devoteam

2017 Annual Financial Report

AMF

This Annual Financial Report was filed with the Autorité des Marchés Financiers (AMF) on 20th April 2018 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 4 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.

20 April 2018
Stanislas de Bentzmann

1.3 Person responsible for the audit of the financial statements

Statutory Auditors	Date of 1st 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 1st 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 2016 and 2017 financial years:

In thousands of euros	2017							2016						
	KPMG	%	Grant Thornton	%	NSK	%	Total	KPMG	%	Grant Thornton	%	NSK	%	Total
Certification and half-yearly limited review of separate and consolidated financial statements														
Issuer	92	33%	93	37%	0	0%	185	76	29%	76	35%	0	0%	152
Fully consolidated subsidiaries	159	57%	129	51%	79	100%	367	182	68%	129	59%	72	100%	383
Services other than certification of financial statements														
Issuer	27	10%	30	12%	0	0%	57	8	3%	12.5	6%	0	0%	20.5
Fully consolidated subsidiaries	0	0%	0	0%	0	0%	0	0	0%	0	0%	0	0%	0
Total	**278**	**100%**	**252**	**100%**	**79**	**100%**	**609**	**266**	**100%**	**217.5**	**100%**	**72**	**100%**	**556**

1.5 Recent events

None.

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 2017 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 2017. 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

The year 2017 once again confirmed the Group's growth momentum, which was driven by the digital transformation initiated by its clients. With almost 13% growth in consolidated revenue, including nearly 10% organic growth, the Group is positioned among the most dynamic players on the market. The operating margin also improved sharply, up by 50 basis points compared to 2016, to 10% of revenue.

This strong dynamism is represented in particular by SMACS (Social, Mobile, Analytics, Cloud, Security), which increased by 25% compared to 2016 and now represent nearly 60% of the Group's revenue. It also coincides with a year of strong growth in the strategic partnerships announced as part of the Scale! 2020 strategic plan, thus enabling the Group to accelerate its pure-player positioning on digital transformation, notably on IT operational excellence with ServiceNow, on collaborative solutions with Google, and on Cloud and DevOps Open Source technologies with Red Hat.

During the year, the Group continued its targeted acquisition policy with the acquisition of TMNS in the Netherlands (approximately 200 employees for €18.9 million in revenue in 2016) to strengthen the Agile IT Platform offer for the Scale! plan and D2SI (around 100 employees for revenue of €13 million in 2016), the leader in Amazon's public cloud technologies in France.

In addition, the Group sold control of its intermediation subsidiary, Between, in the Netherlands, to minority shareholders. This transaction was completed in December 2017 and, in accordance with IFRS 5, resulted in the presentation of net income and expenses related to that activity in the Group's consolidated income statement under "Profit (loss) from discontinued operations, net of tax". Previous periods have been restated to present comparable information from one period to another (more details in Note 6.8 to the financial statements).

Finally, the Group maintains a very solid financial base with consolidated equity of over €162 million and over €47 million in net cash at 31 December 2017, which allows it to continue its growth, in particular in the context of the ambitions of the Scale! plan.

The company’s consolidated financial statements for the year ended 31 December 2017 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 5 March 2018, and will be submitted to the General meeting for approval on 18 May 2018.

2.1.2 Activity and performance of Devoteam SA

Revenue totalled €217.9 million in 2017, up 15.0% compared to 2016, in line with the growth rates recorded at Group level.

Operating income was €5.6 million, compared to €6.6 million a year earlier, due to an increase in provisions for liabilities and charges.

Net income for 2017 amounted to €17.4 million, compared to €11.3 million in 2016. This comprises:

- a sharp increase in net financial income to €13.9 million (vs. €6.0 million in 2016), mainly impacted by a decrease in provisions for equity securities (+€5.5 million), an increase in dividends received (+€3.9 million) as well as credit losses on current accounts following the liquidation of subsidiaries (-€1.2 million);

- an exceptional loss of -€1.3 million (versus -€3.0 million in 2016), mainly explained by capital losses on disposals of equity securities (-€5.1 million), restructuring expenses (-€0.6 million) and a bonus on treasury shares (+€4.6 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 €161.8 million at 31 December 2017, against €149.1 million at 31 December 2016. The change comes mainly from the recognition of the profit for the year (+€17.4 million) and dividends distributed (-€4.8 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 €33.8 million versus €28.2 million a year earlier, up €5.6 million, mainly due to improved results.

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 2017 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 (more than 1 day)**	**0 days (due date)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**over 91 days**	**Total (more than 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%

Since Article D.441-4 of the French Commercial Code is applicable to financial years beginning on or after 1 July 2016, the company does not provide comparable information in the new format below but reproduces the 2016 information format for comparative purposes.

2016 - in €	Debt past due	Debt not due		TOTAL
		< 60 days	> 60 days	
Amount at 31/12/16	**1,451,599**	**14,464,660**	**0**	**15,916,259**
% of trade payables	9%	91%	0%	100%
of which not attributable to the Group	839,414	2,558,830	0	3,398,243
of which attributable to the Group	612,185	11,905,830	0	12,518,016

The target payment period is 60 days.

2.1.3 Activity and consolidated results

Income statement analysis

The Group generated **revenues** of €540.4 million in 2017, up 13% for the year and 9.6% at constant scope and exchange rates compared to the previous financial year.

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 50 basis points in 2017. At constant scope, it stood at €54.0 million, and 10.0% of revenues, versus €45.3 million and 9.5% in 2016. It benefited from increased margins in Denmark and Germany, and from the high growth rate of France, the most profitable region of the Group.

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

	2016(1)			2017		
In millions of euros and %	H1	H2	FY	H1	H2	FY
Revenue	**238.1**	**241.3**	**479.4**	**256.5**	**283.9**	**540.4**
Annual variation (%)				7.7%	17.7%	12.7%
Operating margin	**22.0**	**23.3**	**45.3**	**25.4**	**28.6**	**54.0**
(as % of revenue)	9.2%	9.7%	9.5%	9.9%	10.1%	10.0%

(1)Restatement of Between: in accordance with IFRS 5 on assets held for sale, the operations of Between have been reclassified on a single line of the income statement under "Profit (loss) from discontinued operations, net of tax". As a consequence, these operations are not included in the revenue and the operating income.

The **operating result** amounted to €43.9 million and included the following costs: costs of share-based payments and amortisation of intangible assets from acquisitions for €2.5 million; restructuring costs for €3.1 million (Germany, Spain, France); goodwill impairment for €2.0 million (Netherlands and Germany mainly); loss on assets held for sale for €1.3 million (provision for intra-Group debt and discontinued operation costs); other non-current expenses for €1.3 million (mainly advisory fees).

Net financial income remained stable compared to the previous year, at -€2.3 million.

Income tax expenses amounted to €15.0 million. They represented 35.9% of profit before tax from continuing operations, versus 34.9% in 2016. The tax expenses included the effect of local taxes (mainly CVAE in France) for €3.0 million.

The **Group share of net income** increased by more than 26% to €25.0 million and diluted earnings per share was €3.15 (up 24% compared to 2016).

On 31 December 2017, the **net cash** of the Group was €47.5 million.

Balance sheet analysis

The main items of the consolidated balance sheet changed as follows during 2017:

In millions of euros	31 December 2017	Non-current assets and liabilities held for sale (see Note 4.3)	31 December 2016	Variation	Main reasons for the variation
Non-current assets	**114.5**	**0.3**	**100.5**	**14.1**	Primarily due to the recognition of new goodwill in the amount of €15.7 million, related to external growth operations (TMNS and D2SI). This change was offset by the disposal of Between goodwill for -€2.8 million and the impairment losses of -€1.9 million recognised for the Devoteam Netherlands CGU and for Siticom GbmH in Germany.
Operating receivables	**225.7**	**4.7**	**209.6**	**16.1**	Operating receivables increased as a result of the Group's growth and the slight increase in the days of sales outstanding (DSO), which was 61 days, compared with 57 days a year earlier after the restatement of Between. This change was partially offset by the withdrawal of Between from the scope of consolidation for €17.6 million and the reclassification of Devoteam Morocco and Shift by S'Team as discontinued operations for €4.3 million.
Cash and cash equivalents*	**79.6**	**1.8**	**91.0**	**(11.4)**	See below
Non-current assets held for sale	**6.9**	**6.9**	**-**	**6.9**	This concerns the Group's interest in Devoteam Morocco and Shift by S'Team, classified as available-for-sale assets (see Note 4.3).
Equity attributable to the Group	**150.8**	**-**	**136.3**	**14.5**	The change is due to the recognition of the net income for the period in the amount of €25.0 million, net of dividends paid of -€4.8 million, scope effects for -€9.7 million, transactions related to treasury shares and other equity instruments for €5.5 million, a foreign exchange impact of -€2.6 million and the reclassification of transactions on treasury shares in prior years for €0.9 million.
Non- controlling interests	**11.2**	**-**	**9.8**	**1.4**	Non-controlling interests (see Note 5.12 to the consolidated financial statements).
Non-current liabilities	**45.4**	**0.0**	**43.3**	**2.1**	The increase in non-current liabilities is mainly the result of the recognition of put-option debt for the TMNS entity for €4.5 million, which is partially offset by the impact of the change in assumptions on earn-out debts of -€0.4 million and reversals of provisions for restructuring in Germany.
Current liabilities	**214.8**	**4.5**	**211.7**	**3.1**	The increase in current liabilities is due mainly to the rise in tax and social security liabilities and deferred income of €18.8 million and €3.9 million, respectively, in line with the Group's operational growth. This change was offset by the withdrawal of Between from the scope of consolidation and the reclassification as available-for-sale liabilities of Devoteam Morocco and Shift by S'Team.
Non-current liabilities held for sale	**4.5**	**4.5**	**-**	**4.5**	This concerns the Group's interest in Devoteam Morocco and Shift by S'Team, classified as available-for-sale assets (see Note 4.3).

* **Cash and cash equivalents** (excluding financial investments recognised as "Cash management assets", net of €2.7 million in bank overdrafts) fell by €11.4 million during the period to €79.6 million. This variation is due to:

- positive **cash flow from operational activities** of €34.2 million resulting from a major boost in the Group's operating cash flows of €53.3 million at 31 December 2017 (vs. €45.0million in 2016) and an increase in WCR of -€5.5 million (vs. +€9.2 million in 2016) mainly due to the increase in the Group's DSO at the end of the year from 57 to 61 days;

- negative **cash flow from investment activities** in the amount of € 36.1 million over the year (vs. -€8.7 million in 2016) mainly due to the impact of expenses for the year associated with subsidiary acquisitions (net of cash and cash equivalents acquired) for €24.4 million and disbursements for earn-out liabilities and deferred prices on prior acquisitions totalling €2million; expenses linked to Group operational investments in the amount of €3.1 million and the negative impact of the disposal of Between for -€8.0 million corresponding to cash sold less the sale price received;

- negative **cash flow from financing activities** of €6.0 million, which includes in particular:
  - a cash outflow of €11.1 million related to the buyout of minority interests,
  - a cash inflow of €4.6 million related to the disposal of minority interests,
  - an increase in outstanding receivables sold for €3.5 million,
  - a cash inflow related to the sale of treasury shares for €5.6 million,
  - the payment of dividends of €6.3 million, of which €4.8 million was paid to Group shareholders and €1.5 million to minority shareholders.

The Group's financial position remains sound, as **the cash position net of borrowings** stands at €47.5 million. This breaks down as follows:

In millions of euros	31 December 2017	31 December 2016
Short-term investments	0.1	10.3
Cash at bank*	82.1	81.7
Bank overdrafts (liability)	(2.7)	(1.0)
Cash and cash equivalents	**79.6**	**91.0**
Cash management assets	**0.3**	**1.7**
Bonds	(29.8)	(29.8)
Obligations under finance leases	(0.1)	(0.8)
Draw-downs on bank and similar facilities and other borrowings	(1.0)	(1.2)
Long-term borrowings	**(30.9)**	**(31.8)**
Bonds	(0.4)	(0.4)
Obligations under finance leases	(0.8)	(0.8)
Draw-downs on bank and similar facilities and other borrowings	(0.3)	(0.2)
Short-term borrowings	**(1.5)**	**(1.5)**
Total borrowings	**(32.4)**	**(33.2)**
Derivative instruments	-	-
Net cash	**47.5**	**59.5**
Cash from discontinued operations	1.8	-
Total equity	**162.0**	**146.1**
Debt to equity ratio	**-29.3%**	**-40.7%**

* For 2017, net cash includes the positive impact (net of guarantee deposits) of agreements to transfer non-recourse trade receivables amounting to €13.8 million, compared to €10.3 million in 2016.

2.1.4 Progress made and outlook

Given the performance of the fourth quarter of 2017 and the good start to 2018, the Group aims, in a stable economic environment and at constant accounting methods, to achieve revenues above €615 million in 2018, primarily through:

- organic growth of more than 10%, which is above the range disclosed in the strategic plan Scale! 2020;
- a negative exchange rate impact of 0.7%;
- contribution from the 2017 acquisitions of 4.4%.

The operating margin should continue to improve and stand close to 10.5% of the revenues. Restructuring costs should not exceed 0.5% of revenues.

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 2017, in the amount of €17,376,854, as follows:

- distribution of a dividend of €0.90 per share, representing a total of €7,189,333;
- the balance of €10,187,521 to be allocated to Retained earnings.

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

Year	Dividend per share
2014	€0.30
2015	€0.50
2016	€0.60

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 €187,403. This amount corresponds to the share of non-deductible rental payments on passenger vehicles hired by the Group in the course its business.

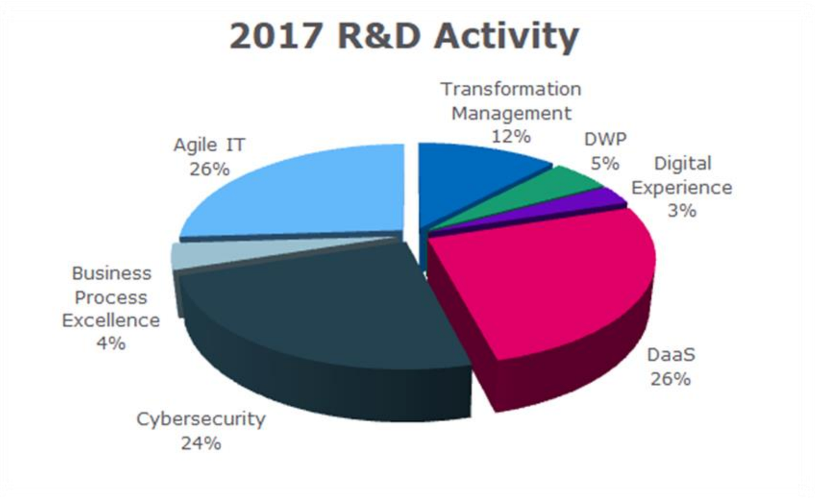
2.2.4 Table of company results over the past five years

SHARE CAPITAL AT YEAR-END	31/12/2013	31/12/2014	31/12/2015	31/12/2016	31/12/2017
Share capital	1,463,925	1,238,973	1,242,576	1,262,340	1,263,015
Number of shares	9,655,760	8,172,128	8,196,149	8,327,907	8,332,407
TRANSACTIONS AND PROFIT FOR THE YEAR	**31/12/2013**	**31/12/2014**	**31/12/2015**	**31/12/2016**	**31/12/2017**
Revenue before tax	165,647,616	159,916,969	173,439,481	189,471,479	217,908,500
Profit (loss) before taxes, profit-sharing, depreciation, amortisation and provisions	7,646,091	(6,290,193)	8,546,296	9,456,174	14,095,051
Amortisation and provision	5,207,283	(5,371,602)	1,155,775	(153,977)	(4,112,216)
Employee profit-sharing due in respect of the year	-	-	-	-	-
Corporate income taxes	(1,814,638)	(2,319,185)	(1,535,830)	(1,665,619)	830,413
Profit (loss) after taxes, depreciation, amortisation and provisions	4,253,446	1,400,594	8,926,351	11,275,770	17,376,854
Earnings distributed	1,866,235	2,250,415	3,812,161	4,726,589	7,189,333
EARNINGS PER SHARE	**31/12/2013**	**31/12/2014**	**31/12/2015**	**31/12/2016**	**31/12/2017**
Profit (loss) after taxes but before depreciation, amortisation and provisions	0.98	(0.49)	1.23	1.34	1.59
Profit (loss) after taxes, depreciation, amortisation and provisions	0.44	0.17	1.09	1.35	2.09
Dividend allocated to each share	0.25	0.30	0.50	0.60	0.90
PERSONNEL	**31/12/2013**	**31/12/2014**	**31/12/2015**	**31/12/2016**	**31/12/2017**
Average headcount	1,421	1,458	1,304	1,358	1,453
Total payroll	72,056,295	66,386,079	63,971,981	65,941,947	70,937,736
Amount paid in employee benefits	32,113,662	29,629,306	28,333,224	29,482,461	31,677,313

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 logic of supporting our clients in the digital transformation battle. In 2017, the work focused on data processing, with, in particular, the implementation of chatbot and AI solutions. It also concentrated on transformation management, particularly agility and change management. In addition, a significant part of the work involved containerisation and best practice in the use of public cloud offerings. We also worked on security and launched a review of preventive maintenance in IT.

A breakdown of these activities is shown below:



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, as described in Note 2.1 to the financial statements, with no significant impact on the consolidated 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 2017 are listed in detail 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

In millions of euros	H1 2017	H1 2016 restated	2017	2016 restated
France				
Contribution to revenue	132.2	114.8	273.8	232.3
Operating margin	17.0	14.8	35.9	30.3
As % of revenue	12.9%	12.9%	13.1%	13.0%
Northern Europe & Benelux				
Contribution to revenue	61.8	58.4	132.4	116.5
Operating margin	4.6	4.3	9.8	8.9
As % of revenue	7.4%	7.4%	7.4%	7.6%
Central Europe				
Contribution to revenue	27.8	22.7	59.9	49.0
Operating margin	2.4	1.7	5.4	3.9
As % of revenue	8.5%	7.5%	9.1%	8.1%
Rest of the world				
Contribution to revenue	35.1	38.1	73.8	76.5
Operating margin	2.1	2.3	5.3	5.9
As % of revenue	5.9%	6.1%	7.1%	7.6%
Corporate & other				
Contribution to revenue	(0.4)	(0.2)	0.4	0.8
Operating margin	(0.6)	(1.1)	(2.4)	(3.6)
Divestments				
Contribution to revenue	-	4.2	-	4.2
Operating margin	-	(0.1)	-	(0.1)
As % of revenue	-	-1.9%	-	-2.0%
Total				
Contribution to revenue	256.5	238.1	540.4	479.4
Operating margin	25.4	22.0	54.0	45.3
As % of revenue	9.9%	9.2%	10.0%	9.5%

Discontinued operation:

In millions of euros	H1 2017	H1 2016	2017	2016
Between				
Contribution to revenue	-	37.3	-	76.3
Operating margin	-	0.7	-	1.7
As % of revenue	-	1.8%	-	2.3%

Variation in revenue by quarter and by geographical area

In millions of euros	Q1 2017 restated	Q1 2016 restated	Q2 2017	Q2 2016 restated	Q3 2017	Q3 2016 restated	Q4 2017	Q4 2016 restated	2017	2016 restated
France	**67.7**	**56.2**	**64.5**	**58.6**	**61.4**	**54.4**	**80.1**	**63.0**	**273.8**	**232.3**
Variation	20.5%		10.0%		12.9%		27.1%		17.9%	
L-f-l variation*	20.5%		10.0%		12.9%		18.5%		15.6%	
Northern Europe & Benelux	**32.6**	**28.4**	**29.2**	**30.0**	**32.0**	**26.3**	**38.6**	**31.8**	**132.4**	**116.5**
Variation	14.6%		-2.7%		21.8%		21.4%		13.6%	
L-f-l variation*	10.9%		-6.9%		1.6%		4.1%		2.4%	
Central Europe	**13.7**	**11.5**	**14.1**	**11.2**	**14.4**	**12.0**	**17.6**	**14.2**	**59.9**	**49.0**
Variation	18.8%		26.3%		20.0%		23.7%		22.3%	
L-f-l variation*	11.0%		17.4%		19.7%		23.2%		18.1%	
Rest of the world	**17.3**	**16.4**	**17.8**	**21.6**	**17.1**	**19.0**	**21.6**	**19.5**	**73.8**	**76.5**
Variation	5.2%		-17.8%		-9.8%		11.0%		-3.5%	
L-f-l variation*	5.4%		-17.8%		-6.5%		15.8%		-1.5%	
Corporate & other	**(0.1)**	**(0.1)**	**(0.4)**	**(0.1)**	**0.1**	**(0.2)**	**0.7**	**1.1**	**0.4**	**0.8**
Divestments	**-**	**2.6**	**-**	**1.6**	**-**	**0.0**	**-**	**0.0**	**-**	**4.2**
Total	**131.2**	**115.1**	**125.3**	**123.0**	**125.2**	**111.6**	**158.7**	**129.7**	**540.4**	**479.4**
Variation	14.0%		1.9%		12.2%		22.4%		12.7%	
L-f-l variation*	14.6%		1.3%		7.8%		14.6%		9.6%	

Of which impact of significant acquisitions:

In millions of euros	Q1 2017	Q1 2016	Q2 2017	Q2 2016	Q3 2017	Q3 2016	Q4 2017	Q4 2016	2017	2016
France							**5.4**		**5.4**	
D2SI, consolidated as of 1 October 2017							5.4		5.4	
Northern Europe & Benelux	**1.1**		**1.6**		**5.4**		**5.9**		**14.0**	
HNCO, consolidated as of 1 July 2016 (estimate)	0.6		1.0						1.6	
Globicon, consolidated as of 1 July 2016 (estimate)	0.5		0.6						1.1	
TMNS, consolidated as of 1 July 2017					5.4		5.9		11.4	
Central Europe	**0.9**		**1.0**						**1.9**	
Q-Partners Consulting, consolidated as of 1 July 2016	0.9		1.0						1.9	

Discontinued operation:

In millions of euros	Q1 2017	Q1 2016	Q2 2017	Q2 2016	Q3 2017	Q3 2016	Q4 2017	Q4 2016	2017	2016
Between	**-**	**18.2**	**-**	**19.1**	**-**	**z**	**-**	**19.8**	**-**	**76.3**
Variation	-100.0%		-100.0%		-100.0%		-100.0%		-100.0%	
L-f-l variation	-100.0%		-100.0%		-100.0%		-100.0%		-100.0%	

*L-f-l variation: variation at comparable scope and exchange rates.

2.4 Information on the share capital

2.4.1 Changes in share capital and number of shares during 2017

Number of shares	2017	2016
Shares outstanding as of 1 January	**8,327,907**	**8,196,149**
Exercise of options, BCE and BSA	4,500	131,758
Shares outstanding as of 31 December	**8,332,407**	**8,327,907**
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 2015			31 December 2016			31 December 2017		
	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]	1,252,492	15.28%	19.52%	1,280,137	15.36%	21.49%	1,101,232	13.22%	18.22%
G. de Bentzmann[1]	912,782	11.14%	14.11%	942,581	11.31%	15.75%	837,616	10.05%	14.84%
Lazard Frères Gestion	382,900	4.67%	4.01%	579,312	6.95%	5.67%	579,312	6.95%	5.75%
Amiral Gestion	521,609	6.36%	5.46%	521,609	6.26%	5.10%	551,043	6.61%	5.47%
Allianz	-	-	-	-	-	-	532,673	6.39%	5.29%
Tabag[2]	606,944	7.41%	12.70%	517,004	6.20%	10.12%	470,402	5.65%	9.34%
La Financière de l'Echiquier	542,177	6.62%	5.67%	-	-	-	-	-	-
Individuals (registered)[3]	286,765	3.50%	5.91%	315,112	3.78%	5.46%	316,006	3.79%	5.38%
Treasury shares	571,827	6.98%	0.00%	450,259	5.41%	0.00%	344,259	4.13%	-
Free float	3,118,653	38.05%	32.63%	3,721,893	44.69%	36.41%	3,599,864	43.20%	35.72%
Total	**8,196,149**	**100%**	**100%**	**8,327,907**	**100%**	**100%**	**8,332,407**	**100%**	**100%**

(1) Linked by a shareholders' agreement and an action in concert. 115,000 shares held for Godefroy de Bentzmann and 25,000 shares held for Stanislas de Bentzmann have been pledged to banks.
(2) Held by Yves de Talhouët, linked to the Management board members by a Dutreil Pact.
(3) Other officers, founders of subsidiaries, employees and former employees.

During 2017, Messrs Stanislas and Godefroy de Bentzmann (and their children), acting in concert, declared that they had fallen below the threshold of 25% of Devoteam's capital and Allianz SE declared it had exceeded the threshold of 5% of the capital and voting rights of Devoteam SA. To the company's knowledge, there are no shareholders other than those presented above holding more than 5% of the share capital or voting rights at 31 December 2017.

2.4.3 Transactions performed in 2017

Transactions on own shares
The company sold the following treasury shares in 2017:

Transaction type	Number of shares	Average price	Reason
Sale	80,000	€66.86	Sale of treasury shares

Most of these transactions took place at the current stock market price.

At 31 December 2017, the company held 344,259 shares, i.e. 4.13% of the share capital, representing a purchase value of €3.1 million and a market value of €25.8 million.

2.4.4 Changes in market price

The Devoteam share price rose 30.17% in 2017, compared to a 14.92% increase for the CAC Technology Index and a 22.01% increase for the CAC Mid & Small Index.

Date	31/12/2016	06/01/2017*	18/10/2017*	31/12/2017
Market price (€)	57.5	53	85	74.85
Market capitalisation (€M)	478.9	421.3	675.7	623.7

* 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 is comprised of seven members:

- the COO (Chair of the Committee);
- both members of the Management board;
- the Group CFO;
- and three Group Vice-Chairmen.

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 36 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 integrates accounting, consolidation and internal auditing 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 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 reporting activities, management control and the evaluation of 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.
- The Group's management control and reporting team (Financial Planning & Analysis) also report directly to the Operations Department. They lead, inter alia, the closing process in conjunction with the Group's Finance Department and are responsible for ensuring and overseeing a smooth budgetary process.

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 2017, no organisational changes took place and entities are still divided into operational sectors such as France, Northern Europe and Benelux, Central Europe, Rest of the World, Corporate & Others, Divestments or discontinued operations. These scopes are presented in Note 3.19 to the consolidated financial statements.

Entities presented in the "Others" region of section 3.19 operate independently or as "venture capital" and are managed separately. The management of the "Corporate & Others" operational sector is organised based on financial indicators and is given special monitoring 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 General Secretary of the Group 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.

In 2017, the Group launched the Scale! strategic plan, whose goal is to double revenue by 2020, in line with the previous Eagle plan. Through the Steering Committee and Executive Committee, this plan is now being implemented in all operational entities and in all the countries belonging to the Group.

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/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 the financial oversight for the projects are performed in the Oracle e-business suite application, whose data are stored on Oracle servers in Scotland.

- *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 9.4 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 26.9% in 2017 compared to 24.8% in 2016. 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 2016	**Q2 2016**	**Q3 2016**	**Q4 2016**	**2016**	**Q1 2017**	**Q2 2017**	**Q3 2017**	**Q4 2017**	**2017**
82.9%	85.0%	85.5%	84.1%	84.3%	83.1%	84.4%	85.4%	85.5%	84.6%

*In 2016, divestments included the activities of Grimstad in Norway, deconsolidated on 1 May 2016, and Devoteam Genesis, deconsolidated on 1 July 2016.
Note: the 2016 rates presented in this report are different from those presented in the 2016 Annual Financial Report given the internal resource reclassification of 20 FTEs in the Middle East.

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 57.7% of the Group's consolidated revenue in 2017. 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 % of revenue*	2015	2016	2017
Top client	5%	4%	5%
Top 5 clients	21%	17%	19%
Top 10 clients	33%	27%	31%

* Non-accounting information.

At Group level, the top client represents approximately 5% of revenue. However, at local level, the impact of just one client can represent a significant 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. The contribution of revenue generated through sub-contracting in 2017 stands at approximately 14.2% of Group revenue (vs. 15.1% in 2016 restated for Between). Accordingly, in terms of volume, Devoteam is not very exposed to any great risk. Nevertheless, Devoteam applies the same principle of monitoring its sub-contractors as it does to its own employees.

Devoteam also sells publisher licenses on behalf of third parties, usually as part of its integration projects. The sale of licenses represented approximately 7.4% of revenue in 2017 (8.6% in 2016 restated for Between).

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 48.8% 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 2017, represented €91.8 million i.e. 21.4% of the total Group balance sheet (20.2% in 2016) and 60.9% (59.5% in 2016) 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 strong presence in 17 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 7% 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.

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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 In thousands of euros	Note	31 December 2017	31 December 2016
Goodwill	5.1	91,791	81,154
Other intangible assets	5.2	2,513	1,557
Tangible assets	5.3	5,955	5,471
Non-current financial assets	5.4	2,934	2,935
Investments in associates	5.5	3,508	900
Investments property	5.6	1,370	1,827
Deferred tax assets	5.10	6,196	6,353
Other non-current assets	5.7	254	272
TOTAL NON-CURRENT ASSETS		**114,521**	**100,469**
Trade receivables	5.8	176,025	163,599
Other receivables	5.8	33,024	29,788
Tax receivables	5.8	14,570	11,794
Other current financial assets	5.9	1,766	2,762
Cash management assets	5.9	346	1,670
Cash and cash equivalents	5.9	82,239	92,033
TOTAL CURRENT ASSETS		**307,970**	**301,647**
Non-current assets held for sale	4.3	6,852	-
TOTAL ASSETS		**429,344**	**402,117**

EQUITY & LIABILITIES In thousands of euros	Note	31 December 2017	31 December 2016
Share capital	5.11	1,263	1,262
Share premium		1,934	1,845
Consolidated reserves		128,420	125,223
Treasury shares		(3,139)	(11,839)
Translation reserves		(2,721)	42
Profit for the year		25,043	19,807
EQUITY ATTRIB. TO EQUITY HOLDERS OF PARENT COMPANY		**150,800**	**136,341**
Non- controlling interests	5.12	11,209	9,778
TOTAL EQUITY		**162,009**	**146,119**
Loans, borrowings and bank overdraft	5.13	30,908	31,765
Provisions	5.14	1,606	2,283
Pension liabilities	5.15	3,984	3,773
Deferred tax liabilities	5.10	750	750
Other liabilities	5.7	8,110	4,712
TOTAL NON-CURRENT LIABILITIES		**45,358**	**43,283**
Loans, borrowings and bank overdraft	5.13	4,187	2,473
Provisions	5.14	6,735	3,059
Trade payables	5.8	40,287	64,646
Tax and social security liabilities	5.8	98,832	80,044
Income tax payable	5.8	3,785	3,573
Other liabilities	5.8	63,640	58,920
TOTAL CURRENT LIABILITIES		**217,465**	**212,715**
Non-current liabilities held for sale	4.3	4,512	-
TOTAL LIABILITIES		**267,335**	**255,998**
TOTAL EQUITY & LIABILITIES		**429,344**	**402,117**

3.2 Consolidated income statement

In thousands of euros, except earnings per share	*Note*	31 December 2017	31 December 2016 restated*	31 December 2016 presented
Continuing operations				
NET REVENUE	**6.2**	**540,372**	**479,402**	**555,701**
Other income		-	-	-
CURRENT OPERATING INCOME		**540,372**	**479,402**	**555,701**
Purchase of merchandise		(8,865)	(15,009)	(15,009)
Other purchase and external charges	6.4	(158,063)	(143,611)	(216,284)
Taxes		(4,125)	(3,613)	(3,613)
Payroll expenses	6.3	(311,627)	(267,760)	(269,399)
Fixed assets depreciation		(3,223)	(3,066)	(3,207)
Increase in provision from current assets		(505)	(1,144)	(1,144)
Other expenses		(1)	128	-
CURRENT OPERATING EXPENSES		(486,410)	(434,075)	(508,656)
OPERATING MARGIN		**53,962**	**45,327**	**47,044**
Cost of share-based payment	6.3	(1,957)	(1,422)	(1,422)
Amortisation of intangible assets of acquired companies		(537)	(274)	(274)
CURRENT OPERATING PROFIT		**51,468**	**43,632**	**45,349**
Other operating income	6.5	1,213	999	999
Other operating expenses	6.5	(8,779)	(8,366)	(8,366)
OPERATING PROFIT		**43,902**	**36,266**	**37,982**
Financial income	6.6	585	771	775
Financial expenses	6.6	(2,844)	(3,169)	(3,184)
FINANCIAL RESULT		**(2,259)**	**(2,398)**	**(2,409)**
Share of profit of associates		70	135	132
PROFIT BEFORE INCOME TAX		**41,714**	**34,003**	**35,705**
Income tax expense	6.7	(14,980)	(11,859)	(12,289)
PROFIT FROM CONTINUING OPERATIONS		**26,734**	**22,144**	**23,416**
Discontinued operation				
Profit (loss) from discontinued operation, net of tax	6.8	2,550	1,272	-
PROFIT FOR THE YEAR		**29,284**	**23,416**	**23,416**
Attributable to:				
Equity holders of the parent company		**25,043**	**19,807**	**19,807**
Non- controlling interests		4,241	3,609	3,609
Basic earnings per share (euro)	**5.11**	**3.15**	**2.54**	**2.54**
Diluted earnings per share (euro)	**5.11**	**3.15**	**2.54**	**2.54**
Basic earnings per share - continuing operations (euro)	**5.11**	**2.83**	**2.38**	**2.54**
Diluted earnings per share - continuing operations (euro)	**5.11**	**2.83**	**2.37**	**2.54**

* Restated; see Note 6.8 to the financial statements.

3.3 Consolidated statement of total comprehensive income

In thousands of euros	31 December 2017	31 December 2016 restated*	31 December 2016 presented
Net income	**29,284**	**23,416**	**23,416**
Defined benefit plan actuarial gains (losses)	180	(559)	(559)
Deferred taxes on defined benefit plan actuarial gains (losses)	(43)	150	150
Items that will never be reclassified to profit or loss	***137***	***(409)***	***(409)***
Foreign currency translation differences	(2,836)	496	496
Items that are or may be reclassified subsequently to profit or loss	***(2,836)***	***496***	***496***
Other comprehensive income (loss) for the year, net of income tax	**(2,699)**	**87**	**87**
Comprehensive income for the period	**26,585**	**23,503**	**23,503**
Attributable to:			
Equity holders of the parent company	22,590	19,824	19,824
Non- controlling interests	3,994	3,679	3,679

* Restated; see Note 6.8 to the financial statements.

3.4 Consolidated statement of cash flows

In thousands of euros	Note	31 December 2017	31 December 2016
Profit for the year		**29,284**	**23,416**
Adjustments for :			
Share of profit of associates		(70)	(132)
Income tax expense		14,980	12,289
Amortisation and provision		9,277	6,193
Other transactions without impact on cash and cash equivalents		1,363	1,031
Income from asset disposals		(3,219)	819
Net interests income		1,688	1,373
Change in net working capital		(5,518)	9,219
Income tax paid		(13,591)	(7,217)
Net cash from operating activities*	**7.1**	**34,193**	**46,991**
Purchase of fixed assets		(3,115)	(3,691)
Purchase of financial assets		(723)	(966)
Proceed from sale of fixed assets		112	41
Dividends received		14	85
Proceed from sale of financial assets		2,059	1,930
Proceed of subsidiaries, net of cash divested		(8,035)	892
Acquisition of subsidiaries, net of cash acquired		(26,441)	(6,958)
Net cash from investing activities*	**7.2**	**(36,130)**	**(8,668)**
Proceeds from issue of share capital		90	1,701
Repayments of borrowings		(1,050)	(990)
Proceeds from borrowings		121	617
Change in factored receivables (net of security deposit)		3,497	(8,136)
Interests paid		(1,592)	(1,634)
Acquisition of non-controlling interests		(11,063)	(7,352)
Reduction in ownership interests while retaining control		4,646	189
Dividends paid		(6,302)	(4,531)
Transactions on own shares		5,638	1,295
Net cash from financing activities*	**7.3**	**(6,015)**	**(18,841)**
Net change in cash and cash equivalents		**(7,951)**	**19,483**
Net cash and cash equivalents at year start		91,013	71,039
Effect of non-current assets held for sale		(1,841)	-
Effect of exchange rate fluctuation on cash held		(1,633)	491
Net cash and cash equivalents at year end	**5.9**	**79,587**	**91,013**
Reconciliation with cash and cash equivalents in the balance sheet			
Cash and cash equivalents in the balance sheet		82,240	**92,033**
Bank overdrafts		(2,652)	(1,020)
Cash and cash equivalents in the consolidated statement of cash flows	**5.9**	**79,587**	**91,013**

* The contribution of non-current assets held for sale (Shift by S'Team and Devoteam Morocco) is presented in Note 4.3 to the financial statements.

3.5 Consolidated statement of changes in equity

In thousands of euros, except per share data	*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									
Net income					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 total comprehensive income.
(2) Other movements primarily related to reclassification of transactions in own shares in previous periods from consolidated reserves to treasury shares

In thousands of euros, except per share data	*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 2016	**8,196,149**	**1,243**	**164**	**(12,983)**	**134,198**	**557**	**123,178**	**7,990**	**131,169**
Comprehensive income for the period									
Net income					19,807		19,807	3,609	23,416
Other comprehensive income(1)					(400)	416	16	70	87
Comprehensive income for the period					**19,407**	**416**	**19,824**	**3,679**	**23,503**
Transactions with owners of the company									
Contributions and Distributions									
Dividends to equity holders for the profits of 2015					(3,910)		(3,910)	(618)	(4,527)
Share-based payment transactions					1,031		1,031		1,031
Operations on equity instruments(2)					-		-		-
Adjustment related to the number and value of own shares				1,145	452		1,596		1,596
Capital increase through exercise of options	131,758	20	1,681				1,701		1,701
Total contributions and distributions	131,758	20	1,681	1,145	(2,427)	-	418	(618)	(199)
Changes in ownership interests									
Acquisition and disposal of NCI without change in control					(6,061)		(6,061)	(1,238)	(7,300)
NCI on the acquisition/creation/disposal of subsidiaries					-		-	369	369
Total changes in ownership interests	-	-	-	-	(6,061)	-	(6,061)	(869)	(6,931)
Other movements(2)					(87)	(931)	(1,018)	(404)	(1,422)
Total transactions with owners of the company	131,758	20	1,681	1,145	(8,575)	(931)	(6,661)	(1,891)	(8,552)
Balance at 31 December 2016	**8,327,907**	**1,263**	**1,845**	**(11,839)**	**145,030**	**42**	**136,341**	**9,778**	**146,119**

(1) Details provided in the statement of total comprehensive income
(2) Other movements relate primarily to the recycling of the translation reserves of the divested entities

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 1,262,340 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 2017

The year 2017 once again confirmed the Group's growth momentum, which was driven by the digital transformation initiated by its clients. With almost 13% growth in consolidated revenue, including nearly 10% organic growth, the Group is positioned among the most dynamic players on the market. The operating margin also improved sharply, up by 50 basis points compared to 2016, to 10% of revenue.

This strong dynamism is represented in particular by SMACS (Social, Mobile, Analytics, Cloud, Security), which increased by 25% compared to 2016 and now represent nearly 60% of the Group's revenue. It also coincides with a year of strong growth in the strategic partnerships announced as part of the Scale! 2020 strategic plan, thus enabling the Group to accelerate its pure-player positioning on digital transformation, notably on IT operational excellence with ServiceNow, on collaborative solutions with Google, and on Cloud and DevOps Open Source technologies with Red Hat.

During the year, the Group continued its targeted acquisition policy with the acquisition of TMNS in the Netherlands (approximately 200 employees for €18.9 million in revenue in 2016) to strengthen the Agile IT Platform offer for the Scale! plan and D2SI (around 100 employees for revenue of €13 million in 2016), the leader in Amazon's public cloud technologies in France.

In addition, the Group sold control of its intermediation subsidiary in the Netherlands, Between, to minority shareholders. This transaction was completed in December 2017 and, in accordance with IFRS 5, resulted in the presentation of net income and expenses related to that activity in the Group's consolidated income statement under "Profit (loss) from discontinued operations, net of tax". Previous periods have been restated to present comparable information from one period to another (more details in Note 6.8 to the financial statements).

The company’s consolidated financial statements for the year ended 31 December 2017 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 5 March 2018, and will be submitted to the General meeting for approval on 16 May 2018.

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 2017. 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 as at 31 December 2017 were prepared in accordance with IFRS as issued by the IASB and adopted by the European Union, consistent with the statements of the previous financial year, with the exception of two changes to standards applicable to financial years beginning on or after 1 January 2017 (Amendments to IAS 7 (Disclosure Initiative) and Amendments to IAS 12 (Recognition of Deferred Tax Assets for Unrealised Losses)), which have not had a significant impact on the consolidated financial statements for the year.

Moreover, the Group did not elect to early apply the standards, interpretations and amendments adopted by the European Union with mandatory application for financial years beginning after 1 January 2017, namely IFRS 15 (*Revenue from Contracts with Customers*) and IFRS 9 (*Financial Instruments*) applicable to financial years beginning on or after 1 January 2018; and IFRS 16 (*Leases*) applicable to financial years beginning on or after 1 January 2019.

IFRS 15: Revenue from Contracts with Customers.
This revenue recognition standard, applicable from 1 January 2018, mainly replaces IAS 18 (Revenue) and IAS 11 (Construction Contracts), applicable to the Group until 31 December 2017.
The Group has therefore conducted an impact study for this new standard on its portfolio of contracts in order to quantify the expected impacts in its consolidated financial statements. The study is still in the process of being finalised, but at this stage, the Group does not anticipate any impact on the bulk of its portfolio of contracts and activities, particularly on its management and fixed-price services. On the contrary, for its publisher partnership activities, the Group resells rights of use and licences purchased from its partners. Previously, the Group accounted for most of these transactions in the income statement on a gross basis as "Principal". IFRS 15 now requires the Group to obtain control of goods and services before transferring them to its clients in order to continue acting as "Principal". As a result, the Group anticipates that a greater proportion of these transactions will be recognised in "Agent" mode, i.e. on a net basis of the amounts invoiced by the suppliers.
The Group will apply the full retrospective method as a transitional method by restating its 2017 comparative data for the final impact, which to date is estimated at around 5% of consolidated revenue in 2017 due to the reclassification of transactions from principal to agent. As this impacts the presentation of the income statement but has no effect on earnings, the impact on equity is nil.

IFRS 9: Financial Instruments.
This standard is applicable starting 1 January 2018 and replaces IAS 39 – Financial Instruments: Recognition and Measurement. As regards its activities, the application of the new standard will not have a significant impact on the Group's consolidated financial statements.

IFRS 16: Leases.
This standard is applicable starting 1 January 2019 and replaces IAS 17 – Leases. The Group is currently launching an assessment of expected impacts. 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.

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 2017, 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 2017 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 2016.

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

<u>Acquisitions prior to 1 January 2010</u>

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.

<u>Acquisitions after 1 January 2010</u>

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, which covers Devoteam Belgium and Devoteam Luxembourg;
- the Devoteam G Cloud CGU, which covers Devoteam G Cloud (formerly gPartner) 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.

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.

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

Revenue from the sale of services is measured at the fair value of the consideration received or receivable, net of discounts.

Subcontracting services
Revenue and expenses relating to subcontracting services are recognised as and when the service is performed. Services rendered but not yet invoiced are recorded as unbilled work. Services invoiced but not yet performed are recorded as deferred revenue.

Fixed-price services
Fixed-price contracts 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 it is probable that total contract costs will exceed total contract revenue, the expected loss is expensed immediately.

Both of the types of contracts described above are common to the operating segments presented by the Group.

Commissions
When the Group acts as an agent in a transaction, the revenue recognised is the net amount of commissions received by the Group. The main criteria considered in determining whether the Group acts as agent with regard to the end customer are the related credit risk, the value added contributed and the manner in which rates are set.

This type of income primarily concerns the Dutch entity Between, classified in the "Between" operating segment.

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.

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.

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 expense

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. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the various operating segments, has been identified as the Management board members responsible for taking 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, the Scandinavian countries excluding discontinued operations, Luxembourg, Belgium and the Netherlands;
- "**Central Europe**", which consists of Germany, Austria, Poland and the Czech Republic;
- "**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**" sector, in 2017, includes divestments (Between). In 2016, this sector included the activities of Grimstad in Norway, deconsolidated on 1 May 2016, and Devoteam Genesis, deconsolidated on 1 July 2016;
- in 2016, the "**Between**" region only included the activities of the Dutch entity Between.

The definition of the "geographical splits" in 2016 and 2017 is presented below for the entire scope.

Entity	Country	31-Dec-17	31-Dec-16	Entity	Country	31-Dec-17	31-Dec-16
Devoteam SA	France	France	France	Devoteam Communication	Luxembourg	Corporate & Other	Corporate & Other
Devoteam Consulting	France	France	France	Devoteam Nederland BV	Netherlands	Northern Europe & Benelux	Northern Europe & Benelux excluding Between
Devoteam Outsourcing	France	Corporate & Other	Corporate & Other	Between Holding BV	Netherlands	Divested entities	Between

Exaprobe ECS	France	Corporate & Other	Corporate & Other	TMNS BV	Netherlands	Northern Europe & Benelux	Not applicable
S'Team Management	France	France	France	Between Staffing Group	Netherlands	Corporate & Other	Not applicable
Inflexsys	France	Corporate & Other	Corporate & Other	Devoteam Middle East FZ LLC	United Arab Emirates	Rest of the world	Rest of the world
Axance	France	France	France	Devoteam Fringes S.A.U.	Spain	Rest of the world	Rest of the world
RVR Parad	France	France	France	Keivox	Spain	Corporate & Other	Corporate & Other
Shift by Steam	France	France	France	DPI	Spain	Rest of the world	Rest of the world
Siticom	France	France	France	Drago Solution S.A.U.	Spain	Rest of the world	Rest of the world
Devoteam G Cloud	France	France	France	Softoro Development Center S.A.U.	Spain	Rest of the world	Rest of the world
Be Team	France	France	France	Devoteam Cloud Services	Spain	Rest of the world	Rest of the world
Progis	France	Corporate & Other	Corporate & Other	My-G for work España	Spain	Rest of the world	Rest of the world
Bengs	France	Corporate & Other	Corporate & Other	Voxpilot Limited	Ireland	Corporate & Other	Corporate & Other
Axance People	France	France	France	Devoteam Italy SRL	Italy	Rest of the world	Rest of the world
DBSE	France	France	France	Devoteam SARL	Morocco	Rest of the world	Rest of the world
Devoteam Digital Factory	France	France	France	Devoteam Services SARL	Morocco	Rest of the world	France
My-G	France	France	France	Devoteam Consulting Marocco	Morocco	Rest of the world	Rest of the world
Marflie	France	Corporate & Other	Corporate & Other	Devoteam Mexico	Mexico	Rest of the world	Rest of the world
Technologies & Opérations	France	France	France	Devomex Cloud Services	Mexico	Rest of the world	Not applicable
Devoteam Customer Effectiveness	France	France	France	Drago Solutions Corp. Panama	Panama	Rest of the world	Rest of the world
Fi-makers	France	France	France	Devoteam SA	Poland	Central Europe	Central Europe
MyFowo.com	France	Corporate & Other	Not applicable	Devoteam s.r.o	Czech Republic	Central Europe	Central Europe
Energy Dynamics	France	Corporate & Other	Not applicable	Devoteam UK Limited	United Kingdom	Northern Europe & Benelux	Northern Europe & Benelux excluding Between
D2SI	France	France	Not applicable	TMNS Digitisation Solutions Limited	United Kingdom	Northern Europe & Benelux	Not applicable
D2SI Group	France	France	Not applicable	Media-Tel LLC	Russia	Corporate & Other	Corporate & Other
Devoteam nexDigital	France	France	Not applicable	Devoteam A/S	Denmark	Northern Europe & Benelux	Northern Europe & Benelux excluding Between
Devoteam Consulting Algeria	Algeria	Rest of the world	Rest of the world	HNCO International	Denmark	Northern Europe & Benelux	Northern Europe & Benelux excluding Between
Devoteam GmbH	Germany	Central Europe	Central Europe	HNCO Denmark	Denmark	Northern Europe & Benelux	Northern Europe & Benelux excluding Between
Siticom GbmH	Germany	Central Europe	Corporate & Other	Forretningssystemer ApS	Denmark	Northern Europe & Benelux	Northern Europe & Benelux excluding Between
Q-Partners Consulting & Management	Germany	Central Europe	Central Europe	Devoteam | Globicon	Denmark	Northern Europe & Benelux	Northern Europe & Benelux excluding Between
TMNS GmbH	Germany	Northern Europe & Benelux	Not applicable	Fornebu Consulting AS	Norway	Northern Europe & Benelux	Northern Europe & Benelux excluding Between
Devoteam Consulting GmbH	Austria	Central Europe	Central Europe	TMNS Empiry d.o.o.	Serbia	Northern Europe & Benelux	Not applicable
Devoteam N/V	Belgium	Northern Europe & Benelux	Northern Europe & Benelux excluding Between	HNCO AB	Sweden	Corporate & Other	Corporate & Other
DFSJ	Belgium	Corporate & Other	Corporate & Other	TMNS GmbH	Switzerland	Northern Europe &	Not applicable

						Benelux	
Devoteam Consulting Belux	Belgium	Northern Europe & Benelux	Not applicable	Devoteam Tunisia	Tunisia	Rest of the world	Rest of the world
Devoteam SA	Luxembourg	Northern Europe & Benelux	Northern Europe & Benelux excluding Between	Devoteam Information Technology and Consultancy A.S.	Turkey	Rest of the world	Rest of the world
Devoteam Consulting Holding	Luxembourg	Corporate & Other	Corporate & Other				

* Entities merged into Devoteam A/S Denmark.

Comparative segment information in respect of 2016 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 2016 reporting date (see note 3.19 to the 2016 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 2017 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 2017 are set out below. Entities without activity are not included below.

Companies (SIREN)	% share of capital held(1)		Consolidation method	
	2017	2016	2017	2016
FRANCE				
Devoteam SA	Parent company	Parent company	Parent company	Parent company
Devoteam Consulting	80.20% [2]	100.00%	FC	FC
Devoteam Outsourcing	100.00%	100.00%	FC	FC
Exaprobe ECS	35.00%	35.00%	EM	EM
S'Team Management	100.00% [3]	78.00%	FC	FC
Inflexsys	20.00%	20.00%	EM	EM
Axance	76.60% [4]	54.07%	FC	FC
RVR Parad	95.00%	95.00%	FC	FC
Shift by Steam	65.50% [5]	60.00%	FC	FC
Siticom	65.00%	65.00%	FC	FC
Devoteam G Cloud	100.00%	100.00%	FC	FC
Be Team	70.00%	70.00%	FC	FC
Progis	24.89%	24.89%	EM	EM
Bengs	0.00% [6]	25.00%	EM	EM
Axance People	76.60% [7]	45.96%	FC	FC
DBSE	73.33% [8]	90.00%	FC	FC
Devoteam Digital Factory	69.20% [9]	72.50%	FC	FC
My-G	100.00% [10]	72.00%	FC	FC
Marflie	100.00% [11]	45.00%	FC	FC
Technologies & Opérations	70.47% [12]	72.47%	FC	FC
Devoteam Customer Effectiveness	58.97% [13]	77.53%	FC	FC
Fi-makers	66.96% [14]	80.00%	FC	FC
MyFowo.com	96.63% [15]	0.00%	FC	NC
Energy Dynamics	34.86% [16]	0.00%	EM	NC
D2SI	82.06% [17]	0.00%	FC	NC
D2SI Group	82.06% [18]	0.00%	FC	NC
Devoteam nexDigital	75.00% [19]	0.00%	FC	NC
ALGERIA				
Devoteam Consulting Algeria	0.00% [20]	80.00%	FC	FC
GERMANY				
Devoteam GmbH	100.00%	100.00%	FC	FC
Siticom GbmH	35.00% [21]	100.00%	FC	FC
Q-Partners Consulting & Management	88.30% [22]	70.00%	FC	FC
TMNS GmbH	80.00% [23]	0.00%	FC	NC
AUSTRIA				
Devoteam Consulting GbmH	100.00%	100.00%	FC	FC
BENELUX				
Devoteam N/V	99.71%	99.71%	FC	FC
DFSJ	45.00%	45.00%	EM	EM
Devoteam Consulting Belux	60.00% (24)	0.00%	EM	NC
Devoteam SA (Luxembourg)	100.00%	100.00%	FC	FC
Devoteam Consulting	100.00%	100.00%	FC	FC

Companies (SIREN)	% share of capital held(1)		Consolidation method	
	2017	2016	2017	2016
SPAIN				
Devoteam Fringes S.A.U.	100.00%	100.00%	FC	FC
Keivox	35.01%	35.01%	EM	EM
DPI	67.50% [27]	60.00%	FC	FC
Drago Solution S.A.U.	67.50% [27]	60.00%	FC	FC
Softoro Development Center S.A.U.	67.50% [27]	60.00%	FC	FC
Devoteam Cloud Services	80.30%	80.30%	FC	FC
My-G for work España	100.00% [10]	72.00%	FC	FC
IRELAND				
Voxpilot Limited	100.00%	100.00%	FC	FC
ITALY				
Devoteam Italy SRL	20.00%	20.00%	FC	FC
MOROCCO				
Devoteam SARL	100.00%	100.00%	FC	FC
Devoteam Services SARL	100.00%	100.00%	FC	FC
Devoteam Consulting Marocco	75.00% [28]	56.25%	FC	FC
MEXICO				
Devoteam Mexico	99.00%	99.00%	FC	FC
Devomex Cloud Services	98.00% [29]	0.00%	FC	NC
Panama				
Drago Solutions Corp. Panama	67.50% [27]	60.00%	FC	FC
POLAND				
Devoteam SA (formerly Wola Info SA)	61.59%	61.59%	FC	FC
CZECH REPUBLIC				
Devoteam s.r.o	80.00%	80.00%	FC	FC
UNITED KINGDOM				
Devoteam UK Limited	100.00%	100.00%	FC	FC
TMNS Digitisation Solutions Limited	80.00% [23]	0.00%	FC	NC
RUSSIA				
Media-Tel LLC	32.50% [30]	25.00%	EM	EM
SCANDINAVIA				
Devoteam A/S	90.00% [31]	100.00%	FC	FC
HNCO International	0% [32]	100.00%	NC	FC
HNCO Denmark	0% [32]	100.00%	NC	FC
Forretningssystemer ApS	0% [32]	100.00%	NC	FC
Devoteam | Globicon	90.00% [33]	100.00%	FC	FC
Fornebu Consulting AS	100.00%	100.00%	FC	FC
SERBIA				
TMNS Empiry d.o.o.	80.00% [23]	0.00%	FC	NC
SWEDEN				
HNCO AB	30.00%	30.00%	EM	EM
SWITZERLAND				
TMNS GmbH	80.00% [23]	0.00%	FC	NC

Holding				
Devoteam Communication	100.00%	100.00%	FC	FC
Devoteam Nederland BV	80.00% [(25)]	100.00%	FC	FC
Between Holding BV	35.00% [(26)]	75.00%	EM	FC
TMNS BV	80.00% [(27)]	0.00%	FC	NC
Between Staffing Group	35.00% [(26)]	0.00%	EM	NC
UNITED ARAB EMIRATES				
Devoteam Middle East FZ LLC	76.00%	76.00%	FC	FC

TUNISIA				
Devoteam Tunisia	75.00%	75.00%	FC	FC
TURKEY				
Devoteam Information Technology and Consultancy A.S. (formerly Secura)	100.00%	100.00%	FC	FC

FC: full consolidation
EM: equity method
NC: not consolidated

(1) Represents the percentage of capital held directly or indirectly by Devoteam SA

(2) Disposal of 19.80% of the capital of Devoteam Consulting. The Group's equity interest is now 80.20%.

(3) Acquisition of an additional 22.00% of S'Team Management via the Marflie holding company.

(4) Acquisition of an additional 22.53% of the capital of Axance. The Group's equity interest is now 76.60%.

(5) Acquisition of an additional 5.50% of the capital of Shift by Steam. The Group's equity interest is now 65.50%.

(6) Sale of Bengs.

(7) Increase in ownership following the additional acquisition of Axance and acquisition of 100% of Axance People shares by Axance. The Group's equity interest is now 76.60%.

(8) Sale of 16.67% of capital of DBSE (formerly Devoteam Cloud Services). The Group's equity interest is now 73.33%.

(9) Disposal of 3.30% of the capital of Devoteam Digital Factory. The Group's equity interest is now 69.50%.

(10) Acquisition of an additional 28% of the capital of My-G, via a reduction in the share capital by offsetting losses followed by a capital increase without pre-emption rights. The Group's equity interest is now 100%.

(11) Acquisition of an additional 55.00% of the capital of Marflie. The Group's equity interest is now 100.00%.

(12) Assignment of 2% of the capital of Technologies & Opérations. The Group's equity interest is now 70.47%.

(13) Reduction of the holding in Devoteam Customer Effectiveness to 58.97% following the sale of Devoteam Consulting shares.

(14) Disposal of 13.04% of the capital of Fi-makers. The Group's equity interest is now 66.96%.

(15) Acquisition of 96.63% of MyFowo.com.

(16) The Group holds a direct interest of 31.45% in Energy Dynamics and an indirect interest of 3.41% via MyFowo.com.

(17) The Group holds 82.06% of D2SI via D2SI Group.

(18) Acquisition of 82.06% of D2SI Group in the second half of the year.

(19) Creation of Devoteam nexDigital, 75% owned by the Group.

(20) Closing of Devoteam Consulting Algeria.

(21) Decrease in holding of Siticom GmbH (formerly Fontanet) to 35% following a capital increase.

(22) Additional acquisition of 18.30% of Q-Partners capital by Devoteam GmbH. The Group's equity interest is now 88.30%.

(23) The Group acquired 80% of TMNS BV, parent company of the TMNS Group.

(24) Creation of Devoteam Consulting Belux, 60% owned.

(25) Sale of 20% of the capital of Devoteam Nederland BV. The Group's equity interest is now 80%.

(26) Sale of 75% of the capital of Between Holding BV and reinvestment in 35% of the management holding company Between Staffing Group.

(27) Additional acquisition of 7.50% of the capital of DPI, the parent company of the Drago Group.

(28) Increase in holding following a capital reduction by withdrawal of non-paid up shares. The stake owned is now 75%.

(29) Acquisition of 98.00% of the company Devomex Cloud.

(30) Additional acquisition of 7.5% of the capital of Media-Tel LLC. The Group's equity interest is now 32.5%.

(31) Disposal of 10% of the capital of Devoteam A/S. The Group's equity interest is now 90%.

(32) HNCO International, HNCO Denmark and Forretningssystemer ApS absorbed by Devoteam A/S.

(33) Disposal of 10% of the capital of Devoteam | Globicon. The Group's equity interest is now 90%.

4.2 Movements during the year

4.2.1 Acquisitions

The Group made the following acquisitions in 2017:

- on 21 March, the Group acquired 96.63% of the capital of MyFowo.com, a software publisher that provides innovative solutions to service companies. MyFowo.com employs 27 people and generated revenue of €3.1 million for the year ended 31 December 2016. The acquisition was consolidated at 1 March 2017;

- on 7 July, the Group acquired 80% of the capital of the Dutch company TMNS to bolster its position in the Benelux region, one of four key regions for the Scale! strategy. TMNS specialises in consulting and the integration of Enterprise Architect, API management and DevOps solutions, which are necessary for the transformation and urbanisation of core IT to facilitate the digitalisation of operations. TMNS has nearly 200 employees and generated revenue of €18.9 million in respect of 2016. Its profitability is in line with the Group. This acquisition was consolidated at 1 July 2017;

- on 14 October, the Group acquired 82.06% of the capital of D2SI, a French company specialising in Public Cloud. As one of France's leading cloud solutions for Amazon Web Services, D2SI supports its customers with their automation and modernisation and applications development challenges and with the implementation of big data solutions. The company had around 100 employees with revenue of €13.2 million euros in 2016. The acquisition was consolidated at 1 October 2017.

Net assets of the acquired companies

In thousands of euros	MyFowo	TMNS	D2SI
Fixed assets	826	2,481	441
Trade and other receivables	1,163	9,010	4,558
Cash and cash equivalents	83	305	1,628
Current and non-current provisions	(27)	-	(81)
Pension liabilities	-	-	(26)
Trade and other payables	(2,110)	(7,314)	(3,131)
Net assets and liabilities (after JV adjustments)	**(65)**	**4,482**	**3,389**

Goodwill

Goodwill arising from acquisitions was calculated as follows:

In thousands of euros	MyFowo	TMNS	D2SI
Consideration transferred as part of the takeover	42	11,033	11,078
- Of which contingent consideration	-	-	-
Non-controlling interest measured as a share of the net identifiable assets recorded	(2)	896	608
Fair value of the interest previously acquired	-	-	-
Less fair value of net identifiable assets	65	(4,482)	(3,389)
Goodwill	**106**	**7,447**	**8,297**

Expenses related to these acquisitions amounted to €223 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

During the period, the Group finalised the allocation of the acquisition price for the Herbert Nathan & Co group and for Globicon and Q-Partners Consulting und Management GmbH, which were acquired in 2016. The finalisation did not have an impact on the amounts allocated as of 31 December 2016.

The allocation of the purchase prices for the companies acquired in 2017 resulted in the recognition of:

- intangible assets related to commercial relationships with TMNS and MyFowo for an amount of €2,012 thousand (€1,478 thousand net of deferred tax) amortised over a period of five years. The amortisation recognised for the year amounts to €316 thousand;
- deferred tax assets on tax loss carryforwards for the MyFowo and D2SI entities for an amount of €328 thousand.

Comparable basis information

The impact on the 2017 financial statements of entries into the scope of consolidation (acquisitions and purchases of interests) conducted in 2017 is presented below:

In thousands of euros	Transactions in 2017
Revenue	17,255
Recurring operating profit	1,881
Net income	871
Total assets	14,414
Change in net working capital	293

As a result of internal restructuring in Denmark, the impact of entries into the scope of consolidation in 2016 on the 2017 financial statements is not identifiable.

4.2.2 Disposals

In December 2017, the Group sold 40% of the capital to the minority shareholders of Between, an intermediation subsidiary in the Netherlands, thus retaining 35% of the company's capital. Between was an operating segment of the Group and in accordance with IFRS 5, net income and expenses from this business have been restated in the Group's consolidated income statement and from 30 June 2017 are recognised under "Profit (loss) from discontinued operations, net of tax". In 2016, this activity accounted for revenue of €77.1 million for an operating result of €1.7 million. This transaction generated a capital gain on disposal, net of costs inherent in the sale, of €1.6 million (including the fair value of the share held), which was recognised in "Profit (loss) from discontinued operations, net of tax". This entity was deconsolidated on 1 October 2017.

The impact of Between is presented in note 6.8.

4.3 Assets held for sale

At 31 December 2017, the Group was in advanced discussions for the sale of its subsidiaries Shift by S'Team in France and Devoteam Morocco.
Shift by S'Team has about 60 employees and earned revenue of €8.8 million while Devoteam Morocco has about 100 employees and earned revenue of €6.2 million in respect of 2017.

At the end of the year, the Group therefore presented these activities as assets held for sale. The assets and liabilities of these activities, remeasured at fair value, break down as follows:

ASSETS ***(Amounts in thousands of euros)***	**Shift by S'Team**	**Devoteam Morocco**	**Total at 31 December 2017**
Goodwill	-	-	-
Other intangible assets	0	1	2
Tangible assets	70	37	107
Non-current financial assets	20	149	169
Deferred tax assets	4	23	27
TOTAL NON-CURRENT ASSETS	**94**	**211**	**304**
Trade receivables	1,546	2,787	4,332
Other receivables	94	258	352
Current tax receivables	-	24	24
Cash and cash equivalents	1,745	94	1,839
TOTAL CURRENT ASSETS	**3,385**	**3,163**	**6,548**
Non-current assets held for sale	**3,479**	**3,373**	**6,852**

LIABILITIES ***(Amounts in thousands of euros)***	**Shift by S'Team**	**Devoteam Morocco**	**Total**
Non-current provisions	-	33	33
Pension liabilities	15	-	15
TOTAL NON-CURRENT LIABILITIES	**15**	**33**	**48**
Trade payables	459	1,348	1,807
Tax and social security liabilities	1,371	962	2,333
Income tax payable	203	30	233
Other liabilities	90	-	90
TOTAL CURRENT LIABILITIES	**2,123**	**2,340**	**4,463**
Non-current liabilities held for sale	**2,138**	**2,373**	**4,512**

The valuation at fair value of these assets resulted in the recognition of an impairment loss of €823 thousand for Devoteam Morocco, which was recognised under "Other operating expenses" with a reduction in current assets as counterparty.

Note 5 – Information on the consolidated statement of financial position

5.1 Goodwill

In thousands of euros	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**

Net goodwill increased by €10,637 thousand in 2017. The change is attributable primarily to:

- the goodwill increase of €15,850 thousand related to the takeover of the Netherlands-based TMNS group for €7,447 thousand (CGU Netherlands) and D2SI in France for €8,297 thousand;
- the goodwill increase in Turkey related to the valuation at fair value of the put option on minority interests for €82 thousand;
- the deconsolidation of the goodwill of Between in the Netherlands for €2,765 thousand following the loss of control of that entity;
- the recognition of impairment losses for the Devoteam Netherlands CGU for -€972 thousand and Siticom GmbH in Germany for -€882 thousand. These impairments resulted from the deteriorated outlook for growth and profitability;
- currency effects recognised mainly for Devoteam UK for -€50 thousand, the Scandinavia CGU for -€267 thousand and Turkey for -€241 thousand.

In the year ended 31 December 2016, movements were as follows:

In thousands of euros	31 December 2015	Acquisitions/impairment	Other	Disposals	Foreign currency translation differences	31 December 2016
Goodwill	86,714	10,951	(1,204)	(3,992)	(348)	92,121
Impairment losses	(9,993)	(1,121)	-	-	147	(10,966)
Net goodwill	**76,721**	**9,829**	**(1,204)**	**(3,992)**	**(201)**	**81,154**

The 2016 impairment loss was related to the Devoteam Morocco CGU for -€606 thousand and the Devoteam Netherlands CGU for -€515 thousand as a result of deteriorated growth and profitability prospects.

Goodwill, allocated by country as of 31 December 2017 and 2016, breaks down as follows:

In thousands of euros	31 December 2017			31 December 2016		
Goodwill	**Gross goodwill**	**Cumulative impairment losses**	**Net goodwill**	**Gross goodwill**	**Cumulative impairment losses**	**Net goodwill**
Scandinavia CGU(1)	24,693	-	24,693	24,974	-	24,974
Germany CGU(1)	14,401	(2,049)	12,352	15,811	(2,049)	13,762
Devoteam Consulting France	8,405	-	8,405	8,405	-	8,405
Devoteam UK	8,449	(946)	7,503	8,499	(946)	7,553
Netherlands CGU(1)	13,916	(1,533)	12,382	6,468	(562)	5,907
G Cloud CGU (France)(1)	5,911	-	5,911	5,911	-	5,911
D2SI (France)	8,297	-	8,297	-	-	-
Belux CGU(1)	5,527	-	5,527	5,527	-	5,527
Between (Netherlands)	-	-	-	2,765	-	2,765
Other net goodwill < €2,200 thousand	12,309	(5,588)	6,720	13,760	(7,409)	6,351
Total	**101,908**	**(10,117)**	**91,791**	**92,121**	**(10,966)**	**81,154**

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

Earn-out clause

At 31 December 2017, the commitment recognised for the earn-out clauses was €3,159 thousand (versus €4,210 thousand at 31 December 2016) and relates to HNCO and Q-Partners GmbH and Devoteam G Cloud (formerly gPartner).

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 2017 and 2016 to determine the recoverable amount are described below, broken down on the basis of the geographies in which the Group operates:

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 EBIT.

2016 key assumptions	Discount rate	Long-term growth rate	Normative rate of return(1)
France	8.10%	2%	between 8% and 10%
Other European countries	7.90% to 10.10%	2%	between 1.75%(2) and 9%
Middle East	8.80% to 12.40%	2.50%	between 6% and 9%
North Africa	11.20% to 11.50%	2.50%	between 4% and 9%

(1) Long-term EBIT.
(2) 1.75% for the Between Holding CGU specialised in the sourcing of IT professionals.

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 had no impact on the Group's results;
- a 0.5-point decrease in the growth rate to infinity would have had no impact on the Group's results;
- a 0.5-point decrease in the normative rate of return would have had no impact on the Group's results.

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 no impact on the Group's results;
- a 1-point decrease in the operating margin would have had no impact on the Group's results;
- a combination of the two decreases above would have had no impact on the Group's results.

No CGUs have a recoverable amount close to their carrying amount at year-end 2017 (excluding CGUs impaired over the period and recognised at their recoverable amount).

5.2 Intangible assets

The main movements recorded in 2017 are as follows:

In thousands of euros	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(2)	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.
(2) Corresponds mainly to investments made by the Group for software and licences.

The main movements recorded in 2016 are as follows:

In thousands of euros	Software and trademarks	Other intangible assets	Total
Gross value			
At 1 January 2016	6,316	9,389	15,705
Change in scope(1)	4	55	59
Acquisitions over the year(2)	386	101	487
Disposals over the year	(123)	(83)	(206)
Reclassification and scrapping	(59)	(1,478)	(1,537)
Foreign currency translation differences	(15)	4	(11)
At 31 December 2016	**6,508**	**7,988**	**14,496**
Accumulated depreciation and impairment losses			
At 1 January 2016	(5,934)	(7,481)	(13,415)
Change in scope	(3)	(32)	(34)
Net additions	(300)	(819)	(1,119)
Reductions	69	43	112
Reclassification and scrapping	85	1,421	1,506
Foreign currency translation differences	15	(4)	11
At 31 December 2016	**(6,068)**	**(6,871)**	**(12,939)**
Net value at 31 December 2016	**440**	**1,117**	**1,557**
Of which net value of finance leases at 31 December 2016	-	248	248

(1) Mainly the consolidation of HNCO group and Globicon, and the deconsolidation of Devoteam Genesis.
(2) Corresponds mainly to investments made by the Group for software and licences, and expenses related to the ERP in the amount of €94 thousand.

5.3 Tangible assets

The main movements recorded in 2017 are as follows:

In thousands of euros	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.

The main movements recorded in 2016 are as follows:

In thousands of euros	Land and buildings	Installations, fittings and fixtures	Office and computer equipment and furniture	Other tangible assets	Total
Gross value					
At 1 January 2016	1,047	6,030	16,275	1,500	24,852
Change in scope(1)	-	-	-697	-338	-1,035
Acquisitions over the year(2)	317	412	2,674	127	3,531
Disposals over the year(3)	-336	-187	-2,590	-66	-3,178
Reclassification and scrapping	-	-30	(1,004)	-43	(1,077)
Foreign currency translation differences	14	19	-110	-1	-77
At 31 December 2016	**1,042**	**6,244**	**14,549**	**1,179**	**23,015**
Accumulated depreciation and impairment losses					
At 1 January 2016	-606	-4,655	-14,145	-1,200	-20,607
Change in scope	-	-	705	329	1,033
Net additions	-341	-713	-1,193	-115	-2,362
Reductions(3)	336	176	2,183	58	2,754
Reclassification and scrapping	245	212	1,051	43	1,551
Foreign currency translation differences	-9	-15	104	5	86
At 31 December 2016	**-375**	**-4,995**	**-11,295**	**-879**	**-17,544**
Net value at 31 December 2016	**667**	**1,249**	**3,254**	**300**	**5,471**
Of which net value of finance leases at 31 December 2016	-	-	-	42	42

(1) Mainly the consolidation of HNCO group and Q-Partners GmbH, and the deconsolidation of Devoteam Genesis.
(2) Mainly purchases of computer equipment as part of the "digitisation" of the head office and upgrades of premises.
(3) Disposals over the period relate mainly to the transfer of assets following the expiry of the outsourcing agreement with Pierre Fabre SA.

5.4 Non-current financial assets

In thousands of euros	31 December 2017	31 December 2016
Loans, guarantees and other receivables	2,131	2,198
Other financial assets	803	737
Total	**2,934**	**2,935**

Non-current financial assets consist primarily of security deposits with a net value of €2,075 thousand (compared with €2,140 thousand at the end of 2016). Other non-current financial assets consist mainly of cash advances to associates.

5.5 Investments in associates

In thousands of euros	31 December 2017	31 December 2016
Investments in associates	3,508	900

The change is mainly due to the sale of Bengs and the loss of control of Between during the year. Starting 1 October 2017, Between was consolidated using the equity method.

The financial information below covers associates: Keivox (Spain), Inflexsys (France), DFSJ (Belgium), Between Staffing Group B.V. (Netherlands), HNCO AB (Sweden) Media-Tel LLC (Russia), Progis, Energy Dynamics and Exa ECS (France).

In thousands of euros Recorded amounts	31 December 2017	31 December 2016
Non-current assets	1,901	1,537
Current assets	9,702	7,974
Non-current liabilities	849	1,959
Current liabilities	5,317	5,488
100% of net assets	5,437	2,064
Net assets attributable to equity holders of the parent	3,455	678
Goodwill	53	53
Other	-	169
Carrying amount of interests in associates	3,508	900
Income	14,662	15,071
Profit after tax from continuing operations	442	745
100% of other comprehensive income	-	-
100% of total comprehensive income	442	745
Total comprehensive income attributable to equity holders of the parent	70	132

5.6 Investment property

Assets *In thousands of euros*	31 December 2017	31 December 2016
Investment property measured at amortised cost	1,370	1,827
Investment property measured at fair value	-	-
Total	**1,370**	**1,827**

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:

In thousands of euros	31 December 2017	31 December 2016
Gross value	5,955	5,955
Accumulated depreciation	(4,585)	(4,128)
Net carrying amount	**1,370**	**1,827**

The building complex generated subletting income in the amount of €520 thousand and operating expenses in the amount of €661 thousand.

5.7 Other non-current assets and liabilities

Assets In thousands of euros	31 December 2017	31 December 2016
Other	254	272
Total	**254**	**272**

Other non-current assets consist primarily of non-current prepaid expenses recognised by Devoteam Belgium in the amount of €158 thousand.

Liabilities In thousands of euros	31 December 2017	31 December 2016
Other non-current liabilities	8,110	4,712
Deferred income	-	-
Total	**8,110**	**4,712**

Other non-current liabilities break down as follows:

- earn-out liabilities in the amount of €2,478 thousand, of which €1,901 thousand for HNCO group and €565 thousand for Devoteam G Cloud;
- put-option debt for the TMNS entity for €4,508 thousand;
- non-current liabilities related to mandatory severance pay in the event of departures of employees in Italy in the amount of €668 thousand;
- non-current liabilities related to the deferred portion of the Globicon acquisition price in the amount of €218 thousand.

5.8 Other current assets and liabilities

Assets In thousands of euros	31 December 2017	31 December 2016
Trade receivables	176,025	163,599
Tax and social security receivables	9,327	7,890
Tax receivables	14,570	11,794
Other receivables	5,671	1,462
Prepaid expenses	18,027	20,436
Total	**223,619**	**205,182**

Trade receivables

The increase in accounts receivable is related mainly to the impact of organic growth, particularly in France for €18,007 thousand and in Germany for €3,602 thousand, on the entry of the TMNS group into the scope of consolidation for €10,584 thousand, which was partly offset by the deconsolidation of Between for €17,585 thousand and the reclassification of Devoteam Morocco and Shift by S'Team as discontinued operations for €4,332 thousand.

At 31 December 2017, the Group's days of sales outstanding (DSO) was 61 days, compared with 57 days at 31 December 2016 after restatement for Between.

Calculation of days of sales outstanding (DSO)

(amounts in thousands of euros, except for number of days)	31 December 2017	31 December 2016
Trade receivables excl. taxes	166,154	150,928
Accounts receivable and deferred income	-58,661	-53,705
Net client position excl. taxes	**107,493**	**97,223**
Q4 revenue excl. taxes	158,674	149,505
DSO (days)*	**61**	**59**

*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 €5,401 thousand for the French scope, offset by the repayment of CIR and CICE receivables for prior years in the amount of €2,294 thousand.

Other receivables

Other receivables include the deferred portion of the sale price of Between for €2,338 thousand (received in January 2018) and Bengs for €1,295 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) In thousands of euros	31 December 2017	31 December 2016
Trade payables	40,285	64,636
Tax and social security liabilities	98,832	80,044
Income tax payable	3,785	3,573
Debt on acquisition of fixed assets	2	10
Other current liabilities	10,858	10,046
Deferred income	52,782	48,874
Total	**206,543**	**207,183**

Trade payables

The change in trade payables corresponds mainly to the deconsolidation of Between for €27,905 thousand, which was partially offset by the increase in France for €2,705 thousand.

Tax and social security liabilities

Tax and social security liabilities increased by €18,788 thousand and in France, for €11,732 thousand. The change is partly related to the scope effects related to the acquisition of the TMNS group for €3,440 thousand and the D2SI entity in France for €3,279 thousand.

Other current liabilities

Other current liabilities amount to €10,858 thousand and break down as follows:

- advance payments from customers and customer credit notes to be prepared for €6,949 thousand (versus €5,798 thousand at the end of 2016), mainly for the French entities for €5,146 thousand and for Devoteam Denmark for €1,682 thousand;
- current liabilities in respect of earn-outs and put options on non-controlling interests in a total amount of €2,483 thousand (compared with €2,537 thousand in 2016) relating to acquisitions;
- a residual liability of €295 thousand on a European project at Devoteam GmbH in Germany;
- the current portion of contingent considerations in the amount of €225 thousand.

Deferred income

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 €1,655 thousand (compared to €2,642 thousand at the end of 2016) and short-term loans and guarantees for €111 thousand (compared to €121 thousand at the end of 2016).

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.

In thousands of euros	31 December 2017	31 December 2016
Short-term investments	145	10,287
Cash at bank	82,095	81,747
Bank overdrafts (liability)	(2,652)	(1,020)
Cash and cash equivalents	**79,587**	**91,013**
Cash management assets(1)	**346**	**1,670**
Bonds	(29,811)	(29,762)
Obligations under finance leases	(101)	(848)
Draw-downs on bank and similar facilities and other borrowings	(996)	(1,155)
Long-term borrowings	**(30,908)**	**(31,765)**
Bonds	(446)	(446)
Obligations under finance leases	(752)	(836)
Draw-downs on bank and similar facilities and other borrowings	(336)	(171)
Short-term borrowings	**(1,534)**	**(1,453)**
Total borrowings(2)	**(32,442)**	**(33,217)**
Derivative instruments	-	-
Net cash	**47,491**	**59,466**
of which cash from discontinued operations	**1,841**	**15,207**

(1) Cash management assets include:

- term bank deposits with initial maturity of more than three months in the amount of €0 thousand (compared with €1,330 thousand at the end of 2016);
- a 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 €346 thousand at 31 December 2017 (compared with €340 thousand at the end of 2016).

(2) Details of financial liabilities are disclosed in note 5.13.

Cash held in countries subject to foreign exchange control mechanisms amounts to €199 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-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	-
Miscellaneous 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.

In thousands of euros	31-Dec-15	Recognised in profit or loss	Foreign currency translation differences	OCI*	Change in scope	Other	31-Dec-16	31-Dec-16	
								Assets	Liabilities
Retirement benefits	816	119	(4)	150	-	(32)	1,049	1,049	-
Miscellaneous provisions	1,215	180	1	-	-	36	1,432	1,434	(2)
Other temporary differences	536	274	-	-	-	3	813	920	(107)
Tax loss carryforwards	3,734	(1,842)	(6)	-	-	-	1,886	1,886	-
Customer relationships	(249)	92	(0)	-	-	-	(157)	-	(157)
Treasury shares	(862)	237	-	(237)	-	-	(862)	-	(862)
Finance leases	(89)	(61)	-		-	2	(148)	3	(151)
Cancellation of goodwill	(661)	4	79		-	(11)	(589)	25	(614)
Other	1,608	573	3		-	(5)	2,179	2,433	(254)
TOTAL	**6,047**	**(423)**	**73**	**(88)**	**-**	**(7)**	**5,603**	**7,750**	**(2,147)**

* 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 2017 are Devoteam SA (parent company), Devoteam G Cloud, Devoteam Outsourcing and RVR Parad.

The Group recognised a deferred tax asset on its tax loss carryforwards of €1,313 thousand, mainly in France for €467 thousand, in Germany for €591 thousand and in Luxembourg for €116 thousand. These amounts represent 30%, 34% and 66% 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:

In thousands of euros	31 December 2017	31 December 2016
Profit/(loss)	561	(423)
Foreign currency translation differences	20	73
Other comprehensive income	(43)	150
Change in the scope of consolidation	(187)	-
Other	(508)	(253)
Total	**(157)**	**(454)**

Maturity of deferred tax assets before offsetting:

In thousands of euros	31 December 2017			31 December 2016		
	Total	Less than one year	More than 1 year	Total	Less than one year	More than 1 year
Deferred tax assets	7,262	2,934	4,328	7,750	2,693	5,057
Deferred tax liabilities	1,816	709	1,107	2,147	560	1,587
Net deferred tax	**5,446**	**2,225**	**3,221**	**5,603**	**2,133**	**3,470**

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.

In thousands of euros	2017	2016
Unrecognised tax loss carryforwards	12,120	12,645

Unrecognised tax losses at 31 December 2017 relate mainly to Devoteam SA Poland (€2,853 thousand), Devoteam GmbH Germany (€3,487 thousand), MyFowo.com (€3,044 thousand) and Devoteam Morocco (€896 thousand).

The tax losses of Devoteam SA Poland and Devoteam Turkey expire between 2018 and 2022. 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:

In thousands of euros	31 December 2017	31 December 2016
Tax expense on the remeasurement of liabilities related to defined-benefit plans	(43)	150
Total	**(43)**	**150**

5.11 Equity

5.11.1 Share capital

At 31 December 2017, 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:

Number of shares	2017	2016
Shares outstanding as of 1 January	**8,327,907**	**8,196,149**
Exercise of stock options and founders' warrants (BCE)	4,500	131,758
Shares outstanding as of 31 December	**8,332,407**	**8,327,907**
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.

Number of shares	2017	2016
Shares held at 1 January	**450,259**	**571,827**
Purchase/sale of shares	(80,000)	(51,745)
Exercise of stock options	(26,000)	(69,823)
Shares held at 31 December	**344,259**	**450,259**
of which to cover stock options	300,170	386,170
Other purposes	44,089	64,089
Acquisition price in thousands of euros	3,139	4,139
Valuation at closing price in thousands of euros	25,768	25,890

Treasury shares represented 4.13% of the share capital at 31 December 2017 and 5.41% of the share capital at 31 December 2016.

5.11.3 Earnings per share (EPS)

	31 December 2017	31 December 2016
Consolidated profit/(loss) Group share (in thousands of euros)	25,043	19,807
Weighted average number of shares	7,949,726	7,799,086
EPS (€)	3.15	2.54
Diluted earnings per share (€)	**3.15**	**2.54**
Earnings per share from continuing operations (€)	2.83	2.38
Diluted earnings per share from continuing operations (€)	**2.83**	**2.37**

The principles underlying this calculation are described in note 3.20.

The weighted average number used in the denominator is 7,949,726 shares for basic earnings per share and for diluted earnings per share.

At 31 December 2017, all dilutive founders' warrants (BSPCEs) had been exercised. There are no more dilutive instruments outstanding.

5.12 Non-controlling interests

At 31 December 2017, the main minority interests relate to the minority interests held in Devoteam Middle East, Devoteam Netherlands, Siticom, TMNS group, Axance, Devoteam Italy and Shift by S'Team.

Change in non-controlling interests over the year reflects:

- profits of entities with non-controlling interests;
- payment of dividends to non-controlling interests for €1,515 thousand, of which Devoteam Consulting (€536 thousand), Devoteam Italy (€320 thousand), Devoteam Czech Republic (€180 thousand), and TMNS BV (€180 thousand);
- buyouts of non-controlling interests and other changes in scope for -€818 thousand.

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

In thousands of euros	31 December 2017	31 December 2016
Non-current assets	49,254	17,917
Current assets	166,738	118,228
Non-current liabilities	(33,641)	(15,090)
Current liabilities	(110,327)	(82,294)
Net assets	72,024	38,761
Reclassification of non-controlling interests	1,255	2,365
Carrying amount of non-controlling interests	**11,209**	**9,778**
Income(1)	288,261	153,765
Net income	21,173	13,655
Other comprehensive income	-	-
Total comprehensive income	**21,173**	**13,655**
Net income allocated to non-controlling interests	4,241	3,609
Other comprehensive income allocated to non-controlling interests	-	-
Cash flow from operating activities	27,299	17,303
Cash flow from investing activities(2)	(23,636)	(476)
Cash flow from financing activities	(11,412)	(670)
Effect of non-current assets held for sale	(1,745)	-
Effect of exchange rate fluctuation on cash held	(1,104)	360
Net increase (decrease) in cash and cash equivalents	**(10,598)**	**16,517**

(1) Restated for Between (see Note 6.8).
(2) Includes the cash from the entity sold (Between) for €10.9 million.

5.13 Loans and borrowings

In thousands of euros	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**	**-**

In thousands of euros	31 December 2016	Portion due in less than 1 year	Portion due in 1 to 5 years	Portion due in more than 5 years
Bonds	30,208	446	-	29,762
Loans from credit institutions	1,326	171	1,155	-
Finance lease liabilities	1,684	836	848	-
Bank overdrafts	1,020	1,020	-	-
Total loans and borrowings	**34,238**	**2,473**	**2,003**	**29,762**

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 2016	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%.

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

In thousands of euros	31 December 2017			31 December 2016		
	Minimum payments	Interest	Principal	Minimum payments	Interest	Principal
Portion due in less than 1 year	757	5	752	854	19	836
Portion due in 1 to 5 years	103	3	101	856	8	848
Portion due in more than 5 years	-	-	-	-	-	-
Total	**861**	**8**	**853**	**1,710**	**26**	**1,684**

The characteristics of finance lease contracts are:

In thousands of euros	31 December 2017	31 December 2016
Net value of assets under finance leases	1,477	2,075
Total value of future minimum payments	861	1,710
Present value of future minimum payments	853	1,684

5.14 Provisions

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

In thousands of euros	At 31/12/2016	Change in scope(1)	Charges	Reversals		Other changes(2)	IFRS 5(3)	At 31/12/2017
				Used	Not used			
Provisions – non-current portion	2,283	-	323	(292)	-	(673)	(33)	1,606
Provisions – current portion	3,059	108	5,028	(1,953)	(136)	629	-	6,735
Total	**5,342**	**108**	**5,351**	**(2,245)**	**(136)**	**(44)**	**(33)**	**8,341**

(1) Corresponds to the entries of the D2SI group and the MyFowo.com entity into the scope of consolidation (see Note 4.2.1).
(2) Mainly includes reclassifications of current/non-current provisions for restructuring and employee disputes.
(3) Corresponds to the reclassification of Devoteam Morocco as assets held for sale (see Note 4.3).

Current provisions and non-current (excluding pension commitments)

Current and non-current provisions amounted to €8,341 thousand (versus €5,342 thousand in 2016) and break down as follows:

- restructuring provisions in the amount of €2,213 thousand (compared with €2,231 thousand at 31 December 2016), split between Germany (€1,587 thousand), Spain (€383 thousand), France (€132 thousand) and Morocco €111 thousand).
  The change over the year was attributable chiefly to:
  - the increase in provisions for restructuring, mainly in Germany (€610 thousand), Spain (€359 thousand) and Morocco (€91 thousand),
  - reversals of provisions for restructuring in Germany (€963 thousand), Poland (€105 thousand) and France (€59 thousand);

- provisions for employee disputes for €1,110 thousand (compared to €1,426 thousand at 31 December 2016), mostly recognised in France;

- provisions for liabilities and charges for €5,018 thousand (compared to €1,685 thousand at 31 December 2016).
  The change over the year was attributable chiefly to:
  - provisions of €1,435 thousand for tax and social security risks and of €982 thousand for legal fees for ongoing disputes,
  - provisions of €696 thousand for guarantees to customers,
  - provisions for losses related to subsidiary closures in progress of €901 thousand,
  - reversals of provisions for restructuring, consumed during the year in France and Germany, for €744 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 appealed against the decision, and that proceeding is still pending before the Court. 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. It therefore believes that there is a strong chance that the Court of Appeal will overturn the judgment of the Commercial Court of Paris.

In this context and for these reasons, the Group has not changed its initial position and has not recorded a provision for damages.

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 31/12/2016	Change in scope(1)	Charges	Reversals		Other changes(2)	IFRS 5(3)	At 31/12/2017
				Used	Not used			
Provisions for pensions and retirement benefits – non-current portion	3,773	26	500	(72)	(48)	(181)	(15)	3,984

(1) Corresponds to the entries of the D2SI group into the scope of consolidation (see Note 4.2.1).
(2) Other changes correspond to actuarial differences.
(3) Corresponds to the reclassification of Shift by S'Team as assets held for sale (see Note 4.3).

Valuation assumptions

Key assumptions	2017	2016
Discount rate	1.45%	1.30%
Inflation rate	1.75% to 3%	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 2017 are identical to those used in previous years.

Change in the present value of the obligation

In thousands of euros	At 31 December 2017			At 31 December 2016		
	France	International	Total	France	International	Total
Present value of benefits for services rendered						
At the beginning of the year	**2,886**	**3,248**	**6,134**	**2,303**	**3,405**	**5,708**
Service costs	395	52	447	291	52	343
Interest cost	43	42	84	51	62	114
Benefits paid over the year	(48)	(85)	(133)	-	(593)	(593)
Contributions from participants	-	-	-	-	-	-
Actuarial gains (losses) recognised directly in equity	(99)	(31)	(130)	240	322	562
Change in the scope of consolidation*	11	-	11	-	-	-
Other changes	-	-	-	-	-	-
At the end of the year	**3,187**	**3,226**	**6,413**	**2,886**	**3,248**	**6,134**
Fair value of plan assets	-	(2,429)	(2,429)	-	(2,361)	(2,361)
Ceiling on plan assets (IAS 19.58b)	-	-	-	-	-	-
Liability recognised in respect of defined benefits	**3,187**	**797**	**3,984**	**2,886**	**888**	**3,773**

* Corresponds to the consolidation of D2SI and the reclassification of Shift by S'Team as assets held for sale (see Note 4.3).

The Group's pension obligations (excluding plan assets) amounted to €6,413 thousand (compared with €6,134 thousand in 2016). This involves entities in France (€3,187 thousand), Germany (€1,069 thousand) and Austria (€2,157 thousand).

Cumulative actuarial gains and losses recognised in equity at 31 December 2017 amount to €1,549 thousand compared to €1,470 thousand at 31 December 2016.

Change in the fair value of plan assets

In thousands of euros	At 31 December 2017			At 31 December 2016		
	France	International	Total	France	International	Total
At the beginning of the year	-	2,361	**2,361**	-	2,743	**2,743**
Expected return on plan assets	-	31	**31**	-	49	**49**
Contributions	-	69	**69**	-	69	**69**
Benefits paid over the year	-	(82)	**(82)**	-	(530)	**(530)**
Actuarial difference on plan assets	-	51	**51**	-	29	**29**
Change in the scope of consolidation	-	-	**-**	-	-	**-**
Other changes	-	-	**-**	-	-	**-**
At the end of the year	**-**	**2,429**	**2,429**	**-**	**2,361**	**2,361**

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)

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	(43)	50
Effect on the value of the obligation	(472)	578

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	(9)	9
Effect on the value of the obligation	(68)	67

Expenses recognised

In thousands of euros	At 31 December 2017			At 31 December 2016		
	France	International	Total	France	International	Total
Cost of services rendered during the year	(395)	(52)	(447)	(291)	(52)	**(343)**
Interest cost	(43)	(42)	(84)	(51)	(62)	**(114)**
Expected return on plan assets	-	31	31	-	49	**49**
Benefits paid over the year	(48)	-	(48)	-	-	**-**
Total	**(485)**	**(63)**	**(548)**	**(343)**	**(65)**	**(408)**

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 2018 are as follows:

In thousands of euros	France	International	Total
Cost of services rendered during the year	(384)	(52)	**(436)**
Interest cost	(52)	(32)	**(84)**
Expected return on plan assets	-	21	**21**
Benefits paid over the year	(8)	(99)	**(107)**
Total	**(444)**	**(162)**	**(606)**

Note 6 – Information on the income statement

6.1 Comparative information

The impact of acquisitions made in 2017 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 2017.

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		Central Europe		Rest of the world		Corporate & other		Divested entities		Total Group	
	2017	2016 restated(2)	2017	2016 restated(2)	2017	2016 restated(2)	2017	2016 restated(2)	December 2017	2016 restated(2)	2017	2016 restated(2)	2017	2016 restated(2)
Group contribution(1)	273,788	232,285	132,445	116,540	59,878	48,979	73,84 7	76,550	414	807	0	4,241	**540,372**	**479,402**
Depreciation and amortisation of tangible and intangible assets	(1,317)	(1,187)	(647)	(31)	(387)	(433)	(394)	(404)	(477)	(477)	0	(45)	**(3,223)**	**(2,577)**
Operating margin(1)	35,884	30,311	9,793	8,887	5,422	3,944	5,270	5,852	(2,408)	(3,583)	0	(83)	**53,962**	**45,327**
Operating income	33,867	29,174	16,985	8,526	4,936	1,147	4,244	5,702	(16,130)	(8,198)	0	(85)	**43,902**	**36,266**

(1) See definition in Note 3.19 of the 2017 financial report
(2) Restated for Between (see Note 6.8 to the financial statements)

Net financial income/(loss)	(2,259)	(2,398)
Income from associates	70	135
Income tax expense	(14,980)	(11,859)
Net income from continuing operations	**26,734**	**22,144**
Profit (loss) from discontinued operation, net of tax	2,550	1,272
Net income	**29,284**	**23,416**

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		Rest of the world		Corporate & Other		Divested entities		Total consolidated assets	
	31 December 2017	31 December 2016 restated	31 December 2017	31 December 2016 restated	31 December 2017	31 December 2016 restated	31 December 2017	31 December 2016 restated	31 December 2017	31 December 2016 restated	31 December 2017	31 December 2016 restated	31 December 2017	31 December 2016 restated
Segment assets*	178,304	140,840	118,617	91,983	42,521	37,697	58,400	62,922	31,503	32,094	0	36,581	**429,345**	**402,117**

* 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	
	31/12/17	**31/12/16 restated***	**31/12/17**	**31/12/16 restated***	**31/12/17**	**31/12/16 restated***
Revenue with external customers	276,578	235,377	263,794	244,025	540,372	479,402
Non-current assets	35,632	33,716	78,889	66,753	114,521	100,469

* Restated for Between (see Note 6.8 to the financial statements)

The results and assets of the various operating segments are presented below in comparison with the disclosures for 2016.

In thousands of euros	France		Northern Europe & Benelux		Central Europe		Between		Rest of the world		Corporate & Other		Divested entities		Total Group	
	2016 restated	2016 presented	2016 restated	2016 presented	2016 restated	2016 presented	2016 restated	2016 presented	2016 restated	2016 presented	2016 restated	2016 presented	2016 restated	2016 presented	2016 restated	2016 presented
Group contribution*	232,285	233,249	116,540	116,535	48,979	48,979	0	76,311	76,550	75,586	807	801	4,241	4,241	**479,402**	**555,701**
Depreciation and amortisation of tangible and intangible assets	(1,187)	(1,193)	(31)	(520)	(433)	(433)	0	(141)	(404)	(399)	(477)	(477)	(45)	(45)	**(2,577)**	**(3,207)**
Operating margin*	30,311	30,422	8,887	8,887	3,944	3,944	0	1,717	5,852	5,740	(3,583)	(3,584)	(83)	(83)	**45,327**	**47,044**
Operating income	29,174	29,263	8,526	8,526	1,147	1,147	0	1,716	5,702	5,613	(8,198)	(8,198)	(85)	(85)	**36,266**	**37,982**
Net financial income/(loss)															(2,398)	(2,409)
Income from associates															135	132
Income tax expense															(11,859)	(12,289)
Net income from continuing operations															**22,144**	**0**
Profit (loss) from discontinued operation, net of tax															1,272	0
Net income															**23,416**	**23,416**

In thousands of euros	France		Northern Europe & Benelux		Central Europe		Rest of the world		Corporate & Other		Divested entities		Total consolidated assets	
	31 December 2017	31 December 2016 restated	31 December 2017	31 December 2016 restated	31 December 2017	31 December 2016 restated	31 December 2017	31 December 2016 restated	31 December 2017	31 December 2016 restated	31 December 2017	31 December 2016 restated	31 December 2017	31 December 2016 restated
Segment assets(2)	178,304	140,840	118,617	91,983	42,521	37,697	58,400	62,922	31,503	32,094	0	36,581	**429,345**	**402,117**

(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.

Major customers
No customer accounts for more than 4% of the Group's revenue.

6.3 Personnel expenses and share-based payments

As at 31 December 2017, 63,000 stock options, 33,500 warrants to purchase existing redeemable shares (BAAER) and 212,000 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 2018 and 2021 under allocations within the scope of IFRS 2 amounts to -€3,977 thousand.

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

	2017		2016	
	Number of options	Average exercise price	Number of options	Average exercise price
Number of shares available for subscription at beginning of year	309,500	€4.39	416,751	€11.79
Number of options cancelled during the year	20,500	€4.39	48,425	€11.79
Number of options exercised during the year	30,500	€12.44	240,826	€12.44
Number of options issued during the year	50,000	-	182,000	-
Number of shares available for subscription at year-end	**308,500**	**€3.14**	**309,500**	**€4.39**

The summary of stock option and free share plans in force in 2017 and 2016 is provided below:

Date of plan	Granted	Number of options outstanding at 31/12/2017	Number of options outstanding at 31/12/2016	Exercise price	Earliest exercise date	Expiry date	Zero coupon rate
01/10/2010	50,000	0	5,000	€20.00	01/10/2012	30/09/2017	2.29%
18/10/2012	400,000	33,500	52,000	€12.00	18/10/2014	18/10/2019	1.35%
30/11/2012	100,000	63,000	70,500	€9.00	30/11/2016	30/11/2019	1.25%
17/06/2016	182,000	162,000	182,000	-	01/03/2019	01/03/2019	N/A
04/09/2017	50,000	50,000	-	-	01/03/2021	01/03/2021	1%
TOTAL	**782,000**	**308,500**	**309,500**				

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 2017 was €1,957 thousand, compared with €1,422 thousand in 2016. 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 to €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	2017	2016 restated*	2016 presented
Wages and salaries	(242,825)	(207,559)	(208,955)
Social security contributions	(67,035)	(58,469)	(58,712)
Expenses for retirement benefits	(420)	(305)	(305)
Employee profit-sharing	(1,347)	(1,427)	(1,427)
TOTAL	**(311,627)**	**(267,760)**	**(269,399)**

* Restated; see Note 6.8 to the financial statements thousand euros.

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 €3,237 thousand at 31 December 2017, compared with €2,271 thousand at 31 December 2016, and the research tax credit (CIR) in the amount of €3,179 thousand at 31 December 2017, compared with €3,074 thousand at 31 December 2016.

6.4 Other purchases and external expenses

In the year ended 31 December 2017, other purchases and external expenses break down as follows:

In thousands of euros	2017	2016 restated*	2016 presented
Subcontracting	(111,722)	(101,500)	(173,317)
Lease and rent payments	(13,576)	(12,537)	(12,819)
Business travel and receptions	(10,655)	(9,538)	(9,553)
Other purchases	(22,110)	(20,036)	(20,596)
TOTAL	**(158,063)**	**(143,611)**	**(216,284)**

* Restated; see Note 6.8 to the financial statements.

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	2017	2016 restated*	Other operating income in thousands of euros	2017	2016 restated*
Restructuring expenses	(3,076)	(4,813)	Income from the reversal of unused provisions for restructuring	-	537
Net value of fixed assets sold	(40)	(40)	Net value of fixed assets sold	4	22
Net loss on disposals of subsidiaries	(536)	(2,256)	Net gain on disposal of subsidiaries	932	181
Goodwill impairment losses -	(2,783)	(1,121)			
Impairment of other assets	(501)	-	Gains on acquisitions	165	-
Vesting period of securities	(223)	(103)		-	-
Other expenses	(1,620)	(32)	Other income	113	260
Total	**(8,779)**	**(8,366)**	**Total**	**1,213**	**999**

* Restated; see Note 6.8 to the financial statements.

In the year ended 31 December 2017, restructuring expenses and income related mainly to the adjustment of resources and the costs of downsizing, mainly in Germany (€1,086 thousand), Spain (€938 thousand) and France (€600 thousand).

The net loss on disposal of subsidiaries corresponds to the dissolution of Devoteam Algeria; the profit on disposal of subsidiaries corresponds to the sale of Bengs.

Impairment of goodwill relates to impairments on the Devoteam Netherlands CGU (€972 thousand) and the Siticom GmbH (€882 thousand) and MyFowo.com (€106 thousand) entities (see Note 5.1) and the losses related to the adjustment to fair value of the Morocco CGU assets (€823 thousand).

The impairments on other assets are related to the adjustment to fair value of the Devoteam Consulting Morocco and Drago Solutions Corp. Panama subsidiaries, which are being discontinued. Other expenses consist mainly of legal fees for ongoing disputes.

6.6 Financial income and expense

In the year ended 31 December 2017, the main components of financial income and expenses are as follows:

Financial expenses in thousands of euros	2017	2016 restated*	Financial income in thousands of euros	2017	2016 restated*
Negative exchange rate differences	(586)	(1,268)	Positive exchange rate differences	-	-
Interest on bonds measured at the effective interest rate	(1,024)	(1,023)	Interest on bonds measured at the effective interest rate	-	-
Interest on finance leases measured at the effective interest rate	(13)	(27)			
Discounting of long-term financial liabilities	(307)	(146)			
Provisions on financial assets	(80)	-	Provisions on financial assets	-	206
Other financial expenses	(834)	(705)	Other financial income	585	565
Total	**(2,844)**	**(3,169)**	**Total**	**585**	**771**

* Restated; see Note 6.8 to the financial statements.

The financial result for the year improved by €139 thousand compared to 2016, thanks mainly to:

- negative exchange rate differences of -€586 thousand at 31 December 2017 (compared to -€1,268 thousand at 31 December 2016), 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 €433 thousand at 31 December 2017 (compared to €242 thousand at 31 December 2016).

Interest on the bond issued in July 2015 remained stable at €975 thousand.

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

In thousands of euros	2017	2016 restated*
Interest expense on financing operations at the effective interest rate	(1,871)	(1,755)
Income and expense from interest rate hedges on financial debt	-	-
Gross borrowing costs	**(1,871)**	**(1,755)**
Interest income from cash and cash equivalents	97	101
Capital gains on assets at fair value through profit or loss	-	-
Net borrowing costs	**(1,774)**	**(1,654)**

* Restated; see Note 6.8 to the financial statements.

Foreign exchange items recognised in other comprehensive income:

In thousands of euros	2017	2016
Gains on available-for-sale assets	-	-
Translation differences	(2,569)	416
Total	(2,569)	416
Recognised in consolidated reserves	-	-
Recognised in translation reserves	(2,569)	416

6.7 Income tax expense

6.7.1 Breakdown by nature 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:

In thousands of euros	2017	2016 restated*	2016 presented
Current tax	(15,541)	(11,418)	(11,866)
Change in deferred taxes	561	(441)	(423)
Total	**(14,980)**	**(11,859)**	**(12,289)**

* Restated; see Note 6.8 to the financial statements.

Deferred tax expense and credits:

In thousands of euros	2017	2016 restated*	2016 presented
Retirement benefits	101	119	119
Miscellaneous provisions	238	180	180
Other temporary differences	(192)	257	274
Tax loss carryforwards	(917)	(1,842)	(1,842)
Customer relationships	158	92	92
Treasury shares – Provision	1,423	237	237
Finance leases	(67)	(61)	(61)
Cancellation of goodwill	(46)	4	4
Other	(134)	573	573
Total	**561**	**(441)**	**(423)**

* Restated; see Note 6.8 to the financial statements.

The change in deferred taxes resulted primarily from:

- the effect of tax loss carryforwards in France of -€797 thousand and in Germany of -€214 thousand;
- the impact of treasury shares of €1,423 thousand;
- miscellaneous provisions in France for €254 thousand;
- the effect of the reduction in the tax rate in France in the 2018 Budget, which provides for a gradual decrease in taxes between 2018 and 2022. The consequent revaluation of long-term deferred tax assets at the rate applicable from 2018 has a negative effect of €401 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:

In thousands of euros	2017	2016 restated*	2016 presented
Consolidated net income	**26,734**	**22,144**	**23,416**
Income tax expense	14,980	11,859	12,289
Earnings before tax	**41,714**	**34,003**	**35,705**
Tax rate applicable in France	34.43%	34.43%	34.43%
Theoretical tax	**14,362**	**11,707**	**12,293**
Tax loss carryforwards previously unrecognised	(306)	(5)	(5)
Use of unrecognised prior tax losses	(250)	(72)	(72)
Unrecognised tax losses created over the year and derecognition during the year	360	203	203
Permanent differences and other items(1)	915	(465)	(450)
Additional local taxes(2)	2,010	1,807	1,807
Tax rate difference between countries(3)	(2,109)	(1,316)	(1,487)
Total tax calculated	**14,980**	**11,859**	**12,289**
Tax recorded	**14,980**	**11,859**	**12,289**

* Restated; see Note 6.8 to the financial statements.

(1) Relates primarily to the absence of tax on the following:
- the CICE and CIR in France in the negative amount of €1,860 thousand;
- impairment of goodwill in the amount of €789 thousand;
- non-deductible expenses of €806 thousand;
- the share of dividends taxed in France (€167 thousand) and Germany (€98 thousand);
- the effect of the reduction of the tax rate in France, voted in the 2018 Budget, of €401 thousand;
- the share-based payment expense of €360 thousand.

(2) Additional local taxes consist primarily of the CVAE, included in taxes pursuant to the description provided in note 3.18 in the amount of €1,967 thousand.
(3) Mainly Denmark (-€526 thousand), the United Arab Emirates (-€238 thousand), Luxembourg (-€401 thousand), the Czech Republic (-€172 thousand), Austria (-€104 thousand), Norway (-€151 thousand) and Serbia (-€112 thousand).

6.8 Profit/(loss) from discontinued operations

On 6 December 2017, the Group finalised the sale of 40% of the capital of its Netherlands-based subsidiary Between to the minority shareholders of the entity. Since they already held 25% of the share capital, the transaction meant that the Group would retain only 35% of share capital, thus losing control of its subsidiary, and would no longer fully consolidate its operations. Between, a company specialising in the sourcing of IT professionals, had about 30 employees and contributed €76 million to the Group's revenues in 2016.

Since Between represents a separate operating segment in the segment information disclosed by the Group under IFRS 8, the net income and expenses from this business are presented in the consolidated income statement under "Profit (loss) from discontinued operations, net of tax", in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The prior year's data has been restated to present comparable information.

Breakdown of Between's net income under "Profit (loss) from discontinued operations, net of tax" in the consolidated income statement:

In thousands of euros, except earnings per share	2017	2016
GROUP CONTRIBUTION(*)	**52,666**	**76,311**
OPERATING MARGIN	**1,272**	**1,717**
CURRENT OPERATING PROFIT	**1,272**	**1,717**
Other operating income	-	-
Other operating expenses	-	(1)
OPERATING PROFIT	**1,272**	**1,716**
Financial income	1	4
Financial expenses	-	(15)
FINANCIAL RESULT	**1**	**(11)**
Share of profit of associates	-	(3)
OPERATING PROFIT BEFORE TAX	**1,273**	**1,702**
Income tax expense	(349)	(430)
OPERATING PROFIT (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	**923**	**1,272**
Profit/(loss) from sale of discontinued operations	1,626	-
Tax expense on disposal of discontinued operations	-	-
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	**2,550**	**1,272**
Basic earnings per share (euro)	**0.32**	**0.16**
Diluted earnings per share (euro)	**0.32**	**0.16**

(*) The Group contribution is defined as the total revenue (internal and external) of an operating segment less the cost of internal subcontracting. Sales generated by the Group with Between have not been eliminated.

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 Net cash from operating activities

Operating cash flows

Operating cash flows, representing operating cash flows before changes in working capital and taxes paid, improved significantly to €53.3 million in 2017, compared with €45.0 million a year earlier as a result of the improvement in the Group's operating profit.

Change in net working capital

The change in WCR represents -€5.5 million, compared to +€9.2 million in 2016. This deterioration is mainly due to an increase in days sales outstanding (DSO) from 57 to 61 days and an outstanding positive contribution from Between in 2016.

Taxes paid

Taxes paid increased to €13.6 million compared to €7.2 million in 2016 due to the improvement in the Group's results.

7.2 Net cash flow from investing activities

Acquisitions and disposals of fixed assets

This item, which is virtually stable year-on-year, represents the Group's operating investments, mainly on fittings for its 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 mostly corresponds to the receipt of the proceeds from the disposal of Between net of cash transferred (see Note 4.2).

Acquisition of subsidiaries, net of cash acquired

This item corresponds mainly to the disbursements related to the acquisitions of the D2SI entity in France, net of available cash in the TMNS group in the Netherlands (see Note 4.2). It also includes the payment of earn-outs or contingent considerations on previous acquisitions.

7.3 Net cash from financing activities

Acquisition of non-controlling interests

The disbursement of €11.1 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 €3.5 million.

Interests paid

Interest paid amounted to €1.6 million. They mainly include interest related to the bond, disbursed annually in arrears, and commissions related to the factoring contract.

Dividends paid

The amount of dividends paid was €6.3 million, of which €4.8 million was paid to Group shareholders and €1.5 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 €5.6 million.

7.4 Effect of exchange rate changes on cash

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

In thousands of euros	31 December 2017	31 December 2016
Norway	(426)	309
Switzerland	(10)	55
United Kingdom	(10)	(218)
Middle East	(993)	372
Turkey	(63)	-
Other	(131)	(27)
Total	**(1,633)**	**491**

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.

<u>Trade receivables</u>

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.

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.

<u>Investments of surplus cash</u>

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 2017.

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

<u>Sureties and guarantees given</u>

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.

<u>Liquidity risk</u>

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 €80.0 million, exceeding its €32.4 million in financial liabilities.
In addition, the Group has senior revolving credit facilities (RCFs) with leading banking counterparties in the amount of €30 million for a period of three years expiring in 2018.

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	(0.3)
L Ratio (net debt/EBITDA)	<2.5	(0.8)

As of the year-end, the Group had not drawn down any sums on these credit facilities, and the covenants were all 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 €15.5 million was used at 31 December 2017.

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.

Foreign exchange risk

The Group's business is mainly conducted in the euro area (78.7% of revenue in 2017). 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), UAE dirham (AED), Norwegian krone (NOK) and sterling (GBP), each representing between 2.2% and 5.7% 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 2017, most of the Group's financial debt was at fixed rates, and no hedging instruments were in place.

<u>Risk on own shares</u>

The Group holds 4.13% 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 though stock option plans and employer contributions to the Devoteam company savings plan. At 31 December 2017, employees, former employees and directors of subsidiaries held 3.79% of the share capital (i.e. 316,006 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 in 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.

In thousands of euros	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	-	-	-	2,578	-	-		-	2,578	2,578
Unconsolidated equity securities	5.4	-	-	-	-	6	-		-	6	6
Loans	5.4	-	-	-	350	-	-		-	350	350
Other financial assets	5.7	-	1,370	-	254	-	-		-	1,624	1,624
Non-current financial assets		**-**	**1,370**	**-**	**3,181**	**6**	**-**	**-**	**-**	**4,557**	**4,557**
Trade receivables	5.8	-	-	-	176,025	-	-		-	176,025	176,025
Other receivables	5.8	-	-	-	47,594	-	-		-	47,594	47,594
Other financial assets	5.9	-	-		1,766	-	-		-	1,766	1,766
Cash management assets	5.9			346						346	346
Cash and cash equivalents	5.9	-	-	-	82,239	-	-		-	82,239	82,239
Current financial assets		**-**	**-**	**346**	**307,625**	**-**	**-**		**-**	**307,970**	**307,970**
Total financial assets		**-**	**1,370**	**346**	**310,806**	**6**	**-**		**-**	**312,528**	**312,528**
Bonds	5.13	-	-	-	-	-	29,811		-	29,811	29,811
Bank loans	5.13	-	-	-	-	-	996		-	996	996
Finance leases	5.13	-	-	-	-	-	101		-	101	101
Put options on non-controlling interests and earn-outs	5.7	-	-	-	-	-	-	4,508	2,696	7,204	7,204
Other non-current financial liabilities	5.7	-	-	-	-	-	907		-	907	907
Non-current financial liabilities		**-**	**-**	**-**	**-**	**-**	**31,814**	**4,508**	**2,696**	**39,018**	**39,018**
Bonds	5.13	-	-	-	-	-	446		-	446	446
Bank loans and bank overdrafts	5.13	-	-	-	-	-	2,988		-	2,988	2,988
Finance leases	5.13	-	-	-	-	-	752		-	752	752
Trade and other payables	5.8	-	-	-	-	-	40,287		-	40,287	40,287
Tax and social security liabilities	5.8						98,832			98,832	98,832
Other liabilities	5.8	-	-	-	-	-	60,932		2,708	63,640	63,640
Current financial liabilities		**-**	**-**	**-**	**-**	**-**	**204,237**	**-**	**2,708**	**206,945**	**206,945**
Total financial liabilities		**-**	**-**	**-**	**-**	**-**	**236,052**	**4,508**	**5,404**	**245,963**	**245,963**

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	31 December 2017	31 December 2016 restated*
Income from financial assets at fair value (trading)	433	242
Income from financial assets at fair value (fair value option)	-	-
Income from loans and receivables	152	530
Income from available-for-sale assets	-	-
Income from available-for-sale assets transferred from equity	-	-
Total financial income	**585**	**771**
Expenses on financial liabilities at fair value	159	51
Expenses on financial liabilities at amortised cost	2,685	3,119
Expenses on available-for-sale assets		
Total financial expense	**2,844**	**3,169**
Net financial income/(loss)	**(2,259)**	**(2,398)**

* Restated; see Note 6.8 to the financial statements.

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	31 December 2017	31 December 2016
Deposits and guarantees	2,578	2,544
Unconsolidated equity securities	6	41
Loans	350	350
Other long-term assets	1,624	2,099
Trade receivables	176,025	163,599
Other receivables	47,594	41,582
Other financial assets	1,766	2,762
Cash management assets	346	1,670
Cash and cash equivalents	82,239	92,033
Total	**312,528**	**306,682**

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 2017				31 December 2016			
In thousands of euros	**Gross**	**Provision**	**Net**	**%**	**Gross**	**Provision**	**Net**	**%**
Not past due and invoices to be issued	138,431	30	138,401	79%	129,483	-	129,483	79%
Past due less than 1 month	16,687	-	16,687	9%	16,731	-	16,731	10%
Past due between 1 and 3 months	11,068	18	11,050	6%	8,589	-	8,589	5%
Past due between 3 and 6 months	6,691	50	6,641	4%	6,547	10	6,537	4%
Past due more than 6 months	5,881	2,636	3,245	2%	7,053	4,794	2,259	1%
Total	**178,759**	**2,734**	**176,025**	**100%**	**168,403**	**4,804**	**163,599**	**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:

In thousands of euros	**31 December 2016**	Change in scope	Charges	Reversals	IFRS 5*	Other	Translation differences	**31 December 2017**
Provisions for trade receivables	4,804	365	534	(1,874)	(1,115)	29	(9)	2,734

* 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:

In thousands of euros	**31 December 2017**	**31 December 2016**
France	602	975
International	2,132	3,829
Total	**2,734**	**4,804**

By geographical area, customer risk breaks down as follows:

In thousands of euros	**31 December 2017**	**31 December 2016**
France	86,589	68,885
International	92,170	99,519
Total	**178,759**	**168,403**

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 2017 totalled €15,472 thousand (vs. €12,962 thousand at 31 December 2016).

Derecognised assets with continuing involvement:

Continuing involvement In thousands of euros	**Carrying amount of continuing involvement**				**Fair value of continuing involvement**	**Maximum exposure**
	Amortised cost	**Held to maturity**	**Available for sale**	**Financial liabilities at fair value**		
Factoring security deposit	1,655	-	-	-	1,655	1,655

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:

2017 In thousands of euros	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 7092,709	8,110	-
Total	**245,963**	**249,614**	**203,417**	**4,063**	**42,134**	**-**

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

2016 In thousands of euros	Net carrying amount	Residual contractual amount	Six months or less	Six to twelve months	One to five years	More than five years
Bonds	30,208	34,875	-	975	33,900	-
Finance leases	1,684	1,710	427	427	856	-
Other loans and borrowings	1,326	1,326	171	-	1,155	-
Bank overdrafts	1,020	1,020	1,020	-	-	-
Trade payables and related accounts	64,646	64,646	64,646	-	-	-
Tax and social security liabilities	80,044	80,044	80,044			
Other liabilities	63,632	63,632	56,158	2,762	4,712	-
Total	**242,560**	**247,253**	**202,466**	**4,164**	**40,623**	**-**

8.3.3 Currency risk

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

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

Currency	**Average rate**		**Closing rate**	
	2017	**2016**	**2017**	**2016**
NOK	9.32700	9.29470	9.84030	9.09096
AED	4.14880	4.06533	4.40443	3.86402
DKK	7.43860	7.44537	7.44490	7.43443
GBP	0.87670	0.81918	0.88723	0.85260

<u>Sensitivity</u>
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:

In thousands of euros	**2017**		**2016**	
	+10%	-10%	+10%	-10%
Impact on equity	(3,154)	3,855	(3,246)	3,968
Impact on profit or loss	(548)	670	(421)	515

8.3.4 Interest rate risk

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

In thousands of euros	2017	2016
Floating rate		
Other current financial assets	-	-
Cash and cash equivalents	82,239	92,033
Short-term credit facilities	-	-
Bank overdrafts	(2,652)	(1,020)
Net exposure before hedging	**79,587**	**91,013**
Fixed rate		
Other current financial assets	1,766	2,762
Cash management assets	346	1,670
Bonds	(30,257)	(30,208)
Finance leases	(853)	(1,684)
Other borrowings	(1,332)	(1,326)
Net exposure before hedging	**(30,330)**	**(28,785)**
Total exposure before hedging	**49,257**	**62,228**

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

In thousands of euros	Currency	Interest rate	Maturity	31 December 2017		31 December 2016	
				Original amount	Carrying amount	Original amount	Carrying amount
Credit facilities	EUR	E3M + 1% to 1.20%	2018	-	-	-	-
Bonds*	EUR	3.25%	2021	30,000	29,811	30,000	29,762
Finance leases	EUR	3.04% to 4.20%	2018 and 2020	6,655	853	6,655	1,684
Bank overdrafts	EUR	Floating	Short term	2,652	2,652	1,020	1,020

* 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 5,195 employees, compared with 4,229 at the end of 2016, consisting almost entirely of managers.

9.2 Related parties

9.2.1 Information on remuneration and benefits allocated to management bodies

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

In thousands of euros	31 December 2017	31 December 2016
Short-term employee benefits	1,110	1,051
Post-employment benefits	-	-
Employment contract termination benefits	-	-
Directors’ fees	200	200
Share-based payments	-	-
Total	**1,310**	**1,251**

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 2017 to members of the Supervisory Board amounted to €120 thousand, compared with €110 thousand in 2016.

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 2017 and 2016:

Recorded amounts In thousands of euros	31 December 2017			31 December 2016		
	Associates(1)	Joint ventures	Other related parties(2)	Associates(1)	Joint ventures	Other related parties(2)
Sales to related parties	126	-	-	308	-	43
Purchases from related parties	747	-	2,078	790	-	2,956
Purchases of assets from related parties	-	-	-	271	-	-
Dividends and other investment income	14	-	-	32	-	-
Interest and financial expense	20	-	-	17	-	-
Other operating expenses	-	-	-	-	-	619
Other operating income	-	-	-	-	-	-
Receivables from related parties	1,193	-	537	978	-	714
Payables to related parties	127	-	-	261	-	890

(1) Relating to DFSJ, Keivox, Media-Tel LLC, HNCO AB, Inflexsys, Exa ECS, Progis and Bengs in 2017.
(2) Relating to SCI 73 rue Anatole France in 2017 as described below and in 2016 Accytime Marocco and MyFowo.com (see 2016 Annual Financial Report, Note 9.2.2).

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.

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 2017 are described below:

In thousands of euros	31 December 2017	31 December 2016
Commitments given related to the implementation of customer contracts	2,879	1,956
Commitments given related to the guarantee of trade payables	-	-
Commitments given related to the guarantee of payment of commercial leases	-	-
Other commitments given	160	160
Total	**3,039**	**2,116**

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 2017	8,256	11,403	19
31 December 2016	7,748	10,239	31

Operating leases commit the company to the payment of minimum rents. The identification of minimum future payments takes into account the possibility of early cancellation of commercial leases every three years, mainly in France.

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	483	727	-

For 2017, subletting income amounted to €514 thousand (compared to €789 thousand in 2016) and rental expense to €13,576 thousand (compared to €12,537 thousand in 2016, restated for Between).

9.5 Statutory Auditors' fees

The table below presents the detailed amounts of Statutory Auditors' fees paid for the 2017 and 2016 financial years:

In thousands of euros	2017							2016						
	KPMG	%	Grant Thornton	%	NSK	%	Total	KPMG	%	Grant Thornton	%	NSK	%	Total
Certification and half-yearly limited review of separate and consolidated financial statements														
Issuer	92	33%	93	37%	0	0%	185	76	29%	76	35%	0	0%	152
Fully consolidated subsidiaries	159	57%	129	51%	79	100%	367	182	68%	129	59%	72	100%	383
Services other than certification of financial statements														
Issuer	27	10%	30	12%	0	0%	57	8	3%	12.5	6%	0	0%	20.5
Fully consolidated subsidiaries	0	0%	0	0%	0	0%	0	0	0%	0	0%	0	0%	0
Total	**278**	**100%**	**252**	**100%**	**79**	**100%**	**609**	**266**	**100%**	**217.5**	**100%**	**72**	**100%**	**556**

Note 10 – Subsequent events

None.

3.7 Statutory Auditors' report on the consolidated financial statements

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2017

To the Shareholders,

Opinion

In performance of the mission entrusted to us by your General meeting, we have audited the Devoteam SA consolidated financial statements for the year ended 31 December 2017, as attached to this report.

We certify that the consolidated financial statements are, in accordance with IFRS as adopted in the European Union, accurate and fair and give a true and fair view of the results of the transactions of the past financial year and of the financial position and the assets at the end of the year of the Group consisting of the persons and entities included in the scope of consolidation.

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 carried out our audit mission in accordance with the independence rules applicable to us, for the period from 1 January 2017 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 points of the audit

Pursuant to 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 points of the audit 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 the responses we provided to such risks.

The assessments thus made fall within the context of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on items in these consolidated financial statements taken individually.

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 on the assets side of 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 €91,791 thousand at 31 December 2017, 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 point of the audit, 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:

- assessing, in accordance with current 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 2018 to 2021 with the projections used in the impairment test for the previous year,
  - a comparison of the 2017 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 for fixed-price service contracts

(Note 3.12 to the consolidated financial statements)

Risk identified

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 point of the audit 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.

Response given

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:

- reconciling 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;
- assessing, in particular on the basis of interviews with the management controllers and/or operational managers, 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 is based.

Provisions for liabilities and charges – Disputes

(Note 3.11, 5.14 to the consolidated financial statements)

Risk identified

The company is exposed to social security and tax risks and is involved in legal proceedings and disputes in the exercise of its activity.

The outcome of these proceedings and disputes and the positions taken by the company are inherently based on the use of assumptions, assessments or estimates by management.

Management's assessment of these risks led the company to recognise provisions amounting to €8,341 thousand at 31 December 2017 (versus €5,342 thousand at 31 December 2016) or, in certain cases, not to recognise a provision.

We considered this topic to be a key point of the audit due to:

- the uncertainty about the outcome of the risks, proceedings and disputes incurred;
- the high degree of estimates and judgment used by management;
- and, as a result, the potentially significant impact on earnings and equity should these estimates change, including due to the outcome of proceedings and disputes.

Response given

We examined the procedures put in place by the Group to identify all of the social security, tax, legal and other litigation risks to which the Group is exposed.

We took note of the Group's risk analysis and discussed the status of each significant, declared or potential situation with the company's management. We also directly interviewed the company's lawyers to obtain their explanations and opinions on each significant situation.

We also obtained and analysed, with the assistance, as needed, of lawyers or experts in the assessment of injury, the advice of the external counsel of the Group's companies, the procedural elements available (letters, claims, notifications, judgments, etc.) and assessed the appropriateness of the recognition or non-recognition of provisions for each significant situation and the assessment of the amount of those provisions.

Verification of the Group information given in the management report

In accordance with the professional standards applicable in France, we also performed the specific verifications required by law of the information relating to the Group given in the management report by the Management board.

We have no comments to make as to its fairness and consistency with the consolidated financial statements.

Information resulting from other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed 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 2017, KPMG SA was in the first year of its mission without interruption and Grant Thornton in the fourth 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 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, 19 April 2018	Neuilly-sur-Seine, 19 April 2018
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 In thousands of euros	*Note*	31 December 2017	31 December 2016
intangible assets	3.1	13,307	13,403
Tangible assets	3.1	1,588	1,599
Financial assets			
Equity securities and associated receivables	3.2	143,103	128,758
Other financial assets	3.2	1,197	1,418
FIXED ASSETS		**159,195**	**145,179**
Trade and other receivables	3.3	58,772	50,410
Other receivables	3.3	53,563	44,629
Marketable securities	3.8	3,105	8,884
Cash assets		33,434	22,849
Prepaid expenses	3.3	1,874	2,673
CURRENT ASSETS		**150,748**	**129,447**
Foreign currency translation differences - assets		199	480
TOTAL ASSETS		**310,142**	**275,106**

LIABILITIES In thousands of euros	*Note*	31 December 2017	31 December 2016
Share capital		1,263	1,262
Share premium		52,933	52,844
Legal reserves		160	160
Other reserves		-	-
Retained earnings		89,517	83,027
Profit for the year		17,377	11,276
Regulated provisions		565	518
EQUITY	**3.9**	**161,815**	**149,086**
Provisions for liabilities		2,512	2,703
Provisions for charges		4,196	2,463
PROVISIONS FOR LIABILITIES AND CHARGES	**3.4**	**6,708**	**5,166**
Total borrowings			
Bonds	3.3	30,446	30,446
Loans from credit institutions and misc. borrowings	3.3	30,182	23,499
Operating liabilities			
Trade payables and related accounts	3.3	27,868	20,190
Tax and social security liabilities	3.3	34,945	29,557
Other liabilities			
Other liabilities	3.3	8,610	8,985
Deferred income	3.3	9,557	7,825
LIABILITIES		**141,609**	**120,502**
Foreign currency translation differences - liabilities		10	351
TOTAL LIABILITIES		**310,142**	**275,106**

4.2 Devoteam SA income statement

In thousands of euros	*Note*	31 December 2017	31 December 2016
NET REVENUE	4.1	**217,909**	**189,471**
Operating subsidies			-
Reversals of depreciation, amortisation and provisions, expense reclassification		2,151	2,154
Other income		160	10
OPERATING INCOME		**220,219**	**191,635**
Purchase of raw materials and goods		(213)	(585)
Other purchase and external charges		(103,423)	(81,897)
Taxes		(4,299)	(4,094)
Wages and salaries		(70,938)	(65,942)
Social security contributions		(31,677)	(29,482)
Fixed assets depreciation and provisions		(793)	(1,092)
Provisions for current assets		-	(50)
Provisions for liabilities and charges		(1,822)	(781)
Other expenses		(1,452)	(1,066)
CURRENT OPERATING EXPENSES		**(214,618)**	**(184,989)**
OPERATING PROFIT		**5,601**	**6,646**
Financial income		19,902	11,357
Financial expenses		(5,977)	(5,366)
FINANCIAL RESULT	**4.5**	**13,925**	**5,991**
CURRENT PROFIT		**19,526**	**12,637**
Extraordinary income		13,137	5,143
Extraordinary expenses		(14,456)	(8,170)
EXTRAORDINARY LOSS	**4.6**	**(1,319)**	**(3,027)**
Employee profit-sharing		-	-
Corporate income taxes	4.8	(830)	1,666
PROFIT FOR THE YEAR		**17,377**	**11,276**

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.

The year 2017 once again confirmed the company's growth momentum, which was driven by the digital transformation initiated by its clients. This strong dynamism is represented in particular by SMACS (Social, Mobile, Analytics, Cloud, Security). It also coincides with a year of strong growth in the strategic partnerships announced as part of the Scale! 2020 strategic plan, thus enabling the Group to accelerate its pure-player positioning on digital transformation, notably on IT operational excellence with ServiceNow, on collaborative solutions with Google, and on Cloud and DevOps Open Source technologies with Red Hat.

During the year, the company continued its targeted acquisition policy with the acquisition of TMNS in the Netherlands (approximately 200 employees for €18.9 million in revenue in 2016) to strengthen the Agile IT Platform offer for the Scale! plan and D2SI (around 100 employees for revenue of €13 million in 2016), the leader in Amazon's public cloud technologies in France.

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 7.7%;
- 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 using the discounted future cash flow method, adjusted to reflect the cash and/or net debt of the companies in question. 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.

The values of the main parameters used are:

- a discount rate of between 7.40% and 11.70% 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 €3.1 million and related to the acquisition of Devoteam G Cloud for €1.1 million and theHerbert Nathan & Co (HNCO) group for €2.0 million.

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 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 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 2016	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.

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	(0.3)
L Ratio (net debt/EBITDA)	<2.5	(0.8)

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 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 1.45%;
- an inflation rate of 1.8%;
- assumptions relating to salary increases, mortality and staff turnover rates.

At 31 December 2017, pension commitments were valued at €2,673 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 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

In thousands of euros	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	4,647	11			4,658
Goodwill	47,233				47,233
Other intangible assets	348				348
Assets in progress	-				-
Subtotal	**52,228**	**11**	**-**	**-**	**52,239**
Machinery, tools and equipment	-				-
Fixtures and fittings	2,741	89			2,830
Transportation equipment	4				4
Office and IT equipment	2,533	554	51		3,138
Office furniture	1,032	31			1,063
Advance payments on fixed assets	51		(51)		-
Subtotal	**6,361**	**674**	**-**	**-**	**7,035**
Total	**58,589**	**685**	**-**	**-**	**59,274**

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 2017:

In thousands of euros	Value at the beginning of the year	Charges	Reversals	Value at year-end
Research and development costs	-			-
Software and trademarks	4,353	107		4,460
Goodwill	34,124			34,124
Other intangible assets	348			348
Assets in progress	-			-
Subtotal	**38,825**	**107**	**-**	**38,932**
Machinery, tools and equipment	-			-
Fixtures and fittings	1,998	212		2,210
Transportation equipment	3	0		4
Office and IT equipment	2,008	390		2,398
Office furniture	752	84		836
Advance payments on fixed assets	-			-
Subtotal	**4,762**	**686**	**-**	**5,448**
Total	**43 587**	**793**	**-**	**44,380**

3.2 Financial assets

3.2.1 Changes in financial assets

a) Movements affecting fixed asset items

In thousands of euros	Gross value at the beginning of the year	Increases	Decreases	Transfers between items	Gross value at year-end
Security deposits	**744**	**5**	**8**		**740**
Other loans	**408**		**2**		**406**
Equity securities	**145,811**	**22,193**	**13,384**	**-**	**154,621**
Devoteam Belgium	7,146				**7,146**
Devoteam Fringes	2,370				**2,370**
Devoteam Netherlands[1]	25,649		5,130		**20,519**
Devoteam Consulting[2]	34,436		6,818		**27,618**
Devoteam Consulting AS[3]	6,176	28	1,264	6,459	**11,399**
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 Consulting Algeria[4]	43		43		**-**
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	300				**300**
Keivox Enterprise Mobility	65				**65**
RVR Parad	1				**1**
Inflexys	70				**70**
Axance[5]	1,641	2,127			**3,769**
Shift by S'Team[6]	180	220			**400**
Siticom	98				**98**
Devoteam G Cloud	10,203	4			**10,207**
Be Team	140				**140**
Bengs[7]	87		87		**-**
DPI[8]	701	431			**1,132**
Devoteam Digital Factory[9]	121		6		**115**
DBSE - formerly Devoteam Cloud Services[10]	180	40			**220**
Devoteam Cloud Services Spain	140				**140**
Marflie Management[11]	3,654	7,362			**11,016**
Technologies et Operations[12]	109		3		**106**
DFSJ	450				**450**
FI-Makers[13]	200		33		**167**
HNCO International[3]	6,459			(6,459)	**-**
Globicon	2,717				**2,717**
HNCO AB	12				**12**
Devoteam Consulting Belgium[14]	-	180			**180**
My-G[15]	-	295			**295**
MyFowo.com[16]	-	42			**42**
Energy Dynamics[17]	-	9			**9**
D2SI Group[18]	-	11,266			**11,266**
Devoteam nexDigital[19]	-	188			**188**
Devomex Cloud Services[20]	-	2			**2**
Investment-related receivables[21]	**798**	**732**	**721**		**810**
Treasury shares[22]	**616**		**763**	**547**	**400**
Total	**148,377**	**22,930**	**14,878**	**547**	**156,978**

(1) Disposal of 20% of shares in Devoteam Netherlands.
(2) Disposal of 19.80% of shares in Devoteam Consulting.
(3) Merger of Danish subsidiaries and disposal of 10% of shares in Devoteam A/S.
(4) Dissolution of Algerian subsidiary.
(5) Additional acquisition of 22.40% of shares in Axance.
(6) Additional acquisition of 5.50% of shares in Shift by S'Team.
(7) Total disposal of shares in Bengs.
(8) Additional acquisition of 7.50% of shares in DPI.
(9) Disposal of 3.30% of shares in Devoteam Digital Factory.
(10) Internal acquisition of 13.33% of shares in DBSE.
(11) Additional acquisition of 55% of shares in Marflie Management.
(12) Disposal of 2% of shares in Technologies & Opérations.
(13) Disposal of 13.04% of shares in Fi-Makers.
(14) Subscription of 60% of the capital of Devoteam Consulting Belgium.
(15) Subscription of 100% of shares in My-G.
(16) Acquisition of 96.63% of shares in MyFowo.com.
(17) Acquisition of 31.45% of shares in Energy Dynamics.
(18) Acquisition of 82.06% of shares in D2SI Group.
(19) Subscription of 75% of the capital of Devoteam nexDigital.
(20) Acquisition of 98% of shares in Devomex Cloud Services.
(21) Dividends receivable from Devoteam UK (€733 thousand) and Devoteam Tunisia (€78 thousand).
(22) Number of shares: 43,913; average purchase price: €9.12. Due to the fact that the average price during December was €75.29, 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 01/01/17	63,913	616
Transfer of shares from "Shares to be awarded to employees and assigned to specific plans"(1)	60,000	547
Purchase of shares	-	-
Sale of shares	(80,000)	(763)
Balance at 31/12/17	**43,913**	**400**

(1) Minutes of Management board meeting of 27/02/2017

b) Provisions

In thousands of euros	Value at the beginning of the year	Charges	Reversals	Value at year-end
Equity securities(1)	17,850	551	6,074	12,328
Loans	350			350
Treasury shares	-			-
Total	**18,200**	**551**	**6,074**	**12,678**

(1) These movements concern the valuation of equity securities using the method described in paragraph 2.3.1:

Allowances: Exa ECS (€93 thousand), MyFowo.com (€42 thousand) and Devoteam Morocco (€416 thousand).

Reversals: Devoteam Consulting (€6,030 thousand) and Devoteam Algeria (€44 thousand).

The provision at year-end can be broken down as follows: Devoteam Outsourcing for €2,908 thousand, Exa ECS for €1,050 thousand, MyFowo.com for €42 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 €1,355 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 2017:

In thousands of euros	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	-	-	-
Devoteam Fringes	60	100%	2,370	2,370	-	-	795
Devoteam Netherlands	20	80%	20,519	20,519	13,810	-	2,720
Devoteam Consulting	902	80.20%	27,618	27,618	-	-	2,172
Devoteam Consulting AS	67	90%	11,399	11,399	-		2,931
Devoteam UK	13	100%	3,762	3,762	-	-	704
Devoteam Outsourcing	38	100%	2,908	-	711	-	-
Devoteam Middle East	208	76%	367	367	-	-	-
Devoteam Czech Republic	8	80%	5	5	-	-	721
Devoteam Morocco	18	100%	3,499	-	1,021	-	-
Devoteam Italy	100	20%	20	20	-	-	80
Devoteam Services	9	100%	8	-	455	-	-
Devoteam Tunisia	17	75%	8	8	220	-	-
Devoteam Information Technology and Consultancy A.S.	163	75%	2,665	1,310	49	-	-
Devoteam GmbH	3,000	100%	11,975	11,975	9,305	-	-
Exa ECS	3,001	35%	1,050	-	61	-	-
VoxPilot	5,219	100%	-	-	394	-	-
Devoteam S.A Poland	1,031	62%	3,399	-	7,410	-	-
Fornebu	20	100%	9,696	9,696	-	-	1,045
Siticom GmbH (formerly Fontanet)	286	35%	100	100	1,905	-	-
Devoteam Consulting Holding	3,000	100%	3,001	3,001	4,352	-	-
Steam Management	500	60%	300	300	-	-	-
Keivox Enterprise Mobility	129	36%	65	-	246	-	-
RVR Parad	50	95%	1	1	276	-	-
Inflexsys	188	20%	70	70	-	-	-
Axance	66	76.60%	3,769	3,769	-	-	-
Shift by S'Team	300	65.50%	400	400	-	-	-
Siticom	150	65%	98	98	-	-	-
Devoteam G Cloud	300	100%	10,207	10,207	-	-	-
Be Team	200	70%	140	140	578	-	-
Marflie Management	250	100%	11,016	11,016	-	-	-
Technologies & Opérations	150	70.47%	106	106	-	-	-
FI-Makers	250	66.96%	167	167	257	-	-
DPI	1,100	67.50%	1,132	1,132	1,770	-	-
Devoteam Digital Factory	167	69.20%	115	115	-	-	-
DBSE (formerly Dvt Cloud Services)	300	73.33%	220	220	-	-	-
Devoteam Cloud Services Spain	203	68.97%	140	140	-	-	-
DFSJ	450	45%	450	450	269	-	-
Globicon	75	100%	2,717	2,717	-	-	484
HNCO AB	10	30%	12	12	-	-	14
Devoteam Consulting Belgium	300	60%	180	180	-	-	-
My-G	50	100%	295	295	-	-	-
MyFowo.com	1,080	96.63%	42	-	658	-	-
Energy Dynamics	28	31.45%	9	9	-	-	-
D2SI Group	407	82.06%	11,266	11,266	-	-	-
Devoteam nexDigital	250	75%	188	188	-	-	-
Devomex Cloud Services	2	98.00%	2	2	-	-	-

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 In thousands of euros	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	810	810	-	-
Loans	406	406	-	-
Other financial assets	1,141	1,141	-	-
Current asset receivables				
Advances and prepayments made	158	158	-	-
Trade and other receivables	58,857	58,857	-	-
Other receivables(1)	19,361	18,236	1,125	-
Group and associated companies' current accounts	44,148	44,148	-	-
Prepaid expenses	1,874	1,874	-	-
Total	**126,755**	**125,630**	**1,125**	**-**

Payables In thousands of euros	Gross amount	Maturity in less than one year	Maturity in more than one year	Maturity in more than five years
Bonds	30,446	446	30,000	-
Borrowings from credit institutions	206	206	-	-
Misc. borrowings(2)	29,976	29,976	-	-
Trade payables	27,868	27,868	-	-
Tax and social security liabilities	34,945	34,945	-	-
Fixed asset liabilities	-	-	-	-
Other liabilities(3)	8,610	5,080	3,530	-
Deferred income	9,557	9,557	-	-
Total	**141,609**	**108,079**	**33,530**	**-**

(1) Of which €1,574 thousand in guarantee deposits on receivables sold to the Factor and €1,500 thousand in receivables on disposal of financial assets.

(2) Of which €29,183 thousand in current account advances granted by related companies.

(3) Of which €3,081 thousand in earn-out liabilities and €449 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:

In thousands of euros	At 1 January 2017	Charges	Reversals (provision used)	Reversals (provision not used)	Transfers between items	At 31 December 2017
Provisions						
Provisions for foreign exchange losses	480	199	480			199
Provisions for retirement benefits	2,222	451				2,673
Provisions for restructuring	-					-
Misc. provisions(1)	2,464	2,074	578	123		3,837
TOTAL	**5,166**	**2,724**	**1,058**	**2,123**	**-**	**6,708**
Provisions for impairment						
Provisions for marketable securities	-					-
Provisions for current accounts(2)	9,395	1,572	863			10,104
Provisions for doubtful receivables	136		50			86
TOTAL	**9,531**	**1,572**	**913**	**-**	**-**	**10,190**

(1) Of which provision of €1,010 thousand for employee disputes, provision of €982 thousand for legal fees on disputes in progress, provision of €681 thousand for other risks, provision of €542 thousand related to the free share allocation plan and €622 thousand for Group risks.

(2) Allowances: Devoteam Morocco for €1,021 thousand, Devoteam SA Poland for €533 thousand and VoxPilot for €18 thousand.

(3) Reversals: Devoteam Outsourcing for €172 thousand, Devoteam Algeria for €592 thousand and Devoteam Services for €99 thousand.

The provision at year-end can be broken down as follows: Devoteam Outsourcing for €711 thousand, Voxpilot for €394 thousand, Devoteam Morocco for €1,021 thousand, Devoteam Services for €322 thousand, Devoteam SA Poland for €7,410 thousand and Keivox for €246 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 appealed against the decision, and that proceeding is still pending before the Court. 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. It therefore believes that there is a strong chance that the Court of Appeal will overturn the judgment of the Commercial Court of Paris.
In this context and for these reasons, the Group has not changed its initial position and has not recorded a provision for damages.

3.5 Accrued expenses

In thousands of euros	2017
Supplier invoices not yet issued	4,893
Credit notes to be prepared	4,080
Personnel - accrued expenses	8,408
Social security bodies - accrued expenses	6,060
State - accrued expenses	523
Interest accrued on bonds	446
Interest accrued on other loans	13
Interest accrued on misc. borrowings	5
Total	**24,428**

3.6 Accrued income

In thousands of euros	2017
Client invoices to be issued	16,220
State - accrued income	2
Total	**16,222**

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 01/01/17	386,346	3,523
Treasury shares granted to employees as part of share purchase option plans	(26,000)	(237)
Transfer of shares to "unavailable shares"(1)	(60,000)	(547)
Balance at 31/12/17(2)	**300,346**	**2,739**

(1) Minutes of Management board meeting of 27/02/2017.
(2) Of which 300,170 shares with a total value of €2,738 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 2017, the average price of Devoteam shares was €75.29. 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 (€346 thousand). The net asset value at 31 December 2017 was €367 thousand.

3.8 Deferred charges

None.

3.9 Net position

3.9.1 Share capital

At 31 December 2017, 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 2017:

	Number of shares
At 1 January 2017	**8,327,907**
Exercise of BSPCE and share subscription options	4,500
At 31 December 2017	**8,332,407**

At 31 December 2017, all founders' warrants (BCEs) had been exercised.

3.9.2 Analysis of changes in equity

The change in net position over the 2017 financial year is as follows:

In thousands of euros	Beginning of the year	Approp. of 2016 earnings	Capital increase	Capital decrease	Other changes	Dividends distributed	2017 earnings	Year-end
Share capital	1,262		1					1,263
Share premium	1,845		89					1,934
Legal reserve	160							160
Other reserves	-							-
Gain on merger	50,999							50,999
Retained earnings (credit balance)	83,027	11,276				(4,785)		89,517
Profit (loss) for FY 2016	11,276	(11,276)						-
Profit (loss) for FY 2017	-						17,377	17,377
Other regulated provisions*	518				47			565
Equity	**149,087**	**-**	**90**	**-**	**47**	**(4,785)**	**17,377**	**161,815**

* 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:

In thousands of euros	2017
France	211,287
International	6,622
Total	**217,909**

The company operates in only one industry segment.

4.2 Incentives

No incentive agreement was established during the 2017 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 (*crédit d'impôt compétitivité emploi*, CICE)

The CICE recognised as a deduction from personnel expenses and corresponding to eligible compensation for the 2017 financial year, stands at €1,858 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	2017
Provisions for financial assets(1)	551
Provisions for treasury shares	-
Provisions for current assets(2)	2,393
Provisions for financial risks	-
Losses on investment-related receivables(3)	1,231
Investment-related expenses	28
Interest on finance transactions(4)	1,196
Other financial expenses	578
Total	**5,977**

Financial income in thousands of euros	2017
Net income from the sale of marketable securities	-
Financial income from capitalisation contracts	6
Investment-related income(5)	12,101
Reversal of provisions on financial assets(1)	6,074
Reversal of provisions on treasury shares	-
Reversal of provisions on current assets(6)	863
Reversal of provisions on liabilities and charges	480
Other financial income	378
Total	**19,902**

(1) These movements concern the valuation of equity securities using the method described in paragraph 2.3.1.

(2) Of which €2,194 thousand in provisions for impairment of current accounts and subsidiary risks.

(3) Corresponds to credit losses on current accounts resulting from the liquidation of subsidiaries.

(4) Of which €975 thousand in interest expenses on bonds.

(5) Of which €11,694 thousand in dividends received from subsidiaries and €407 thousand in interest received from subsidiaries on current account advances.

(6) Of which €863 thousand for reversal of provisions for impairment of subsidiary current accounts.

4.6 Extraordinary income and expenses

The main components of extraordinary income and expenses are as follows:

Operating expenses in thousands of euros	2017
On management transactions(1)	942
On capital transactions(2)	13,387
Exceptional provision for liabilities(3)	127
Total	**14,456**

(1) Of which €690 thousand in restructuring costs corresponding to redundancy and support expenses and €103 thousand related to severance payments.

(2) Of which €13,386 thousand from the sale of equity securities.

(3) Of which €80 thousand in provisions related to redundancy costs and €47 thousand in accelerated depreciation allowances.

Operating income in thousands of euros	2017
On management transactions	-
On capital transactions[1]	12,906
Exceptional reversal of provisions for liabilities[2]	230
Total	**13,137**

(1) Of which €8,267 thousand from the disposal of equity securities and €4,639 thousand in gains on the disposal of treasury shares.

(2) Reversals of provisions for restructuring in respect of redundancy and support costs for €170 thousand. The charges were recorded under extraordinary expenses.

4.7 Increases/decreases in deferred tax liabilities

5 Nature of differences	Tax Basis		Tax*	
	Start of the year	Year-end	Start of the year	Year-end
Organic	269	295	93	102
Construction effort	290	310	100	107
Unrealised gains on marketable securities	-	-	-	-
Foreign currency translation differences - liabilities	351	10	121	3
Provisions for pensions and retirement benefits	2,222	2,673	643	690
Provisions for Group current accounts	9,395	10,104	2,717	2,609
Provisions for misc. risks	725	1,436	250	494
Incentives and profit-sharing	-	-	-	-
Total relief	**13,252**	**14,828**	**3,924**	**4,005**
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		Net income
Recurring	19,526	621		20,030
		(1,125)	Tax credit	
Short-term extraordinary	(1,319)	1,334		(2,653)
Total	**18,207**	**830**		**17,377**

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 2017 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

4.9.2 Income tax for the year

In accordance with the tax consolidation agreement between the parties, the tax savings generated in respect of the 2017 financial year as a result of this tax consolidation are recorded in the company's income statement in the amount of €795 thousand. The tax expense for the year, calculated on the taxable profits of the tax consolidation group, amounts to €2,491 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)	32.50%	Between 2018 and 2020
Siticom	35.00%	From 01/01/2018 for one half and from 01/01/2019 for the remainder
Beteam	30.00%	From 01/01/2018 for one half and from 01/01/2019 for the remainder
Devoteam Digital Factory	27.50%	Immediate
Technologies & Opérations	29.53%	Immediate
Devoteam Customer Effectiveness	28.47%	Immediate
FI-Makers	33.00%	Immediate
D2SI Group	17.94%	From 31/12/2021 for one half and from 01/01/2019 for the remainder
Devoteam Italy	50.00%	Immediate
Devoteam Netherlands*	20.00%	From 01/01/2021 for one half and from 01/01/2022 for the remainder
Devoteam Turkey*	25.00%	Immediate

* 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 2017, 63,000 purchase options, 33,500 BAAER and 212,000 free shares are outstanding, as detailed below:

Date of plan	Granted	Number of options outstanding at 31/12/2017	Number of options outstanding at 31/12/2016	Exercise price	Earliest exercise date	Expiry date	Zero coupon rate
01/10/2010	50,000	-	5,000	€20.00	01/10/2012	30/09/2017	2.29%
18/10/2012	400,000	33,500	52,000	€12.00	18/10/2014	18/10/2019	1.35%
30/11/2012	100,000	63,000	70,500	€9.00	30/11/2016	30/11/2019	1.25%
17/06/2016	182,000	162,000	182,000	-	01/03/2019	01/03/2019	N/A
04/09/2017	50,000	50,000	-	-	01/03/2021	01/03/2021	1%
TOTAL	**782,000**	**308,500**	**309,500**				

The changes to the option plans are summarised in the table below:

	2017		2016	
	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	309,500	€4.39	416,751	€11.79
Number of options cancelled during the year	20,500	€4.39	48,425	€11.79
Number of options exercised during the year	30,500	€12.44	240,826	€12.44
Number of options issued during the year	50,000	-	182,000	-
Number of shares that may be subscribed at year-end	**308,500**	**€3.14**	**309,500**	**€4.39**

Devoteam SA does not recognise any liability with regard to its commitment to grant shares as part of the BAAER and share purchase option plans. All of these option plans are covered by shares previously reclassified at a price lower than the option exercise price (see Note 3.8.1).

5.2.2 Interest rate hedging instruments

No interest rate hedging instruments are in place at 31 December 2017.

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 €15,356 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.	500	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	6,357	Guarantees on bank lines of credit
Devoteam Consulting AS	813	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	599	Guarantees on bank lines of credit
Total subsidiary guarantees	**10,049**	
Other		
Devoteam GmbH	80	Supplier guarantees
Devoteam Foundation	120	Subsidy payment commitment
Total other guarantees	**200**	
Total guarantees given	**10,249**	

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 2017, all earn-outs have been recorded.

NOTE 6 - MISCELLANEOUS INFORMATION

6.1 Breakdown of the workforce

During the 2017 financial year, the average headcount was 1,453 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 2017 amounts to €1,110 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 2017 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

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2017

To the Shareholders of Devoteam SA,

Opinion

In performance of the mission entrusted to us by your General meeting, we have audited the Devoteam SA annual financial statements for the year ended 31 December 2017, 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 as at 31 December 2017 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 2017 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 points of the audit

Pursuant to 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 points of the audit 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 2017, the equity securities are recognised in the Devoteam SA statutory balance sheet for a net amount of €142,293 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 using the discounted future net cash flow method adjusted for net debt.

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 point in our audit 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;
- assessing the reasonableness of the valuation of the value in use retained, notably through:
    - interviews with management,
    - a comparison of the cash flow projections resulting from the budget and forecasting process for the years 2018 to 2021 with the projections used in the impairment test for the previous year,
    - a comparison of the 2017 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.

Recognition of revenue for fixed-price contracts

(Paragraphs 2.10 of the notes to the annual financial statements)

Risk identified

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 point of the audit 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.

Provisions for liabilities and charges – Disputes

(Paragraphs 2.7 and 3.4 of the notes to the annual financial statements)

Risk identified

The company is exposed to social security and tax risks and is involved in legal proceedings and disputes in the exercise of its activity.

The outcome of these proceedings and disputes and the positions taken by the company are inherently based on the use of assumptions, assessments or estimates by management.

Management's assessment of these risks led the company to recognise provisions amounting to €6,708 thousand at 31 December 2017 (versus €5,166 thousand at 31 December 2016) or, in certain cases, not to recognise a provision.

We considered this topic to be a key point of the audit due to:

- the uncertainty about the outcome of the risks, proceedings and disputes incurred;
- the high degree of estimates and judgment used by management;
- and, as a result, the potentially significant impact on earnings and equity should these estimates change, including due to the outcome of proceedings and disputes.

Response given

We examined the procedures put in place by the company to identify all of the social security, tax, legal and other litigation risks to which the company is exposed.

We took note of the company's risk analysis and discussed the status of each significant, declared or potential situation with the company's management. We also directly interviewed the company's lawyers to obtain their explanations and opinions on each significant situation.

We also obtained and analysed, with the assistance, as needed, of lawyers or experts in the assessment of injury, the advice of the external counsel of the Group's companies, the procedural elements available (letters, claims, notifications, judgments, etc.) and assessed the appropriateness of the recognition or non-recognition of provisions for each significant situation and the assessment of the amount of those provisions.

Audit of the management report and other documents addressed to shareholders

We have also performed the specific verifications required by law in accordance with professional standards applicable in France.

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 regarding the fair presentation and the consistency with the financial statements of the information provided 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.

Report on corporate governance

We certify 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 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 2017, KPMG SA was in the first year of its mission without interruption and Grant Thornton in the fourth 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.

Neuilly-sur-Seine and Paris-La-Défense, 19 April 2018

The Statutory Auditors

Grant Thornton
French member of Grant Thornton International

Vincent Papazian
Partner

KPMG Audit
Department of KPMG SA

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 Chairmen

"Mindful of the challenges raised by the main CSR issues, Devoteam pledges its commitment to contributing to further progress, which is part of the company's DNA. Our goal is to lay the operational foundations now, as part of an ambitious CSR plan, which over the next few years will address the social, societal and environmental issues surrounding our consulting business.
By making this pledge, we hope to get our employees, partners and all our stakeholders on board".

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.


devoteam
Devoteam Charter
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, *Head of Corporate Affairs*

Vivien Ravy, *Internal audit*

Cihan Kaya, *CSR Officer*

Roland de Laage, *General Secretary*

Charlotte Simonet, *Purchasing Manager*

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.

In June 2016, the Group was awarded the *Grand Prix de la Transformation des Entreprises*. This award is given to companies with revenue of more than €250 million that have proven their ability to develop their business model in a difficult environment.

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 we measure our 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.

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.

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.

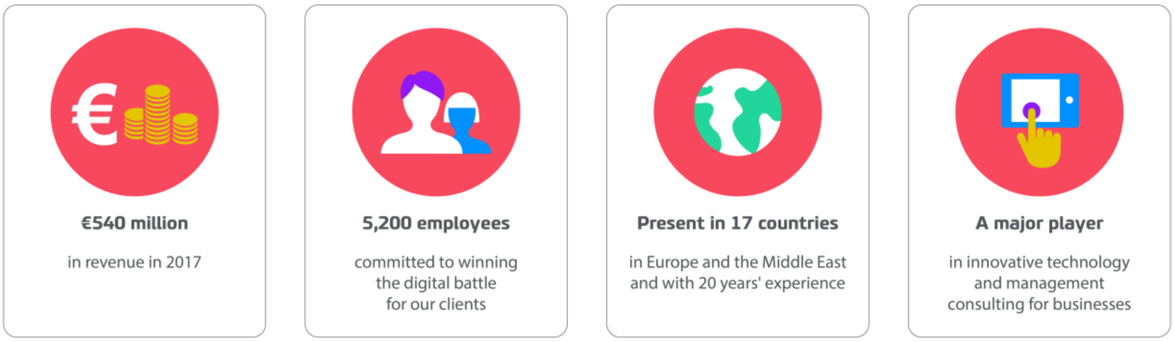
Happy at work for starters is a label awarded to companies if more than 50% of their staff under the age of 28 responded to a survey and the results indicate a satisfaction score above 3.8/5. Given the number of consultants we have under the age of 28 (40% of our staff), this label emphasises how important we consider the early stages of a career to be. As a result, it should hopefully allow us to continue attracting young talent. This label was awarded in 2017, in respect of 2016.

Ecovadis CSR Rating: Devoteam was awarded the Silver label in August 2017, proof of its commitment to corporate social responsibility. Devoteam climbed eight percentage points in less than a year, from an overall score of 44/100 to 52/100. Devoteam hopes to continue these CSR efforts to reach Gold level.

5.1.5 Key figures

In January 2017, Devoteam unveiled its ambitious plan Scale! 2020. This follows the EAGLE plan launched in 2012, and underscores the company's ability and willingness to combine growth, profitability and innovation. The financial markets welcomed the news of the new strategic plan.

Since the company's inception, Stanislas and Godefroy de Bentzmann, Devoteam's co-founders, have had a strong influence over the business strategy and Devoteam has remained very much a family business. This strength has enabled the company to grow and assert its legitimacy and sustainability in the digital services landscape.



5.2 Employee-related

5.2.1 Employment

5.2.1.1 Total headcount

At 31 December 2017, the Devoteam Group employed 5,195 people, compared to 4,229 people at 31 December 2016. The data presented below relates to 4,980 employees (i.e. 95.95% of total employees). Excluded from the scope are: Between Hld (Netherlands), Q-Partners (Germany), Devoteam Italia, Devoteam Communication SARL, Devoteam Consulting Marocco, Drago PA (Spain), TMNS Serbia, Devoteam Tunisia and MyFowo (France), representing 215 employees.

5.2.1.2 Breakdown of headcount by gender, age and geographical area

At 31 December 2017, 76% of employees were men and 24% were women, compared with 77% and 23% respectively in 2016. 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.

The breakdown of employees working at company premises or those of client companies is as follows:

Number of employees	31-Dec-17	31-Dec-16	Variation
Employees working at client premises*	3,777	3,214	563
Employees working at Devoteam premises	1,203	1,006	197
Total	**4,980**	**4,220**	**760**

** Employees working at client premises are employees working directly on the client's site rather than on our own site*.

The number of part-time employees is 124 (unchanged from 2016).

The breakdown **by age bracket** is below.

Age category	31-Dec-17		31-Dec-16		Variation by number	Variation as a percentage (2016-2017)
	Number of employees	Breakdown as a percentage	Number of employees	Breakdown as a percentage		
18-24	365	7%	271	6%	94	35%
25-34	2,338	47%	1,922	46%	416	22%
35-44	1,266	25%	1,121	27%	145	13%
45-54	760	15%	682	16%	78	11%
>55	251	5%	224	5%	27	12%
Total	**4,980**	**100%**	**4,220**	**100%**	**760**	**18%**

The average age of Devoteam Group employees at 31 December 2017 was 34 (37 at 31 December 2016). The age group with the highest number of employees, in both 2017 and 2016, was 25/34 years.

The breakdown by **geographical area** reflects the fact that the Group has several sites in France and is present in 17 countries in Europe, the Middle East and North Africa, as shown below:

Geographical area	31-Dec-17		31-Dec-16		Variation by number	Variation as a percentage (2016-2017)
	Number of employees	Breakdown as a percentage	Number of employees	Breakdown as a percentage		
France	2,562	51%	2,181	52%	381	17%
Europe	1,945	39%	1,533	36%	412	27%
Rest of the world *	473	9%	506	12%	-33	-7%
Total	**4,980**	**100%**	**4,220**	**100%**	**760**	**18%**

* Mainly North Africa and Persian Gulf countries

5.2.1.3 Working arrangements

Recruitments	31-Dec-17		31-Dec-16		Variation by number	Variation as a percentage (2016-2017)
	Number of employees	Breakdown as a percentage	Number of employees	Breakdown as a percentage		
Open-ended contract	1,776	95%	1,301	90%	475	37%
Fixed-term contract	34	2%	98	7%	-64	-65%
Apprenticeship	57	3%	48	3%	9	19%
Total	**1,867**	**100%**	**1,447**	**100%**	**420**	**29%**

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:

- training plan dedicated to external training;
- Devoteam University, dedicated to internal training designed and delivered by our expert consultants;
- Knowledge Communities that encourage the creation of peer networks, within which employees can share knowledge, learn and develop their own skills.

In 2017, Devoteam had 15 active communities across the Group with more than 2,000 consultants.

As a business in the digital industry, Devoteam SA offers consulting services on innovative technologies to support its clients in their digital transformation.

This requires employees to develop their skills and keep them up to date through training, so as to be able to respond to and consult on client issues.

Devoteam SA is therefore developing an ambitious training policy by setting aside more than 3% of its gross payroll each year for training. This policy is based on both certified technical training, which is a hallmark of quality in our industry, and the behavioural skills required to meet the needs of our clients and build strong relationships with them.

Staff training is thus a key lever of the business strategy, since it makes a significant contribution towards achieving ambitious goals. It also makes it possible to attract and retain new talent each year by providing a clear career and skills development pathway.

Devoteam University

Devoteam University is central to our skills management project and the company’s strategy.

Our university is a space in which discussion and healthy competition are encouraged. We believe that this in turn creates genuine 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 line with our objectives for the past two years, we extended our training programme in 2017. As a result, 38% of courses were delivered internally, which equates to more than 8,000 hours of training.
To accompany this Learning Management System, in 2017 we launched a mobile app called MDE Game, which bolts on to the My Devoteam Experience app.
The aim of the app is to measure and develop knowledge of:

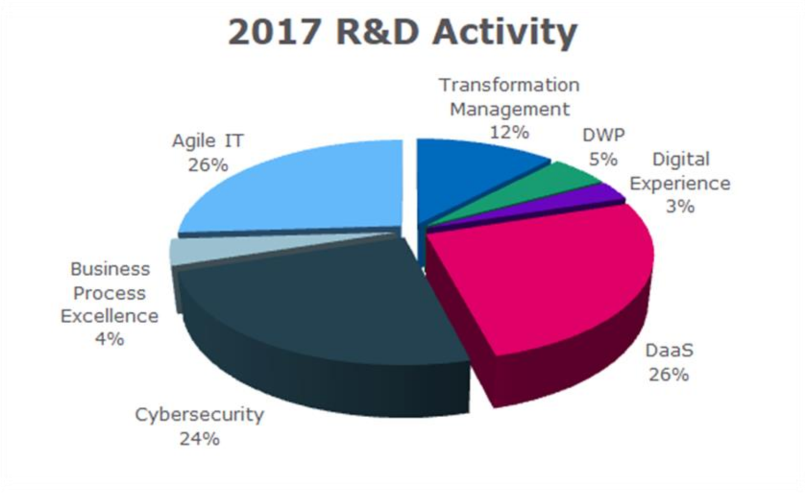
- the Devoteam Group, its products and services, corporate culture and CSR policy;
- technical subjects;
- technology monitoring.

Employees can test their knowledge in private or challenge their colleagues by playing in battle mode, and so climb up through the rankings. It also fosters a sense of belonging to the Group, especially for consultants, most of whom work at our clients' sites.

Devoteam Research and Innovation (DRI)
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 logic of supporting our clients in the digital transformation battle.

In 2017, the work focused on data processing, with, in particular, the implementation of chatbot and artificial intelligence (AI) solutions. It also concentrated on transformation management, particularly agility and change management. In addition, a significant part of the work involved *containerisation* and best practice in the use of public cloud offerings. We also worked on security and launched a review of preventive maintenance in IT.

A breakdown of these activities is shown in the following graph:



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.

Knowledge Communities

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.

The Knowledge Communities embody the collaborative culture of Devoteam and use multiple approaches to encourage innovation. They ensure that consultants stay at the cutting edge of market developments, through "Knowledge Up" training programs and collaborative methods including technical conferences, feedback, quizzes and on-the-job support. The Communities also focus on innovation through their identification of innovative technological developments and market trends, and their involvement in research projects in association with Devoteam Research and Innovation (DRI).

This unique, differentiating initiative is integrated with the Devoteam corporate social network and led by a team of experts known as Community Leaders. Actively sponsored by the Executive board, the Communities are also an opportunity for employees to showcase their talents.

Lastly, they support "Business Communities". Consultants producing high quality content in the Knowledge Communities are identified and their content is redirected towards the Business Communities. This enables it to be disseminated via internal and external social networks and presented to clients, the sales force and management.

The key figures for training are presented below:

	2017(1)	2016(1)	Variation(1)
Number of employees trained	1,844	1,352	492
Number of hours of external training	32,396	34,636	-2,241
Number of hours of internal training	64,006	40,172	23,834

(1) Scope: Devoteam SA, GCloud, Axance, Belgium, Netherlands (excluding TMNS), Austria, Germany, Siticom GmbH, Middle East

On average, the training effort for the reported scope is around 17 hours of external training (versus 22 hours in 2016) and 33 hours of internal training (versus 25 hours in 2016) per employee.
The decrease in external training between 2016 and 2017 is offset by the increase in internal training, notably by augmenting our in-house training capabilities, particularly in France.

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
No opinion

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 any employees prefer not to complete the questionnaire, they can be excluded from this monthly process.

Lastly, a presentation with satisfaction/dissatisfaction graphs is sent to all managers, department heads, HRBP and the Executive board for a constructive follow-up to the project.

5.2.3 Working conditions

5.2.3.1 Compensation

Devoteam SA compensation by gender	Compensation (€)
Average compensation of young male management graduates at Devoteam SA	37,264
Average compensation of young female management graduates at Devoteam SA	37,950

5.2.3.2 Work/life balance

Teleworking agreement

Following a review of its staff working arrangements, Devoteam and the CFDT, CFE-CGC and UNSA unions signed an agreement on introducing teleworking at Devoteam SA.

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 addition, teleworking is an indirect way of lowering the company's environmental impact by reducing commuting.

However, since this working arrangement also requires staff to work with more accountability and autonomy, the teleworking agreement lays down the conditions for eligibility and use of teleworking. It also specifies how this type of working arrangement should be set up.

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.

Donating paid leave

Devoteam allows staff to donate days of paid leave to colleagues with seriously ill children.

Employees can transfer holiday to employees responsible for looking after a child under the age of 20 with a critical illness or disability or who has been in a particularly serious accident and needs intensive, round-the-clock care.

5.2.3.3 Digitalisation of Devoteamer tools

Introduction of an HR IT tool: My Digital Career

As part of the rollout of the IT 2020 strategy, Devoteam decided to introduce an IT tool for human resources management. Launched in 2017, the aims of this digital tool are to:

- support employees in their integration and skills development;
- reinforce the brand image;
- ensure operational efficiency;
- create a link to Devoteam's digital strategy;
- encourage the use of Devoteam tools.

The main advantages of this tool are that it offers a clear, standardised process, easier access to secure data and better HR monitoring.

The tool includes the following features:

- management of all employee data (general details, CV, core competencies, etc.);
- a record of the employee's career development and skills;
- employee performance and targets;
- salary management;
- a function enabling a sales executive to assign a consultant to a client, based on the consultant's competencies and schedule, directly via the tool.

A test phase is planned for the first half of 2018. The tool will then be rolled out gradually throughout 2018 in France and several other countries. The rollout will continue in 2019 for certain HR processes.

A new Devoteamer smartphone app: My Devoteam Experience

My Devoteam Experience is a new digital experience which Devoteam SA is offering to its employees.
The aim is to digitalise the work of Devoteam's consultants by giving them an innovative and portable toolkit via a mobile app.

The app currently offers the following features:

- Devoteam news feed: a feed consisting of all Devoteam news;
- submission of the activity report: feature allowing the activity report to be submitted by mobile via an intuitive interface;
- MDE Game: access to an app that improves the player's knowledge of Devoteam and other topics via a quiz;
- "Tell me what you want": interface allowing employees to vote for the features they want to see in the app.

Introduction of the training portal: My Devoteam Academy

My Devoteam Academy is a learning management system introduced in late 2017 ahead of its rollout in 2018. Its aim is to become the unique Devoteam training portal allowing employees:

- to view all Devoteam training courses linked to Devoteam's positioning and strategy and therefore oriented towards SMACS (Social, Mobility, Analytics, Cloud, Security);
- to apply for training online and monitor management approval through real-time processes;
- to access free digital learning resources (videos, MOOC, etc.);
- to explore new learning methods.

The portal effectively includes:

- digital training: e-learning, MOOC, videos, etc.;

- 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 assessment process consisting of feedback from the student, to be completed at the end of the course, and feedback from the manager, to be completed within three to six months of the employee completing the course, to assess the level of knowledge/skills acquisition and practical implementation. It also allows the trainer to evaluate the group during in-house training. With this training, we can set a quiz at the start or end of the course, for example to determine whether the criteria for attending the course have been met, or to ensure that groups are at the same level.

The portal is due to be launched for employees in early 2018.

5.2.3.4 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.
In addition, consultants must complete a monthly "Consultant Satisfaction Survey", in which they must rate their level of satisfaction on different topics:

- 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. The Head of and Human Resources and the manager may be alerted, depending on the scores given and/or comments, and can then meet with the employee and/or establish an action plan if necessary.

This process also helps to identify any potential issues.
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 of members of the health and safety committee and company doctors are displayed on notice boards and are available on the internal social network Hive.

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 Hive 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.

5.2.3.5 Accidents at work and absenteeism

During 2017, the Group recorded 24 commuting accidents in France, which resulted in 659 calendar days of absence (compared with 16 accidents in 2016 and 352 days of absence).
The absenteeism rate is 2.97% for France and 2.16% worldwide.

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.

A diversity handbook has been produced jointly by the Group’s Data Protection Officer, the head of recruitment and the head of the disability team.
The aims of this handbook are to:

- reaffirm Devoteam's commitment to respecting the freedom and fundamental rights of its employees;
- promote diversity among recruitment and management staff;
- raise awareness on the most common forms of discrimination at work.

Diversity training
In March 2017, Devoteam Technology Consulting hired the organisation EQUILIBRES to provide diversity training for:

- the HR team;
- the recruitment team;
- managers;
- the sales force.

The purpose of the training was to define discrimination and foster an understanding of diversity in the wider sense, including stereotypes, raising awareness of how the illusion of equality can affect discrimination.

The course also raised awareness of how stereotypes are a mechanism for creating inequality and identified levers and actions using case studies.

Lastly, the training decoded the language around diversity: not only equality (law, treatment, opportunities), diversity, parity, etc., but the 23 discrimination criteria and the concepts of direct and indirect discrimination. It also identified the challenges of combating discrimination (legal framework and employers' risks) and of supporting diversity in business (social and economic performance).

Disability policy

Group agreement

As part of its corporate citizenship, on 20 January 2018, Devoteam signed an agreement with the majority of its social partners on the employment and retention in employment of people with disabilities. This follows the agreement signed with Agefiph for the periods between May 2009 and May 2011 and the two agreements for the periods 2012-2014 and 2015-2017.

This three-year agreement (2015-2017) has four objectives:

- to recruit and integrate disabled workers (on open-ended contracts, fixed-term contracts, work-study contracts, internships, etc.);
- to raise awareness and promote the subject of disability both internally and externally;
- to act to retain in employment disabled workers using measures to adapt their workstations, additional training, etc.;
- to work together with companies in the protected and adapted sector, adapted companies and ESAT (assistance centres helping disabled people into work) via subcontracting or co-contracting agreements.

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 for example, in the following areas:

- job seeking techniques and strategies;
- office skills;
- english;
- interpersonal communication.

For information, Many Rivers offers support to companies in the implementation of disability initiatives and to job seekers in achieving their aims.

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:

- a competition: for one week, employees could complete a questionnaire on disability to win prizes. Employees who took part in the competition scored an average of 7/10;
- several workshops, including one on "Day-to-day autonomy": presentation and exchange with a consultant on technical objects and aids enabling people with disabilities to be autonomous in their day-to-day life (personal and professional). Another workshop covered hidden disabilities: employees took part in role-play exercises to make them more aware of the difficulties caused by hidden disabilities (e.g. short-term memory loss, muscle weakness, impaired vision, dyslexia, physical pain, mental health issues, hearing loss, diabetes, musculo-skeletal disorders, depression, anxiety, cancer, epilepsy, etc.). This was followed by a discussion with the consultants examining the consequences of these disabilities based on their experiences;

- 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 the European Disability Employment Week, Devoteam organised awareness-raising with actors in the technology and disability sector, who took part in the Handitech Awards for inclusive companies.

Handitech Awards

Devoteam co-founded Handitech in 2017. This acts as an umbrella organisation for start-ups that are developing innovative technology solutions for disabled people, or for people with disabilities as a result of illness or loss of independence. Handitech also brings together businesses, schools, institutions, non-profit organisations and investors, etc. that are working on innovative projects or solutions to compensate for or overcome disability and give everyone a better future.
The aim of Handitech is to showcase the values of these start-ups and accelerate the promotion and use of inclusive technology. JobinLive and BPI France held the Handitech Awards during Disability Week to give recognition to the most emblematic Handitech start-ups. During the event, Emmanuel Lehmann, Deputy Chairman of Devoteam France and Chief Executive Officer of Devoteam SA, presented the award for "Mobility". Handitech is now opening up the conversation around the subjects of disability and dependence by including them among the major technological and social challenges of the coming years.

Digital accessibility of our recruitment and communication channels

As part of its disability policy, Devoteam decided in 2017 to make its French website and careers site accessible to people afflicted by 11 conditions:

Visual disabilities:
- colour blindness,
- cataracts,
- age-related macular degeneration,
- presbyopia;

Cognitive disabilities:
- dyslexia,
- photosensitive epilepsy;

Motor disabilities:
- arthritis,
- Parkinson's disease,
- Wilson's disease,
- multiple sclerosis,
- tremor.

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

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. On 8 March 2017, Devoteam held a "Women at Devoteam" evening at the company's premises, inviting the non-profit organisation "Elles Bougent!" to take part.

Buoyed by the success of the event and recognising the importance of this social issue, Devoteam decided to launch quarterly "Women at Devoteam" evenings from June 2017, making its partnership with "Elles Bougent!" official.

The aim of the project is to challenge stereotypes in the engineering profession, particularly the industry's masculine image, to encourage young women to consider a career in this sector and thus improve its diversity.

5.2.5 Promotion of and compliance with the provisions of the fundamental conventions of the International Labour Organization

5.2.5.1 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, 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.

5.2.5.2 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.

5.2.5.3 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.

5.2.6 Employee-related KPIs – reporting scope

INDICATORS	UNIT	2017	2016
Headcount			
Reported headcount at 31/12	Actual headcount	4,980	4,220
Breakdown of the workforce by gender	% women	24	23
	% men	76	77
Breakdown of the workforce by age group	% of employees under 25	7	6
	% of employees between 25 and 35	47	46
	% of employees between 35 and 45	25	27
	% of employees over 45	21	21
Average age at Devoteam	Age	34	37
Recruitments and departures			
Total number of hires	Number of hires	1,724	1,423
Hires on permanent contracts	Number of hires	1,561	1,277
Hires on fixed-term contracts	Number of hires	131	98
Apprenticeship	Number of hires	25	48
Total number of departures	Number of departures	1,193	1,064
Resignation	Number of departures	743	648
Redundancy	Number of departures	113	171
End of fixed-term contract	Number of departures	64	86
Retirement	Number of departures	4	19
Death	Number of departures	1	0
Other	Number of departures	268	120
Net job creation	Number of jobs created	674	263
Working arrangements			
Breakdown of the workforce by contract type	% employees on permanent contracts	97	93
	% employees on fixed-term contracts	1	4
	% apprentices	2	3
% full-time employees	% employees	98	97
% part-time employees	% employees	2	3
Compensation			
Average compensation of young graduates (2)	Women (€)	37,950	37,667
	Men (€)	37,264	36,683
Management			
Adaptation of workstations for people with disabilities	Number	8	7
Employment rate of people with disabilities	%	2	2
Training			
Training expenditure as % of payroll (2)	%	3	3
Total number of training hours(1)	hours	96,402	74,808
Percentage of employees trained during the year by gender(1)	% of women trained	72	63
	% of men trained	73	63
Internal events			
Internal and external events(2)	Number	125	130

(1) Scope: Devoteam SA, GCloud, Axance, Belgium, Netherlands (excluding TMNS), Austria, Germany, Siticom GmbH, Middle East
(2) Devoteam SA

5.2.7 Action plan and targets

The company's employee-related policy depends very much on new regulations and changes in employment law. For example, a teleworking agreement was signed at the end of 2017. In addition, awareness-raising on the right to disconnect will begin by the end of 2018.

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.

In 2018, Devoteam SA wants to obtain quality certification for its corporate university to guarantee the quality of the courses provided and make them eligible for funding from accredited training fund bodies. Devoteam SA has chosen Veriselect (Bureau Veritas) certification, which is the most compatible with its training activity.

In 2018, Devoteam University will be introducing a learning management system to increase the range of training methods and offer greater learning flexibility (classroom, webinars, blended learning, MOOC, etc.), as well as more options in terms of modular and personal development pathways.

Devoteam is also keen to encourage staff to work on projects aimed at innovative new solutions, whether in association with Devoteam or not. To that end, Devoteam wants to set up an ideas platform in 2018 to develop these internal projects. Devoteam's backing will take the form of end-to-end project support, from drafting the business plan through to the industrialisation or implementation phase, with dedicated support and advice on technical and legal aspects.

In addition, Devoteam hopes to sign a new three-year disability agreement with its social partners in 2018. This will cement its commitment to integrating people with disabilities into the workplace, as well as bringing new subsidiaries on board.

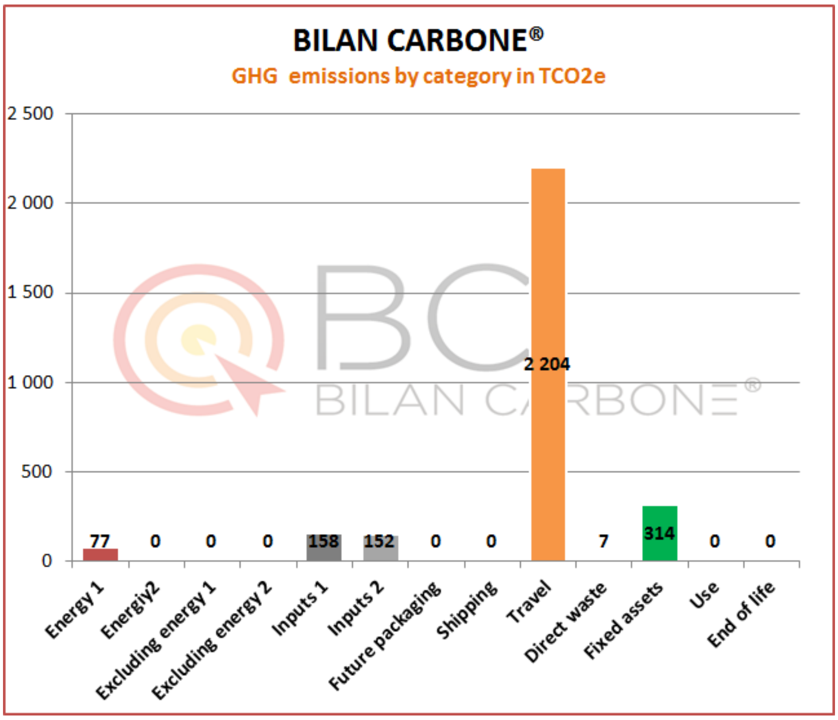
Lastly, a training plan on HR CSR issues will be launched in 2019 for the people concerned at Devoteam.

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.

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 2017, 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 2017, which covers emissions for 2016.

5.3.1 Carbon footprint assessment 2016



Carbon footprint assessment for France in 2016: 2,910 tCO_2 or 1.39 tCO_2e per employee in France

5.3.1.1 Note on methodology

The results of the carbon footprint assessment shown above are for France in 2016. The methodology consisted of taking all the data from the 2016 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 400 staff responded, out of a total of 1,888. 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 50% of the workforce and 45% 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 environmental impacts 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 staff have all received awareness training from the Elise manager on selective waste sorting. This awareness 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 rollout of Elise recycling bins at all our premises in France.
We are also committed to having an ambitious recycling policy for office waste (particularly paper), given the impact that offices had in 2017. To this end, we will be introducing appropriate bins at all sites on which Devoteam operates in France.

WEEE
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 2017, Devoteam used 5,025 kg of paper.
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:

- place paper printed on one side only into "scrap paper" trays so that it can be reused,
- use double-sided printing and print multiple pages on one sheet wherever possible,
- do not automatically print documents (e.g. emails).

Waste reporting
After the first 10 months, the results of selective waste sorting are as follows:

Quantity of waste recycled by category between 01/03/2017 and 31/12/2017		CO2e of avoided emissions
Cans	160 kg	4,254.4 kg
Plastic bottles/cups	686.5 kg	7,524.04 kg
Paper/cardboard	3,064 kg	919.2 kg
Glass	87.5 kg	

SOURCE: Elise
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 Group buildings in France (Paris region, Toulouse, Nantes and Lyon) 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;
- the roof insulation at head office was improved in 2015;
- an energy audit of the buildings in France was carried out and did not reveal any significant anomalies.

In 2017, these measures reduced consumption to 899,770 kWh. This consumption represents 20% of employees working at Devoteam premises in France. As explained earlier in the report, the majority of our employees work at our clients' premises (BtoB), so the monitoring of energy consumption is based solely on the data in Devoteam's possession.

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 2017, was 102g/km (compared to 105g/km in 2016). 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 3.8 million km driven (3.9 million in 2016), CO2 emissions amounted to approximately 387 tonnes of CO2 in 2016 (411 tonnes in 2016).

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 2.5 million km (compared with 1.6 million in 2016), equal to approximately 461 tonnes of CO2 emitted in 2017 (against 296 tonnes in 2016).

<u>Advice to employees:</u>
- use public transport wherever possible;
- if you drive, drive more smoothly (less polluting);

- encourage and promote travel-free business meetings (conference calls, video calls, etc.);
- Check whether your journey is similar to that of any colleagues with whom you could car-share.

In 2011, Devoteam joined a car-sharing site managed by Levallois town council (where the Group's head office is located); the aim is to encourage car-sharing between employees of companies in Levallois.

5.3.5 Equipment

Devoteam trends:
- use "green" equipment wherever possible (paper cups, PEFC paper, etc.);
- 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.

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

Bee hives

Mindful of environmental issues and biodiversity in particular, Devoteam is seeking to address these fundamental questions by installing bee hives 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 therefore set up four bee hives on its roofs to raise staff awareness on this subject. Each year, the honey produced is given to employees.

5.3.7 Environmental KPIs

INDICATOR	UNIT	2017	2016
Consumption of natural resources			
Quantity of paper consumed per employee	kg/employee	17.4	14.9
Total quantity of paper consumed	kg	5,025	5,025
% of recycled or certified paper	%	100	100
Total energy consumption	kWh	899,070	938,158
Business travel			
Kilograms of CO2 equivalent linked to the distance travelled by air, per employee	kg CO2e/ employee	461,000	296,000
Average CO2 emissions per km travelled by the company's vehicle fleet	g CO2/km	5.1	5.1
Kilograms of CO2 equivalent linked to the distance covered by company cars	kg CO2e	387,000	411,000
Waste			
Total quantity of WEEE removed by an external provider	kg	0	1,113
% of areas covered by selective waste sorting	%	90	90

5.3.8 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 courses: Devoteam is committed to reducing carbon emissions from its vehicles by 5-10% by the end of 2019 and drivers of its car fleet 387 tCO_2e in 2017 (1.68 tCO_2e per driver) after drivers have attended eco-driving courses;
- 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 raise employee awareness of videoconferencing 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

- Devoteam is committed to reducing its consumption from lighting by 50%, or 10% of its energy bill, by switching to LED lighting in all premises owned by Devoteam by the end of 2018.
- It will also look at switching to a clean (or renewable) energy supplier by the end of 2018.
- 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, plastic cups, glass and metal cans, by mid-2018 we want to recycle 50% of the paper purchased by Devoteam in France, with a target of 90% by the end of 2020.
- In parallel, we have purchased new printers that require a security pass to enable printing. This will reduce our paper consumption per employee by 10% by the end of 2018.
- This nationwide policy will mitigate our environmental impact by recycling waste with the adapted company Elise.

Carbon reduction scheme

Through reforestation schemes, Devoteam is committed to reducing its carbon footprint by 10-15% (relative to the baseline established by the 2016 carbon footprint assessment) by the end of 2018.

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 a signatory to the Global Compact and upholds the 10 principles laid down by the United Nations. Devoteam is committed to the fight against corruption and associated practices such as extortion and bribery.

Devoteam is listed on the Paris stock exchange and operates in more than 17 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 liability of Board members.

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. More specifically, it is responsible for the compliance process and its continuous improvement.

Devoteam Code of Conduct (ethical rules and principles):
Ethical charter signed by Group managers, declarations consolidated by the internal audit team and compliance.

Internal Representation Letter
Formal declaration by managers of Group entities of the compliance of the accounts and various activities with the laws and regulations and the Group's business and ethical guidelines.

In 2017, 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.

5.4.2 Data protection

In 2017, Devoteam strengthened its ethical commitment and approach towards data protection and privacy.

"Data Protection Governance" certification from the CNIL
The first report sent to the French Data Protection Authority (CNIL) in March 2017 revealed the extensive work undertaken to meet the authority's 25 requirements, including:
- updating two privacy policies;
- updating information notices on Devoteam sites;
- implementing nine procedures (risk management, security, etc.);
- creating five action plan templates.

Devoteam Group action plan for GDPR compliance
A Group action plan approved by Devoteam Management was launched in the fourth quarter of 2017:
- identification of contacts in all group entities worldwide;
- appointment of a project committee;
- phased implementation and proposals for compliance tools. The first part, "Risks and Security", began in December 2017, followed by "Compliance" and "Incidents" in the first half of 2018:
- risks and security:
  - inventory of applications (local),
  - simplified risk analysis (security requirements and first level GDRP compliance),
  - completion of data protection impact assessments (DPIA), i.e. a detailed analysis of impacts on individuals if the risk materialises;
- compliance:
  - entry in the register of processing operations,
  - compliance instruction,

    - rights of individuals (information, template of site notices/consent form/right to unsubscribe, etc.);
- incidents:
    - management of incidents and infringements.

5.4.3 Action plan and targets

Integrate the Global Impact+ and Syntec's CSR working groups
Business ethics is a global issue that affects all companies, regardless of their size. The principles of the Global Compact, to which we adhere, provide us with guidelines. Our aim is to take this a step further. We want to join the Global Compact+ community to deepen our approach and bolster our ethical standards.

Moreover, we want to get involved in local and industry initiatives to anchor ourselves in the CSR landscape and improve our transparency by benchmarking our performance in this area against our competitors.

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 2018. 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.

Implementation of conflict of interest prevention (Related party transactions disclosure)
Devoteam wants to introduce annual related party transaction disclosures for Group managers to avoid conflicts of interest in the company.

Drafting a new IT charter
In 2018, the Devoteam Group plans to introduce a new IT charter which will include new regulations and associated targets.

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, etc.).

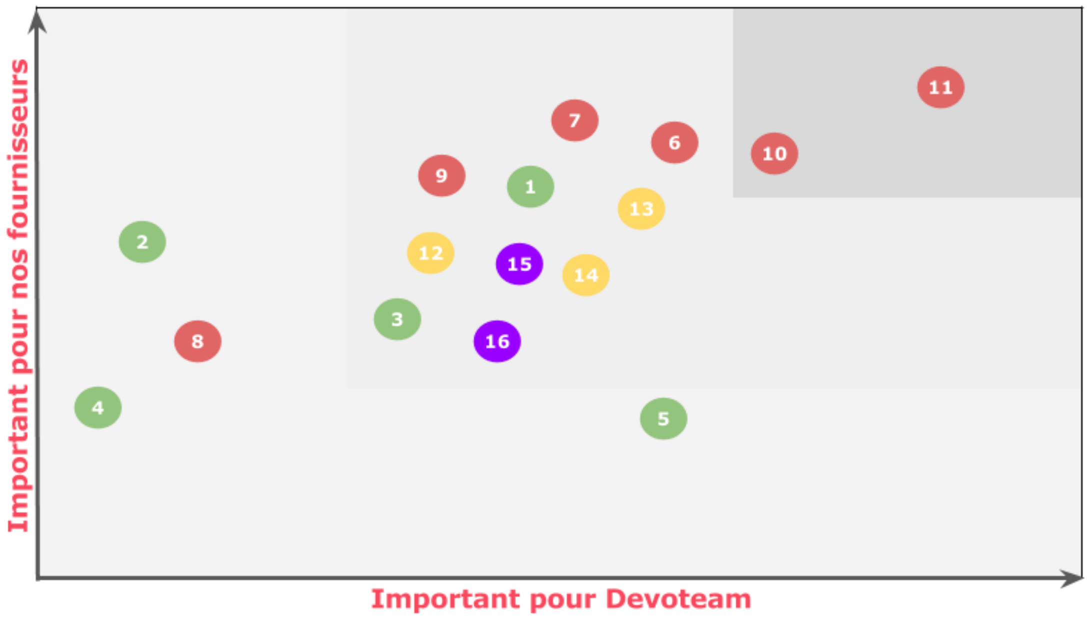
In line with this responsible approach and as part of the Scale! 2020 project (targeting revenue of €1 billion in 2020), we are keen to anticipate and apply regulations on supplier relations now.

5.5.2 Materiality matrix

In early 2017, Devoteam decided to map its suppliers' CSR issues so that it could build a materiality matrix. We selected the top tier of companies with whom we spend more than 50% of our purchasing budget (including productive and non-productive purchases) and asked them to rank and prioritise their CSR issues.

Since Ecovadis criteria are used in the evaluation, the Purchasing department chose to apply this rating organisation's CSR criteria to measure CSR performance, and asked its suppliers to do the same. In addition, the companies were placed in one of three categories, depending on the budgets allocated.

The results of this self-assessment questionnaire were as follows:



Environment	Employee-related	Business ethics	Responsible purchasing
1. Building energy consumption 2. Local pollution (noise, odours, etc.) 3. Raw materials, chemicals and waste 4. Product life cycle 5. Promotion of sustainable consumption	6. Training and career management 7. Anti-discrimination 8. Human rights 9. Employee-management relations 10. Working conditions 11. Occupational health and safety	12. Responsible marketing 13. Anti-corruption 14. Anti-competitive practices	15. Environmental impact of your suppliers 16. Social impact of your suppliers

5.5.3 Responsible purchasing KPIs

INDICATOR	UNIT	2017	2016
Suppliers			
Suppliers assessed	%	49.3	48.7
Environmentally responsible purchases			
Certified electronic products (EnergyStar, etc.)	%	80	80
PEFC/Eco-Label certified paper	%	100	100
Socially responsible purchases			
Supplier expenditure with adapted companies and ESATs (assistance centres helping disabled people into work)	€	38,271	42,074
Beneficiary units	number	1.96	2.25
Percentage of managers trained in responsible purchasing	%	100	0

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:

- **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 second half of 2018;
- **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;
- **drafting a responsible purchasing charter:** in parallel with its actions, Devoteam has undertaken to draft a responsible purchasing charter by the end of 2018. It plans to be certified "responsible supplier relations" by the French association of purchasing managers (CDAF) by early 2019;
- **Building relations with the adapted sector**: Devoteam is committed to achieving the target of two beneficiary units by the end of 2018;
- **responsible purchasing catalogue**: Devoteam will compile a catalogue of socially and environmentally responsible purchases by the end of 2018. 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 2017, the foundation had a budget of €60,000 which enabled it to support 27 charitable projects in which Devoteam employees were involved.

Cravate Solidaire

In December 2017, Devoteam launched a campaign with the charity Cravate Solidaire**.** Cravate Solidaire collects men and women's office wear and distributes it to support and promote access to employment for people who cannot afford this clothing. Expert volunteers (image coaches and recruiters) then work with the recipients on preparing for job interviews.
The communication and CSR team provided boxes to the head office in Levallois-Perret to collect as much clothing as possible.
At the end of the campaign, 40 kg of clothing had been collected, enabling around 20 people to receive donations.

5.6.2 Corporate philanthropy

Devoteam has long been a sponsor of cultural events, notably as a patron of the Centre Pompidou.

Over the past few years, the Group's sponsorship has provided funding for exhibitions including "Le Futurisme à Paris" (Futurism in Paris, 2009), "La subversion des images / Surréalisme et photos" (The Subversion of images/Surrealism and photos, 2010), "Mondrian / De Stijl" (2010/2011) and "L'œil du siècle" (The eye of the century, 2014).
In 2015 and 2016, the Group also provided financial support to the Palais de Tokyo artistic programme in Paris.
However, since 2016, Devoteam has pledged to provide philanthropic support to the digital transformation through skills-based sponsorship.

5.6.2.1 Sponsoring the digital transformation

In 2016, Devoteam Management Consulting set up a skills-based sponsorship programme entitled "IT For All". Under this programme, the company's consultants volunteer their time, during periods in-between contracts, to support and assist players in the social and community economy in their navigation of the digital transformation.
Through a new partnership with KOEO, a skills-based sponsorship platform, Devoteam Management Consulting has improved 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.
Five projects were carried out in 2017 with the French Red Cross (overhaul of the training department's digital strategy), Convergences (audit and deployment of a CRM solution), Groupe SOS/Pari Solidaire (audit and implementation of a collaborative platform), and Ere de jeux (BMG workshops for the definition of new areas of development/reduction in dependence on public funding). These involved 18 employees and a total of 358 person-days, valued at €109,503.

5.6.3 School relations

An innovative campus improvement project

Devoteam, support for innovative student projects: Devogame

Devogame is a challenge set for students at engineering colleges, business schools and universities across Europe to innovate and improve one aspect of society each year. Launched in September 2016, the following year 172 teams took part from three countries (France, Germany and the Netherlands), with around 538 participants in total.

Sixty-seven teams completed the first stage of the challenge, which was to free a fictional character, Jana. This virtual escape game consisted of various steps (e.g. logic puzzles, technology questions, etc.), at the end of which the teams discovered the main challenge: FutureCamp. This year, *Devogame* challenged the students to find an innovative way of improving campus life.

Five teams were shortlisted after pitching their ideas to a panel of Devoteam professionals: two French teams, two Dutch teams and one German team. The prize was a trip to CES in Las Vegas and an array of technology goodies.

"*The teams vied with each other to come up with the most original and ingenuous idea. Not everyone who took part in the competition made it through to the final. Even so, this is an amazing talent pool for us going forward*", explained Matthieu Rivière, Head of Recruitment at Devoteam.

The judges were Stanislas de Bentzmann (Chairman and co-founder of Devoteam), Étienne Bureau (Head of Strategy and Innovation at Devoteam), Philippine Dolbeau (founder of Newschool) and Anthony Priestman (Partner Business Development Manager of Red Hat). They picked the Dutch "HHSec" team from The Hague University as the winner with its project "Pentesthub".

What's the "Pentesthub" project about? This project directly addresses an issue affecting young people: cybersecurity. "Pentesthub" is a scheme that brings together government, business and students so that they can improve the cybersecurity of apps, software and websites. It consists of a centre where the three stakeholder groups could meet to discuss the actions to be put in place, the techniques to be used and the results achieved. There would also be a laboratory where students could experiment with solutions.

In addition, Devoteam has partnered various student initiatives such as:

- Sailing For Change, in which a crew are sailing around the world in a yacht powered totally by renewable energy and aiming at generating zero waste. The two-year expedition is raising awareness about consumption and hoping to identify concrete solutions for the transition from a linear economy to a circular economy. The crew report on their activities from their various ports of call with the support of sustainable development organisations;
- *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;
- *Hans'emble at EFREI*: For the past four years, the Han'Semble initiative at the EFREI Engineering School in Paris has been putting students in situations encountered by people with disabilities to see how they get on. The event is also an opportunity to tackle disability-related issues in general, based on various first-hand experiences.

Lastly, Devoteam took part in simulated job interviews and CV workshops and gave talks to students throughout the year.

Devoteam and internal open innovation: Devogame WorkLife

Aimed at Devoteam employees (Group-wide), the Devogame WorkLife is a challenge to improve the daily lives of staff. In total, seven projects were entered, with two teams of finalists going head to head: ISE-Team and its ALFRED project (France), and Travel App, with its project of the same name (Germany).

The panel of judges – Stanislas de Bentzmann, CEO and co-founder of Devoteam, Nathalie Morin, COO France, Emmanuel Petit, DSI Group and Anthony Priestman from Red Hat – named the ALFRED project as the winner.

What's the ALFRED project about?
ALFRED is a chatbot that helps employees in their daily routine administrative tasks (submitting activity reports, requesting holiday and sick leave, scheduling meetings, etc.).

The game included a voting round with the seven teams shortlisted for the final (internal and external). The public were asked to vote for their favourite project on the Devogame website. For every vote received, Devoteam donated €1 to the winning team's chosen charity.
As a result, €204 was donated to Syria Charity and €330 to the KIKa Foundation.

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

The Devoteam Group has innovative business models that it promotes via one of its subsidiaries, RVR Parad by Devoteam. RVR Parad is the Devoteam Group's software publisher. It offers integrated solutions for risk management, control & compliance, auditing and business continuity.
In 2017, the Devoteam subsidiary decided to launch a study to adapt its software to the different regulations in force, including **the Sapin II Act and the duty of vigilance**, by contacting experts to develop the necessary standards.

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, via its subsidiary RVR Parad, 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 10 Principles of the United Nations Global Compact (Principle 10: "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 for legal and regulatory aspects, 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.

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,
    - 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, offers clients the benefit of its expertise gained from various projects.
Its consultants have all graduated from various courses specialising in data protection issues (Masters in personal data protection and management from the *Institut Supérieur d'Electronique de Paris*, Masters in digital law from Université Paris 1 Panthéon – Sorbonne, DPO certification issued by CNAM, etc.). As a result, they possess all the skills necessary to meet the needs of Devoteam's clients in this area.

According to the World Economic Forum, in 2017 one of the top five risks in terms of likelihood was the risk of cyber fraud. Devoteam therefore offers a solution to businesses looking to mitigate this risk. (**Source**: World Economic Forum)

2013	2014	2015	2016	2017
Severe income disparity	Income disparity	Interstate conflict with regional consequences	Large-scale involuntary migration	Extreme weather events
Chronic fiscal imbalances	Extreme weather events	Extreme weather events	Extreme weather events	Large-scale involuntary migration
Rising greenhouse gas emissions	Unemployment and underemployment	Failure of national governance	Failure of climate-change mitigation and adaptation	Major natural disasters
Water supply crises	Climate change	State collapse or crisis	Interstate conflict with regional consequences	Large-scale terrorist attacks
Mismanagement of population ageing	Cyber attacks	High structural unemployment or underemployment	Major natural catastrophes	Massive incident of data fraud/theft

5.6.5 KPIs of the regional, economic and social impact of the company's business

The Group has decentralised regional offices in France and in the other major countries in which it operates, in order to be close to its clients, facilitating the hiring of local people and limiting the amount of travel required to carry out its assignments.

INDICATOR	UNIT	2017	2016
Devoteam Foundation			
Foundation budget	€	60,000	55,000
Number of projects funded	Number of projects	27	16
School relations			
% of recruitment from our target schools	%	36	31
Number of target schools	Number of schools	40	40
Number of school events	Number of events	188	119

5.7 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 repeated in the CSR part of our 2017 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	G4-EN6	5.3.8

	SDG 7 – Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix		
Emissions			
Direct greenhouse gas emissions (Scope 1)	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	G4-EN15	5.3.1
Indirect greenhouse gas emissions (Scope 2) related to energy		G4-EN16	5.3.1
Other indirect greenhouse gas emissions (Scope 3)		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 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	G4-EN23	5.3.2
Transport			
Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce	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 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	G4-EN30	5.3.4
Overall			
Total environmental protection expenditures and investments by type	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 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-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	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	G4-LA4	Fédération Syntec collective agreement/ Social Dialogue Agreement

	migrant workers, in particular women migrants, and those in precarious employment		
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	1. Support and respect the protection of internationally proclaimed human rights 2. Make sure that it is not complicit in human rights abuses 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-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	2. Make sure that it is not complicit in human rights abuses 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-LA6	5.2.3.5
Health and safety topics covered in formal agreements with trade unions	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-LA8	Social Dialogue Agreement
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 remuneration for women and men			
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			
Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour and measures to contribute to the elimination of all forms of forced or compulsory labour	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-SO4	5.4.3
Anti-competitive behaviour			
Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes		G4-SO7	
Information on responsible purchasing			
Supplier assessment for impacts on society			
Percentage of new suppliers that were screened using criteria for impacts on society	SDG 12 – Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	G4-SO9	5.5.4
Supplier human rights assessment			
Percentage of new suppliers that were screened using human rights criteria	1. Support and respect the protection of internationally proclaimed human rights 2. Make sure that it is not complicit in human rights abuses SDG 12 – Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	G4-HR10	5.5.4
Supplier assessment for labour practices			
Percentage of new suppliers that were screened using labour practices criteria	SDG 12 – Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	G4-LA14	5.5.4
Supplier environmental assessment			
Percentage of new suppliers that were	SDG 12 – Target 12.6: Encourage companies,	G4-EN32	5.5.4

screened using environmental criteria	especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle		

5.8 Audit report

Year ended 31 December 2017

To the Shareholders,

Following the request made to us by the company DEVOTEAM and in our capacity as an independent third party whose accreditation has been awarded by COFRAC under No. 3-1081 (scope available at www.cofrac.fr), we hereby present to you our report on the consolidated employee-related, environmental and societal information presented in the management report for the year ended 31 December 2017 pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

Responsibility of management

The Management board is responsible for preparing a management report containing the consolidated employee-related, environmental and societal information provided for in Article R. 225-105-1 of the French Commercial Code (the "Information"), prepared in accordance with the reporting standards used by the company (the "Reporting Standards") and available on request from the DEVOTEAM head office.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession and the provisions of Article L. 822-11 of the French Commercial Code. We have also implemented a quality control system that includes documented policies and procedures aimed at ensuring compliance with the ethical rules, professional standards and applicable rules and regulations.

Responsibility of the independent third party

It is our role, on the basis of our review:

- to certify that the required Information is included in the management report or, if omitted, is the subject of an explanation pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code and Decree No. 2012-557 of 24 April 2012 (Certificate of completeness);

- to express limited assurance that the Information is presented fairly, in all material aspects, in accordance with the adopted reporting standards (Limited assurance report).

Certificate of completeness

We conducted our audit in accordance with the professional standards generally accepted in France.

- We compared the Information presented in the management report with the list provided for by Article R. 225-105-1 of the French Commercial Code.

- We verified that the Information covered the scope of consolidation, namely the company and its subsidiaries, within the meaning of Article L. 233-1 of the French Commercial Code, and the companies it controls within the meaning of Article L. 233-3 of that code.

- For any consolidated information that has been omitted, we verified that the explanations provided complied with the provisions of Decree No. 2012-557 of 24 April 2012.

On the basis of this review, we certify that the required Information is present in the management report.

Reasoned opinion on the fairness of the CSR information

Nature and scope of the audit

Our review was carried out between 31 January and 12 April 2018 and took around 10 person-days.

We conducted the review in accordance with the standards applicable in France, ISAE 3000 and the Decree of 13 May 2013 laying down the procedures to be implemented by the independent third party in its review.

We conducted three interviews with individuals responsible for preparing the CSR information in the departments in charge of the data collection process, and where relevant, with individuals responsible for internal control and risk management procedures, in order to:

- assess the appropriateness of the reporting standards with respect to their relevance, completeness, neutrality, understand ability and reliability, taking into account industry best practice where relevant;
- verify the set-up within the Group of a process to collect, compile, process and check the CSR Information with regard to its completeness and consistency. We also familiarised ourselves with the internal control and risk management procedures relating to the compilation of the CSR Information.

We selected the consolidated information to be tested and determined the nature and scope of the tests by taking into consideration their significance with respect to the employee-related, environmental and societal consequences relating to the Group's business and characteristics, its CSR policies and industry best practice.

For the CSR Information that we considered the most important for the parent entity:

- we consulted documentary sources and conducted interviews to corroborate qualitative information (organisation, policies, initiatives, etc.);
- we applied analytical procedures to quantitative data and, using sampling techniques, verified the calculations and data consolidation;
- we performed detailed tests, using sampling techniques[1] to verify the calculations made and reconcile the data from the supporting documents. We also verified their consistency with other information provided in the management report.

For the other consolidated CSR information, we assessed its consistency on the basis of our knowledge of the company.

Lastly, we assessed the relevance of the explanations in light of, where appropriate, the partial or total absence of certain information.

[1] *Companies selected for testing: Devoteam SA*

We believe that the sampling techniques and the sample sizes that we used in exercising our professional judgement have allowed us to formulate a limited assurance conclusion; a higher level of assurance would have required a more extensive audit.

Our review covered more than 30% of the consolidated value of the human resources indicators and more than 30% of the consolidated value of the environmental indicators.

Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be entirely ruled out.

Conclusion

On the basis of our review, we did not identify any material misstatement that could raise doubt as to whether the Information has been presented fairly, in all material aspects, in accordance with the reporting standards.

Lyon, 13 April 2018

FINEXFI
Isabelle Lhoste
Partner

6 CORPORATE GOVERNANCE

To the Shareholders,

This report has been prepared for the 2017 financial year in accordance with the new Order No. 2017-1162 of 12 July 2017 and Order 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 2017. 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 applies the AFEP-MEDEF Corporate Governance Code for Listed Companies (revised version of November 2016). It decided to adopt this code as a benchmark for corporate governance following its publication. The AFEP-MEDEF Code is available on the AFEP website at www.afep.com under the heading Governance.

The Constitutional Council adopted the Sapin II anti-corruption law which enacts the AFEP-MEDEF Say-on-Pay recommendations. This law, which applies to French companies (and their subsidiaries) and companies based in France with more than 500 employees and €100 million in turnover – which therefore includes Devoteam – requires the Group to have internal control procedures in place to tackle corruption.

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;
- present information on Devoteam's share capital

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 completely revised in November 2016. The recommendations are taken into account in the organisation of the Devoteam Group's governance, and any points of non-compliance are disclosed.

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 2017, Devoteam's Supervisory Board was composed of three women and five men. 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. The composition of the Supervisory Board did not change during 2017.

Members of the Supervisory Board are elected by General meeting for a four-year term. At 31 December 2017, 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 mandates and mandates expired during the past five years (date of expiry)*
Roland de Laage de Meux (1959)	17 June 2016	OGM 2020	General Secretary of Devoteam	**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 Marocco (C), QPCM (CEO) **External:** Fibelaage (SB), Hôtel Gril du Parc (M), Société ICF (D), SNC Imbelaage (M), Cinehotel d'Epinay (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	Independent consultant -	**Ongoing:** Sonepar (D), Phitrust (D) **Expired:** RLD (D, 2016), Les Éditions du Cerf (C, 2013), Lafarge (D, 2013), SONAE (D, Portugal, 2015)
Valérie Kniazeff (1968)	17 June 2016	OGM 2020	Chairman of ALCIMED	**Ongoing:** CentraleSupélec (D)
Georges Vialle (1951)	17 June 2016	OGM 2020	Chairman of GV Advisory	**None**
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), Electre (SB) **Expired:** SITC (D, 2016)
Elisabeth de Maulde (1952)	17 June 2016	OGM 2020	Chair of Cofluence Consulting	**Ongoing:** Les Nouveaux Robinson (CSB)
Yves de Talhouët (1958)	16 June 2017	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)	16 June 2017	OGM 2021	Senior Vice President - Global Accounts OBS	**Ongoing:** 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 liability of Board members.

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 concerns the Board's practices. The diversity criteria requirements that apply to employee recruitment are disclosed in section 2.4 of the Group's 2017 CSR report. Combating 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 2017.

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 2017, six of its eight members met the independence criteria recommended by AFEP-MEDEF, taking the percentage of independent directors on the Board to 75%, in compliance with AFEP-MEDEF's recommendation of at least one-third independent members for controlled companies.

During this financial year, the composition of the Supervisory Board did not change. However, the following points were decided:

- Re-election of Carole Desport
- Re-election of Yves de Talhouët

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	18	General meeting in 2020	Non-independent member
Yves de Talhouët	Member	2001	16	General meeting in 2021	Non-independent member
Michel Bon	Chairman	2006	11	General meeting in 2020	Independent member
Vincent Montagne	Member	2008	9	General meeting in 2020	Independent member
Elisabeth de Maulde	Member	2012	5	General meeting in 2020	Independent member
Carole Desport	Member	2015	2	General meeting in 2021	Independent member
Valérie Kniazeff	Member	2016	1	General meeting in 2020	Independent member
Georges Vialle	Member	2016	1	General meeting in 2020	Independent member
Bertrand de Bentzmann	*Honorary Chairman*	-	-	-	*N/A*

6.1.1.4 Supervisory Board meetings

In 2017, the Board met four times. The attendance rate of the directors was 97% for the year.

Over the course of these four meetings, the main work carried out by the Board was as follows:

- Chairman's report on the Audit Committee and the Compensation Committee;
- 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 2016;
- proposed acquisition for the first quarter of 2017;
- Chairman's report on internal control procedures;
- presentation of 1st quarter 2017 results;
- renewal of authorisations related to securities, guarantees and warranties;
- authorisation of a regulated agreement as part of the Group’s strategic plan;
- re-election of two members of the Supervisory Board;
- reading and assessment of the Management board's report on the financial statements for the 1st half of 2017 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 2017;
- 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. Once a year, the directors are sent a self-assessment form to enable an assessment of 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 2017, 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 three members in 2017:

- Michel Bon (Chairman of the Supervisory Board);
- Carole Desport
- Georges Vialle

All members of the Audit Committee have specialist financial or accounting expertise.

The Committee met three times in 2017. 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 2016 financial year and the 1st half of 2017;
- 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 2015-2016 and the 2017 audit plan;
- internal control review and in particular a review of the IT audit and recommendations for the 2017 financial year;
- review of customer risk and historical debts;
- review of the general guidelines of the Sapin II compliance plan for Devoteam.

Oversight of the Statutory Auditors:

- review of the coverage by Group subsidiary of the statutory audit of the annual financial statements;
- presentation by the Statutory Auditors of key impacts for the Devoteam Group of the Audit Committee reforms:
    - key points of the audit mission (KAM: Key Audit Matter),
    - composition, role and powers of the Audit Committee,
    - obligations and responsibilities of the Audit Committee.

6.1.1.8 Committees of the Board: Compensation Committee

Operating method of the Committee

In 2017, this Committee had two members, both of them independent:

- Vincent Montagne (Committee Chairman);
- Michel Bon (Chairman of the Supervisory Board).

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 2017. 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 2016 financial year;
- determination of the allocation criteria for the variable compensation payable to the members of the Management board in respect of the 2017 financial year;
- proposal for the fixed compensation of the members of the Management board for 2018;

- proposal for variable compensation in 2018.

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

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.

In 2017, a shareholders' consultation was held at the Combined General meeting of 16 June 2017 with regard to 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. In 2017, this Committee was composed of six members:

- Carole Desport
- Elisabeth de Maulde
- Michel Bon
- Valérie Kniazeff
- Georges Vialle
- 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. The Committee did not meet in 2017, since that year the company was rolling out its new strategy defined in 2016.

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 four times in 2017. The following key points were discussed:

- approval of the separate and consolidated annual and half-yearly financial statements;
- preparation and adoption of documents on the prevention of business difficulties (Law No. 84-148 of 1 March 1984);
- acquisition of D2SI and TMNS;
- disposal of Between and Siticom GbmH;
- closure of the Group’s Algerian subsidiary;
- free share award plan (report of 4/9, see example from June 2016);
- decision to wind up MA04 in 2018;
- capital increase of Devoteam SA resulting from the exercise of founders’ stock warrants during the first and second half of 2017.

6.1.3 Table of non-compliance with the AFEP-MEDEF Corporate Governance Code for listed companies

Subject	Principle	Compliance 2017	Comments for 2017	2018 Action Plan
Independent directors	A director is deemed independent when he/she has no relationship of any kind whatsoever with the company, its Group or its management, that may interfere with his/her freedom of judgement. An independent director must not have served on the Board for more than 12 years. The status of independent director is discussed by the Nominations Committee in light of the criteria set out in section 8.5 and decided by the Board: on the appointment of a director, and annually for all directors. The conclusions of this review are brought to the attention of the shareholders.	Compliant	In 2017, 75% of directors were independent. Two directors were considered non-independent under AFEP-MEDEF criteria.	The Nominations Committee is due to examine the independent director status of members of the Supervisory Board.
Sapin II and Say on Pay (new measure for 2017)	All amounts contributing to the compensation of executive corporate officers must be presented at the Shareholders' General meeting. AFEP-MEDEF recommends that the following be put to a shareholder vote: - one resolution for the Chief Executive Officer or the Chairman of the Management board; - one resolution for the Chairman of the Board of Directors or the Chairman of the Supervisory Board; - one resolution for the Deputy Chief Executive Officers or for the other members of the Management board; The company must immediately publish on its website a notice detailing how it intends to deal with the opinion expressed by the shareholders at the General meeting and report thereon at the next meeting. The law of 9 December 2016 (Sapin II) imposes a binding ex ante and ex post vote on all listed companies. The introduction of double voting gives the shareholders significant powers.	Compliant	In accordance with AFEP-MEDEF recommendations prior to this directive, the Group had already been applying Say-on-Pay since AFEP-MEDEF adopted this principle in 2014.	N/A

6.1.4 Table of AMF non-compliance

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.

In accordance with the recommendations of the AMF on the "apply or explain" principle, there were no areas of non-compliance identified in 2017.

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

Table 1: Summary of compensation, options, BCE and shares allocated 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	
	2016	2017	2016	2017	2016	2017
Compensation due for the financial year (detailed in Table 2)	623,993	703,636	626,528	706,528	182,537	193,825
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)	-	-	-	-	99,200	-
TOTAL	**623,993**	**703,636**	**626,528**	**706,528**	**281,737**	**193,825**

Table 2: Summary of compensation paid to each executive corporate officer

Name and position of executive corporate officer	Stanislas de Bentzmann				Godefroy de Bentzmann				Roland de Laage de Meux			
	2016		2017		2016		2017		2016		2017	
	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	245,000	345,000	325,000	145,000	245,000	345,000	325,000	145,000	45,500	59,500	40,687	45,500
Exceptional compensation	-	-	-	-	-	-	-	-	-	-	15,000	-
Benefits in kind (car)	3,993	3,993	3,636	3,636	6,528	6,528	6,528	6,528	4,356	4,356	4,356	4,356
Overseas allowance	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	-	-	0	0
Directors' fees	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	11,000	10,000	12,000	11,000
Provision for retirement benefits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,881	-	2,983	0
TOTAL	**623,993**	**723,993**	**703,636**	**523,636**	**626,528**	**726,528**	**706,528**	**526,528**	**182,537**	**192,656**	**193,825**	**179,656**

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 16 June 2017 under the 12th and 13th resolutions.

In 2017, 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 2017 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:
  - updating the succession plan and monitoring high performers,
  - implementation of the Scale! 2020 plan,
  - improving the external growth process and accelerating innovation within the Group.

The achievement of the criteria and the resulting annual variable compensation were approved by the Supervisory Board at its meeting on 5 March 2018. It amounted to €325,000 or 118% of the fixed compensation.

	Weighting	Payment
Quantitative targets	70%	129%
Qualitative targets	30%	92%
Payment as a % of target variable compensation	**100%**	**118%**

With regard to the 2017 financial year, the achievement rate of the quantitative portion was 129% and of the qualitative portion was 92%, representing total variable compensation of €325,000.

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 108% and of the qualitative portion was 120%, representing total variable compensation of €40,687.

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 2018

The Supervisory Board met on 5 March 2018 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 150% 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 2018, 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 linked to the acceleration of innovation within the Group, the development of “speed boats”, and the achievement of external growth.

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

** Performance condition subject to the achievement of a target Group operating margin in 2018 and the performance of Devoteam shares.*

Table 6: Performance shares becoming available during the year
None

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

	2010 founders' warrants (BCE)	**2012 stock options**
Date of Meeting	28/04/2009	11/04/2012
Date of Supervisory Board or Management board Meeting where applicable	01/10/2010	30/11/2012
Total number of shares that may be subscribed or purchased, of which the number that may be subscribed or purchased by:	50,000	100,000
Corporate officers		
Stanislas de Bentzmann	-	-
Godefroy de Bentzmann	-	-
Roland de Laage de Meux	-	-
Non-executive corporate officers	-	-
Start of option exercise period	01/10/2012	30/11/2016
Expiry date	30/09/2017	29/11/2019
Subscription or purchase price	€20.00	€9.00
Exercise conditions	20% after 2 years 30% after 3 years 30% after 4 years 20% after 5 years	30% after 4 years 30% after 5 years 40% after 6 years
Number of shares subscribed at 31/12/17	19,500	12,000
Total number of options and BCE cancelled or void	30,500	25,000
Number of options and BCE outstanding at year-end	-	63,000

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		
Stanislas de Bentzmann	-	-
Godefroy de Bentzmann	-	-
Roland de Laage de Meux	5,000	-
Non-executive corporate officers	-	-
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 31/12/2017	-	-
Total number of shares cancelled or void	20,000	-
Performance shares outstanding at year-end	162,000	50,000

** Individual, collective or market performance conditions in addition to 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 2017

Name of executive corporate officer	Transaction	Instrument	Total transaction amount (€ thousands)	Unit price (€)
Stanislas de Bentzmann - Chairman of the Management board	Assignment	Shares	10,275	56.7
Godefroy de Bentzmann – CEO	Assignment	Shares	6,543	62.2
Grégoire Cayatte – CFO	Assignment	Shares	137	54.8
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	None	None	None	None
Tabag, member of the Supervisory Board	Assignment	Shares	3,295	70.7

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 2016 financial year (in €)		Amounts paid during the 2017 financial year (in €)	
	Directors' fees	Other compensation	Directors' fees	Other compensation
Michel Bon (Chairman)	40,000		44,000	
Bertrand de Bentzmann (Vice-Chairman)	5,000		10,000	
Patrice de Talhouët	10,000		-	
Philippe Tassin	10,000		-	
Vincent Montagne	10,000		11,000	
Roland de Laage de Meux	10,000	182,656	11,000	168,656
Yves de Talhouët	10,000		11,000	
Elisabeth de Maulde	10,000		11,000	
Carole Desport	5,000		11,000	
Valerie Kniazeff	-		5,500	
Georges Vialle	-		5,500	
TOTAL	**110,000**	**182,656**	**120,000**	**168,656**

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 31/12/16	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 with PSR(1)	17/06/2016 (18th resolution)	€500,000	26 months	Not used	3,333,333	40.0	33.6	0.71	0.63
CI through issue of marketable securities without PSR	17/06/2016 (19th resolution)	€250,000 (counts towards the amount of €500,000)	26 months	Not used	1,666,667	20.0	16.8	0.83	0.72
CI through issue of marketable securities without PSR up to 10% of the share capital per year	17/06/2016 (20th resolution)	10% of share capital per year (counts towards the cap set out in res. 18 and 19)	26 months	Not used	832,791	10.0	8.4	0.91	0.77
CI through issue of marketable securities without PSR to compensate benefits in kind	17/06/2016 (21st resolution)	10% of share capital per year (counts towards the cap set out in res. 18 and 19)	26 months	Not used	832,791	10.0	8.4	0.91	0.77
CI through issue of marketable securities without PSR reserved for managers	17/06/2016 (23rd resolution)	€45,000	18 months	Not used	300,000	3.6	3.0	0.97	0.82
Allocation of free shares or preference shares	17/06/2016 (24th resolution)	€60,000	38 months	€34,800	400,000	4.8	4.0	0.95	0.81
Issue of subscription options	17/06/2016 (25th resolution)	€30,000	38 months	Not used	200,000	2.4	2.0	0.98	0.82

(1) PSR: preferential subscription rights.
(2) For a shareholder holding 1% of the share capital prior to the transaction.

6.4 Statutory Auditors' special report on related party agreements and commitments

Shareholders' Meeting to approve the financial statements for the year ended 31 December 2017

To the Shareholders,

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 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 not previously authorised

Pursuant to Articles L. 225-90 and L. 823-12 of the French Commercial Code, we hereby inform you that the following agreements and commitments were not previously approved by your Supervisory Board.

It is our responsibility to inform you of the reasons why the authorisation procedure was not followed.

Unauthorised agreement between Devoteam SA and the company GV ADVISORY, dated 29 May 2017.

- Individual concerned:
  Georges Vialle, member of the Supervisory Board.
- Nature and purpose:
  Business support for clients, monitoring of the Scale! 2020 transformation plan and any strategic commercial priorities.
- Key terms:
  Covers the four-month period from September to December 2017 inclusive, for an amount of €15,166 excl. tax per month.
- Rationale:
  DEVOTEAM wishes to benefit from Mr Vialle's experience, particularly in the execution and management of strategic plans, which he acquired while working for a leading consultancy.
- Reasons why the procedure was not followed:
  In view of the modest amount of the agreement, the Management board did not wish to convene the Supervisory Board to deliberate on the subject.

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

- Individuals concerned:
  Godefroy and Stanislas de Bentzmann, members of the Management board of Devoteam SA 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.

Agreements and commitments approved during the year

We have also been informed of the implementation this year of the following agreements and commitments, approved by the General meeting of 16 June 2017 following the Statutory Auditors' special report of 27 April 2017.

Agreement authorised on 27 February 2017 between DEVOTEAM and GV ADVISORY

- Individual concerned:
  Georges Vialle, member of the Supervisory Board
- Nature and purpose:
  Advisory role in connection with the "Scale" strategic plan
- Key terms:
  Fees totalling a maximum of €112,000 excl. tax.
- Rationale:
  DEVOTEAM wishes to benefit from Mr Vialle's experience, particularly in the execution and management of strategic plans, which he acquired while working for a leading consultancy.

Agreement authorised by the Supervisory Board at its meeting on 27 April 2017 between Stanislas and Godefroy de Bentzmann, members of the Management board of Devoteam SA, and the minority shareholders of MyFowo.com.

- Individuals concerned:
  Godefroy and Stanislas de Bentzmann, members of the Management board of Devoteam SA
- Nature and purpose:
  Settlement agreement involving Devoteam's acquisition of MyFowo.

- Key terms:
  As part of the settlement procedure concerning the company MyFowo, Devoteam acquired 97% of MyFowo's capital. In parallel, Messrs Stanislas and Godefroy de Bentzmann transferred the shares they held in MyFowo for the token sum of one euro, and waived all of their current accounts.

- Rationale:
  As MyFowo performs services for Devoteam customers and is a member of the Group awarded several Linky contracts (Enedis) with Devoteam, it is important that it remain a going concern. Therefore, the acquisition of MyFowo and the concomitant disposal of part of its goodwill and subsidiaries to third parties is more advantageous to Devoteam than its liquidation

Paris La Défense, 19 April 2018

KPMG Audit
Department of KPMG SA

Jean-Pierre Valensi
Partner

Neuilly-sur-Seine, 19 April 2018

Grant Thornton
French member of Grant Thornton International

Vincent Papazian
Partner

devoteam