was 120%, representing total variable compensation of €40,250.

The level of achievement of each of the objectives is precisely defined, however, due to its confidential nature the Group does not share this information.

6.2.1.2 Calculation by the Supervisory Board of the compensation of members of the Management board

Compensation of members of the Management board for 2019

The Supervisory Board met on 11 March 2019 and, on a proposal from the Compensation Committee, decided that each member of the Management board would be entitled to:

- annual fixed compensation (including overseas allowance) of €275,000 gross, unchanged from the previous year;
- variable compensation equivalent to 100% of the fixed compensation, based on the achievement of targets and which may be increased to a maximum of 135% if the targets are exceeded.

The variable compensation is based on specific objectives whose definition and weighting is determined each year by the Supervisory Board on a proposal from the Compensation Committee.

With regard to the variable compensation for 2019, 70% is based on the achievement of quantitative objectives and 30% on the achievement of qualitative objectives.

The quantitative objectives are two-thirds based on the achievement of a target operating margin and one-third on organic revenue growth.

The qualitative targets are based on three criteria, each representing one-third, and are focused on the implementation and expansion of the Eagle programme in new acquisitions, the sharing of knowledge and experience throughout the Group, and the development of a scheme to encourage the participation of the Group's senior contributors in the future of the company.

Due to the confidential nature of this information, the Group does not share the achievement rates of quantitative targets.

Table 3: Stock options awarded during the year to each executive corporate officer

None

Table 4: Options exercised during the year by each executive corporate officer

None

It should be noted that corporate officers must keep 25% of the shares obtained from options and/or founders' warrants (BCE) already exercised by the holder prior to the end of their mandate.

Table 5: Performance shares awarded during the year to each corporate officer

None

Table 6: Performance shares becoming available during the year

None

The components of the compensation payable or allocated to members of the Management board in respect of 2018 and the principles of compensation approved by the Supervisory Board for 2019 will be put to the vote at the General meeting on 14 June 2019 by reference to paragraphs 6.2.1.1 and 6.2.1.2 of this Annual Financial Report.

6.2.1.3 History of share subscription or purchase options and performance share awards to executive corporate officers

Table 7: History of share subscription or purchase option awards

	2012 stock options
Date of Meeting	11/04/2012
Date of Supervisory Board or Management board Meeting where applicable	30/11/2012
Total number of shares that may be subscribed or purchased, of which the number that may be subscribed or purchased by:	100,000
Corporate officers	
<i>Stanislas de Bentzmann</i>	-
<i>Godefroy de Bentzmann</i>	-
<i>Roland de Laage de Meux</i>	-
<i>Non-executive corporate officers</i>	-
Start of option exercise period	30/11/2016
Expiry date	29/11/2016
Subscription or purchase price	€9.00
Exercise conditions	30% after 4 years 30% after 5 years 40% after 6 years
Number of shares subscribed at 31/12/2018	69,000
Total number of options and BCE cancelled or void	25,000
Number of options and BCE outstanding at year-end	6,000

The company confirms that, to the best of its knowledge, no hedging instruments are in place.

Table 8: History of performance share awards

	2016 performance share awards	2017 performance share awards
Date of Meeting	17/06/2016	04/09/2017
Date of Management board meeting	17/06/2016	04/09/2017
Total number of shares allocated, of which the number allocated to:	182,000	50,000
Corporate officers:		
<i>Stanislas de Bentzmann</i>	-	-
<i>Godefroy de Bentzmann</i>	-	-
<i>Roland de Laage de Meux</i>	5,000	-
<i>Non-executive corporate officers</i>	-	-
Date of acquisition of the shares	01/03/2019	01/03/2021
End date of holding period	01/03/2019	01/03/2021
Performance conditions	Yes*	Yes*
Number of shares acquired at 31/12/2018	-	-
Total number of shares cancelled or void	34,200	4,000
Performance shares outstanding at year-end	147,800	46,000

* Individual, collective or market performance conditions in addition to a presence condition

Table 9: Summary table of the multi-year variable compensation of each executive corporate officer

None

6.2.1.4 Employment contracts and mandates of executive corporate officers

Table 10: Information concerning the employment contracts and mandates of executive corporate officers

Name, position, date of appointment and end date of the mandate of the executive corporate officer	Employment contract		Supplementary pension scheme		Compensation and/or benefits owed or likely to be owed due to a termination of contract or change in role		Compensation related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Stanislas de Bentzmann - Chairman of the Management board Appointed by the SB held on 5 September 2016 Term expires: OGM 2020		x		x		x		x
Godefroy de Bentzmann - CEO Appointed by the SB held on 5 September 2016 Term expires: OGM 2020		x		x		x		x
Roland de Laage de Meux - General Secretary Appointed by the GM held on 17 June 2016 Term expires: OGM 2020	x			x		x		x

Table 11: Summary of Devoteam share transactions by corporate officers and senior managers other than corporate officers in 2018

Name of executive corporate officer	Transaction	Instrument	Total transaction amount (€ thousands)	Unit price (€)
Stanislas de Bentzmann - Chairman of the Management board	Assignment	Shares	3,500	100
Godefroy de Bentzmann - CEO	Assignment	Shares	10,946	98.4
Thierry François - CFO	None	None	None	None
Sébastien Chevrel - COO	None	None	None	None
Roland de Laage de Meux - General Secretary - member of the Supervisory Board	None	None	None	None
Regis Tatala - Executive Vice President	Assignment	Shares	347	86.7
Tabag, member of the Supervisory Board	Assignment	Shares	4,009	100.2

6.2.2 Supervisory Board compensation

The members of the Devoteam Supervisory Board received the following compensation in respect of the past two financial years:

Table 12: Directors' fees and other compensation received by non-executive corporate officers				
Members of the Board	Amounts paid during the 2017 financial year (in €)		Amounts paid during the 2018 financial year (in €)	
	Directors' fees	Other compensation	Directors' fees	Other compensation
Michel Bon (Chairman)	44,000		52,000	
Bertrand de Bentzmann (Vice-Chairman)	10,000		8,000	
Vincent Montagne	11,000		11,500	
Roland de Laage de Meux	11,000	168,656	12,000	178,528
Yves de Talhouët	11,000		11,000	
Elisabeth de Maulde	11,000		11,000	
Carole Desport	11,000		12,000	
Valerie Kniazeff	5,500		10,000	
Georges Vialle	5,500		12,000	
TOTAL	120,000	168,656	139,500	178,528

6.3 Information on the share capital

6.3.1 Structure of the share capital

The structure of the share capital and its changes during the financial year are described in section 2.4 of the Management board's Group business review.

6.3.2 Amendments to the Articles of Association and elements likely to have an impact in the event of a takeover bid

Only Extraordinary General meetings are authorised to amend the Articles of Association and the provisions thereof.

To the company's knowledge, Devoteam has not entered into any significant agreements that would be amended or terminated in the event of a change in control, nor any agreements under which compensation must be paid to Management board members or employees in the event that they resign or are dismissed without just cause or that their employment ends as a result of a takeover bid. Certain shareholders' agreements entered into with minority shareholders of Group subsidiaries, however, contain clauses authorising these subsidiaries to sell their shares to the Group in the event of a change in the composition of the Management board.

6.3.3 Capital increase (CI) delegations authorised by a General meeting (GM)

Type of delegation granted to the Management board	Date of GM granting the delegation (resolution no.)	Maximum nominal amount of the CI	Duration of the authorisation	Amount of delegation used as at 31/12/2018	Maximum number of shares issued	% of share capital	% of voting rights (VR)	Share capital dilution ⁽²⁾	VR dilution ⁽²⁾
CI through issue of marketable securities or incorporation of reserves with PSR ⁽¹⁾	18/05/2018 (12th Resolution)	€500,000	26 months	Not used	3,333,333	40.00	32.65	0.71	0.62
CI through issue of shares or any marketable securities without PSR	18/05/2018 (13th Resolution)	€125,000 or €80 million the maximum nominal amount of marketable securities representing receivables giving access to the share capital	26 months	Not used	833,333	10.00	8.16	0.91	0.75
CI through issue of marketable securities without PSR up to 10% of the share capital per year (Article. L. 225-136 I of the French Commercial Code)	18/05/2018 (14th Resolution)	10% of share capital per year (counts towards the cap set out in Resolutions 10 and 13)	26 months	Not used	833,240	10.00	8.16	0.91	0.75
CI through issue of marketable securities without PSR to compensate benefits in kind	18/05/2018 (15th Resolution)	10% of share capital per year (counts towards the cap set out in Resolutions 10 and 13)	26 months	Not used	833,240	10.00	8.16	0.91	0.75
CI through issue of marketable securities without PSR reserved for subscribers to a company savings scheme	18/05/2018 (16th Resolution)	€50,000	26 months	Not used	333,330	4.00	3.26	0.96	0.79
Allocation of free shares or preference shares	17/06/2016 (24th Resolution)	€60,000	38 months	232,625	400,000	4.80	3.92	0.95	0.79
Issue of subscription options	17/06/2016 (25th Resolution)	€30,000	38 months	Not used	200,000	2.40	1.96	0.98	0.80

(1) PSR: preferential subscription rights.

(2) For a shareholder holding 1% of the share capital prior to the transaction.

6.3.4 Participation of shareholders at the General meeting

In accordance with the provisions of Articles L. 225-37-4, 9° and L. 225-82-2, paragraph 6 of the French Commercial Code, amended by Order 2017-1162 of 12 July 2017, the terms and conditions for the participation of shareholders at General meetings are laid down in Articles 12 and 18 of the company's Articles of Association.

6.4 Statutory Auditors' special report on related party agreements and commitments

General meeting to approve the financial statements for the year ended 31 December 2018

To the General meeting of Shareholders of Devoteam S.A.,

In our capacity as Statutory Auditors of your company, we hereby report ^{to} you on the company's related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the key features and terms and conditions of those agreements and commitments disclosed to us, or that we may have identified in the performance of our engagement, and the reasons why they were deemed to be in the company's interest. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any other agreements and commitments. It is your responsibility, under the terms of Article R. 225-58 of the French Commercial Code, to assess whether these agreements and commitments are advantageous, and if so to approve them.

It is also our duty to provide you with the information referred to in Article R. 225-58 of the French Commercial Code regarding the performance, over the past financial year, of any agreements and commitments previously approved by the General meeting.

We performed those procedures that we considered necessary to comply with professional guidance issued by the French National Institute of Auditors (CNCC) relating to this type of engagement. These procedures consisted of verifying that the information given to us was consistent with the documents from which it was taken.

AGREEMENTS AND COMMITMENTS REQUIRING THE APPROVAL OF THE GENERAL MEETING

Agreements and commitments authorised and entered into during the year

We were not notified of any agreement or commitment authorised and entered into during the year to be submitted to the General meeting for approval pursuant to Article L. 225-86 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements and commitments approved in previous years but not implemented this year

We have also been advised that the following agreements and commitments, approved by the General meeting in previous years, were not implemented this year.

Authorisation of the transfer of asset and liability current accounts booked by Devoteam SA against its companies to the Luxembourg company Devoteam Holding Sarl on 5 November 2013

- Individual concerned:
Godefroy and Stanislas de Bentzmann, members of the Management board of Devoteam S.A. and co-managers of the Luxembourg company Devoteam Holding Sarl.
- Nature and purpose:
Transfer of asset and liability current accounts held by Devoteam SA against its subsidiaries to Devoteam Holding Sarl as part of the establishment of a Group central treasury.
- Key terms:
The transfer is due to take place after acceptance by the subsidiaries concerned and on the basis of a market value determined by a third party.
- Rationale:
Devoteam plans to create a central treasury to optimise the Group's cash flow.

Paris La Défense, 30 April 2019

Neuilly-sur-Seine, 30 April 2019

KPMG Audit
Department of KPMG SA

Grant Thornton
*French member of Grant Thornton
International*

Jean-Pierre Valensi
Partner

Vincent Papazian
Partner

